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THE IMPLICATIONS OF COMPREHENSIVE AND INCREMENTAL APPROACHES TO PUBLIC SECTOR REFORM FOR THE CREATION OF A DEVELOPMENTAL STATE IN SOUTH AFRICA: CASE STUDY OF THE OCEANS ECONOMY OPERATION PHAKISA

- PIETER PRETORIUS

THE NELSON MANDELA SCHOOL of Public Governance

UNIVERSITY OF CAPE TOWN
IYUNIVESITHI YASEKAPA • UNIVERSITEIT VAN KAAPSTAD

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Pieter Pretorius*

Abstract

In 1994, the first democratically elected government in South Africa faced the significant task of shaping new institutions and delivery transmission mechanisms capable of developing and implementing policies aimed at inclusive socio-economic growth and development. Evidence shows that the South African public sector is generally not yet able to be a key driver of development, at least not to the extent required to reduce poverty and inequality to the levels envisioned in the National Development Plan.

The study argues that comprehensive public sector reform based on the principles of New Public Management was inappropriate given the unique South African political and institutional context and that incremental approaches to development are more likely to achieve results. This leaves room for the emergence of islands of effectiveness where public entrepreneurs or multi-stakeholder governed arrangements could be employed as alternative or complementary delivery transmission mechanisms.

Operation Phakisa, an adaptation of the Malaysian Big Fast Results methodology, introduced a radical new approach to improving government impact. The Operation Phakisa methodology made certain assumptions about (or perhaps deliberately ignored) prevailing principal-agent relationships in South Africa and the readiness of these relationships to be challenged and transformed.

Through the development and application of an analytical framework, the study examines the role of islands of effectiveness (using the Oceans Economy Operation Phakisa as a case study) as possible alternative or complementary delivery transmission mechanisms. While the Oceans Economy Operation Phakisa did not create sufficient scope for multi-stakeholder governance arrangements, some initiatives, most notably the Oil and Gas initiative, did benefit from public entrepreneurs that were able to navigate complex political and institutional realities to achieve results.

Based on the outcome of the analysis, the study concludes with recommendations that could enhance the effectiveness of future iterations of Operation Phakisa.

Key words: South Africa, public sector reform, Operation Phakisa, public entrepreneurship, multi-stakeholder governance, islands of effectiveness

*Pieter Pretorius: Chief Financial Officer at the Department of Planning, Monitoring and Evaluation
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Chapter 1 - **Introduction**

The new South Africa that emerged in 1994 inherited institutions shaped by centuries of oppressive and divisive government policies. The first democratically elected government faced the significant task of shaping new institutions and delivery transmission mechanisms capable of developing and implementing policies aimed at inclusive socio-economic growth and development. Evidence shows that the South African public sector is generally not yet able to be a key driver of development, at least not to the extent required to reduce poverty and inequality to the levels envisioned in the National Development Plan (National Planning Commission (NPC), 2012).

After visiting Malaysia in August 2013, President Jacob Zuma tasked the Department of Planning, Monitoring an Evaluation (DPME) to adopt the Malaysian Big Fast Results (BFR) methodology as a new approach to improve government policy development and implementation in South Africa. After the initial work done by DPME, Cabinet in March 2014 approved the piloting of Operation Phakisa, which means “hurry up” in Sesotho, focusing on the oceans economy in South Africa (Department of Planning, Monitoring and Evaluation (DPME), 2015b).

Operation Phakisa introduced (or promised) a radical new approach to improving government impact. The Oceans Economy Operation Phakisa aimed to leverage South Africa’s substantial and underutilised coastal resources to create employment opportunities and to contribute to the reduction of poverty and inequality (Walker, 2014). The Operation Phakisa methodology made certain assumptions about (or perhaps deliberately ignored) the nature of principal-agent relationships in the South African public sector, and the readiness of these relationships to be challenged and transformed.

This study examines the capacity of the South African bureaucracy to be a key driver of development and the role of incremental approaches or islands of effectiveness (using Operation Phakisa as a case study) as possible alternative or complementary delivery transmission mechanisms.

1.1. Background

History shows that countries, such as those in East Asia, that were able to overcome their developmental challenges did so by constructing developmental states (Edigheji, 2010, p. vii) that prioritised inclusive economic growth, equal opportunities and the equitable distribution of socio-economic rewards (Naguib & Smucker, 2009, p. 100). Whether one prescribes to the political school which emphasises the capacity of the state to be developmental, or the economic school which emphasises appropriate economic policies, as described by Fine (2010, pp. 170-171) is not the focus of this study. The emphasis is rather on whether the South African Government considered South Africa’s complex history, political settlements and institutional realities in shaping unconventional institutions and practices on the road to development (Butler, 2010, pp. 184-185).

An analysis of economic data, selected development indicators and public opinion in Chapter 3 suggests that socio-economic development in South Africa is not proceeding at a sufficient pace. While there are many factors that determine the success of a developmental state, this study focusses specifically on the delivery transmission triangle between citizens/clients, politicians/policy makers and the bureaucracy as service providers, or the long and short roads to accountability as described by the World Bank (2004, p. 6), and islands of effectiveness or incremental approaches to achieve developmental goals as described by Levy (2014) and others.

Statistics suggest that the South African Government has been very effective (if not always efficient) at delivering essential outputs such as schools, clinics and houses (The Presidency, 2014), but not as successful at constructing what Andrews, Pritchett, and Woolcock (2013) refer to as the more complex human systems (“the State”) that leverage these outputs to achieve outcomes such as actual learning and less poverty.

Based on the evidence cited, the study proposes that comprehensive public sector reforms in South Africa based on New Public Management (NPM) principles did not adequately consider prevailing political settlements and institutional complexities and how these would impact principal-agent relationships. As a result, the South African public sector is generally not yet able to be a key driver of development. Within this context, the study investigates more incremental approaches to public sector reform as proposed by authors such as Levy (2014), Andrews et al. (2013) and Ostrom (1990).

These incremental approaches may create an environment in which developing countries can avoid what Andrews et al. (2013) refer to as capability traps, where governments and organisations that aim to achieve comprehensive 'good governance' reforms resort to pretending to reform "by changing what policies or organisations look like rather than what they actually do". This is also referred to as 'isomorphic mimicry' where governments introduce reforms aimed more at enhancing external legitimacy and support, than actual improvement in performance and delivery (Andrews et al., 2013).

The study will examine Operation Phakisa as a collection of smaller initiatives that may have resulted in the emergence of islands of effectiveness or "narrowly-focussed initiatives that combine high-quality institutional arrangements at the micro-level and narrowly-targeted policy reforms" (Levy, 2011) to achieve developmental results.

1.2. Purpose

The purpose of the study is to:

a) Assess the impact of comprehensive public sector reforms based on NPM principles and the capacity of the South Africa public sector to support development.
b) Consider whether Operation Phakisa was a genuine attempt at doing things differently or mere isomorphic mimicry.
c) Determine whether the implementation of the Oceans Economy Operation Phakisa resulted in the emergence of two specific (not mutually exclusive) types of islands of effectiveness:
    - Public or bureaucratic entrepreneurship where one or a few individuals effectively managed or overcome hierarchical challenges to achieve results (PE Islands).
    - Multi-stakeholder governance arrangements driven by shared objectives and rewards that did not depend on bureaucratic accountability hierarchies to achieve results (MS Islands).

1.3. Objectives

The study aims to achieve the following objectives:

a) To compose, through the application of contemporary theories on constructing developmental states, appropriate analytical frameworks that can:
    - Explain the South African political and institutional context and implications for public sector reform; and
    - Define the concepts of and distinguish between public entrepreneurship and multi-stakeholder governance.

b) To apply the aforementioned analytical frameworks in a review and analysis of public sector reforms in South Africa and the Oceans Economy Operation Phakisa in order to determine:
    - The implications of the South African political and institutional context for public sector reforms and the effectiveness of current delivery transmission mechanisms.
    - Whether the Oceans Economy Operation Phakisa was a genuine attempt at introducing new delivery transmission mechanisms, or mere isomorphic mimicry.
    - Whether the Oceans Economy Operation Phakisa created the opportunity for the emergence of public entrepreneurs and/or multi-stakeholder governed initiatives that resulted in islands of effectiveness.

- Whether incremental approaches can be successful at achieving developmental results in South Africa.

1.4. Problem statement and hypothesis

Comprehensive public sector reform may not have been appropriate given the nature of political settlements and institutional complexity in South Africa. The capacity of the public sector in general to support development has significant implications for the design and implementation of initiatives such as Operation Phakisa. This leads to the first hypothesis:

Hypothesis A1: Public sector reform based on NPM principles was appropriate given the South African political and institutional context.

Hypothesis A1 will be tested using an analytical framework developed in the study as well as through an analysis of economic and other data. If Hypothesis A1 is not refuted, any failure of Operation Phakisa to deliver results could most likely be attributed to its own internal design and implementation processes, rather than the broader political and institutional context and public sector capacity. If Hypothesis A1 is refuted then the public sector, in general, would not have the capacity to fully support development. The design and implementation of the Oceans Economy Operation Phakisa would, therefore, have to have been a deliberate and considered attempt at doing things differently to avoid isomorphic mimicry that reinforced rather than escaped capability traps. This forms the basis of the second hypothesis:

Hypothesis A2: The Oceans Economy Operation Phakisa designed and implemented effective institutions and delivery transmission mechanisms that was appropriate given the South African political and institutional context.

Hypothesis A2 will be tested by analysing effectiveness (actual achievement of targets). If Hypothesis A2 is not refuted then the design of Operation Phakisa is likely to have been context-appropriate. If Hypothesis A2 is refuted it would suggest that the design of Oceans Economy Operation Phakisa did not sufficiently consider the unique South African political and institutional realities and that it was therefore mere isomorphic mimicry, rather than a genuine attempt at doing things differently.

The four possible scenarios that could emerge from testing Hypotheses A1 and A2 are summarised in Table 1-1.

Table 1-1: Hypothesis A scenario matrix

Hypothesis	A2 not refuted	A2 refuted
A1 not refuted	**Scenario 1.** Public sector capacity is unlikely to be a limiting factor in development and the design and implementation of Operation Phakisa were appropriate given this context. *Incremental approaches useful*	**Scenario 2.** The effectiveness of Operation Phakisa was limited by its own design, rather than broader public sector capacity. *Incremental approaches useful*
A1 refuted	**Scenario 3**. While public sector capacity did not create an enabling environment, Operation Phakisa was able to overcome this limitation through context-appropriate design and implementation. *Incremental approaches important*	**Scenario 4**. The effectiveness of Operation Phakisa was limited by both broader public sector capacity as well as its own design. *Incremental approaches essential*

Source: Author

Operation Phakisa may have, either intentionally or unintentionally, created an opportunity for the emergence of islands of effectiveness that achieved actual results. While none of the four scenarios

above would limit the emergence of islands of effectiveness, the importance (or essentiality) of the emergence of islands of effectiveness for the achievement of actual developmental results varies for each scenario: Incremental approaches or islands of effectiveness would be useful but not essential under scenarios 1 and 2, but could play an important role or even be essential to the achievement of developmental results under scenarios 3 and 4. The following two hypotheses therefore focuses specifically on the emergence of two types of islands of effectiveness:

Hypothesis B1: The Oceans Economy Operation Phakisa created an opportunity for public entrepreneurs to emerge and establish islands of effectiveness that achieved results.

If Hypothesis B1 is refuted it would suggest that islands of effectiveness driven by public entrepreneurs did not emerge during the design or implementation of the Oceans Economy Operation Phakisa.

Hypothesis B2: The Oceans Economy Operation Phakisa created an opportunity for the establishment of multi-stakeholder governed islands of effectiveness that achieved results.

If Hypothesis B2 is refuted it would suggest that the design and implementation of the Oceans Economy Operation Phakisa did not result in the emergence of multi-stakeholder governed islands of effectiveness.

The hypotheses discussed above are not mutually exclusive. It is possible that different initiatives under Operation Phakisa proved to be effective (or ineffective) for different reasons.

1.5. Methodology and limitations

1.5.1. Methodology

The study employs a mixed-methods approach using quantitative as well as qualitative methods to achieve the stated objectives. The analysis of public sector capacity in South Africa is conducted primarily through an analysis of secondary data.

Case studies are particularly useful to closely examine the hypothesized role of causal mechanisms in the context of individual cases and to address causal complexity (George & Bennett, 2005, p. 19). Process tracing "attempts to identify the intervening causal process, the causal chain and the causal mechanism between an independent variable(s) and the outcome of the dependent variable," (George & Bennett, 2005, p. 206). Through process tracing and by examining causal mechanisms, the Oceans Economy Operation Phakisa is used as a case study to determine whether public entrepreneurship and/or multi-stakeholder islands of effectiveness can (or did) emerge to drive developmental objectives.

The first part of this study employs a desktop review using literature on contemporary theories of development and content analysis to explore and define contextual frameworks in order to:

- Describe and classify political and institutional contexts and how these interact to create accountability for the delivery of goods and service to citizens;
- Distinguish between normal bureaucratic, public entrepreneurship (PE) and multi-stakeholder governed (MS) delivery transmission mechanisms;
- Define and describe islands of effectiveness as possible incremental approaches to public sector reform.

An analysis of secondary data sources is used to locate South Africa within the defined political/institutional contextual framework to determine whether a reliance on NPM accountability chains is appropriate and likely to achieve developmental goals.

Monitoring data on the implementation of the Oceans Economy Operation Phakisa was sourced from progress reports and other information available from the DPME Operation Phakisa Unit. This data was used to determine if the Oceans Economy Operation Phakisa participants have to date been able to complete the activities necessary to achieve the intended objectives. Primary data obtained from interviews with key participants in the Oceans Economy Operation Phakisa process was used to triangulate and interpret progress reports and data.

Permission was obtained from the Director General of DPME to utilise unpublished data and reports and to interview government employees. The prescribed ethical rules related to interviews and the confidentially of views expressed by interviewees were adhered to.

1.5.2. Limitations

Operation Phakisa progress reports data is provided to the DPME Operation Phakisa Unit by Operation Phakisa Delivery Units. It is not possible to verify the accuracy of the data provided by the Delivery Units.

While the study suggests a correlation between public sector reform and the impact of government policies on indicators such as poverty and inequality, the analysis does attempt to prove direct causality. The study assumes that government policies were generally appropriate and proposes that a lack of impact would be attributable to constraints at the policy implementation rather than the policy development level.

The study does not attempt to assess the broader and longer-term impact of Operation Phakisa. The focus is primarily on whether or not targets are actually achieved and on the underlying reasons for these successes or failures.

An extensive literature search using several academic search engines did not reveal any substantial academic literature focusing specifically on Operation Phakisa. The Department of Planning, Monitoring and Evaluation commissioned an evaluation of the Oceans Economy Operation Phakisa in 2017. While the initial inception report of this evaluation makes extensive reference to countries such as Malaysia, India and Tanzania, there is no reference to academic literature specifically focusing on Operation Phakisa in South Africa (Genesis Analytics, 2017).

1.6. Outline of chapters

Chapter 2

Contemporary theories of development are studied and used to define contextual frameworks to:

- Describe and classify political and institutional realities and development trajectories;
- Define and describe islands of effectiveness and incremental approaches to public sector reform;
- Distinguish between normal bureaucratic, PE and MS driven delivery transmission mechanisms.

These frameworks will in further chapters be applied to South Africa to predict what the effect that a particular set of political and institutional realities would have on development and (more importantly) explain why, given a specific political and institutional context, political and institutional arrangements either supported or constrained development. This chapter further provides a brief overview of the rationale and that lead to the introduction of Operation Phakisa in South Africa.

Chapter 3

Provides an overview of the relevant political and institutional developments in South Africa and in Malaysia. A comparison of the development trajectories of the two countries provides an initial indication of whether sufficient similarities existed to support the adoption of the Malaysian BFR methodology by South Africa.

The analytical frameworks described in Chapter 2, as well as an analysis of economic data and other relevant development indicators, are used to determine whether South Africa's approach to

development and public sector reform sufficiently considered the unique South African context. This analysis is then used to test Hypothesis A1 and to provide context for the detailed analysis of the Oceans Economy Operation Phakisa in Chapters 4 and 5.

Chapter 4
Provides a brief overview of how the Malaysian BFR approach was adapted to the prevailing South African context. This chapter further analyses the originally intended governance arrangements for Operation Phakisa as well as how these arrangements were adjusted during the implementation of the Oceans Economy Operation Phakisa.

This is followed by a detailed analysis of the initial Oceans Economy labs that took place in 2014, key issues emerging from the October 2015 review workshop and progress report data as at July 2017. This analysis is then used to test Hypotheses A2, B1 and B2 and to identify the most effective (in terms of meeting targets) focus area for further analysis in Chapter 5.

Chapter 5
This chapter focusses specifically on the Oil and Gas sub-stream of the Oceans Economy Operation Phakisa to further examine the design and effectiveness of Operation Phakisa institutions as well as the possible emergence of islands of effectiveness based on PE or MS arrangements by testing Hypotheses B1 and B2.

Chapter 6
Summarises the findings of the study and proposes possible changes in approach that could improve the efficiency and effectiveness of incremental approaches such as Operation Phakisa in the South Africa context.

Chapter 2 - **Literature Review**

The objective of the literature review was to find and consolidate literature on the following concepts central to the problem statement:

- Governance and the emergence of NPM.
- Governance and political/institutional context.
- Accountability as both a political and a managerial challenge.
- Multi-stakeholder governance.
- Public entrepreneurship.
- Measuring development and governance.

The literature review also provides background on the introduction of the Operation Phakisa methodology in South Africa and how this methodology was intended to improve government policy refinement and impact.

The chapter concludes by summarising the academic literature into an analytical framework that can be used to:

- Describe and classify political and institutional realities and how these interact to create accountability for the delivery of goods and service to citizens;
- Distinguish between normal bureaucratic, PE and MS approaches to delivery;
- Define and describe islands of effectiveness as possible incremental approaches to public sector reform.

2.1. Governance and the emergence of NPM

Governance, in the context of the state, consists of the traditions and institutions by which authority in a country is exercised. The traditional Weberian model of the public sector is characterised by the explicit division of labour among different parts of the bureaucracy based on hierarchical structures; rule-based decision-making; meritocratic recruitment and a predictable career path for bureaucrats (Levy, 2014, p. 138). Weber emphasised control from top to bottom where policy is set at the top by politicians and implemented through a series of strict rule-based manager-subordinate (or principal-agent) relationships. In this model, the role of the bureaucrat is therefore strictly subordinate to the political superior (Pfiffner, 2004, p. 1).

During the 1980s a growing disillusionment with conventional best practice and top-down approaches to planning and managing development projects saw the emergence of participative process approaches that emphasised experimentation, learning from doing, adapting and organic expansion (Bond & Hulme, 1999, p. 1339). The traditional Weberian view of public administration could not effectively support process approaches to development (Pfiffner, 2004, p. 1)

A process approach, in essence, recognises that development is a complex or “messy business” where evidence from both failed and successful attempts at achieving inclusive economic growth and social transformation show that complex country-specific realities often limit the effectiveness of many seemingly desirable policies (Levy, 2014, p. 10). There is therefore no single formula or best practice that guarantees success and states can and have pursued their own distinctive and unorthodox routes to rapid growth (Butler, 2010, p. 185).

The main characteristics of process approaches to development include flexibility in design and implementation, learning from doing or iterative improvement, participation and empowerment of stakeholders, political support and appropriately devolved authority and sufficient institutional capacity (Bond and Hulme, 1999, pp. 1341-1342).

NPM philosophy, systems and tools that developed over the past three decades shifted the focus of control from inputs to outputs and outcomes (Levy, 2014, p. 138) and sought to re-align the relationship between political principals and a new cadre of expert managers, changing the focus of public management to the citizen as client (Kapucu, 2006, pp. 887-888). NPM viewed the transformation of institutions as a range of management challenges (Levy, 2014, p. 135) related to meritocratic recruitment and promotion, improving skills, making public systems more efficient and stamping out waste and abuse (Levy, 2014, p. 138). This had significant implications for how government policies and programmes were designed and implemented.

Traditional strategic planning was increasingly being replaced by strategic thinking that required a broader consideration of issues rather than finding one right answer (Mintzberg, 1994, p. 108). NPM theory therefore covers a broad spectrum from entrepreneurship at one pole to traditional hierarchical bureaucracy at the other. In essence, NPM requires that public systems clarify their fundamental purposes, eliminate unnecessary functions, and organise what they do and how they do it in a manner that contributes to the system's overall purpose (Dunn & Miller, 2007, p. 354).

In terms of NPM, the roles of principals (politicians and policymakers) are to define what needs to be done by setting clear performance targets (or key performance indicators – KPI's), rewards for achieving targets and penalties for not meeting them and by giving agents (front-line providers) wider discretion to decide how these targets should be achieved (Levy, 2014, p. 138).

The introduction of the outcomes approach as part of a wider shift to NPM in South Africa and Operation Phakisa as a methodology to understand problems and implement solutions, as discussed further on in the study, should be viewed in the context of this broader theory of process thinking, NPM and how these evolved in South Africa and impacted on development.

2.2. Governance and political/institutional context

North (1990, p. 3) defines institutions as the rules of the game, or the humanly devised constraints that shape human interaction. Formal institutions such as laws and informal institutions such as cultural norms can be deliberately created or can evolve over time. The nature of the "game" depends on the effectiveness of the monitoring and enforcement of these rules (North, 1990, p. 4).

Regardless of form or function, the centrality and important role of the state and competent and cohesive public institutions in the developmental process is undeniable (Mkandawire, 2010, p. 61). There is, however, no single formula for designing such institutions. The successful construction of a developmental state should be a continually reflexive process of exploration and experimentation without losing sight of both local and wider contexts (Evans, 2010, p. 37).

Levy (2014) supported by Andrews (2013) and Butler (2010) show that institutional reforms often fail because they do not consider country-specific realities. Fukuyama (2014, p. 35) adds institutional rigidity as a further important barrier to institutional reform. In order to understand and analyse the complex delivery transmission mechanisms present in modern governance arrangements in South Africa, it is necessary to understand the political and institutional context within which these mechanisms operate Levy (2014). The application of process approaches to development thinking therefore needs to consider the country-specific context within which these processes unfold and how the political and policy orientation, as well as the institutional architecture, affect how development is viewed, translated into policy and implemented (Edigheji, 2010, p. 4).

Prior to the 1980s, most developing countries and international agencies failed to pay sufficient attention to the development of appropriate governance capabilities required to implement developmental strategies (Khan, 2008, p. 108). From the 1980s, the second phase of development policy focussed on structural adjustment that attempted to address the budgetary crisis in many developing countries caused by earlier development policies, also failed to sufficiently address

governance reform (Khan, 2008, p. 109). This led to the development of good governance capabilities becoming an integral part of development strategy (Khan, 2008, p. 110). While there is general agreement that governance is one of the critical factors determining the growth prospects of countries, there is little agreement on which governance priorities and types of governance capabilities are critical (Khan, 2008, p. 108).

Levy (2014) devised a development typology to classify country-specific contexts for descriptive, and to some extent also for predictive purposes. Each of the four country types described below in Table 2-1 implies distinctive incentives for participants, constraints and risks that affect how development can happen (Levy, 2014, p. 17).

Table 2-1: Development Typologies

		Organisational / institutional complexity	
		Low: Personalised	**High: Impersonal**
Political Settlements	**Dominant** (Uncontested)	**Discretionary** Strong political leadership with a substantial grip on power. Institutions weak	**Rule-by-law** Political control monopolised but institutions more impersonal
	Competitive (Contested)	**Personalised** Competitive politics/institutions weak and personalised	**Rule-of-law** Competitive politics with more impersonal institutional rules of the game

Adapted from Levy (2014, p. 16)

The way in which governance and growth interact to kick-start or sustain development varies along the dominant and competitive trajectories (Levy, 2014, p. 120). Growth along the dominant trajectory is supported by bureaucratic capability and consistent longer-term oriented leadership while growth along the competitive trajectory is supported by the emergence of islands of effectiveness (Levy, 2014, p. 120), the latter being the primary focus of this study. Regardless of the trajectory, Fukuyama (2014, p. 30) points out that countries where democracy preceded modern state-building generally found it more difficult to achieve high-quality governance than those where good governance preceded democracy.

The effectiveness of ambitious public sector reforms along the dominant trajectory depends on the orientation of political leaders (developmental v.s. rent-seeking) and on the extent to which these leaders have control over state power (Levy, 2014, p. 143). Along the competitive trajectory, ambitious public sector reforms are likely to succeed when political contestants, despite differing policy platforms, have shared incentives for a capable public sector to be in place (Levy, 2014, p. 143).

A key element of institutional context is the nature and extent of rent-seeking, where rents are broadly defined as returns that exceed the opportunity cost of resources that might otherwise be deployed in a competitive market (Fukuyama, 2014, pp. 88-90). This can take the form of patronage (access to jobs) and access to resources (directly or indirectly through procurement contracts). In settings with more personalised institutions, the discretionary conferral or threat of withdrawal of access to rents plays an important part in both the political and institutional dimensions described above (Levy, 2014, p. 23).

Levy (2014) proposes incremental approaches towards achieving ‘good governance’ in countries where “the incentives, authority and long-term horizon needed for comprehensive reform to take hold will be lacking” and where instead “politics is open and competitive, but power is fragmented and contested, time horizons are short, and the rules of the game are personalised” (Levy, 2014, p. 133). Such incremental approaches are based on a theory of change “where micro-level initiatives provide a platform for the emergence of ‘islands of effectiveness’ within a broader sea of dysfunction,

securing some gains in the short term, and serving as a platform for cumulative gains over the longer-run in both governance and poverty reduction" (Levy, 2014, p. 133).

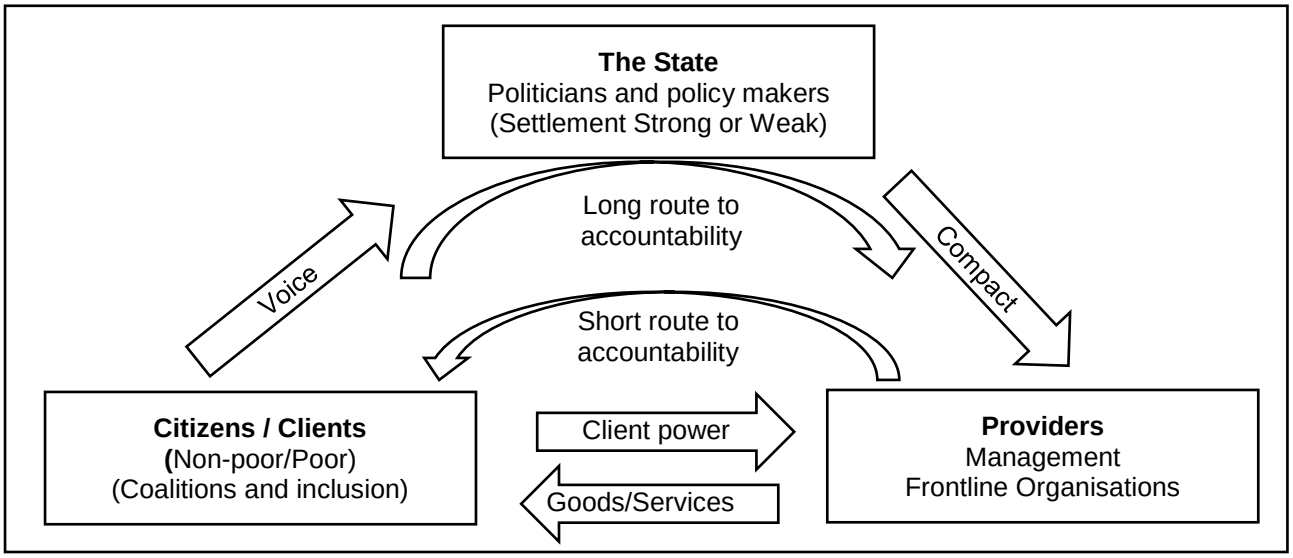
This study will consider the implications of the South African political and institutional context for public sector reform and the roles of the public sector and micro-level initiatives such as Operation Phakisa in development.

2.3. Development and accountability

The 2004 World Development report proposed that, although the bureaucracy and institutional arrangements played an important role in development, failures in relationships of accountability were at the core of under-performing developmental states (World Bank, 2004). This led to the recognition of a complex principal-agent accountability chain that needs to function for development to take place.

The long route to accountability refers to a series of principal-agent relationships (Figure 2-1) with the clients as principals and politicians as agents (politicians elected to deliver the goods/services required by the electorate) and the politicians as principals and providers as agents (to provide the goods/services) to citizens. The nature of principal-agent relationships within delivery organisations is significantly influenced by the governance arrangements (Weberian v. NPM) described earlier in this chapter (World Bank, 2004).

Figure 2-1: WDR Accountability triangle



Adapted from Levy (2014, p. 142)

Bureaucratic limitations are most notable within two key principal-agent relationships (Sabel & Jordan, 2015, p. 8):

- The high-level relationship between politicians and public managers, which can be hamstrung by either ignorance of the needs of the governing party or by political capture.
- The mid-level relationship between public managers and front-line bureaucrats that is usually rules-based and affected by either ill-specified rules and goals or managers and front-line bureaucrats acting for private advantage.

These limitations are compounded by the need to coordinate actions across distinct agencies (or silos) to deliver effective services.

A linear model of improving public administration is based on the premise that problems can be largely solved *ex-ante*, by separating planning and execution. Top-level principal-agent relationships are solidified and can be made immune to capture by convening a large enough number of

stakeholders to set goals transparently (Sabel & Jordan, 2015, p. 8). Mid-level principal-agent relationships can be improved by translating agreed-upon goals into clear targets and precise metrics and entering into agreements with managers, allowing discretion in the execution of tasks and rewarding progress or punishing non-performance. Problems of coordination across bureaucracies can be addressed by giving top-level officials from different organisations linked goals and incentives (Sabel & Jordan, 2015, p. 8).

A recursive model of improving public administration is based on the premise that problem-solving is a continuous process (Sabel & Jordan, 2015, p. 9). In contrast to the linear model, this approach regards plans as provisional and encourages a process of monitoring aimed at diagnosing the underlying causes of problems in implementation and the adjustment of plans based on the information gained through implementation. Principals and agents are required to solve or escalate problems or be "penalised" by higher review bodies (Sabel & Jordan, 2015, p. 9).

The accountability chains have important implications for public sector reform. In countries characterised by a dominant political settlement and relatively impersonal institutions, the long road to accountability (or a more linear model) is likely to function well and comprehensive public sector reforms could succeed (Levy, 2014, p. 143). Public sector reform in countries with a more contested political settlement and more personalised institutions is more likely to succeed if approached recursively or incrementally (Levy, 2014, p. 143) by focusing on specific aspects of reform such as: Merit-based recruitment and market-related remuneration, improved financial management and oversight, and targeting specific (less contested) sectors of the public service first.

In the short run, client-driven participatory processes can potentially offer gains in accountability that are not yet embedded public institutions (Levy, 2014, p. 137).

This study examines the effectiveness of accountability chains in the South African public sector and the role of initiatives such as Operation Phakisa to overcome non-functioning accountability chains.

2.4. Multi-stakeholder governance

Ostrom (1990) developed a theory of collective action whereby "… a group of principals can organise themselves voluntarily to retain the residuals of their own efforts". Personalised-competitive settings are likely to be characterised by high levels of ambiguity that undercut the principal-agent relationships required for the long and short routes to accountability to function (Levy, 2014, p. 148). MS governance or collaborative governance expands the concepts of long and short routes to accountability by focusing on alternative options that can function at all points in the delivery transmission mechanism (*ibid.*). By nurturing commitments among equals where principals can comprise both governmental and non-government actors, collective action can potentially be unbundled to create opportunities for islands of effectiveness (*ibid.*).

MS islands of effectiveness therefore entail collaborative governance that aims to facilitate coordination among actors to produce a quasi-rent (a quasi-public-good) with benefits that are shared among all participants/beneficiaries (Levy, 2011, p. 7).

There are a number of risks associated with MS arrangements. These include (Levy, 2011, p. 8):

- Predation, referring to the willingness and ability of actors to override with impunity the rules of the game to capture rents for private purposes;
- Distributive conflicts arising from disagreement over how to share the benefits and/or who will lead;
- 'Free-riding' where a participant chooses to shirk on his/her obligations but still share in the benefits; and
- Corruption, where a participant pays (or accepts) a bribe to illegally override an agreed-upon formal or informal rule.

To be effective and to mitigate risks, the main characteristics of MS cooperation should include (Levy, 2014, pp. 150-155):

- Strong leadership to mobilise and coordinate stakeholders, clarify the rules governing eligibility and foster agreement on the goals to be achieved.
- A sufficient number of stakeholders with the right political influence and strong incentives for the project to succeed.
- Effective institutional arrangements and monitoring mechanisms to ensure that all parties are clear on and live up to their ends of the bargain.
- All participants need to regard the operating rules as fair, thereby building trust and social capital.

MS governance should not be conflated with MS initiatives. While both would include multiple stakeholders (governmental and/or non-governmental), multi-stakeholder governance (MS), for the purpose of this study, refers to scenarios where the governance structure does not depend on normal accountability chains and public sector hierarchies. The Oceans Economy Operation Phakisa is examined in this study as a possible example of results being achieved by MS governed initiatives that do not depend on normal bureaucratic accountability chains.

2.5. Public entrepreneurship

The emergence of islands of effectiveness is often due to what Levy (2014, p.157) describes as public or bureaucratic entrepreneurship or "the presence of leadership capable of skilfully mobilising and coordinating stakeholders" that depends less on functioning principal-agent relationships and more on an ability to convene a critical mass of sufficiently influential stakeholders behind a shared objective.

Public or bureaucratic entrepreneurs are "…conceived as judgmental decision-makers who experiment with combinations of privately and publicly owned resources in pursuit of social, political, cultural, and other public objectives" (Klein, Mahoney, McGahan, & Pitelis, 2010). This takes the form of civil activists and public officials committed to achieving developmental results, often in opposition to political agents and usually driven by a deep sense of purpose and client orientation, rather than personal gain (Levy, 2014, pp. 219-220).

Public entrepreneurs are "motivated by diverse interests including improving services to their own communities, sharing the burden for increasing benefits, the stimulus of innovation, the respect they receive from others, as well as the income they derive from their positions in the public service for those who are not entirely volunteer workers" (Ostrom, 2005, p. 1).

For the purposes of this study, public entrepreneurs are defined as government employees that are willing and able to work within complex political settings to overcome institutional constraints to deliver public goods and services. The Oceans Economy Operation Phakisa is used as a case study to determine the extent to which public entrepreneurs played and can play a role in achieving results.

2.6. Measuring development and governance

As stated earlier, development strategies are predominantly occupied with inclusive economic growth (reducing poverty and income-inequality), equal opportunities and the equitable distribution of socio-economic rewards.

Poverty can be defined as "pronounced deprivation in well-being" and is usually measured in order to target appropriate interventions and to evaluate the effectiveness of these interventions. Inequality describes the distribution of poverty indicators across the whole population (Haughton & Khandker, 2009, p. 1). Measures of poverty and inequality include:

- Gross National or Domestic Product (GNP or GDP) and Gross National Income (GNI) per capita are popular measures of overall or average poverty and development. Composite indices such

as the Human Development Index (HDI) are generally believed to provide more accurate representations of the multi-dimensional nature of poverty (Santos & Santos, 2014, p. 134).
- Inequality can be measured among individuals or households (vertical inequality) or across groups of people within a society (horizontal inequality). The Lorenz curve and the Gini coefficient are popular measures of vertical inequality (Stewart & Samman, 2014, p. 99).

Worldwide Governance Indicators (WGI), published annually by the World Bank for over 200 countries, supplement the tools available to measure some of the important pre-conditions to development (Levy, 2014, pp. 122-123). Although the concepts measured by the WGIs are imprecisely defined, they do provide a very useful view of the state of governance in a particular country and comparatively across all countries measured (Levy, 2014, pp. 122-123).

While it is unlikely that the impact of Operation Phakisa can be measured using macro-level aggregate economic indicators, these indicators as well as the WGI assist in contextualising public sector governance in South Africa and the environment in which the Operation Phakisa methodology is applied.

2.7. Operation Phakisa

After visiting Malaysia in August 2013, President Jacob Zuma tasked DPME to investigate the application of the Malaysian BFR methodology as a possible approach to improve government policy development and implementation in South Africa. DPME subsequently developed a governance framework and implementation approach and Cabinet in March 2014 approved the piloting of Operation Phakisa, focusing on the oceans economy in South Africa (DPME, 2015b).

To date Operation Phakisa labs were conducted in the following areas (Masilela, T. Personal interview, 15 November 2017):
- Oceans economy (July to August 2014)
- Ideal clinics (October to November 2014)
- ICT in education (September to October 2015)
- Mining economy (October to November 2015)
- Agriculture, Land Reform and Rural Development (planned for 2017/18)

Although there are suggestions that the selection of thematic areas was simply based on the readiness and willingness of Cabinet Ministers to conduct Operations Phakisa (Akhalwaya, I. Personal interview, 14 September 2017), there was consensus that thematic areas should be selected based on three broad criteria (Masilela, T. Personal interview, 15 November 2017):
- Must be a key priority identified in the National Development Plan and must address poverty, inequality and unemployment;
- The focus area must involve multiple stakeholders; and
- There should be scope for “Big Fast Results”.

The Operation Phakisa approach involves multiple sectors and stakeholders in planning and implementation related to complex national development challenges. These challenges typically require unconventional solutions that aim to fast-track implementation through rigorous monitoring and issue resolution with a strong emphasis on public accountability (DPME, 2015b). The unpublished Operation Phakisa framework compiled by DPME in 2015 (discussed in more detail in Chapter 4), recognised that the Operation Phakisa methodology was extremely resource-intensive and that successful implementation required (DPME, 2015b):
- The establishment and maintenance of functioning governance and implementation structures;
- Implementing and maintaining management information systems;
- Regular oversight by the Minister of the lead department; and
- Intervention by the Presidency to resolve blockages.

The intended methodology of the Oceans Economy Operation Phakisa, modelled on the Malaysian BFR, can be summarised as follows (Akhalwaya, 2015):

- Key stakeholders from the public and private sectors, academia and civil society organisations are brought together in sessions (labs) to collaborate in detailed problem analysis, clear intervention planning, priority setting and resource allocation, and designing implementation monitoring mechanisms.
- The results of the labs are detailed (also called 3-feet) plans with clear targets (KPIs) and commitments on implementation by all stakeholders. The 3-feet-plan concept denotes operational plans at implementation level (close to the ground), as opposed to strategic or 10,000-feet plans.
- Implementation is rigorously monitored against each KPI and results are audited and reported on publically.
- Implementation challenges are effectively managed and addressed.

The original Operation Phakisa methodology relied less on normal public sector accountability chains and incorporated most of the elements of recursive or incremental approaches discussed earlier.

2.8. Analytical framework summary

Authors such as Levy (2014), Butler (2010), Bond and Hulme (1999) and Andrews (2013) agree that there is no holy grail or blueprint that fits all and that effective delivery transmission mechanisms leading to real development are invariably linked to the ability of states to consider the nature of their political settlements and institutional complexity in developing and implementing policies. Finding a good fit as described by Levy (2014, pp. 155-158), both at a macro country level and within a particular sector, depends on the interaction between these two key determinants.

Table 2-2 summarises for each quadrant the likelihood of where normal bureaucratic transmission mechanisms dependent on hierarchical accountability chains (Weberian or NPM) and MS or PS arrangements will work. The table focusses on three possible delivery transmission mechanisms:

- NPM: Normal bureaucratic mechanisms based on the broad principles of New Public Management that depend on functioning accountability chains involving multiple principal-agent relationships (both long and short routes to accountability).
- PE Islands: Smaller sector or issue-specific islands of effectiveness governed by the broad principles of NPM that depend on shorter, less complex principal-agent relationships/accountability chains.
- MS Islands: Multi-stakeholder governed islands of effectiveness that do not depend on hierarchical and/or bureaucratic accountability chains.

An important distinction between PE and MS islands is that public entrepreneurs could emerge to fill gaps in accountability chains while multi-stakeholder governance arrangements are usually deliberately designed to avoid complex accountability chains.

Table 2-2: Good fit matrix

		Organisational / institutional complexity	
		Low: Personalised	**High**: Impersonal
Political Settlements	**Dominant** (Uncontested)	**NPM**: Can work, depends on issue **PE Islands**: Can work, depends on issue **MS islands**: Likely to work	**NPM**: Likely to work **PE Islands**: Likely to work **MS islands**: Likely to work
	Competitive (Contested)	**NPM**: Unlikely to work **PE Islands**: Possible if narrow (no competing hierarchies) – short route **MS islands**: Can work but difficult to implement	**NPM**: Can work, depends on complexity **PE Islands**: Likely to work – depends on complexity and competing hierarchies **MS islands**: Likely to work

Adapted from Levy (2014)

Table 2-3 summarises the main characteristics and drivers of NPM, PE and MS delivery mechanisms. The summary focusses on the following key elements:

- Broader and issue-specific context:
  - Impact of political settlement/consensus on the problem, solution, priorities: How consensus on the what and the how is reached and the impact of broader political context.
  - Impact of institutions/rules of the game: The impact of institutional context on what can be done and how it should be done.
- Governance:
  - Structure and leadership: The structure of principal/agent relationships and accountability chains, the importance and source of leadership and how authority is derived and exercised.
  - How stakeholders/participants are involved: How the players in the game are chosen.
  - Predation / Free-riding / Corruption risks: The risks of predation, corruption and free-riding (inherent risk) and how this can be mitigated (residual risk).
  - Monitoring and sanctions. Meeting targets versus achieving impact: This is an important indicator of isomorphic mimicry – doing for the sake of doing, or for the sake of results.
- Enablers:
  - Funding: Reliance on funding increases complexity. Reliance on public funding could impact project/activities that do not enjoy high-level political support. Less reliance on public funding could reduce the risks of predation and corruption.
  - Public sector capacity: Reliance on public sector capacity to achieve objectives.

Table 2-3: Comparing NPM, PE and MS delivery mechanisms

Element	NPM/Long road (NPM)	Public Entrepreneurs (PE)	Multi-stakeholder (MS)
Broader and issue-specific context			
Impact of political settlement / Consensus on problem, solution, priorities.	High. Vulnerable to political predation. Difficult to de-politicise issues. Involves principals and agents that are not equal in authority and influence. Dependant on leadership and clarity of task.	Moderate. Complex process involving political principals and other stakeholders. Must work within political settlement but can expand or supplement through innovation.	Low. Based on shared incentives and distance from political influence. Can de-politicise issue. Less complex process due to lack of hierarchy. Shared interests/benefits are primary drivers.
Impact of institutions/rules of the game. Broader policy framework and legislative environment.	High. Can change by consensus or decree. Easier to change broader rules of the game if required, depends on nature of the political settlement.	High to moderate. Has to operate within broader policy environment. Can overcome institutional challenges. Focus more on the how than the what. Depends on conviction and ability to sell ideas.	Low dependence on external institutions. Difficult to change broader rules of the game if stakeholders not influential enough. Self-imposed rules based on consensus more likely to be adhered to.
Governance			
Structure / leadership / authority.	Hierarchical. Long route to accountability. Increases complexity in decision-making and dispute resolution – especially across multiple hierarchies.	Hierarchical. Long and short route to accountability. Own leadership important to convince stakeholders of the benefits of actions.	Flat. Shared incentive / short route to accountability. Leadership from within collective/ stakeholders who are skilful at mobilising to bring to bear pressure for good performance.

Element	NPM/Long road (NPM)	Public Entrepreneurs (PE)	Multi-stakeholder (MS)
How stakeholders/ participants are involved.	Political decision with some degree of flexibility on inclusion as the process unfolds. Lack of private sector trust can limit scope.	Initiative of individual(s). Complex process of building trust of both public and private sector partners. Must be able to convince agents and clients of benefits.	Include only those with a direct interest in the issue, incentivised by potential higher joint benefit for all. Easier to build trust with private sector partners.
Residual risk of Predation / Free-riding / Corruption.	High. Inherent to the political/institutional landscape. Significant risk due to closeness to political settlement. Patrimonial/predation risk higher. Risk of free-riders lower.	High to Moderate. Risk of free-riders lower. Needs to mitigate risks of predation and corruption by involving the right stakeholders. Inherent risk depends on the focus area.	Moderate to low: Risk of free-riders higher. Mitigation by ensuring stakeholders are well-connected politically and/or stakeholders are able to draw on widely held social norms of justice / fairness.
Monitoring and sanctions. Meeting targets v.s. achieving impact	Complex hierarchical process. Depends on leadership/authority and ability to sanction. Risk of meeting all targets but not achieving impact.	Subject to hierarchical monitoring but with some freedom to innovate. Narrower focus on specific targets. Works when impact is the incentive.	Based on consensus and built into the rules of the game. Impact is the incentive
Enablers			
Funding.	Dependent or normal government funding models.	Unlikely to function without government funding. Funding easier if consensus on priorities. PE must be able to mobilise funds if required.	Can function without government funding. Funding based on expected returns and not on priority.
Impact of public sector capacity.	High: Inherent involvement of public sector hierarchy emphasises the importance of capacity.	High to moderate: Can overcome constraints by involving the right stakeholders.	Low: Collective capacity very important.

Source: Author

This framework as summarised in Table 2-4 will be applied further on in the study to the design phase (up to and including initial labs) and the implementation phase (post-labs) of the Oceans Economy Operation Phakisa. The purpose of the analysis will be to determine:

- The major constraints identified (or ignored) during design and implementation.
- Whether MS islands were used and/or whether PE islands emerged to overcome constraints.

Table 2-4: Analytical framework

Element	Design	Implementation
Context	To what extent did the original design consider the broader and issue-specific contexts? Did the design attempt to overcome any context related constraints?	Did any context related issues emerge during implementation that were not considered during the design phase? How were these addressed (if addressed at all)?
Governance	How did the original design consider governance arrangements? Were context related and other constraints considered and addressed during design?	Did governance arrangements enable or constrain implementation? Did governance arrangements evolve during implementation to overcome constraints?
Enablers	Did the design consider the role of enablers and plans to overcome constraints?	Did implementation overcome enabler-related constraints? How?

Source: Author

Chapter 3 - South Africa: Political and Institutional Context

In this Chapter, the political and institutional context in South Africa is described by tracing post-1994 political and institutional developments and by analysing relevant economic data and other key development indicators. A similar analysis of Malaysia is used to draw a high-level comparison between South Africa and Malaysia to determine whether the direct application of the Malaysian BFR methodology would have been appropriate in the South African context.

The analysis reveals an increasingly contested political settlement and personalisation of institutions in South Africa. Malaysia, on the other hand, is cited as an example where political settlements and institutional arrangements did not appear to constrain development.

The chapter concludes by applying the good-fit matrix described in Chapter 2 to both South Africa and Malaysia to test the predictive value of the good fit matrix. Hypothesis A1 is then tested, using the good-fit matrix as well as relevant economic and other development indicators.

3.1. South Africa: Finding the right model

3.1.1. Early attempts at defining the developmental agenda

Prior to the April 1994 general elections in South Africa, the African National Congress (ANC) agreed to adopt the Congress of South African Trade Unions' (COSATU) Reconstruction and Development Programme (RDP), essentially a labour driven development programme, as a basis for socio-economic transformation (Visser, 2004, p. 6). The newly elected government in 1994 recognised that growing the economy and addressing high levels of poverty, inequality and unemployment required a developmental state that was socially inclusive and had the capacity to deliver (Edigheji, 2010).

The November 1994 white paper on reconstruction and development however departed significantly from the original RDP document. A new commitment to fiscal discipline and macroeconomic balance left little room for implementing the more redistributive elements of the RDP. Implementation of the RDP was overseen by the RDP Office established in the Presidency, led by Minister Jay Naidoo, former General Secretary of COSATU (Visser, 2004, p. 7)

In 1996 government announced the Growth, Employment and Redistribution strategy (GEAR) (Visser, 2004, p. 8). GEAR envisaged a much larger role for the private sector and a smaller role for government, essentially changing a growth through redistribution to a redistribution through growth approach. The RDP Ministry was abolished in March 1996 and the RDP office was transferred to the office of then Deputy President Thabo Mbeki. (Visser, 2004).
Despite some successes, GEAR failed to generate sustained economic and employment growth and hardly impacted general levels of poverty and inequality. In 2005 President Thabo Mbeki replaced GEAR with the Accelerated and Shared Growth Initiative for South (AsgiSA). AsgiSA's primary aim was to address poverty by halving unemployment from 28% in 2004 to 14% in 2012 (South African History Online, 2014).

3.1.2. Public sector reform: From apartheid to NPM

Transformation of the public service soon emerged as one of the drivers of creating a developmental state in South Africa (Cloete, 2003). The desire to reinvent the post-apartheid state in South Africa coincided with pronounced global shifts in thinking about the design of public sector institutions and how they support development (Chipkin & Lipietz, 2012, p. 4). From the late 1980's there was a growing movement in South Africa away from traditional "public administration" to a more multi-disciplinary "Development Administration", culminating in the 1991 Mount Grace Consultation held under the auspices of what was called the National Public Administration Initiative (NPAI) (Chipkin & Lipietz, 2012, p. 9). The primary focus of the NPAI was to address what was deemed to be a

serious gap between the existing public service at the time and "… the type of public servant and public service ethos required for successful long-term development" (Mc Lennan & FitzGerald, 1992).

The Public Service Act of 1994 and the Labour Relations Act of 1995, which paved the way for the establishment of a public sector coordinating bargaining council (PSCBC) for most parts of the public sector, were some of the first important milestones in the public sector reform process (Cameron & Naidoo, 2016). This was followed by the appointment of the Presidential Review Commission on the transformation of the South African Public Service (partially inspired by the Mount Grace Consultation) in 1996 (Cloete, 2003). The Commission completed its work in 1998 and recommended significant reforms to improve governance and service delivery in the public service. The recommendations of the Commission led to the restructuring of the Presidency and the establishment of the Policy Coordination and Advisory Service (PCAS) as a think tank for Cabinet advice and policy management (Dayal, 2016).

The 1995 white paper on the transformation of the public service (Department of Public Service and Administration (DPSA), 1995) sought to contextualise and give effect to the South African Government's commitment to "…institutional transformation and reform as one of the key medium and long-term programmes to drive the implementation of the RDP" (Chipkin & Lipietz, 2012). The white paper envisioned a new public service based on the principles of devolution of power and decentralisation (in line with the broad principles of NPM), with a strong focus on the elimination of corruption. The Public Finance Management Act of 1999 was a further important milestone in the shift from a culture of public bureaucracy to public management (Chipkin & Lipietz, 2012).
The NPM paradigm in South Africa emphasised the importance of performance measurement as a management tool in government. This led to the introduction of Monitoring and Evaluation (M&E) and evidence-based policy making (EBPM) tools and processes (Rabie & Goldman, 2014).

3.1.3. Introduction of the outcomes approach

After taking office in 2009, President Jacob Zuma appointed the former Minister of Finance, Mr Trevor Manuel, as Minister in the Presidency responsible for planning and Mr Collins Chabane as Minister in The Presidency responsible for performance M&E. In 2010 President Zuma replaced AsgiSA with the New Growth Path (NGP). The aim of the NGP was to accelerate growth in the South African economy in order to rapidly reduce poverty, unemployment and inequality (South African History Online, 2014).

The National Planning Commission (NPC), comprising 24 part-time commissioners, was established in May 2010 to develop a long-term vision and strategic plan for South Africa to give effect to the NGP (NPC, 2017). The main objective of the Commission was to develop a common set of objectives and priorities to drive development over the longer-term (NPC, 2017). A secretariat and support structures for the Commission was set up as a separate Branch in the Presidency and reported directly to Minister Manuel.

The Department of Performance Monitoring and Evaluation (DPME) was established in 2010 as a stand-alone government department, reporting to Minister Chabane in the Presidency. The conceptual framework informing the establishment and mandate of DPME was published in 2009 (The Presidency, 2009). In essence, the main objective of DPME was to give effect to the government-wide M&E policy, adopted by Cabinet in 2005, with a new focus on M&E as a mechanism to improve service delivery (Dayal, 2016). The initial mandate of DPME was to:

- Develop and implement an outcomes approach (with a strong focus on NPM principles and a culture of results-based management) to government planning and implementation (similar in approach to the Malaysian Government Transformation Programme).
- Develop, implement and monitor performance agreements between the President and government ministers for each of the 12 priority outcomes identified by government.

- Develop and monitor implementation of delivery agreements between Ministers and key stakeholders (mostly other Ministers and Directors General of government departments) for each of the 12 priority outcomes.

The 12 priority outcomes identified in 2010 were (DPME, 2014):
- Quality basic education;
- A long and healthy life for all South Africans;
- All people in South Africa are and feel safe;
- Decent employment through inclusive growth;
- A skilled and capable workforce to support an inclusive growth path;
- An efficient, competitive and responsive economic infrastructure network;
- Vibrant, equitable, sustainable rural communities contributing towards food security for all;
- Sustainable human settlements and improved quality of household life;
- Responsive, accountable, effective and efficient local government;
- Protect and enhance our environmental assets and natural resources;
- Create a better South Africa and contribute to a better Africa and a better world; and
- An efficient, effective and development-oriented public service.

The National Development Plan: Vision 2030 (NDP) developed by the NPC set a number of targets to address poverty and inequality in South Africa by 2030 (NPC, 2012):
- Eliminate income poverty: Reduce the proportion of households with a monthly income below R419 per person (in 2009 prices) from 39% to zero.
- Reduce income inequality: The Gini coefficient should fall from 0.69 to 0.60.
- The share of income of the bottom 40% of income earners should increase from 6% to 10%.
- Poverty-induced hunger should be reduced to 0%.

After Cabinet adopted the NDP in 2012, it became necessary to translate the NDP into more concrete medium-term indicators and targets. The Medium Term Strategic Framework (MTSF) 2014-2019, developed under the guidance of DPME, was adopted by the government in 2014 (DPME, 2014). The aim of the MTSF was to ensure policy coherence, alignment and coordination across government plans and activities and to ensure that government resources are allocated in support of this process. The MTSF also added two additional priority outcomes (DPME, 2014):
- A comprehensive, responsive and sustainable social protection system; and
- A diverse, socially cohesive society with a common national identity.

The name of DPME changed to Department of Planning, Monitoring and Evaluation with the merger of the Planning Branch in the Presidency and DPME in 2014. At the same time, Minister Jeff Radebe was appointed Minister in the Presidency responsible for Planning, Monitoring and Evaluation. There has been a significant change in the mandate of DPME since its inception in 2010 which, in addition to monitoring and facilitating achievement of the 14 priority outcomes, now also include (DPME, 2017a):
- Develop and implement planning frameworks and facilitate the alignment of annual plans and budget allocations of all national and provincial departments to NDP priorities;
- Support socio-economic impact assessments of all legislation and regulations;
- Support the development and implementation of plans in key sectors, monitor the implementation of the MTSF and support intervention strategies where required;
- Extensive on the ground frontline service delivery monitoring and managing the Presidential Hotline;
- Monitoring and supporting management performance improvement across all three spheres of government;
- Supporting the national evaluation system and EBPM;
- Mainstreaming youth development in the work of the department and government;

Apart from developing and monitoring implementation of the 14 priority outcomes through the MTSF, one of the early objectives for DPME was to improve state capacity in M&E. Annexure 1 provides an example of the current planning/M&E cycle being taught to Directors General and senior managers in the public service (Rabie & Goldman, 2014, p. 21). DPME monitors performance against targets set for each of the 14 outcomes in the MTSF and consolidated data is published online on the Programme of Action (PoA) website (www.poa.gov.za). These are examples of the extent to which NPM principles are continuously being entrenched in the South African bureaucracy.

3.1.4. A state of capture and institutional context

A significant challenge in South Africa is the extent to which state institutions have been captured for party-political purposes through the ruling party's system of cadre deployment. Kopecký (2011), developed an index of party patronage where he rated institutions in different policy sectors on a scale of zero (no party-political appointments) to one (complete capture at all levels of hierarchy). He found that South Africa rated 0.39 overall with the judiciary (0.19) being the least affected by patronage and the military/police (0.56) being the most affected. In another study, Mamogale (2015) concluded that the performance of many state institutions in South Africa is regressing due to a lack of capacity and a lack of consequences for poor performance.

The "State of Capture" report by the Public Protector (2016) as well as the report "Betrayal of the Promise" (Bhorat, Chipkin, Buthelezi, Duma, et al., 2017) provide further strong evidence that institutional arrangements in South Africa are becoming more personalised and that the rules and monitoring and enforcement arrangements that exist in theory, are less prominent in reality.

Van Vuuren (2017) details the former apartheid government's sanctions-busting machinery and the significant and corrupt involvement of both politicians and the private sector in what essentially amounted to a captured state as well. Revelations by the Public Protector and by Bhorat et al. support the view by North (1990, p. vii) that our institutions are invariably connected to our history and that what we see playing out in South Africa today is the product, not only of the current government, but of a long history of abusing state power to achieve nefarious objectives.

Von Holdt (2010) paints a stark picture of levels of institutional failure and dysfunctionality in South Africa, suggesting that transformation of government institutions post-apartheid has not been successful. Du Toit (2012, p. 3) summarises the South African institutional context as follows: "… in the context of South Africa, where the state is weak and vulnerable, where a commitment to Weberian, technocratic efficiency and meritocracy exists alongside and in contradiction with a powerful and important nationalist project within the state (Von Holdt 2010), and where public servants with an interest in and a capacity for engaging with social science and research are few and far between."

The extent of state capture in South Africa suggests that rents are more likely to be allocated in a discretionary manner, rather than accessed on the basis of initiative and talent (Levy, 2014, p. 23). Fukuyama (2014, p. 26) describes this as a state of "neopatrimonialism" where political leaders outwardly prescribe to democratic systems and processes and the rule-of-law, but in reality rule primarily for private gain.

3.2. The Malaysian model: Brief history

3.2.1. History

The Federation of Malaysia has since independence been governed by a relatively stable political coalition (Barisan Nasional or National Front), incorporating representatives from diverse ethnical and racial groups (Naguib & Smucker, 2009, pp. 102-106). Successive Malaysian governments were determined to eradicate poverty and broaden participation in the economy through several successive five-year plans.

Malaysian experiments in public sector reform, underpinned by performance management systems date back to the programme and performance budgeting system introduced in 1968 (Siddiquee, 2014a, p. 273) and covered virtually all aspects of the public service and its management (Siddiquee, 2014b, p. 12). Prior to 2009, the impact of various reforms on public service performance was relatively modest, mainly due to gaps between policy and implementation (Siddiquee, 2014a).

3.2.2. Government Transformation Programme

Prime Minister Najib Tun Razak came to power in 2008 following the resignation of the previous Prime Minister after the coalition's worst electoral performance since independence. In order to reverse waning public confidence, the Prime Minister announced a new policy agenda, which led to the introduction of the Government Transformation Programme (GTP) in 2009 as a strategy to radically transform the Malaysian government (Siddiquee, 2014b, p. 15). The introduction of the GTP was primarily informed by opinion polls, successes of earlier efforts to transform government-linked enterprises through performance-based targets and the introduction of the Performance Management and Delivery Unit in the United Kingdom (Xavier, Siddiquee, & Mohamed, 2016, p. 84). The Malaysian Performance Management and Delivery Unit (PEMANDU) was created in 2009 to implement the GTP and Dato' Sri Idris Jala, former head of state-owned Malaysian Airlines with a record of turning around struggling business units, was appointed to head PEMANDU (Sabel & Jordan, 2015, p. 17). PEMANDU enjoyed flexibility in resource allocation and operations and, unlike the rest of the public service, paid its employees performance bonuses (Xavier et al., 2016, pp. 81-84).

The GTP intended to reform government service delivery by focusing government efforts on improving performance across seven national key result areas (NKRAs): crime; corruption; education; rural infrastructure; urban public transport; poverty; and cost of living (Xavier et al., 2016, p. 81). The NKRAs were a combination of short-term plans to address immediate priorities as well as medium and long-term plans to address challenges that required ongoing governmental intervention (Siddiquee, 2014b, p. 15).

3.2.3. Big, Fast Results

An important element of the GTP was the convening of "labs" for each NKRA. Labs brought together a wide range of government and private sector stakeholders full-time for up to two months to collectively develop action plans for each NKRA. Labs were designed to be non-hierarchical, anchored by quantitative analysis and focussed on the pursuit of solutions (Sabel & Jordan, 2015, p. 18). This BFR methodology involves all relevant public and private stakeholders to disassemble a policy initiative into its smallest components, develop detailed "3-feet" plans that are implementable and impactful within a short time frame, allocate human and financial resources, determine responsibility and accountability and establish clear governance structures (Performance Management and Development Unit (PEMANDU), 2016).

The BFR methodology is further guided by the following principles (BFR institute, 2017):

- Set impossible or stretch targets to force creativity and out-of-the-box solutions;
- Being focussed and having a clear endgame in mind is crucial;
- Discipline of action that requires close monitoring, communicating achievements and the immediate identification of problematic areas that require intervention;
- Leadership styles need to adapt to the different stages in a team's development, with a more directive style usually needed at the outset and a more empowering style along the way;
- Issues need to be identified, understood and resolved collaboratively through negotiation or discussion; and
- Teams should accept what is within their control and the external factors outside of their control. Strong values and ethics should be upheld throughout the journey.

Annual KPI setting exercises take place from October to December to assess the viability of initiatives and to operationalise implementation (PEMANDU, 2016). A lead government Minister identified for each of the seven NKRAs is responsible for setting national KPIs and targets. Performance metrics are determined by the Prime Minister with the help of PEMANDU and Ministers are held accountable by the Prime Minister for their performance against a set of ministerial KPIs (Xavier et al., 2016, p. 84). A delivery task force (DTF) formed for each NKRA is chaired by the Deputy Prime Minister (initially the PM) and is attended by the lead Minister, other relevant ministers, the CEO of PEMANDU and senior civil servants (Siddiquee, 2014b, p. 16). While annual targets are revised by mutual consent based on past performance, longer-term targets remain unchanged (Xavier et al., 2016).

The BFR process is clearly dependent on relatively uncontested political settlements and mature institutions where each round of review and revision is used as input for the next round of implementation, therefore allowing for continuous adaptation. This process emphasises the role of local actors in incrementally improving initial plans, resembling a "problem-driven, iterative adaptation" (PDIA) or recursive approach (Sabel & Jordan, 2015, p. 6).

3.3. Comparing South Africa and Malaysia

Given that Operation Phakisa is an adaptation of the Malaysian BFR methodology, it is useful to compare South African and Malaysian contexts to consider whether the direct application of the BFR methodology in South Africa would have been appropriate. Table 3-1 highlights some of the key differences and similarities between the approaches followed in the two countries.

Table 3-1: South Africa and Malaysia: Comparing the broader political and institutional contexts

Malaysia	South Africa
Political alliances formed based on a desire to ensure political inclusivity, stability and equitable development.	Political alliance with strong focus on labour rights rather than job creation, productivity or inclusivity.
Same political alliance in power for a significant period of time – suggests political stability and a more dominant political settlement.	Same political alliance in power for a significant period of time – suggests political stability and a more dominant political settlement.
Developmental agenda has been guided by successive and complementary five-year plans since the 1970's - suggests dominant political settlement.	Developmental agenda has seen several plans, each championed by different political principals and role-players - suggests contested / competitive political settlement.
7 NKRAs are determined through an inclusive and consultative process. GTP enjoyed strong political and popular support since its introduction in 2009 – suggests dominant political settlement and general agreement on institutional arrangements required for growth.	14 Government Outcomes determined by Cabinet. The NGP and the outcomes approach are not entrenched in government and have not enjoyed strong political or popular support. The National Development Plan was the first attempt at a more inclusive and popular developmental agenda - suggests contested political settlement.
The NTP (GTP and ETP), BFR and other government processes are intertwined and share governance structures.	There are no direct governance links between the NDP, 14 outcomes and Operation Phakisa.

Source: Author

The South African Outcomes System identified 14 priority areas with implementation oversight centralised in the DPME. Detailed public information on progress in these areas is limited and a traffic light system originally implemented is no longer available on the PoA website. The website is also not user-friendly and performance data for many indicators is not available, is outdated or does not relate to the target. Where data is available, it would appear that several targets have not been met. To date, there is no evidence to suggest that the performance agreements between the President and Ministers are enforced and that non-performing Ministers and Directors General are sanctioned or replaced as a result. Analysis of the South African system, in place for a similar time

period as the GTP, shows little if any evidence of the outcomes approach having a significant impact to date on the ultimate objective of achieving a developmental state.

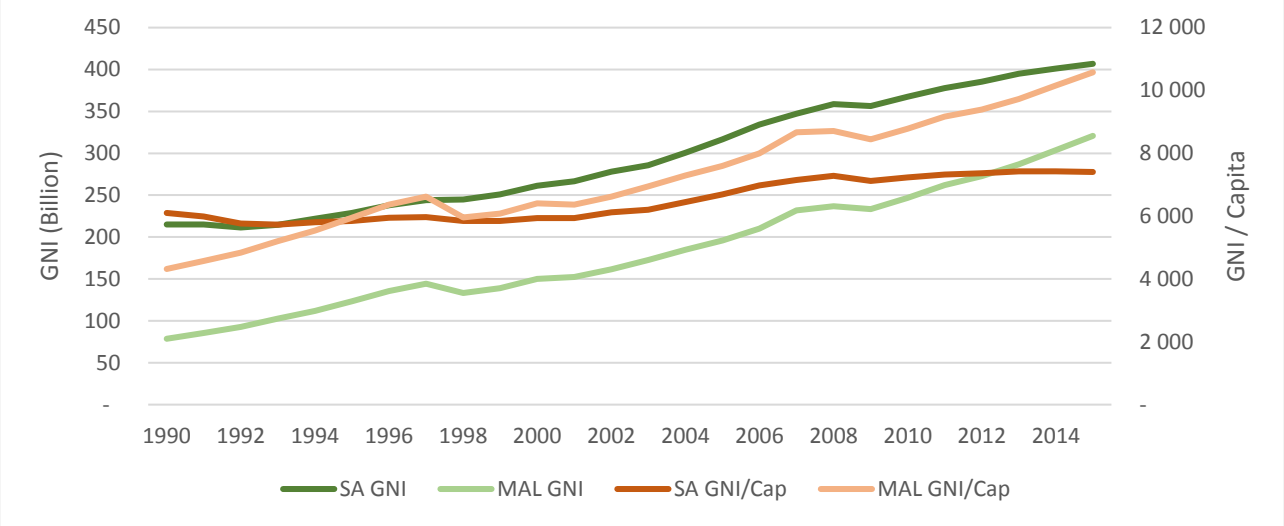
Given the clear differences in approach and context, the direct application of the BFR methodology in South Africa would not have been appropriate and it would have been necessary to adapt the methodology to the South African context.

3.4. Key development indicators

3.4.1. Poverty and inequality

The South African National Development Plan and outcomes system aimed to address a broader (and often less specific) set of indicators than the GTP and ETP in Malaysia. Although South Africans are less poor (on average) now than in 1994 (Figure 3-1), GNI per capita declined between 2013 and 2015.

Figure 3-1: SA and Malaysia - GNI and GNI per capita at constant 2010 US$:1990 to 2015



Compiled from: World Development Indicators (World Bank, 2017b)

Malaysian GNI per capita increased by 145% between 1990 and 2015 while the South African GNI per capita increased 21% over the same period. Malaysia has been more successful at reducing average poverty (despite a slightly higher average population growth rate of 2% compared to 1.8% in South Africa).

World Bank estimates show a slight decrease in income inequality (measured by the Gini coefficient) for Malaysia from 47.6 in the early 1990s to 46.3 by 2010. Income inequality in South Africa increased from 59.3 to 63.4 over the same period (World Bank, 2017b). Woolard, Metz, Inchauste, Lustig, Maboshe et al. (2015) show that income inequality would have been significantly higher at around 0.77 had it not been for at the positive impact of South Africa's progressive social spending policies and that levels of poverty and inequality in South Africa remain very high when compared to other in middle-income countries.

3.4.2. Multi-dimensional poverty and unemployment

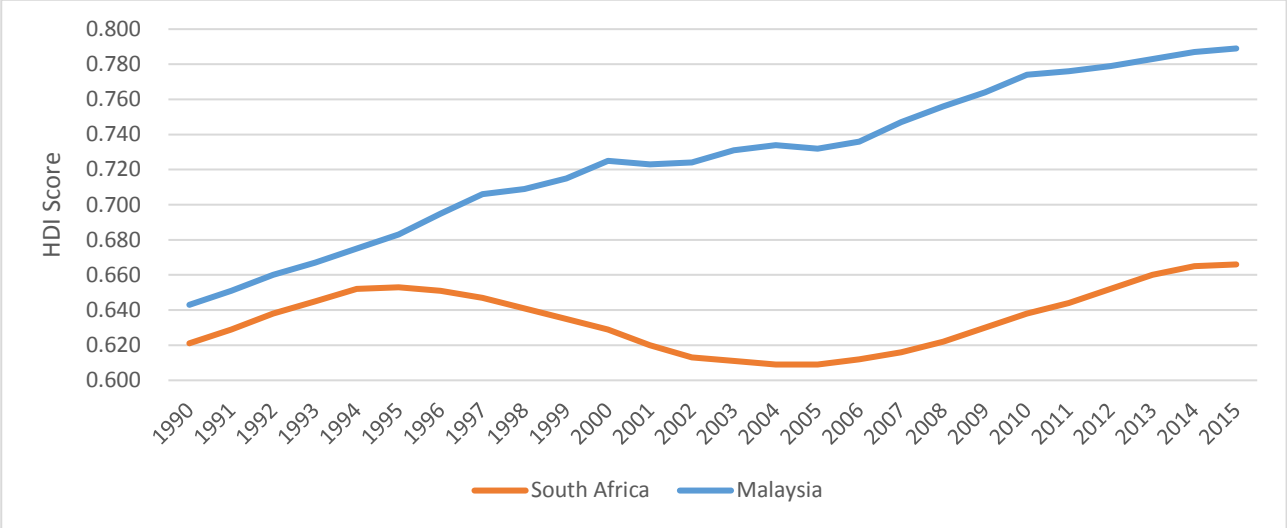
Multi-dimensional poverty in South Africa declined from 17.9% in 2001 to 7.0% by 2016, mostly as a result of high levels of government social spending. In 2015 approximately 30.4 million people in South Africa were considered poor (with an income of less than R992 per person), almost half of those living in extreme poverty (Statistics South Africa, 2017a). Unemployment in South Africa

remains at high levels, with 27.7% of active work seekers being unable to find employment and only 43.2% of the population aged 15 to 64 being employed (Statistics South Africa, 2017b).

3.4.3. Human Development Index

South Africa's performance on the HDI (Figure 3-2) shows varying results. Starting from more or less the same base in 1990, South African HDI initially declined and only returned to pre-1994 levels by 2012, while the Malaysian HDI showed consistent improvement over the same period.

Figure 3-2: South Africa and Malaysia – HDI



Source: United Nations Development Programme (UNDP), 2016b

The 2015 HDI ranked South Africa 116th overall, 175th in terms of life expectancy at birth, 79th in terms of expected years of schooling, 63rd in terms of mean years of schooling and 87th in terms of GNI per capita (UNDP, 2016a). The decline in overall HDI from 1994 can most likely be attributed to the reluctance of President Thabo Mbeki's government to embrace the realities of HIV/Aids and to implement appropriate policies, which significantly impacted life expectancy.

3.4.4. Worldwide Governance Indicators and the corruption perception index

WGI data (Table 3-2) suggests that the overall governance environment in South African deteriorated between 1996 and 2016 with government effectiveness and control of corruption showing the most significant decline. While WGI data does not prove causality, it would suggest that public sector reform (if measured by the government effectiveness indicator) was more successful in Malaysia than in South Africa.

Table 3-2: WGI Indicators – Malaysia and South Africa

Indicator	Malaysia			South Africa		
	1996	2016	Change	1996	2016	Change
Voice and Accountability	-0.18	-0.47	-0.29	0.84	0.64	-0.20
Political Stability	0.57	0.10	-0.47	-0.38	-0.13	0.25
Government Effectiveness	**0.54**	**0.88**	**0.35**	**1.02**	**0.27**	**-0.75**
Regulatory Quality	0.78	0.71	-0.07	0.52	0.21	-0.30
Rule-of-Law	0.52	0.54	0.01	0.09	0.07	-0.02
Control of Corruption	**0.38**	**0.11**	**-0.27**	**0.73**	**0.05**	**-0.68**

Compiled from: Worldwide Governance Indicators (World Bank, 2017a)

However, when looking at impact in the area of control of corruption (one of the 7 NKRAs in Malaysia and part of Outcome 3 in South Africa) it would appear that neither the Malaysian nor the South African models achieved results. While the Transparency International (2016) corruption perception index suggests that corruption in South Africa declined marginally from 2012 to 2016, the WGI score for corruption declined significantly from 0.73 in 1996 to 0.05 in 2016, indicating that South Africa is not winning the battle against corruption. This supports the proposition by Levy (2014) that countries on an early stage competitive trajectory are often characterised by high levels of corruption, which suggests that institutions are becoming more personalised.

The significance of the WGI data is emphasised by the assertion by Fukuyama (2014, p. 63) that there is a high degree of correlation between levels of corruption and government effectiveness, and government effectiveness and economic development. This assertion is to some extent disproved by Malaysia, where control of corruption decreases but government effectiveness increases. In the case of South Africa however, both indicators decline substantially from 1996 to 2016.

3.4.5. Public opinion

A survey by the Human Sciences Research Council in 2015 found that the top five issues citizens were dissatisfied with were (in descending order of degree of dissatisfaction): Unemployment, corruption, crime, land reform and affordable housing (Bohler-Muller, Davids, Roberts, Kanyane, et al., 2016, p. 8). What is most concerning from this survey is that the prevalence and ranking of these issues have hardly changed since the survey was first conducted in 2003. This suggests that the many achievements of the post-1994 government in South Africa have not sufficiently addressed the primary concerns and needs of citizens.

3.5. The South African development trajectory

3.5.1. Implications for the South African public sector

The analysis in this chapter shows that the South African context is characterised by contested political settlements and increasingly personalised institutions. When applying the typology developed by Levy (2014), South Africa has therefore, in terms of political settlements, moved from a dominant to a competitive trajectory. WGI data, as well as several reports cited in this chapter, show that the South African institutional context is becoming increasingly personalised and has therefore moved from cell 3 (rule-by-law space) to somewhere between cells 2 and 4 (Table 3-3).

Table 3-3: South Africa's development trajectory

	Organisational / institutional complexity	
Political Settlements	1 Dominant / Discretionary	3 Dominant / Rule-by-law
	2 Competitive / Personalised	4 Competitive / Rule-of-law

Adapted from Levy (2014, p. 16)

Based on the good fit matrix (Table 2-2) it is therefore unlikely that comprehensive public sector reform would have been effective at supporting a developmental state in South Africa and that growth is more likely to be supported through incremental approaches and the emergence of islands of effectiveness as suggested by Levy (2014).

In reality, public sector reform in South Africa succeeded only in addressing previous racial imbalances and not in establishing a capable public service. Appointments to senior management positions (and sometimes even lower level positions) in the civil service, government entities and state-owned enterprises have become increasingly dependent on political affiliation and conformity,

commonly referred to as cadre deployment. WGI data, Transparency International's corruption perception index, as well as public opinion show that there is no real commitment to reducing corruption. The assertion by Fukuyama (2014, p. 30) that countries where democracy preceded modern state-building generally found it more difficult to achieve high-quality governance appears to hold true in the case of South Africa.

Development indicators show that the South African Government has not been successful at addressing the key challenges of poverty and inequality. While economic indicators do not directly attribute this failure to public sector capacity, the evidence provided in this chapter combined with the predictive value of the good-fit matrix show that public sector reform based on NPM principles was inappropriate given the South African political and institutional context, which refutes Hypothesis A1.

3.5.2. Implications for Operation Phakisa

Refuting Hypothesis A1 implies that scenarios 1 and 2 (Table 3-4) are unlikely and that the design and implementation of the Oceans Economy Operation Phakisa would therefore have to have been a deliberate and considered attempt at doing things differently to avoid isomorphic mimicry that reinforced rather than escaped capability traps.

Table 3-4 Hypothesis A matrix – first application

Hypothesis	A2 not refuted	A2 refuted
A1 not refuted	~~**Scenario 1.** Public sector capacity is unlikely to be a limiting factor in the development and the design and implementation of Operation Phakisa were appropriate given this context.~~	~~**Scenario 2.** The effectiveness of Operation Phakisa was limited by its own design, rather than broader public sector capacity.~~
A1 refuted	**Scenario 3**. While public sector capacity did not create an enabling environment, Operation Phakisa was able to overcome this limitation through context-appropriate design and implementation.	**Scenario 4**. The effectiveness of Operation Phakisa was limited by both broader public sector capacity as well as its own design.

Referring back to Table 2-3: Comparing NPM, PE and MS delivery mechanisms and Table 2-4: Analytical framework, the refuting of Hypothesis A1 has a number of implications for initiatives such as Operation Phakisa. The main implications, as well as mitigating steps (Table 3-5), constitute key elements or criteria that should have been considered during the design and implementation of Operation Phakisa.

Table 3-5: Operation Phakisa - key design elements

Element	Implication	Mitigation
Context	Accept that political agreement on priorities could be difficult and be prepared to change the rules of the game.	• Make it clear who is in charge. • Change the rules of the game.
Governance	Accept that the long road to accountability is unlikely to work and that multiple stakeholders need to work together to get things done.	• Involve and empower the right stakeholders. • Implement effective governance structures that can coordinate implementation, monitor progress and address blockages.
Enablers	Accept that public sector capacity is limited and that dedicated funding will be required to implement.	• Ring-fence funding. • Avoid public sector accountability chains where possible.

Source: Author

The analytical framework (Table 2-4) and key design elements (Table 3-5) will be applied in Chapter 4 - analysis of the Oceans Economy Operation Phakisa - to test Hypothesis A2 in order to determine whether Operation Phakisa was a genuine attempt at doing things different or mere isomorphic mimicry.

Chapter 4 - **Operation Phakisa**

This chapter reviews the first implementation of the Operation Phakisa methodology and how the South African Government intended for this methodology to improve the impact of the oceans economy. The analysis of the design, implementation and effectiveness of the Oceans Economy Operation Phakisa focusses on three specifics points in time:

- The original labs conducted in 2014, to see how the intended design evolved during implementation;
- The 2015 review workshop that highlighted key short-comings in the design and implementation of Operation Phakisa; and
- A detailed review of June 2017 progress report data to establish effectiveness, whether plans were amended and the reasons for the amendment.

This chapter draws on monitoring data and reports and on personal interviews with key participants in the Operation Phakisa governance structures, including:

- Mr Ismail Akhalwaya, Head of the DPME Operation Phakisa Unit until October 2015 and responsible for the initial adaptation and implementation of BFR methodology in South Africa.
- Mr Thulani Masilela, Acting Deputy Director General (DPME), former acting head of the DPME Operations Phakisa Unit and co-chair of the Oceans Economy Labs Coordinating Committee.
- Mr Charles Goodwin, senior manager in the DPME Operation Phakisa Unit responsible for monitoring systems and part of the original Operation Phakisa implementation team.
- Mr Mpumzi Bonga, former Head of the Oil and Gas Delivery Unit and Head of the Operation Phakisa Unit at DPME since November 2017.

The chapter concludes with a brief comparison between the Malaysian BFR model and Operation Phakisa. This is followed by a summary of findings and an assessment of the Oceans Economy Operation Phakisa to determine whether results could be attributed to normal bureaucratic processes and/or islands of effectiveness. This analysis is then used to:

- test Hypothesis A2 to determine whether the Oceans Economy Operation Phakisa designed and implemented appropriate and effective institutions and delivery transmission mechanisms; and
- test Hypotheses B1 and B2 to determine whether the Oceans Economy Operation Phakisa resulted in the emergence of islands of effectiveness.

4.1. How the Oceans Economy Operation Phakisa unfolded

4.1.1. The oceans economy as a key driver of development

Chapter 4 of the National Development Plan (NDP) notes the large potential but also the weak capacity of South African maritime industries (NPC, 2012). Unlocking this potential cannot be achieved by government or the private sector alone, and would therefore require substantial public and private investment and effective and efficient public-private partnerships (Walker, 2014). Based on this assertion as well as the objectives of Operation Phakisa outlined in Chapter 2 one would expect to find deliberate attempts at involving and empowering non-governmental stakeholders in the Phakisa process.

The aim of the Oceans Economy Labs was to stimulate economic development and wealth creation by leveraging South Africa's significant and largely untapped maritime resources (Walker, 2014). The labs, conducted from 8 July to 14 August 2014 in Durban, produced detailed plans in four maritime focus areas: aquaculture; marine transport and manufacturing (MTM); offshore oil and gas exploration (O&G); and marine protection and governance (MPG). It was projected that the oceans economy could add up to R177 billion per year to the South African GDP and between 800,000 and 1,000,000 direct jobs by 2033 (Kings, 2016). This represents a significant increase over the current estimated R54 billion and 316 000 jobs in the sector.

4.1.2. Original governance model

According to Akhalwaya (2015), the original governance model envisaged for the Oceans Economy Operation Phakisa (Annexure 2) was largely based on the Malaysian BFR model. This model evolved over time and by 2015 consisted of multiple layers of responsibility and accountability (Annexure 3). The purpose and role of each of the implementation and governance structures can be summarised as follows (DPME, 2015b):

- Phakisa Implementing Agents (PIAs), Work Groups and Initiative Owners. Multi-stakeholder implementing agents are identified and syndicated during the lab and can consist of private and/or public sector participants. The PIAs are organised into Work Groups focusing on the implementation of specific initiatives within a focus area. Each Working Group is chaired by an initiative owner and reports to Delivery Units in lead departments. While responsibility for the implementation of specific lab initiatives is transferred to initiative owners, the Delivery Unit and the department it represents remain accountable for delivery.

- A Delivery Unit (DU) for each focus area is established (ideally during labs) in the department leading the implementation of a focus area. DUs should be capacitated with dedicated resources identified during the lab process and should be chaired by a senior public servant, usually from the lead department. Each DU has the responsibility to prepare for implementation, oversee delivery and issue management/escalation processes and to report on progress.

- The Steering Committee for each focus area, led by the Minister of the lead department, is an inter-departmental and -agency structure, bringing together the ministries that were assigned coordination responsibilities for focus areas. This structure drives delivery and manages the issue resolution and escalation process for initiatives and activities. Participants in this structure are the DPME Phakisa Unit, DU, representatives from PIAs and the Minister and Director General of the lead department.

- The Lab Secretariat, working closely with the Phakisa Unit in DPME, is the focal point for lab-wide, cross-cutting content issues and supports the Phakisa Unit in progress reporting to the OPSMC, analysis of aggregated reports for issue resolution by the OPSMC and for providing support to individual DUs on specific issues.

- Lab Coordinating Committee (LCC). Monthly meeting co-chaired by the Director General of DPME and the Director General of the lead department and attended by Directors General and representatives of focus area lead departments. The LCC should resolve delivery challenges that affect multiple focus areas that could not be resolved within a specific focus area, or should escalate these to the OPSMC.

- The Operation Phakisa Sector Ministerial Committee (OPSMC) or Inter-Ministerial Committee (IMC), co-chaired by the Minister in the Presidency and the Minister of the lead department and attended by Ministers of other relevant departments, is responsible for driving, monitoring and reporting on delivery progress, resolving delivery issues and communication among governance structures and role-players. Unresolved issues are escalated to the PIRC.

- Presidential Issue Resolution Committee (PIRC). Chaired by the Minister in the Presidency and attended by the Minister of Finance and other relevant Ministers. This committee represents the final layer of decision-making within Operation Phakisa and should meet twice per year to resolve issues that could not be resolved by the OPSMC.

- The Phakisa Unit established within DPME supports all the structures of Operation Phakisa in terms of establishing and developing the necessary governance, communication and risk plans as well as developing and maintaining the Operation Phakisa Monitoring System (OPMS). The

Phakisa Unit is ultimately responsible for the efficient and effective functioning of decision-making structures and the monitoring of delivery of Operation Phakisa activities, outputs and outcomes (DPME, 2015b).

The Operation Phakisa framework document was never formally approved by DPME Management or Cabinet. Terms of reference documents developed for each of the governance structures were also never formally approved and published (Akhalwaya, I. Personal interview, 14 September 2017). This was primarily because these documents were intended as guidelines only and each Operation Phakisa was expected to design its own appropriate governance structures (Masilela, T. Personal interview, 15 November 2017).

4.1.3. Initial laboratories

This section focusses on the initial labs conducted in 2014 in order to see how the intended design and the roles of different stakeholders in the process, evolved during implementation. The final lab reports produced by each of the four focus areas are summarised and analysed at the end of the chapter.

The Oceans Economy Labs brought together 656 participants from government and the private sector as well as 30 coordinators and facilitators. Labs were facilitated by PEMANDU and McKinsey & Company (a global management consulting firm). The President, 17 Ministers and 17 Directors General visited the labs and participated in syndication sessions (Akhalwaya, 2015). The primary role-players in the Oceans Economy Labs were:

- The President, being the overall project sponsor;
- Mr Jeff Radebe, Minister in the Presidency responsible for Planning, Monitoring and Evaluation; and
- Ms Edna Molewa, Minister for Environmental Affairs.

Although the original intention was for Ministers Radebe and Molewa to co-chair the OPSMC, President Zuma in his speech when launching the ICT in Education Operation Phakisa in October 2015, clarified that Minister Radebe and DPME were responsible for the overall management of the Phakisa methodology and the M&E of the implementation thereof and that the relevant lead Minister (Minister Molewa in this case) was responsible for convening partner departments (Masilela, T. Personal interview, 15 November 2017).

The initial laboratories succeeded in the objective of bringing together multiple stakeholders from both government (departments, agencies and state-owned enterprises) and the private sector. While participation in the original labs was by invitation only, there was no restriction on participation and all relevant non-governmental stakeholders were encouraged to participate. The lack of participation of some stakeholders could be attributed to a lack of resources (smaller organisations found it difficult to commit personnel for the 6-week lab period) as well as some element of mistrust of government processes (Bonga, M. Personal interview, 10 October 2017). While several non-governmental stakeholders were involved in the initial labs, these stakeholders were not required to lead any of the initiatives (Masilela, T. Personal interview, 15 November 2017).

Summaries of the outcomes of the initial labs are contained in the tables at the end of this chapter and are, unless otherwise indicated, based on the lab reports published on the Operation Phakisa website (www.operationphakisa.gov.za).

4.1.4. October 2015 review workshop

This section focusses on the main themes emerging from the 2015 review workshop, not on detailed progress reports. The 2015 review workshop was the first opportunity to bring together participants from the original labs as well as those that subsequently joined the process to highlight and discuss cross-cutting issues related to design and implementation (Akhalwaya, I. Personal interview, 14

September 2017). This was therefore an important learning moment and provided an ideal opportunity to improve delivery transmission mechanisms.

On 15 October 2015, the first Operation Phakisa: Oceans Economy Review Workshop took place in Cape Town. The objectives of the review workshop were to (DPME, 2015a):

- Share an honest representation of progress of the focus areas and cross-cutting issues;
- Identify key constraints and opportunities to accelerate impact and propose specific actions;
- Assess the effectiveness of institutional arrangements and identify opportunities for improvement; and
- Renew sectors' commitment to move forward together.

Summaries of the outcomes of the review workshops are unless otherwise indicated, based on reports published on the Operation Phakisa website (www.operationphakisa.gov.za).

The summary report presented at the workshop focussed on five cross-cutting themes that would require leadership intervention to expedite progress of the Oceans Economy Phakisa. These themes, and associated recommendations, included (DPME, 2015a):

- **Speed up policy decisions:** Progress in several focus areas was held up due to slow policy development and/or Ministerial decision-making.
- **Deepen leadership involvement:** In some cases, the inter-departmental collaboration required to implement plans was lacking and strong leadership was needed to proactively address challenges and coordinate the implementation of solutions.
- **Secure effective institutional arrangements:** Some progress was made in setting up Operation Phakisa DUs but there was a need for substantial and urgent improvement in this area. Institutional arrangements needed to become operational with urgency, including Steering Committee meetings, appropriate capacity and funding for Operation Phakisa, and dedicated resources for the DUs.
- **Strengthen communications and transparency:** All working groups raised concerns regarding the lack of sufficient communication to different groups of stakeholders (including the private sector and the public). It was recommended that stakeholder engagement processes had to be enhanced through a coordinated effort between the Operation Phakisa Unit at DPME, the Oceans Economy Secretariat and the DUs.
- **Improve access to opportunities:** Access to opportunities needed to be improved by creating linkages with other African countries and strengthening communication. A further specific suggestion was to develop an online platform to better coordinate supply and demand of training and of jobs in the focus areas of the oceans economy.

The majority of the issues raised at the review workshop were never addressed, which led to some participants in the Oceans Economy Operation Phakisa losing interest in the process. A second review workshop initially planned for 2016, did not materialise primarily due to the lack of impact of the first workshop (Bonga, M. Personal interview, 10 October 2017). Progress on various Operations Phakisa is however reported to Cabinet on a regular basis (Masilela, T. Personal interview, 15 November 2017), which seems to have replaced the role originally envisaged for the PIRC.

4.1.5. Detailed review of progress - June 2017

Detailed progress reports as at 23 June 2017 for each of the four focus areas are included at the end of this chapter. Table 4-1 provides a summary of progress in the different focus areas in achieving the targets agreed to at the original labs as well as additional / changes to targets that emerged subsequently.

Table 4-1: Oceans Economy progress as at 23 June 2017

Focus Area	Initiatives	Total targets	Targets due by report date		Due targets completed by report date		Completed on time	
			#	%	#	%	#	%
Aqua	8	2 026	1 467	72.4%	614	41.9%	301	49.0%
MPG	7*	327	222	67.9%	178	80.2%	128	71.9%
MTM	18	349	281	80.5%	29	10.3%	14	48.3%
O&G	11	388	238	61.3%	232	97.5%	193	83.2%
TOTAL	**44**	**3 090**	**2 208**	**71.5%**	**1 053**	**47.7%**	**636**	**60.4%**

Compiled from Operation Phakisa reporting data (DPME, 2017b)
**Progress is tracked for only seven of the ten initiatives*

Summaries of progress are based on dashboard reports (Annexures 4 a - d) obtained from the Operation Phakisa website on 23 June 2017 as well as unpublished detailed progress report data obtained from the DPME Operation Phakisa Unit (DPME, 2017b). In terms of progress report data, the MPG and O&G focus areas were the most successful at achieving targets.

During the period October 2014 until June 2017, the LCC met monthly and the OPSMC met quarterly as originally planned, but the PIRC never met. The LCC was usually chaired by the Acting Head of the DPME Operation Phakisa Unit, Mr Thulani Masilela and the Head of the Lab Secretariat, Mr Andre Share, not the Directors General of DPME and the lead department as originally envisaged (Goodwin, C. Personal interview, July 2017).

President Zuma monitors progress on achieving the 14 government outcomes on a quarterly basis during what is called “PoA reporting weeks”. The PIRC therefore never materialised as cross-cutting issues were dealt with during Cabinet meetings and during quarterly PoA reporting weeks (Masilela, T. Personal interview, 15 November 2017).

4.2. High-level assessment

There is anecdotal evidence that focus areas and specific activities have been selected through a political rather than a rational or evidence-based process, with economic benefits accruing to selected actors possibly being more important than the relevance of the focus areas. While this may not limit experiential learning, it could impact on the relevance of achievements.

There also appears to be a disconnect between the Presidency (who has seen the role of the President in the Operation Phakisa process to be largely ceremonial) and DPME (Akhalwaya, I. Personal interview, 14 September 2017). This is likely to be the result of a broader process of separating the Presidency and DPME (which was originally intended to be a department in the Presidency).

The respective roles of the DPME Phakisa Unit and the lead department were also not clearly defined (Akhalwaya, I. Personal interview, 14 September 2017). The first Head of the DPME Phakisa Unit was redeployed in October 2015. While an acting head was appointed, the unit has not been functioning optimally since inception. A new permanent head of the DPME Operation Phakisa Unit was only appointed in November 2017.

Unlike the Malaysian BFR model (described in Chapter 2) which is used in the setting of annual targets across all NKRAs, Operation Phakisa focusses on specific thematic areas. Table 4-2 summarises the main differences in approach between the Malaysian BFR model and the first iteration of Operation Phakisa in South Africa.

Table 4-2: BFR and Phakisa: Differences and similarities in approach

Malaysia	South Africa
The BFR methodology is used to determine focus areas and indicators related to NKRAs.	The Operation Phakisa methodology is used to develop detailed plans in specific thematic areas determined by Cabinet.
Labs used to assess the vitality of initiatives and to develop detailed plans.	Initiatives are a given and labs are only used to develop detailed plans.
Annual labs for all initiatives.	Labs are conducted at the beginning only.
The head of PEMANDU and the Prime Minister play a central role in planning and implementation.	While the President champions Operation Phakisa processes, there is no clear leader in the management of the process.
Involves stakeholders from government and the private sector, but no clear evidence of multi-stakeholder governed processes	Involves stakeholders from government and the private sector, but no multi-stakeholder governed processes
Targets are reviewed and amended by mutual consent, subject to high-level approval.	Targets are amended primarily to extend deadlines due to inability to unblock bottlenecks.
PEMANDU and NKRAs have a dedicated budget.	Outcomes and Phakisa projects are funded from departments' normal budgets.
Transparent and open by design.	Transparent and open by design, but performance data on website is limited*.
DTF established for each NKRA chaired by deputy PM.	DUs led by senior government employees are generally under-staffed
PM or Deputy PM heads apex decision-making and conflict resolution structure.	Minister in the Presidency and lead Minister heads apex structure. No clear leader with uncontested authority.

**The Operation Phakisa website contains limited information on only three of the labs conducted to date.*

The fundamental difference between the two approaches is that, unlike in Malaysia, the Oceans Economy Operation Phakisa was not integrated into the normal government policy-making and implementation processes and therefore essentially became an additional task to be performed by bureaucrats instead of becoming part of their key daily tasks.

4.3. Aquaculture

4.3.1. Initial lab

The Aquaculture lab aimed to grow sector revenue from R0.67bn to R3bn per year and to increase jobs in the sector from 2,000 to 15,000. The final lab report identified eight initiatives (Table 4-10) with 2,027 activities. Key stakeholders involved in the lab were predominantly government departments and agencies and government-funded development finance institutions. Selected initiatives can be classified into two broad groups: Group 1 focussed on regulations, skills, funding and market development while group 2 focussed on the establishment of new and the expansion of existing aquaculture industries (Operation Phakisa Documents, 2014a).

Nine projects from initiative 1 as well as initiatives 3, 5 and 7 were identified as priority "quick wins" for completion by March 2016 (the detailed labs report set December 2016 as the target date). The DU was to be set up at the Department of Agriculture, Forestry and Fisheries (DAFF) (this would have required the creation of nine new posts in the department) and the Steering Committee was to be chaired by the Minister for Agriculture, Forestry and Fisheries. The main participants in the Steering Committee would be the Director General of DAFF and the Directors General from DPME, Rural Development and Land Reform (DRDLR), Economic Development (EDD), Trade and Industry (DTI), Public Works (DPW), Environmental Affairs (DEA) and Science and Technology (DST) (Operation Phakisa Documents, 2014a).

Five implementing teams were established to oversee aquaculture projects; aquaculture markets; aquaculture regulations; aquaculture funding and aquaculture capacity building. Implementation teams were to meet monthly and report progress to the Secretariat (DU). The suggested participants

in the implementing teams included mostly government departments and agencies and did not identify specific industry/private sectors stakeholders. The Steering Committee was intended to meet bi-annually to ensure that all aquaculture activities were coordinated throughout government departments. A Secretariat (intended to meet quarterly) and Technical Committee was established to (Operation Phakisa Documents, 2014a):

- Manage all aquaculture activities through joint planning with all implementing teams;
- Ensure alignment of all aquaculture activities with other government policies;
- Coordinate resource mobilisation for all aquaculture activities;
- Monitor progress of all outcomes; and
- Provide technical support to implementing teams.

Initiative one relied extensively on external stakeholders, the remainder of the initiatives relied primarily on government departments and agencies.

4.3.2. Review workshop

The review workshop gathered over 40 participants from the private and public sectors. The review workshop identified the following areas negatively impacting on delivery (Operation Phakisa Documents, 2015a):

- Lack of sufficient public and private investment.
- Compliance with legislation was still a challenge for new and small-scale farmers.
- Lack of skills in the sector.
- Performance of support services and inter-departmental collaboration.
- Blockages not always addressed.
- Plans were not always clear or detailed enough.
- DU was only moderately effective.

4.3.3. June 2017 progress

None of the initiatives due for completion by June 2017 had been completed (see Table 4-11 and detailed report: Annexure 4a). Overall performance shows that of the 1,467 targets due by June 2017, only 614 (41.9%) had been completed. The critical initiative of reforming legislation by December 2016, which should be wholly within government control, completed only 48 of 74 activities and the expected completion date was moved to 2018. There is no evidence of attempts to draw in stakeholders such as the major retail groups into the process. By July 2017 aquaculture projects have attracted investment commitments of R106 million from the public sector and R338 million from the private sector (Operation Phakisa Documents, 2017e).

In terms of progress data, none of the 28 (originally 24) aquaculture projects (initiative 1) were fully completed by June 2017, not even the nine projects initially identified as ready to implement and complete within 6 to 12 months. A review report published by the Department of Agriculture, Forestry and Fisheries in 2016 indicated that “Thirteen (13) out of the 35 prioritised fish farms were implemented and are on schedule or ahead of schedule in terms of production, job creation and the impact on transformation” (Department of Agriculture, Forestry and Fisheries, 2016, p. 4). This contradicts the actual published performance data. Several interviewees suggested that, apart from legislative reform, the majority of aquaculture projects that succeeded did so due to the involvement of external stakeholders and that these projects would most likely have succeeded in the absence of Operation Phakisa.

The establishment of an Inter-Departmental Authorisations Committee (Initiative 3), originally identified as a quick win, completed 21 of 33 activities by June 2017. One of the participating departments was yet to nominate its representatives on the committee and the terms of reference for the committee had not yet been approved (these activities were due in 2015), which suggests

lack of ownership by some participants and an ineffective governance mechanism. The Steering Committee never met since inception (Goodwin, C. Personal interview, July 2017).

There does not appear to be any significant changes to the original activities (apart from adding aquaculture farming projects), indicating that the aquaculture team did not adjust plans during implementation. This suggests that feedback mechanisms did not work, task teams did not have the authority to change plans and that progress was hampered by non-functioning principal-agent relationships and accountability chains.

There are no indications that this focus area succeeded in establishing either bureaucratic of MS islands of effectiveness. This is particularly disappointing since the individual aquaculture farming projects created real opportunities for MS governed initiatives. It is likely that the legislative and broader institutional environment was simply too restrictive.

4.3.4. Aquaculture assessment

The aquaculture focus area was not effective at achieving the targets set during the initial labs. It is clear that this focus area did not consider or address contextual, governance and enabler constraints (Table 4-3). This focus area remained trapped in complex and inefficient accountability chains which supports the refuting of Hypotheses A1 and A2. Governance arrangements did not meet the criteria for MS initiatives, despite this focus area offering significant opportunity for such initiatives and the general lack of results does not suggest the emergence of PE islands of effectiveness.

Table 4-3: Aquaculture analysis summary

Element	What should have happened	What happened
Context	• Make it clear who is in charge. • Change the rules of the game.	• DAFF was put in charge. Aquaculture projects were removed/added subsequent to the initial labs based primarily on the readiness of such projects to be implemented and not on the relevance/importance of the projects in relation to the intended outcomes, which suggests disagreement on what had to be done. • Attempts at changing the rules of the game have been unsuccessful.
Governance	• Involve and empower the right stakeholders. • Implement effective governance structures.	• It appears that most of the relevant public sector stakeholders were involved but not sufficiently empowered. • Escalation of blockages appears to have been ineffective. The Steering Committee never met and the DU does not appear to be effective. M&E was not effective with no evidence of consequences for non-performance.
Enablers	• Ring-fence funding. • Avoid public sector accountability chains where possible.	• Funding did not appear to be a major constraint although the October 2015 review highlighted lack of private investment (which is not surprising given lack of private stakeholders in the process). • Significant reliance on public sector accountability chains.

Source: Author

4.4. Marine Protection and Governance (MPG)

4.4.1. Initial lab

The MPG lab aspired to “implement an overarching, integrated ocean governance framework for sustainable growth of the ocean economy to maximise socio-economic benefits whilst ensuring adequate ocean environmental protection within the next 5 years”. The final lab report identified ten

initiatives (Table 4-12) and 327 activities (related to initiatives 4 to 10). Key stakeholders involved in the lab were predominantly national and provincial government departments and agencies. The lab estimated that implementation of the ten initiatives would cost R1.7 billion over five years, of which roughly half would come from already committed government programmes (Operation Phakisa Documents, 2014b). Ten implementing teams were established, one for each initiative.

All but two of the initiatives (2 and 3) were identified as quick wins to be completed by March 2016. The DU was to be set up at the Department of Environmental Affairs and the Steering Committee was to be chaired by the Minister for Environmental Affairs. The lab suggested the establishment of an Oceans IMC chaired by the Minister in the Presidency and consisting of the Ministers for Environmental Affairs, Agriculture Forestry and Fisheries, Transport, and Mineral Resources. Other key stakeholders would include the Departments of Mineral Resources and Economic Development (Operation Phakisa Documents, 2014b).

4.4.2. Review Workshop

The review workshop identified the following areas negatively impacting on delivery (Operation Phakisa Documents, 2015b):

- 3-feet plans were not always clear and detailed enough.
- Lack of dedicated funding for initiatives.
- Inter-departmental collaboration insufficient.

4.4.3. June 2017 progress

The Operation Phakisa progress tracking system does not contain any data for the first three initiatives (Ministerial Committee and Secretariat, enhancement of legislation and review of legislation). Progress report data (Table 4-13) indicates that none of the initiatives was due for completion by June 2017. This contradicts the original lab report which showed completion times frames of approximately 2 years (due by end 2016) for most initiatives. Due dates for several activities under initiative 4 have now been extended as far as 2020. The Steering Committee has not met at all since inception (Goodwin, C. Personal interview, July 2017).

Initiative 5 (Enhanced and Coordinated Enforcement Programme) made good progress until the middle of 2016 and then appears to be stuck at the adoption of terms of reference for the Compliance and Enforcement Working Group.

4.4.4. MPG assessment

Slow progress with most initiatives appears to be related to inefficient internal bureaucratic processes. MPG was hampered by non-functioning principal-agent relationships and did not succeed in establishing either bureaucratic of MS islands of effectiveness. This focus area did not sufficiently consider or address contextual, governance and enabler constraints (Table 4-4) which supports the refuting of Hypotheses A1 and A2. Governance arrangements did not meet the criteria for MS initiatives and the general lack of results does not suggest the emergence of PE islands of effectiveness.

Table 4-4: MPG analysis summary

Element	What should have happened	What happened
Context	• Make it clear who is in charge. • Change the rules of the game.	• DEA was put in charge. Adaptation mostly resulted in extended deadlines and not in changes to content. • Attempts at changing the rules of the game have been unsuccessful.
Governance	• Involve and empower the right stakeholders.	• It appears that most of the relevant stakeholders were involved but not sufficiently empowered.

Element	What should have happened	What happened
	• Implement effective governance structures.	• Does not appear to have managed multiple-hierarchy complexities. Escalation of blockages appears to have been ineffective. Steering Committee never met which lead to a lack of coordination in implementation. Feedback loops appear not be working and there is no evidence of consequences for non-performance. Lack of progress data on some initiatives suggests poor M&E.
Enablers	• Ring-fence funding. • Avoid public sector accountability chains where possible.	• October review highlighted lack funding as a stumbling block, suggesting the inability of participants to escalate blockages. • Significant reliance on public sector accountability chains.

Source: Author

4.5. Marine Transport and Manufacturing (MTM)

4.5.1. Initial lab

The lab set overall targets of 15,000 jobs and an annual contribution to GDP of R15 billion. The final lab report identified 18 initiatives (Table 4-14) with 183 activities. Key stakeholders involved in the lab were predominantly national and provincial government departments and agencies and a few industry bodies. The majority of the key industry players identified during the lab were not initially part of the lab process. (Operation Phakisa Documents, 2014c).

All but initiatives 8, 9, 11 and 18 were identified as quick wins with the first results to be evident by March 2016. The DU was to be set up at the Department of Transport and the Steering Committee was to be chaired by the Minister for Transport. An implementing team was established for each of the 18 initiatives (Operation Phakisa Documents, 2014c).

The MTM focus area would rely heavily on investment from both public and private sectors. Involving external stakeholders from the private sector during implementation would therefore have been essential to the success of this focus area.

4.5.2. Review workshop

The review workshop gathered about 60 participants primarily from government departments and agencies. The review workshop identified the following areas impacting negatively on delivery (Operation Phakisa Documents, 2015c):

- Delay in enabling government policies;
- Plans lacked details and were not always of good quality;
- Limited involvement and commitment of the industry and procuring entities;
- Transnet National Ports Authority (TNPA) had to shift from a business as usual mindset to a Phakisa mindset;
- Institutional arrangements were not functioning well;
- Limited availability and capacity of institutions to conduct training;
- Lack of dedicated budget for Oceans Economy Phakisa and no budget for DU;
- DU not functioning and Steering Committee had not been meeting;
- Inadequate reporting (lack of consolidation, tools and tracking of KPIs); and
- Ministers not resolving blockages and Presidency to play a more active role.

4.5.3. June 2017 Progress

The original lab report envisaged completion of seven initiatives by the end of 2016. Progress report data (Table 4-15) shows the extension of several deadlines and indicates that none of the three initiatives due for completion by June 2017 had been completed. Only 29 (10.3%) of the 281 activities due by June 2017 had been completed and 12 of the 18 initiatives did not complete any activities. The Steering Committee had not met since inception (Goodwin, C. Personal interview, July 2017). By July 2017 MTM projects have attracted investment commitments of R4 billion from the public sector and R1.1 billion from the private sector (Operation Phakisa Documents, 2017e).

Initiative 6 (Unlock investment in new and existing port facilities) made good initial progress but has not been able to develop a project plan for maintenance and refurbishment since 2014. The major stumbling block appears to be an inefficient TNPA and a lack of cooperation between TNPA and relevant industries.

While this area seems to be lagging behind in achieving targets, it should be noted that the majority of targets required significant effort and investment. The enabling legislative environment that impact this focus area was mostly in place before the lab (Bonga, M. Personal interview, 10 October 2017). This focus area seems to have selected more difficult targets, aimed at longer-term impact rather than quick success stories – the addition of three ships flying the South African flag (over a period of 2 years) received much political and media attention, despite the minimal impact of this achievement. It would appear that the original design of this focus area could have been influenced by the desire to generate quick wins and grab headlines (suggesting isomorphic mimicry). This focus area does not appear to have been successful at establishing islands of effectiveness.

4.5.4. MTM assessment

MTM performed worst of the four focus areas in terms of achieving targets. As with the previous two focus areas, MTM appears to be hampered by ineffective accountability chains and the focus area failed to address contextual, governance and enabler constraints (Table 4-5) which supports the refuting of Hypotheses A1 and A2. Governance arrangements did not meet the criteria for MS initiatives and the poor results do not suggest the emergence of PE islands of effectiveness.

Table 4-5: MTM analysis summary

Element	What should have happened	What happened
Context	• Make it clear who is in charge. • Change the rules of the game.	• DoT was put in charge. Adaptation mostly resulted in extended deadlines and not in changes to content. • Legislative reform was not a priority under this initiative. The rules of the game were either supportive of the initiative or were not considered at all.
Governance	• Involve and empower the right stakeholders. • Implement effective governance structures.	• It appears that most of the relevant stakeholders were involved but not sufficiently empowered. • Steering Committee never met and escalation of blockages appear to have been ineffective. Focus area involved both government and the private sector but lack of coordination in implementation evident. Ineffective TNPA seems to hamper progress. This area carries high a risk of predation but there is no evidence of this risk materialising. No evidence of consequences for non-performance, M&E data not always up to date.
Enablers	• Ring-fence funding. • Avoid public sector accountability chains where possible.	• Funding appears to have been a major stumbling block that remains unresolved. • Significant reliance on public sector accountability chains.

Source: Author

4.6. Offshore Oil and Gas (O&G)

4.6.1. Initial lab

The lab aspired to achieve 30 exploration wells in the next 10 years, contributing 130,000 jobs and US$2.2billion annually to GDP. The final lab report identified 11 initiatives (Table 4-16) with 56 KPIs and 270 activities. Key stakeholders involved in the lab included government departments, government agencies/enterprises, NGOs and private sector companies (Operation Phakisa Documents, 2014d). An implementing team was established for each of the 11 initiatives.

Initiatives F1, E1, D1 and C1 were identified as the highest priority. The DU was to be set up at the Department of Mineral Resources (DMR) and the Steering Committee was to be chaired by the Minister for Mineral Resources. The main participants in the Steering Committee would be the Directors General from the DMR, Department of Energy (DoE), Department of Water and Sanitation (DWS), DEA, DTI, the CEOs of the Petroleum Agency of South Africa (PASA) and the Central Energy Fund (CEF), the Office of the Deputy President and representatives from coastal provinces (Operation Phakisa Documents, 2014d).

The private sector played a limited role in the lab as the main objective of the lab was to create an enabling environment for future offshore oil and gas exploration (which would require significant private sector investment) (Bonga, M. Personal interview, 10 October 2017).

4.6.2. Review workshop

The review workshop gathered 37 participants from the private and public sectors. The review workshop identified the following areas impacting on delivery (Operation Phakisa Documents, 2015d):

- Slow processes within institutions;
- Lack of ownership of detailed plans and non-participation of some key stakeholders;
- The Ministers sitting in the IMC were all peers, Ministerial decision-making took too long, directives were not always enforced and there were no consequences for non-execution. The DU asked the Presidency to play a more active “apex” role in Operation Phakisa to break through such deadlocks (96% of the 37 participants regarded this as a significant challenge);
- Insufficient communication with and commitment from industry;
- Lack of dedicated resources (budget and human resources) deployed by departments/stakeholders to Operation Phakisa structures/activities;
- The Steering Committee was not operational and monitoring activities were not effective;
- Responsibilities of government employees i.t.o. Operation Phakisa were not included in their performance agreements;
- Private sector organisations did not provide sufficient information about their supply chain processes to enable an understanding of their operations;
- Insufficient involvement of tertiary institutions in skills development; and
- The drop in the oil prices would negatively impact oil rig repairs and refurbishment.

4.6.3. June 2017 Progress

The original lab report envisaged completion of six initiatives by June 2017. Progress report data (Table 4-17) shows that initiatives B2 and B3 had been completed and that there had been several changes to the number and content of activities. Of the 238 activities due by June 2017, 232 (97.5%) had been completed. Proposed governance structures were adapted to the unique requirements of the Oil and Gas focus area (Annexure 5). There has been some adjustment to the original due dates for all of the initiatives. The Steering Committee has met twice since inception (Bonga, M. Personal interview, 10 October 2017).

Initiative A1 is complex with long implementation timeframes. The initiative is progressing well with only three overdue activities. Cooperation among government stakeholders appears to be managed efficiently. Initiatives in group B, focusing on the broader environment impacting on the focus area, have been mostly completed, albeit somewhat later than envisaged in the original lab report. The completion of initiative C1 has been extended to April 2018. Initiative D1 is on track for completion by the end of 2019 and completion of initiative D2 (three activities remaining) has been extended to September 2019. Initiative E1 which required migration of the PASA from the CEF to DMR, seems to have been delayed by political processes.

By July 2017 O&G projects have attracted investment commitments of R10.8 billion from the public sector and R7.6 billion from the private sector (Operation Phakisa Documents, 2017e).

4.6.4. O&G assessment

O&G performed best of the four focus areas in terms of achieving targets. Several interviewees indicated that the success of this focus area could be attributed to the personal effort and dedication of the head of the DU at the DMR as well as the commitment of both the Director General and Minister for Mineral Resources to drive implementation and resolve blockages. This focus area appears to have considered and addressed most contextual, governance and enabler constraints (Table 4-6) which does not support the refuting of Hypotheses A1 and A2. There is no evidence of multi-stakeholder governance initiatives but some evidence of public entrepreneurs driving implementation. The O&G focus area is discussed in more detail in Chapter 5.

Table 4-6: O&G analysis summary

Element	What should have happened	What happened
Context	• Make it clear who is in charge • Change the rules of the game	• DMR was put in charge. Adaptation resulted in extended deadlines and in changes to content. • Legislative reform was a priority under this initiative but progress was not tracked.
Governance	• Involve and empower the right stakeholders • Implement effective governance structures	• It appears that most of the relevant stakeholders were involved and sufficiently empowered. • Governance arrangements were effective. This could be a function of design or due to the role of public entrepreneurs.
Enablers	• Ring-fence funding • Avoid public sector accountability chains where possible	• While no funding was ring-fenced, it would appear that most funding constraints were addressed. • Significant reliance on public sector accountability chains did not hamper implementation, possibly due to the role of public entrepreneurs.

Source: Author

4.7. Overall assessment of the Oceans Economy Operation Phakisa

Of the 71.5% of targets due by June 2017, only 47.7% were actually achieved and only 60.4% of targets achieved were done so on time (Table 4-1). The assessment (achievement of targets) of the Oceans Economy Operation Phakisa suggests that the achievement of results to date were neither big not fast.

The original governance model proposed for Operation Phakisa (Annexure 2) recommended three structures per initiative (Workgroups, Delivery Unit and Steering Committee) and one overall coordinating structure (Executive Issue Resolution Committee). The revised governance model (Annexure 3) as implemented added two more overall coordinating structures. The governance model was further heavily dependent on public sector accountability chains which, given the South Africa context described earlier, exposed the Phakisa process to the risks associated with a contested political environment and relatively personalised institutions.

All interviewees agreed that governance structures were, for the most part, ineffective and not supporting implementation and the unblocking of bottlenecks as originally intended. LCCs were seldom attended by the Directors General who were meant to coordinate and unblock delivery at implementation level. Officials chairing and participating in the DUs did not appear to have the mandate to take meaningful decisions (with the exception of O&G), which often resulted in this part of the governance structure regurgitating obstacles to implementation rather than finding and implementing solutions.

The original Operation Phakisa model envisaged a direct line between the Head of each DU and his/her Director General and Minister. Except for Oil and Gas, DUs ended up being located lower down within the normal bureaucratic accountability chains, which appears to have contributed to slower than expected progress (Bonga, M. Personal interview, 10 October 2017). The non-establishment of steering Committees by most Departments appear to have compounded these weaknesses.

A key failure of the overall process was therefore a lack of agreed upon and approved roles, responsibilities and authority of governance structures. The general lack of clear leadership responsibilities that was highlighted during the October 2015 review workshop manifests in a lack of consequences for non-achievement of targets and overall slow progress. Uncertainty around overall leadership roles of the Minister in The Presidency and the Minister for Environmental Affairs is likely to have contributed to this. Although Operation Phakisa was initiated by President Jacob Zuma, he was more of a political champion than an active participant in the process. Review reports suggest that the President or Deputy President could have played a more active role in directing and removing obstacles.

There is some evidence of pre-existing projects that were brought into the fold of the Phakisa process. Operation Phakisa therefore could be claiming some successes that cannot be directly attributable to the labs. In some instances early successes, although low in impact, were widely publicised for political gain. There is also evidence of reporting officials unilaterally extending deadlines in the reporting system to improve achievement scores (Goodwin, C. Personal interview, July 2017).

In the absence of clear and uncontested accountability chains, success would ultimately depend on one or more individuals taking charge and establishing authority in a particular area. This appears to have happened in the O&G focus area only. Creating an enabling legislative environment was an important element of three of the four initiatives. This process would invariably depend on political principals and public sector capacity. Based on progress report data Operation Phakisa has to date not been successful at changing the rules of the game by creating an enabling legislative environment for most of the initiatives identified.

Involving the right stakeholders is an important element of the BFR process and was identified as a crucial element of the original Phakisa methodology. While the Oceans Economy Operation Phakisa was successful at drawing in relevant stakeholders from government (departments, agencies and state-owned enterprises) it did not involve the private sector in any meaningful way. Securing appropriate funding played an important role in all the initiatives. In most cases, both public and private sector funding were committed on paper but it is not clear whether these commitments will be honoured given the slow progress on most initiatives. The private sector is likely to adopt a wait and see approach and will only release funding in cases where this would result in actual benefits.

The refuting of Hypothesis A1 in Chapter 3 led to the identification of six elements or criteria (Table 3-5) that could be used to test Hypothesis A2. The preceding analysis, as summarised in Table 4-7, shows that three focus areas did not meet any of the criteria and the Oil and Gas focus area met only three.

Table 4-7: Assessment summary

Element	What should have happened	Did it happen			
		Aqua	MTM	MPG	O&G
Context	Make it clear who is in charge	No	No	No	No
	Change the rules of the game	No	No	No	No
Governance	Involve and empower the right stakeholders	No	No	No	Yes
	Implement effective governance structures	No	No	No	Yes
Enablers	Ring-fence funding	No	No	No	Yes
	Avoid public sector accountability chains	No	No	No	No

Source: Author

The analysis therefore concludes that the Oceans Economy Operation Phakisa did not design and implement effective and context-appropriate institutions and delivery transmission mechanisms that achieved real developmental results (with the possible exception of the O&G focus area), which refutes Hypotheses A2. The Oceans Economy Operation Phakisa was therefore mere isomorphic mimicry, rather than a genuine attempt at doing things differently.

The analysis further shows that the design and implementation of Operation Phakisa did not create an appropriate framework for multi-stakeholder governed delivery transmission mechanisms, which refutes Hypothesis B2. An assessment of the four focus areas in relation to the four Hypotheses is summarised in table Table 4-8.

Table 4-8: Focus area / Hypotheses matrix

Focus Area	Analysis supports refuting of Hypothesis			
	A1	A2	B1	B2
Aquaculture	Yes	Yes	Inconclusive	Yes
MTM	Yes	Yes	Inconclusive	Yes
MPG	Yes	Yes	Yes	Yes
O&G	Inconclusive	Inconclusive	No	Yes

Source: Author

With both Hypotheses A1 and A2 refuted, it is evident that the effectiveness of Operation Phakisa was limited by both broader public sector capacity as well as its own design (Table 4-9: Scenario 4). Based on this assertion the success of specific initiatives under the Oceans Economy Operation Phakisa would depend largely on the emergence of islands of effectiveness.

Table 4-9 Hypothesis A matrix – second application

Hypothesis	A2 not refuted	A2 refuted
A1 not refuted	~~Scenario 1. Public sector capacity and the design of Operation Phakisa is unlikely to have negatively impacted Operation Phakisa.~~	~~Scenario 3. The effectiveness of Operation Phakisa was limited by its own design, rather than broader public sector capacity~~
A1 refuted	~~Scenario 2. While public sector capacity did not create an enabling environment, Operation Phakisa was able to overcome this limitation through context-appropriate design.~~	Scenario 4. The effectiveness of Operation Phakisa was limited by both broader public sector capacity as well as its own design.

Source: Author

In order to test Hypothesis B1, the Oil & Gas focus area is studied further in Chapter 5 to establish the extent to which public entrepreneurs played a role in shaping and in achieving targets.

Tables: Initial lab reports summaries and June 2017 progress report data

4.7.1. Aquaculture

Table 4-10: Lab report summary: Aquaculture

#	Initiative	Lead	Expected completion	Est. investment
1	Aquaculture projects (24 individual projects: Phase 1 was to expand nine existing aquaculture farms while phases 2 and 3 included both new and existing projects)	Various public/private sector stakeholders	December 2019	R2.8 billion of which R1.2 billion from government
2	Legislative reform to promote aquaculture development (reducing red tape)	DEA/DAFF	December 2016	R9.0-11.7 million
3	Establishment of an Inter-departmental Authorisations Committee to reduce average licensing and registration processing times from 2.5 years to less than 1 year	DAFF	December 2016	R2 million
4	Establishment of a globally recognised monitoring and certification system	DAFF	December 2016 – ongoing	R10.8 million p.a.
5	Establishment of an Aquaculture Development Fund	DAFF	April 2015	R6 million
6	Develop support services capacity at DAFF and the Delivery Unit	DAFF (DHET, DoL, DPSA)	Ongoing	R208 million
7	Resource and coordinate industry-wide marketing efforts	AquaSA	Ongoing	R55 million
8	Government Preferential Procurement of aquaculture projects	DAFF	Ongoing	R7 million

Compiled from final lab report (Operation Phakisa Documents, 2014a):

Table 4-11: Aquaculture detailed progress as at 23 June 2017

Initiative	Total activities	Due	Compl.	Overdue	Overdue %	Compl on time
1a Expansion- Ventersdorp- Catfish	No data					
1b Phase 1: Expansion- Doringbaai- Abalone	13	8	7	1	8%	5
1c Hatchery expansion- Paternoster- Oyster	44	43	-	43	98%	-
1d Expansion- Hamburg Oysters	36	33	20	13	36%	5
1e Phase 1: Oceanwise (Pty) Ltd Expansion	103	79	25	55	53%	19
1f Phase 1: Expansion Abalone Farm - HIK Buffeljags	68	49	41	10	15%	24
1g Phase 1: Expansion- Overberg Abagold- Abalone	19	12	17	-	0%	11
1h Phase 1: Expansion - JSP - Abalone	23	2	2	-	0%	-
1k Phase 2: New- Hamburg cluster- Kob	126	76	29	49	39%	11
1l Molapong Aquaculture Trout / Salmon farm Saldana.	38	19	12	8	21%	5
1o Phase 3: Expansion- Saldanha Blue Ocean Mussels	52	40	15	26	50%	15
1r Phase 3: New- Richards Bay Sea Cage Farming	104	65	5	60	58%	3
1s DST Hondeklip Bay Abalone Hatchery	81	60	3	57	70%	2
1t Diamond Coast Abalone (Pty) Ltd / Establish	59	24	20	4	7%	11
1u Expansion- Saldanha Bay Oyster Company- Oyster	41	24	15	9	22%	13
1v Wild Coast Abalone Expansion	166	120	37	83	50%	22
1v(b) Wild Coast Abalone Ranching/Stock Enhancement	62	42	2	40	65%	1
1w Romanbay Sea Farm Expansion	50	43	25	19	38%	3
1x Abalone Farm Expansion activity - Marine Growers	29	24	4	20	69%	-
1aa WestCoast Oyster Growers	26	26	22	4	15%	7
1bb Blue Sapphire Pearls	73	51	13	38	52%	7
1cc Imbaza Mussels (Pty) Ltd	34	24	14	12	35%	10
1dd African Olive Trading	38	19	15	5	13%	12
1ee Oyster Catcher Aquaculture	55	36	8	28	51%	3
1ff Chapmans Aquaculture Company	52	39	16	23	44%	6
1gg Requa Enterprises (Pty)Ltd	51	39	13	26	51%	6
1hh Southern Atlantic Sea Farms (SASF)	60	52	33	19	32%	14
1ii Hermanus Salmon	34	21	-	21	62%	-
1jj Vaal Fisheries	103	37	22	15	15%	14

Initiative	Total activities	Due	Compl.	Overdue	Overdue %	Compl on time
2 Legislative reform to promote Aquaculture development	74	72	48	24	32%	23
3 Inter-departmental Authorisations Committee	33	33	21	12	36%	5
4a Globally recognised monitoring & certification system	19	19	5	14	74%	3
4b Globally recognised monitoring & certification system (Quick wins)	34	34	30	4	12%	16
5 Aquaculture development fund	35	35	15	20	57%	9
6 Capacity at DAFF and the Delivery Unit	41	41	22	19	46%	4
7 Resource Aquaculture South Africa (AquaSA)	25	21	13	8	32%	5
7a Improve and coordinate market intelligence initiatives	16	15	7	8	50%	1
7b Improve domestic market access	23	14	1	13	57%	-
7c Strengthen emerging producers through increasing value chain ownership and product development	13	7	-	7	54%	-
7d Promote responsible, fair regulation and environmental certification	16	16	5	11	69%	1
8 Government Preferential Procurement	57	53	12	41	72%	5
TOTAL	**2 026**	**1 467**	**614**	**869**	**43%**	**301**

Compiled from Operation Phakisa reporting data (DPME, 2017b)

4.7.2. MPG

Table 4-12: Lab report summary: MPG

#	Initiative	Lead	Expected completion	Est. investment
1	Ministerial Committee and Secretariat to Govern Activities	DEA	October 2015	R9 million per year
2	Enhancement of Legislation into the Integrated Coastal and Oceans Management Act or Oceans Act	DEA	Revised legislation to Parliament by February 2016	None
3	Review of ocean-related legislation	DEA	Survey and list completed by March 2015	None
4	Accelerated Capacity Building Intervention in Ocean Governance	DHET	Ongoing	R4 million
5	Enhanced and Coordinated Enforcement Programme	DAFF	March 2016	R13 million
6	National Ocean and Coastal Information System and Extending Earth Observation Capacity	DEA	Information system architecture completed by 2016	R463 million
7	National Ocean and Coastal Water Quality Monitoring Programme	DEA	Laboratory set up and operational by 2016	R1 billion (mostly existing funded programmes).
8	Creation of a Marine Protected Area Representative Network	DEA	Operational by end 2017	R6 million
9	Marine Protected Area / Marine Spatial Planning Discovery, Research & Monitoring Programme	DST, DEA	Operational by end 2016	R133 million (R76 million new funding)
10	Marine spatial planning	DEA	National framework completed by end 2016 Provincial framework completed by end 2017	R88 million

Compiled from final lab report (Operation Phakisa Documents, 2014b):

Table 4-13: MPG detailed progress as at 23 June 2017

Initiative	Total activities	Due	Compl.	Overdue	Overdue %	Compl on time
1 Ministerial Committee and Secretariat to Govern Activities	108*					
2 Enhancement of Legislation into the Integrated Coastal and Oceans Management Act or Oceans Act	?*					
3 Review of ocean-related legislation	36*					
4 Accelerated capacity building intervention in ocean governance	63	15	5	10	16%	4
5 Enhance and Coordinated Enforcement Programme	56	54	44	10	18%	35

Initiative	Total activities	Due	Compl.	Overdue	Overdue %	Compl on time
6 Ocean & Coastal Information Management System & Extending oceans & coasts earth observation capabilities	48	32	25	8	17%	21
7 National Oceans & Coasts Pollution Monitoring Programme	40	28	21	7	18%	17
8 Creation of a MPA Representative Network	26	22	20	2	8%	15
9 MPA/MSP Discovery, Research & Monitoring Programme	34	22	16	6	18%	10
10 Marine Spatial Planning	60	49	47	2	3%	26
TOTAL	**327**	**222**	**178**	**45**	**13.8%**	**128**

Compiled from Operation Phakisa reporting data (DPME, 2017b)
*Data obtained from final lab report. No data on tracking system and therefore excluded from totals.

4.7.3. MTM

Table 4-14: Lab report summary: MTM

#	Initiative	Lead	Expected completion	Est. investment
1	Create supportive funding and revenue model	DTI	January 2015	R1 million
2	Establish purpose-built oil and gas port infrastructure and appoint Facility Operators – Saldanha Bay	TNPA	December 2017	R9.6 billion TNPA and R3.6 billion private.
3	Align on implementation of government policy	DoT	end 2014	None
4	Prioritise Transnet and TNPA funding allocation towards marine manufacturing facilities	DPE	end 2014	None
5	Maintain and refurbish existing facilities	TNPA	November 2016	R1 billion
6	Unlock investment in new and existing port facilities	TNPA	March 2015	R10.9 billion TNPA and R4.9 billion private
7	Implement Strategic Prioritised Projects – Richards Bay	DoT	end 2017	R550 million TNPA and R300 million private
8	Implement Strategic Prioritised Projects – East London	TNPA	August 2015	R215 million TNPA and R350 million private
9	Train 2,550 TVET College graduates on an 18-month workplace-based Experiential Learner Programme in scarce and critical trades over 5 years	DHET	March 2019	R730 million
10	Create dedicated Occupational Teams for MTM Sector (Professional, Artisans, Operators & Seafarers	OPOCT	March 2019	R65 million
11	Establish Trade RPL/CBMT/Centres of Specialisation in Saldanha Bay and Richards Bay	OPOCT	May 2019	R122 million
12	Train 18,172 learners as artisans, semi-skilled workers and professionals over the next 5 years	OPOCT	May 2019	R2.4 billion
13	Increase usage of ESSA system & targeted career awareness services as a high-value recruitment tool for MTM	DoL	March 2019	R20 million
14	Increase capacity to develop skills for ~1,200 ratings and ~720 officers per year	DHET	Annual target	R5.2 billion
15	Create a public procurement and localisation programme	DTI	March 2019	R5 million
16	Strategic Marketing Campaign	DTI	March 2016	None
17	Propose inclusion of preferential procurement clause in the African Maritime Charter	DIRCO	July 2017	None
18	Support local registry of vessels through incentives and encouragement of using SA-flagged ships	PetroSA, DMR, DBSA	September 2017	R1.2 billion

Compiled from final lab report (Operation Phakisa Documents, 2014c):

Table 4-15: MTM detailed progress as at 23 June 2017

Initiative	Total activities	Due	Compl.	Overdue	Overdue %	Compl on time
1 Create supportive funding and revenue model	6	6	-	6	100%	-
2 Establish purpose-built oil and gas port infrastructure (Berth 205 and Mossgas Quay) and appoint Facility Operators – Saldanha Bay	19	10	-	10	52.6%	-
3 Align on implementation of government policy	15	13	-	13	86.7%	-
4 Prioritise Transnet and TNPA funding allocation towards marine manufacturing	9	8	-	8	88.9%	-
5 Maintain and refurbish existing facilities	9	7	7	-	0.0%	1
6 Unlock investment in new and existing port facilities	11	11	3	8	72.7%	3
7 Implement Strategic Prioritised Projects – Richards Bay	15	13	-	13	86.7%	-
8 Implement Strategic Prioritised Projects – East London	16	10	1	9	56.3%	1
9 Train 2,550 TVET College graduates on an 18-month Workplace-based Experiential Learner Programme in scarce & critical Trades over the 5 year period	18	12	-	12	66.7%	-
10 Create dedicated Occupational Teams for MTM Sector (Professional, Trades, Operators & Seafarers)	23	22	2	20	87.0%	-
11 Establish Trade RPL/CBMT/Centres of Specialisation in Saldanha Bay and Richards Bay	14	6	-	6	42.9%	-
12: Train 18,172 Learners as Artisans, Semi-skilled workers & Professionals over the next 5 years	14	10	-	10	71.4%	-
13: Increase usage of ESSA system & targeted career awareness services as a high value recruitment tool for MTM	23	21	-	21	91.3%	-
14: Increase capacity to Develop Skills for Seafarers	48	38	-	38	79.2%	-
15: Create and implement a public procurement and localisation programme	33	29	1	28	84.8%	-
16: Develop a strategic marketing campaign and value proposition for target markets	25	14	-	14	56.0%	-
17: Propose inclusion of preferential procurement clause in the African Maritime Charter	7	7	-	7	100.0%	-
18: Support local registry of vessels through incentives and encouragement of using SA-flagged ships for cargo and coastal operations	44	44	15	29	65.9%	9
TOTAL	**349**	**281**	**29**	**252**	**72.2%**	**14**

Compiled from Operation Phakisa reporting data (DPME, 2017b)

4.7.4. O&G

Table 4-16: Lab report summary: O&G

#	Initiative	Lead	Expected completion	Est. investment
A1	Develop phased gas pipeline network	DoE	Stage 1: Sept. 2015, Stage 2: April 2018, Stage 3: April 2019	R1.8 billion
B1	Conduct joint industry/government emergency response drills	DEA	May 2016	R13 million
B2	Operationalise IOPC fund	DoT	March 2015	R0.7 million
B3	Exploiting Marine Research Opportunities	DST	Operational from 2016	R18 million
C1	Develop/implement local content roadmap	DTI	August 2016	R100 million
D1	Develop/implement skills strategy roadmap	DHET	August 2019	R63 million
D2	Develop capability for sub-surface research and data gathering	PASA	May 2016	R264 million
E1	Build end-to-end institutional structure	DMR	January 2016	R598 million
E2	Enhance environmental governance capacity of the Oil and Gas regulator	DEA	December 2017	R11 million
E3	Promote awareness of O&G industry	DMR	December 2017	R8 million
F1	Provide legislative clarity and stability	NT	Immediately	None

Compiled from final lab report (Operation Phakisa Documents, 2014d):

Table 4-17: O&G detailed progress as at 23 June 2017

Initiative	Total activities	Due	Compl.	Overdue	Overdue %	Compl on time
A1: Development of phased gas pipeline network	124	35	32	3	2%	23
B1: Joint industry-government emergency response drills	38	29	30	-	0%	28
B2: Operationalise the International Oil Pollution Compensation (IOPC) Fund	8	8	8	-	0%	4
B3: Exploiting the Broader Research Opportunities Presented by Offshore Oil and Gas Exploration	60	60	60	-	0%	52
C1: Develop local content roadmap	11	5	5	-	0%	4
D1: Local Skills Development	19	15	13	2	11%	13
D2: Develop capability for sub-surface research and data gathering	25	22	22	-	0%	19
E1: Achieve a streamlined and efficient E2E institutional structure for regulation of O&G Exploration and Production	23	7	5	2	9%	4
E2: Enhance environmental governance capacity of the Oil and Gas regulator	67	48	48	1	1%	37
E3: Promote awareness of the Oil and Gas industry	13	9	9	-	0%	9
TOTAL	**388**	**238**	**232**	**8**	**2.1%**	**193**

Compiled from Operation Phakisa reporting data (DPME, 2017b)

Chapter 5 - Operation Phakisa and Public Entrepreneurs: Oil and Gas

This chapter will focus on Offshore Oil and Gas as the focus area that performed best in terms of achievement of targets by the end of June 2017. The chapter provides a more in-depth analysis of activities within each initiative to determine the reasons for achieving or not achieving targets. The chapter concludes with an analysis of findings based on the application of the frameworks developed in Chapter 2 and overall analysis done in Chapter 4 to determine the extent to which public entrepreneurs were responsible for the success of this initiative.

Summaries of progress are based on unpublished detailed progress report data as at 1 September 2017 obtained from the DPME Operation Phakisa Unit.

5.1. Overview of Oil and Gas focus area

South Africa's coast and adjoining waters have estimated resources of approximately 9 billion barrels of oil and 11 billion barrels oil equivalent of natural gas. The O&G lab work stream developed 11 initiatives with an ultimate target of drilling 30 exploration wells in 10 years, leading to the production of 370,000 barrels of oil and gas per day (approximately 80% of current oil and gas imports). This should result in 150,000 jobs and a contribution of US $2.2 billion to GDP. In order to create the enabling environment to give industry the comfort to invest in this capital-intensive sector, the work stream outlined some initial targets towards these goals (Operation Phakisa Documents, 2014d):

- Provide clarity and stability in the legislative framework governing offshore O&G;
- Build a "one-stop shop" within the DMR to streamline and regulate the licensing process for offshore O&G exploration and production;
- Conduct emergency response drills to establish a world-class oil spill response capacity in South Africa and make the International Oil Pollution and Compensation Fund operational; and
- Exploit research opportunities presented by offshore O&G explorations that will unlock data ecosystems, marine resources, and ocean-related renewable energy.

Key stakeholders in the O&G focus area are the Offshore Petroleum Association of South Africa (OPASA), a member-funded representative body for the offshore upstream petroleum industry in South Africa and the government departments/agencies mandated to implement the various initiatives and projects (Operation Phakisa Documents, 2014d).

The Head of the O&G DU and the Director General of DMR took an early decision to formalise the nomination of chairpersons (based in the relevant departments) and members of the 11 different working groups. Letters were written to the heads of the relevant departments and entities to request nominations to ensure that nominated members had the authority to represent their respective organisations and that members would commit sufficient time to the Operation Phakisa process (Bonga, M. Personal interview, 10 October 2017).

5.2. Detailed Oil and Gas progress reports per initiative

The initial lab report estimated the total investment required to implement all 11 initiatives to be R2.8 billion with R1 billion from government and R1.8 billion from non-government sources (Operation Phakisa Documents, 2014d). Table 5-1 summarises overall progress in the O&G focus area as at 1 September 2017. The DU early on adopted very strict M&E rules that required performance reports to be accompanied by verifiable and auditable portfolios of evidence (Bonga, M. Personal interview, 10 October 2017).

Table 5-1: O&G overall progress as at 1 September 2017

Initiative	Total activities	Activities due by report date		Due activities completed by report date		Completed on / ahead of time	
		#	%	#	%	#	%
A1	124	38	30.6%	37	97.4%	28	75.7%
B1	38	29	76.3%	30	103.4%	28	93.3%
B2	8	8	100.0%	8	100.0%	4	50.0%
B3	60	60	100.0%	60	100.0%	52	86.7%
C1	11	6	54.5%	6	100.0%	5	83.3%
D1	19	17	89.5%	14	82.4%	14	100.0%
D2	25	22	88.0%	22	100.0%	19	86.4%
E1	23	11	47.8%	8	72.7%	7	87.5%
E2	67	52	77.6%	50	96.2%	39	78.0%
E3	13	9	69.2%	9	100.0%	9	100.0%
11	**388**	**252**	**64.9%**	**244**	**96.8%**	**205**	**84.0%**

Compiled from Operation Phakisa reporting data (DPME, 2017c)

Detailed progress reports are discussed in order of priority, as identified during the initial lab. Original projects/activities/due dates are indicated in black, revised projects/activities/due dates (if applicable) are indicated in blue and removed projects/activities (if applicable) are indicated in red. As at 3 February 2018, progress reports on the Oceans Economy Operation Phakisa was last updated on 22 September 2017.

5.2.1. F1: Provide legislative clarity and stability. Led by National Treasury – Had to be done immediately. Estimated investment: None.

There is no reporting data available for this initiative. After the initial lab stakeholders agreed that there was no need for a detailed 3-feet plan, but progress on this initiative was reported at every IMC meeting. Finalisation of the Mineral and Petroleum Resources amendment bill was coordinated by the DMR, supported by National Treasury and OPASA. The bill is currently before Parliament (Bonga, M. Personal interview, 10 October 2017). This initiative succeeded in drafting amendments to legislation through the efforts of public employees.

5.2.2. E1: Achieve a streamlined and efficient end-to-end institutional structure for regulation of O&G Exploration and Production. Led by DMR. Estimated investment: R598 million (Government funding only).

Table 5-2: Initiative E1 – Projects and progress

Project (Lab/new)	# Activities	Completion target (Lab/new)	Activities completed	Activities overdue	Progress
Finalise decision on optimal structure	4	2014/12/15 2017/05/01	4	-	Completed 2 years after original due date
Migrate PASA from CEF Group to DMR - Public Entity	12	2015/02/20 2018/04/01	4	3	
Designate as the DMR-owned public entity responsible for data management and promotion	1	2015/01/31 2018/05/01	-	-	
Implement a change management programme	5	2015/06/15 2018/10/30	-	-	
Go Live!!!	1	2015/01/31 2018/11/30	-	-	
TOTAL	**23**		**8**	**2**	

Compiled from Operation Phakisa reporting data (DPME, 2017c)

Initial delays were experienced due to some reluctance at a political level to transfer PASA to DMR. Intervention by the Minister and Director General for Mineral Resources as well as the head of the DU resulted in the completion of most of the work related to this initiative. Reporting data on 1

September 2017 was not up to date due to insufficient portfolios of evidence supporting the progress data (Bonga, M. Personal interview, 10 October 2017).

5.2.3. D1: Local Skills Development. Led by DHET. Estimated investment: R63 million (Government: R52 million, Non-government: R11 million).

Table 5-3: Initiative D1 – Projects and progress

Project (Lab/new)	# Activities	Completion target (Lab/new)	Activities completed	Activities overdue	Progress
Formation of a working group	4	2014/12/31	4	-	Completed on time
Develop a skills strategy roadmap	5/6	2015/01/31 2015/12/30	6	-	Completed on time (new time frames)
Appointment of University and Development Chairs	3/4	2015/01/31 2017/08/31	2	2	1st round unsuccessful, advertised again
Implement Centres of Excellence and Centres of Competencies	2	2015/01/31 2017/07/31	1	-	
Launch Chapters of Professional Associations	1	2020/12/31	-	-	On track
Establish vocational training centres for scarce and critical skills	2	2015/12/31	1	1	Significantly behind schedule.
TOTAL	**19**		**14**	**2**	

Compiled from Operation Phakisa reporting data (DPME, 2017c)

The first call for nominations of University and Development Chairs was unsuccessful and had to be re-advertised. The second call for nominations resulted in the appointment of a research chair. While somewhat behind schedule, the initiative was on track for completion of the first three projects by the end of 2017 (Bonga, M. Personal interview, 10 October 2017).

5.2.4. C1: Develop local content roadmap. Led by DTI. Estimated investment: R100 million (Government funding only).

Table 5-4: Initiative C1 – Projects and progress

Project (Lab/new)	# Activities	Completion target (Lab/new)	Activities completed	Activities overdue	Progress
Conduct financial analysis (baseline) of South African offshore O&G sector procurement	3	2015/08/01	3	-	Completed on time
Set targets for minimum local production and supply in proportion to total domestic upstream O&G value chain spend	5	2016/08/01 2017/10/03	3	-	
Establish national enterprise & supplier development and training programme for upstream O&G	3	2016/08/01 2018/04/03	-	-	
TOTAL	**11**		**6**		

Compiled from Operation Phakisa reporting data (DPME, 2017c)

The initiative was on track to meet the revised deadlines (Bonga, M. Personal interview, 10 October 2017). It is not clear why National Treasury, with overall responsibility for government procurement regulations, did not play a more prominent role in this initiative.

5.2.5. B3: Exploiting the Broader Research Opportunities Presented by Offshore O&G Exploration. Led by DST. Estimated investment: R18 million (Government funding only).

Table 5-5: Initiative B3 – Projects and progress

Project (Lab/new)	# Activities	Completion target (Lab/new)	Activities completed	Activities overdue	Progress
Project Design	4	2014/10/08 2015/02/28	4	-	Completed ahead revised of schedule
Tender process and tracking	7	2015/02/25	-	-	Activities removed
Stakeholder Analyses and Database	6	2015/03/24	6	-	Completed 1 month after due date
Establish and maintain multi-stakeholder project management team (PMT)	7	2016/01/07	7	-	Completed 7 months ahead of schedule
Contracting of NRF	6	2015/04/30	6	-	Completed ahead of schedule
Kick-start workshop - Research Gap Analysis	8	2015/03/20 2015/07/24	8	-	Completed on time
Research Catalogue – Gap analysis	5	2015/06/08	-	-	Activities removed
Research Opportunity Exploitation (ROE) reports & agreements	8	2015/10/01 2015/10/22	8	-	Completed on time
Data management structures and systems agreement	8	2016/01/28	8	-	Completed 2 months ahead of schedule
Data gathering agreements	8	2016/01/28	8	-	Completed on time
Project Completion and Launch	5	2016/01/29 2016/04/30	5	-	Completed on time (revised schedule)
TOTAL	**60**		**60**	**-**	

Compiled from Operation Phakisa reporting data (DPME, 2017c)

The post-lab technical review process conducted by the Working Group identified several areas that required changes in order to meet the intended objectives of the initiative (Bonga, M. Personal interview, 10 October 2017). All activities related to this initiative have been completed. This initiative was a good example of the positive results that can be achieved through proper coordination and dedicated public employees. The success of this initiative could be attributed primarily to effective mandating and coordination mechanisms implemented by the Director General at DMR and the DU (Goodwin, C. Personal interview, July 2017).

5.2.6. B1: Joint industry-government emergency response drills. Lead: DEA. Estimated investment: R13 million (Government: R7 million, Non-government: R6 million).

Table 5-6: Initiative B1 – Projects and progress

Project (Lab/new)	# Activities	Completion target (Lab/new)	Activities completed	Activities overdue	Progress
Formalise IOC Participation	3	2014/12/31	3	-	Completed on time
Gap Analysis of Existing Capacity, Stakeholders and Entities	4	2014/10/17 2014/12/17	4	-	Completed on time (revised schedule)
Setting Oil Spill Response Team Purpose & Scope	4	2015/03/15 2015/11/15	4	-	Completed on time (revised schedule)
Ensure institutionalisation, operability and evolution of IMO through implementation of IMS Action Plan	10	2017/09/30	5	-	On track
Pre-Emergency planning	7	2015/09/30	7	-	Completed on time
Emergency Response	6	2015/12/12	6	-	Completed on time
Emergency Response Training & Drills	2/4	2017/06/30 2018/12/31	1	-	On track
TOTAL	**26/38**		**30**	**-**	

Compiled from Operation Phakisa reporting data (DPME, 2017c)

The Working Group made some changes to improve on the original lab report. Some delays were experienced due to changes in areas of responsibility but the initiative is now on track for completion by the end of 2018 (Bonga, M. Personal interview, 10 October 2017).

5.2.7. E3: Promote awareness of the O&G industry. Led by DMR. Estimated investment: R8 million (Government funding only).

Table 5-7: Initiative E3 – Projects and progress

Project (Lab/new)	# Activities	Completion target (Lab/new)	Activities completed	Activities overdue	Progress
Design the outreach component of the regulator	6	2015/12/31	6	-	Completed on time
Gap & needs analysis	2	2016/12/31	2	-	Completed 6 months ahead of schedule
Establishing the functions of "the regulator"	4	2017/12/31	1	-	
National Launch	1	2018/01/31	-	-	
TOTAL	13		9	-	

Compiled from Operation Phakisa reporting data (DPME, 2017c)

The DU and DMR played a key role in driving this initiative. The initiate is on track for completion by early 2018 (Bonga, M. Personal interview, 10 October 2017).

5.2.8. B2: Operationalise the International Oil Pollution Compensation (IOPC) Fund. Led by DoT. Estimated investment: R0.7 million (Government: R300,000, Non-government: R400,000).

Table 5-8: Initiative B2 – Projects and progress

Project	# Activities	Completion target (Lab/new)	Activities completed	Activities overdue	Progress
Agreement on disputed payment arrears	3	2014/12/15 2015/02/28	3	-	Completed 3 months after revised due date
Fully operational IOPC Fund	5	2015/03/31	5	-	
TOTAL	8		8	-	

Compiled from Operation Phakisa reporting data (DPME, 2017c)

Historically, not all private sector members paid the requisite IOPC fees, owing to a lack of enabling legislation in South Africa. This resulted in arrears and therefore in the IOPC not being operational in South Africa. Subsequent to numerous deliberations in this workgroup, a decision was taken for the DU to intervene to ensure participation of National Treasury in the resolution of the matter (Bonga, M. Personal interview, 10 October 2017). Activities related to this initiative were completed primarily due to the initiative of and intervention by public employees.

5.2.9. A1: Development of phased gas pipeline network. Led by DoE. Estimated investment: R1.8 billion (Government: R26 million, Non-government: R1.74 billion).

Representing the most ambitious and costly of the O&G initiatives, the phased development of a gas pipeline along the South African coastline is set to conclude in June 2021 with the finalisation of purchase agreements for the land required for the pipeline. The primary stakeholders in this initiative are iGas, PetroSA, DEA and the office of the Surveyor General.

Table 5-9: Initiative A1 – Original projects

Project (Final lab report)		# Activities	Completion target
Establish Indicative Pipeline Costs		3	2015/09/01
Secure Servitudes / reserves for pipelines	Strategic Environmental Assessment (SEA)	6	2016/04/01
	Route Engineering	6	2017/04/01
	Provisions of land from National Government	6	2018/04/01
Conduct Basic Assessment		6	2019/04/01
TOTAL		**28**	

Table 5-10: Initiative A1 – Current projects and progress

Project (Revised plans)		# Activities	Completion target (Lab/new)	Activities completed	Activities overdue	Progress
Establish Indicative Pipeline Costs		3	2015/09/01	3	-	Completed 6 months ahead of schedule
Secure Servitudes / reserves for pipelines	Co-funding MoA	8	2016/05/05	8	-	Completed on time
	Pre-strategic environmental assessment	11	2016/10/10	11	-	Completed on time
	Establish PMC	3	2016/10/25	3	-	Completed on time
	Proposals and consultant appointment	9	2017/04/01	9	-	Completed on time
	Service Level Agreement	3	2017/05/31	3	-	Completed on time
	SEA project implementation	23	2018/11/30	-	1	
Development of regulations to secure energy servitudes from incompatible development		8	2020/04/30	-	-	-
Cabinet approval and gazetting of additional energy corridors and gas EMPR		16	2020/03/31	-	-	-
Business case, feasibility and servitude negotiations		40	2021/03/31	-	-	-
TOTAL		**124**		**37**	**1**	

Compiled from Operation Phakisa reporting data (DPME, 2017c)

The original three projects with 28 activities have been expanded to five projects with 124 activities as the Working Group found that the initial lab report omitted several key steps in the process and did not sufficiently consider the role of environmental impact assessments in the process. Initial disagreement on funding for the Strategic Environmental Assessment (SEA) project was resolved through DU intervention (Bonga, M. Personal interview, 10 October 2017).

The first project of establishing indicative pipeline costs involved multiple government and non-government stakeholders, was completed on time. The second project, securing servitudes/reserves for pipelines involving iGas, PetroSA, DEA and the Surveyor General is nearing completion. Implementation of the remaining three projects has not yet started.

5.2.10. D2: Develop capability for sub-surface research and data gathering. Led by PASA. Estimated investment: R264 million (Government only).

Table 5-11: Initiative D2 – Projects and progress

Project (Lab/new)	# Activities	Completion target (Lab/new)	Activities completed	Activities overdue	Progress
Identify the Technical Capability built programmes for sub-surface information activities	3	2014/11/01 2014/12/01	3	-	Completed on time
Review and Assess the Mechanism to formalise the Reservoir Technical Capability	5	2015/07/31 2016/08/01	5	-	Completed on time (revised schedule)
Develop sub-surface Information Acquisition Hard Infrastructure	6/7	2016/05/01 2019/09/01	4	-	
Confirm utilisation arrangements	3	2015/04/01 2017/04/15	3	-	Completed on time (revised schedule)
Establish a multi-agency Ocean R&D Strategy and implementation programme	8/7	2015/06/01 2017/02/28	7	-	Completed on time (revised schedule)
TOTAL	**25**		**22**	**-**	

Compiled from Operation Phakisa reporting data (DPME, 2017c)

Two major stakeholders (DEA and DAFF) essential to the implementation of this initiative did not participate in D2 Work Group meetings, resulting in decisions being delayed. This was escalated to the LCC by the DU but the matter could not be resolved. The matter was ultimately resolved after

being escalated to the IMC, leading to an agreement to develop a joint funding proposal to National Treasury (Bonga, M. Personal interview, 10 October 2017).

5.2.11. E2: Enhance environmental governance capacity of the O&G regulator. Led by DEA. Estimated investment: R11 million (Government funding only).

Table 5-12: Initiative E2 – Projects and progress

Project	# Activities	Completion target (Lab/new)	Activities completed	Activities overdue	Progress
Project design	5	2014/10/08	-		Activities removed
Establish a multi-stakeholder workgroup	5	2015/02/28	5	-	Completed 1 month after due date
Skills needs analysis	6	2015/03/31	6	-	Completed on time
Tender process and contracting	7	2015/02/24	-		Activities removed
Scoping project inception	3	2015/03/31	-		Activities removed
Identify service providers	6	2015/04/15	6	-	Completed 4 months after due date
International Benchmarking	4	2015/06/09 2015/06/19	4	-	Completed on time (revised schedule)
Status Quo Report	4	2015/08/18	4	-	Completed on time
Stakeholder Engagement	8	2015/08/27 2015/09/17	8	-	Completed on time (revised schedule)
Final Scoping Report	2	2015/09/24	2	-	Completed on time
Environmental Governance Performance Monitoring and Reporting	6	2017/09/12	6	-	Completed 6 months ahead of schedule
Project Design	5/2	2016/01/29 2015/12/17	2	-	Completed on time (revised schedule)
Capacity Building Project Inception	3/19	2016/07/15 2018/08/03	7	2	
Capacity Building Project Implementation	1/5	2017/11/03 2019/02/15	-	1	
TOTAL	48/67		50	1	

Compiled from Operation Phakisa reporting data (DPME, 2017c)

The post-lab technical review process identified several areas that required changes in order to meet the intended objectives of the initiative. The initiative is on track to meet its targets (Bonga, M. Personal interview, 10 October 2017).

5.3. Oil and Gas: Summary and analysis

The O&G focus area required the involvement of several government departments and agencies. Table 5-13 provides a summary of the achievement of targets for each initiative per lead department. The summary shows that achievements were mostly consistent, irrespective of the lead department. This suggests that either these departments are all generally efficient or that O&G coordinating mechanisms functioned properly (either by design or due to islands of effectiveness). Given the general lack of public sector capacity discussed earlier in the study, the latter scenario is more likely.

Table 5-13: Summary of due activities completed / completed on time per lead department

Lead	Initiative	% of due activities completed	% of activates completed on time
DMR	**E1** **E3**	**73%** **100%**	**88%** **100%**
DHET	D1	82%	100%
DTI	C1	100%	83%
DST	B3	100%	87%
DEA	**B1** **E2**	**103%** **96%**	**93%** **78%**
DoT	**B2**	**100%**	**50%**
DoE	A1	97%	76%
PASA	D2	100%	86%

Source: Author

While the focus areas led by DEA (MPG) and DoT (MTM) did not perform well, their good performance in leading initiatives in the Oil and Gas focus area suggests that DMR and the O&G DU succeeded in designing and managing effective coordinating mechanisms.

The governance structure adopted by the O&G focus area (Annexure 5) was more or less consistent with the framework suggested by DPME, with a strong focus on the DU and Steering Committee driving delivery. Working groups and the DU initially met weekly to ensure that work was prioritised and not treated as business as usual. Meetings later on became more ad hoc (only as and when required) with the role of the DU changing from primary convenor and driver of the process, to that of monitor (Bonga, M. Personal interview, 10 October 2017).

The O&G focus area accepted that there was insufficient time during the labs and that detailed 3-feet plans would not be perfect. Their first task was therefore to confirm plans or to adjust plans where necessary to ensure that the objectives agreed on at the lab would be achieved. Changed plans were, depending on the nature of the change, referred to either the Steering Committee or the IMC for approval (Bonga, M. Personal interview, 10 October 2017).

The Steering Committee met regularly (initially monthly and later quarterly). The LCC also met as required but was attended by representatives of the Directors General and not the DG's themselves as originally intended. The IMC initially met monthly and later quarterly. Governance arrangements generally functioned well and supported the Operation Phakisa process (Bonga, M. Personal interview, 10 October 2017). There is no evidence to suggest that work in the O&G focus area was hampered by non-participation of key non-governmental stakeholders.

The analysis shows that this focus area was more successful than others due to deliberate actions by individuals such as the Minister and Director General of DMR and the head of the O&G DU. The analysis of the O&G focus area provides evidence of functioning accountability chains (NPM) as well as the positive role of individual public entrepreneurs in achieving developmental results, with the latter playing a more significant role that the former. The detailed analysis confirms that this focus area does not support refuting Hypotheses A1, A2 and B1.

Chapter 6 - Conclusion and Recommendations

6.1. Conclusion

6.1.1. Public sector reform

The GTP demonstrated that the impact of government programmes can be improved by focusing on a set of clearly defined priorities with properly thought through implementation and monitoring plans (Xavier et al., 2016, p. 87). While the GTP experience has not proven which of the “best practice” or “best fit” approaches work best, it has proven the potential for success of a hybrid problem-solving model adapted to suit local context. (Xavier et al., 2016, p. 87).

Both Malaysia and South Africa introduced public sector reforms based on NPM principles. In the case of Malaysia, economic as well as WGI data suggest that these reforms improved government performance and were therefore appropriate given the Malaysian political and institutional context.

South Africa, originally on a dominant trajectory with relatively impersonal institutions, has moved to a competitive trajectory with increasingly personalised institutions. Economic indicators and WGI data confirm that the South Africa development project is failing or at least not proceeding at a sufficient pace. Comprehensive public sector reforms involving planning, monitoring and evaluation methodologies that relied on strong leadership and an ethos of accountability was therefore inappropriate given the South African context.

Within this context, Operations Phakisa tested the political and institutional appetite for EBPM, compromise, and the willingness of politicians and government institutions to cede control (at least to some extent) to PE and MS driven processes to support sustainable development in South Africa.

6.1.2. Operation Phakisa

One of the main benefits of the Operation Phakisa methodology is that it introduced new ways of thinking about problems and of developing structures and processes involving multiple stakeholders to address these problems. This is an important departure from a system that is fundamentally fragmented, lacking in inter-agency trust with almost no effective coordination mechanisms. While the Oceans Economy Operation Phakisa highlighted the importance of coordination among government departments and agencies, it was only moderately successful at achieving this.

There is some evidence that the Ocean Economy lab has been successful at identifying and in some cases addressing legislative gaps or constraints to implementation (Britz, 2015). While this area is within the sphere of control of the government, the real determinant of the success of the process would have been the extent to which multiple stakeholders representing a wide range of interests could be persuaded to work together (and make significant capital investments) to achieve mutually beneficial objectives. Evidence suggests that the Oceans Economy Operation Phakisa did not sufficiently explore opportunities in this space, especially in relation to building public-private sector trust relationships.

The primary area of failure of Operation Phakisa is that it did not consider the prevailing political and institutional landscapes in South Africa and attempted to introduce a new methodology anchored in existing institutions. While the authorising and decision-making environment within which Operation Phakisa operates is insufficiently robust and enabling, it did create the opportunity for individual actors to innovate, lead processes and drive implementation.

Another important weakness of the Operation Phakisa methodology is that there is no dedicated budget allocated to the labs or focus areas. Participants (both government and private sector) are required to redirect existing funds (often to the detriment of other projects) to fund Operation Phakisa

initiatives. This is a significant departure from the Malaysian model. It would appear that National Treasury is not sufficiently involved in or committed to the Operation Phakisa process.

The Operation Phakisa Unit at DPME has neither been sufficiently capacitated nor does it have the same political influence when compared to its Malaysian counterpart. With only three senior officials and two support staff, this unit simply cannot play the important coordinating and facilitating role that it should be playing.

While, in the case of Operation Phakisa, South Africa appears to have avoided the pitfalls associated with directly copying supposedly “best practices”, the local adaptation of the Malaysian BFR methodology is not yet delivering the desired results. This is indicative of a propensity of governments in developing countries to pursue change for the sake of greater legitimacy rather than better performance, or the isomorphism of being preoccupied with form rather than function (Levy, 2014, p.206)

The value of Operations Phakisa lies beyond the achievement of results in specific areas. It has brought into the spotlight the general weakness of the state to deliver, an inability to transform quickly and the challenge of building sustainable relationships between different actors that normally operate in bureaucratic silos, governed by legislation rather than a spirit of cooperation.

The prognosis for Operation Phakisa, at least for now, is that results could be big, but are unlikely to be fast; incremental rather than transformational.

6.1.3. Islands of effectiveness

In the absence of a strong public sector, islands of effectiveness could play an important role in the achievement of developmental objectives. The South African and Malaysian models encouraged the involvement of relevant stakeholders from both the public and private sectors and the Malaysian model showed evidence of the relinquishing of significant control to multi-stakeholder governed initiatives in some areas. The Oceans Economy Operation Phakisa missed several opportunities to experiment with multi-stakeholder governed delivery transmission mechanisms in the South African context.

Public servants played an important role in setting the agenda as well as in guiding the identification of focus areas and targets for the oceans economy. The ability of some officials to operate across multiple platforms and gain legitimacy with multiple stakeholders has been a key driver in the achievements of particularly the Oil and Gas focus area. While governance structures have generally failed, the abilities of both political actors and as well as public servants to navigate the complex terrain on this long road to accountability have been a key determinant in the few achievements to date. Although this study attributes these achievements to public entrepreneurship, the form of public entrepreneurship that manifested during the Oceans Economy Operation Phakisa would probably have been regarded as functioning accountability chains in the context of a normal functioning bureaucracy.

6.2. Recommendations

Both Ministers Molewa (Environmental Affairs) and Minister Radebe (Minister in the Presidency) invested significant time and effort in the Oceans Economy Labs. The commitment by both these Ministers to make a success of this process is clear and admirable. The lack of a clear head of the process however contributes to delays in implementation. Either Minister Radebe or the President / Deputy President should be given a more prominent role, as the Malaysian model clearly shows the advantages of having a powerful and influential head of the process.

The Operation Phakisa governance model is too complex and dependent on functioning public sector accountability chains. Given the South African context, a governance model closer to the

original proposal (Annexure 2) is more likely to be successful, provided that the roles and responsibility of participants are clearly defined and agreed upon. Mechanisms to entrench Operation Phakisa into the broader planning and M&E processes could ensure that its objectives become part of the performance agreements and daily tasks of government employees.

The Malaysian model has shown that ring-fencing of funding for particular projects can contribute to success. The South African approach where funding is dependent on individual departments re-allocating existing budgets creates significant risks. National Treasury and DPME can play a more active role in this process.

There could be more deliberate attempts at designing multi-stakeholder driven governance models for some initiatives. This would reduce the risks associated with public sector accountability chains and is likely to improve performance in these areas.

Oversight is unlikely to improve in the absence of a well capacitated DPME Operation Phakisa Unit. If the Operation Phakisa methodology is to play a significant role in future in developing and implementing policies, then the investment in more capacity in the DPME unit will be essential.

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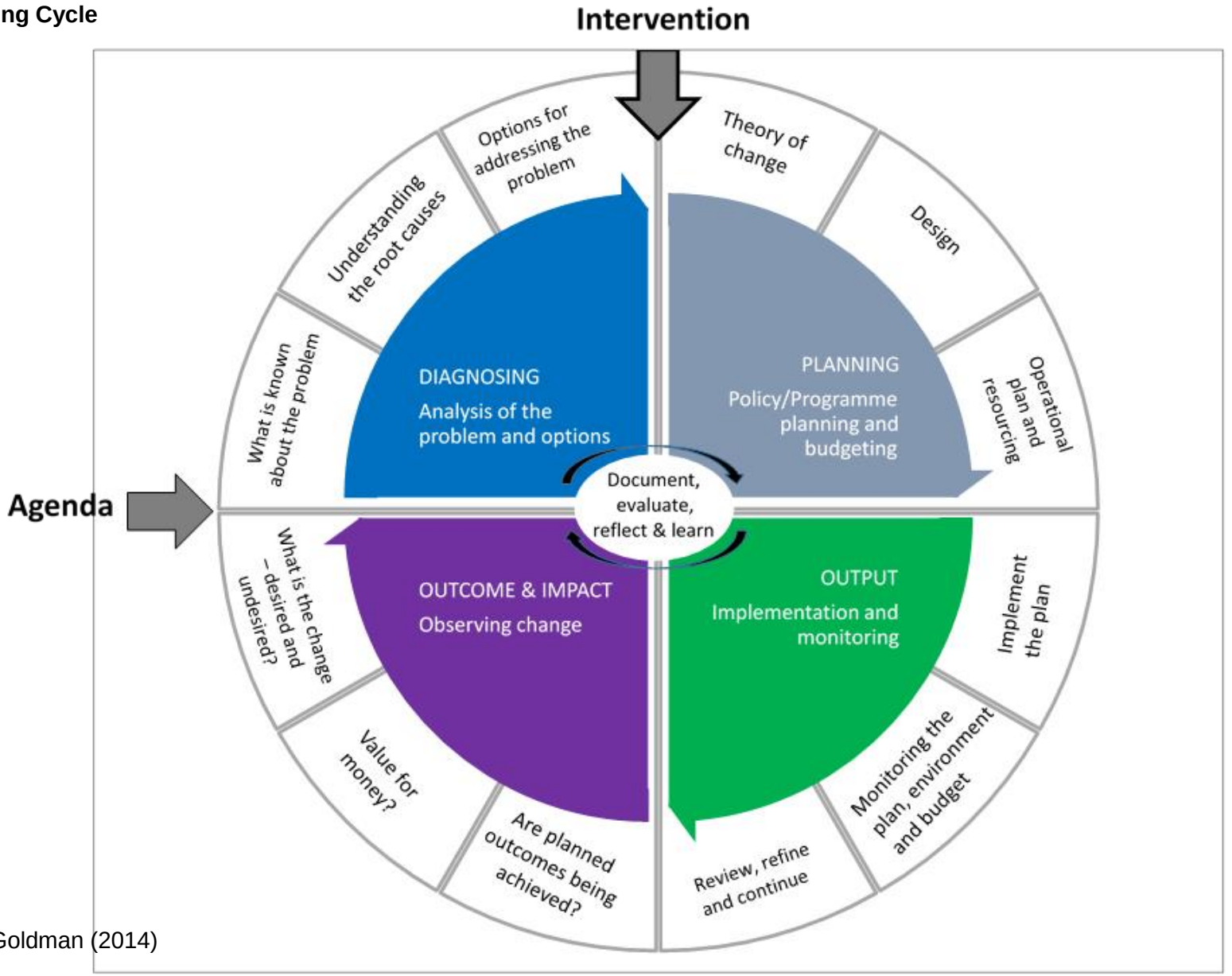
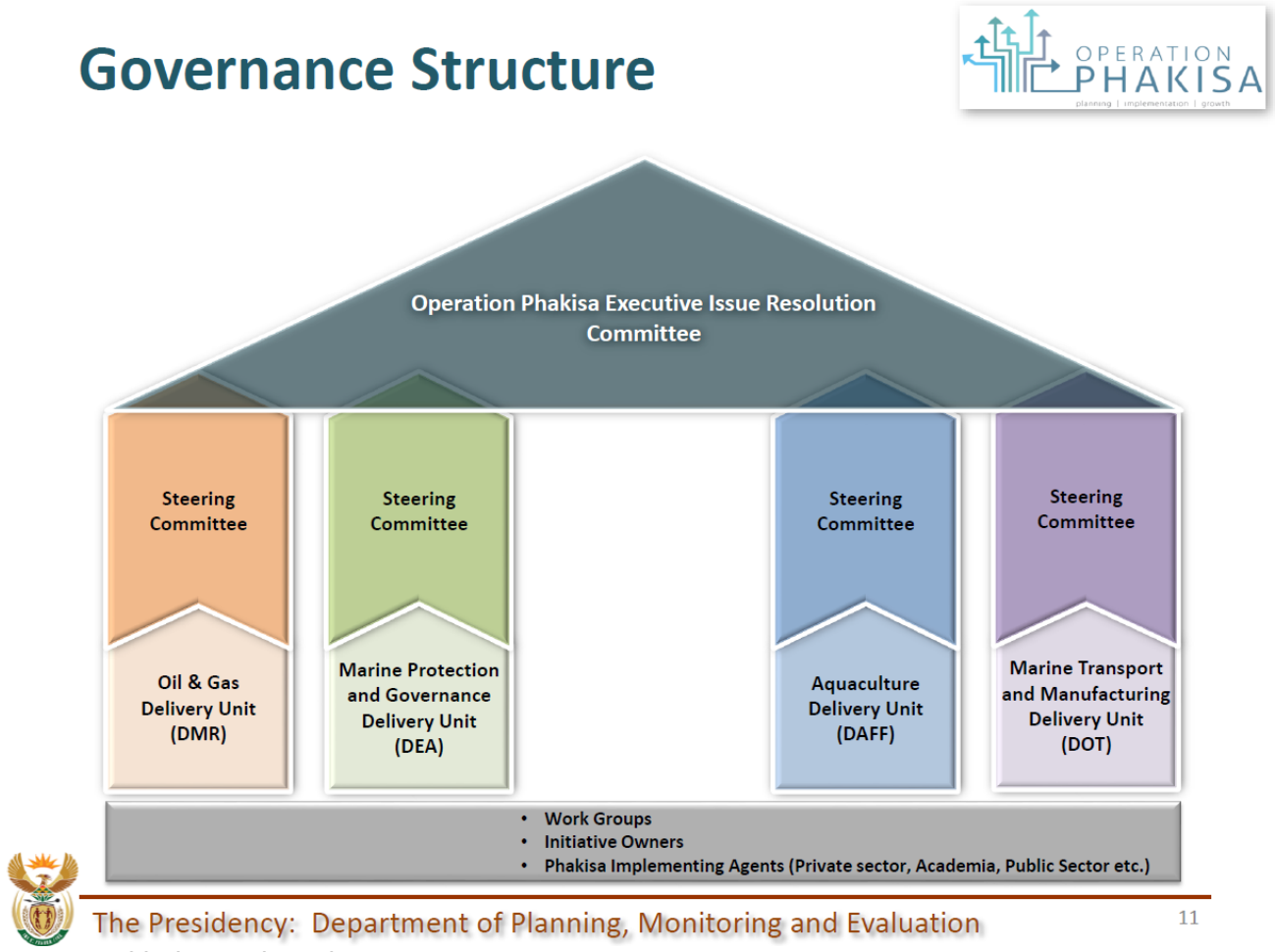
Annexure 1: Planning Cycle



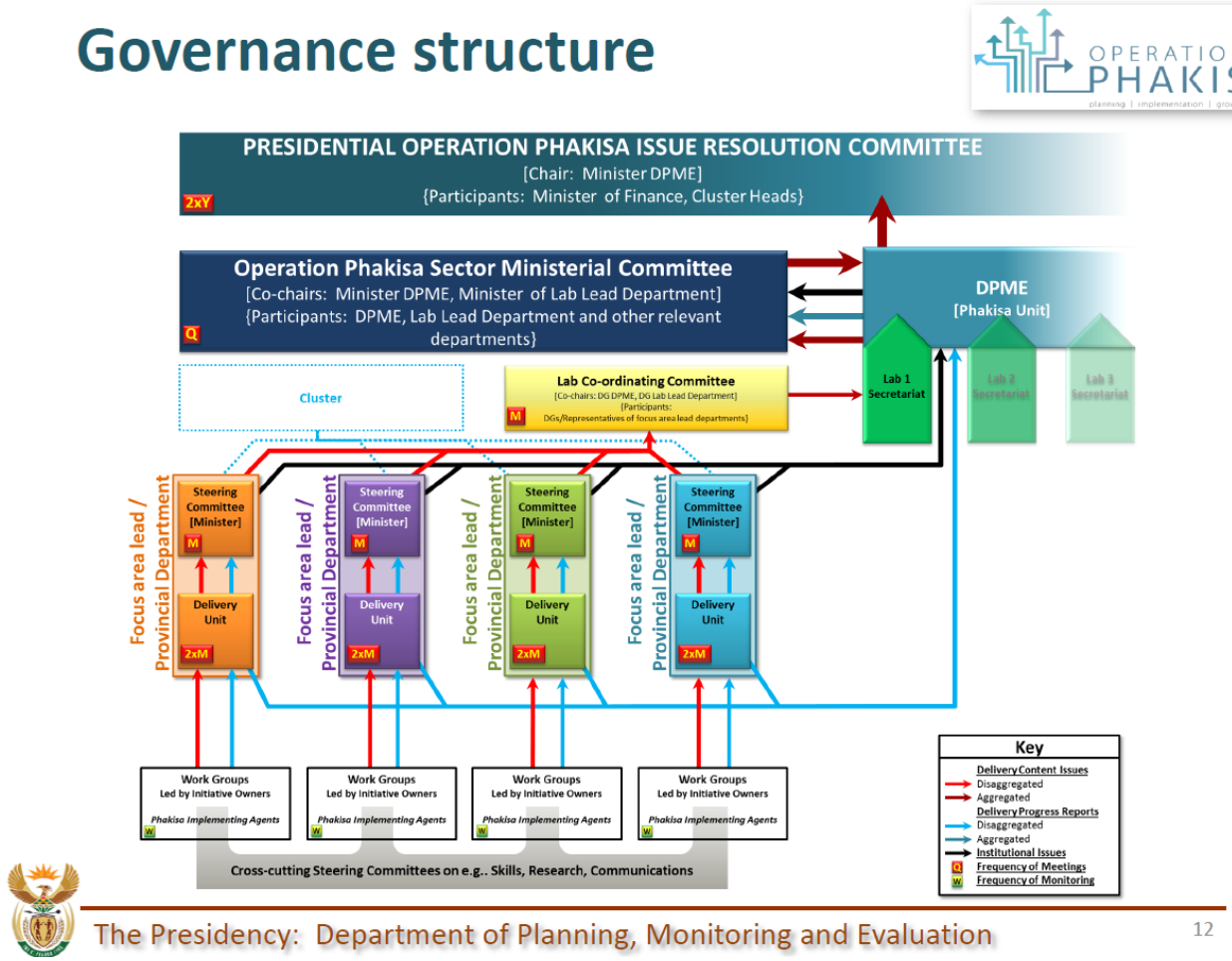
Source: Rabie and Goldman (2014)

Annexure 2: Original Operation Phakisa governance structure



Source: Akhalwaya (2015)

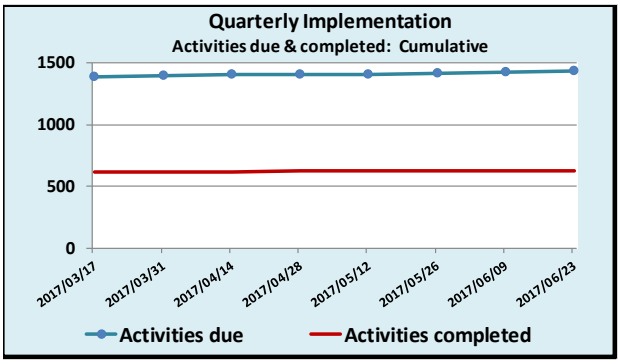
Annexure 3: Governance Structure: Oceans Economy Phakisa

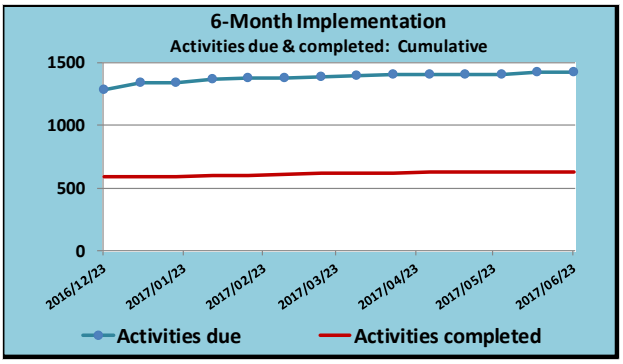


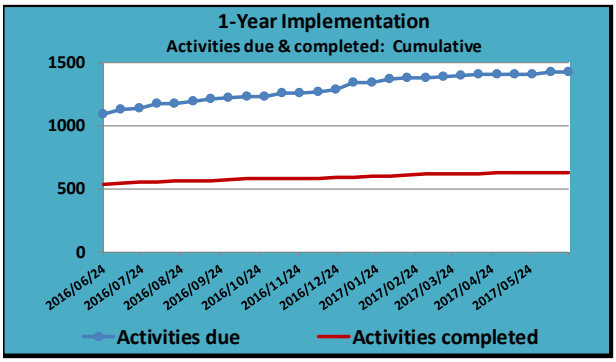
Source: Akhalwaya (2015)

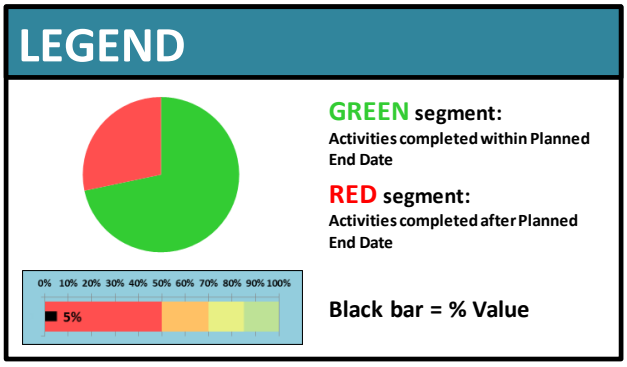
Annexure 4a: Progress Report - Aquaculture

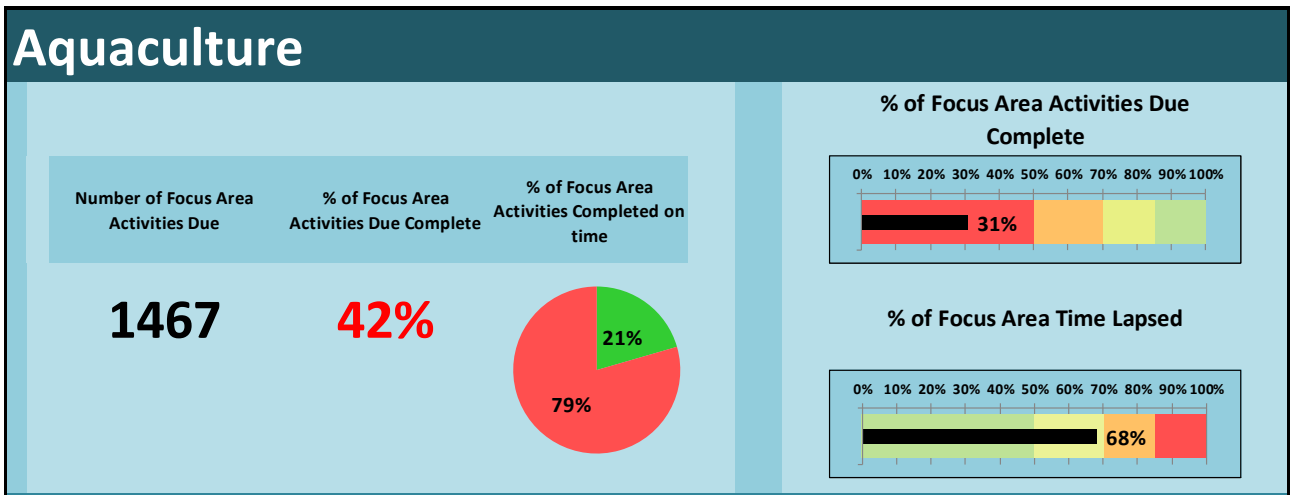
REPORT DATE:	2017/06/23
PUBLISH DATE:	2017/06/30
NEXT REPORT DATE:	2017/07/07
NEXT PUBLISH DATE:	2017/07/14





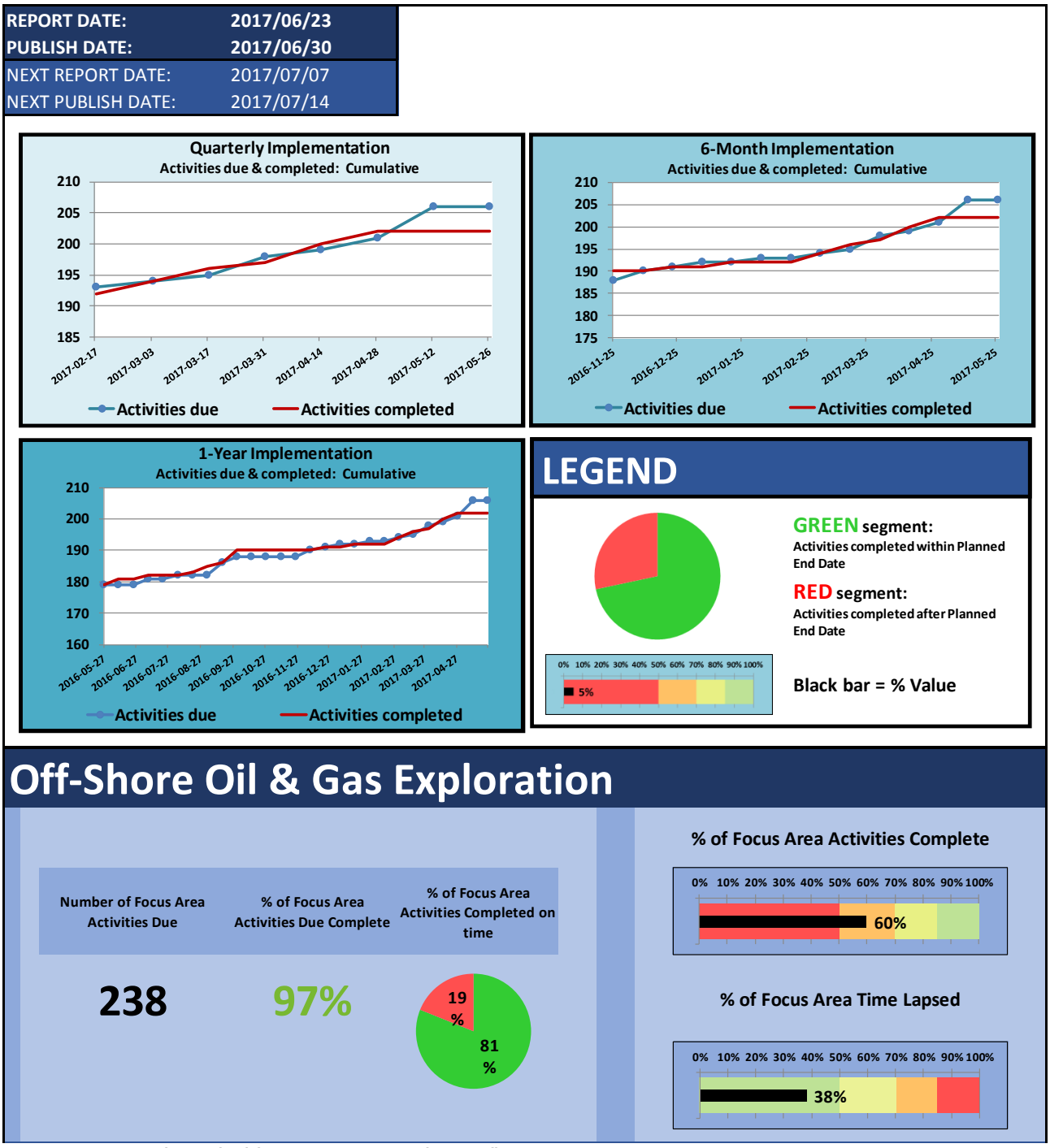






Source: Operation Phakisa Documents (2017a)

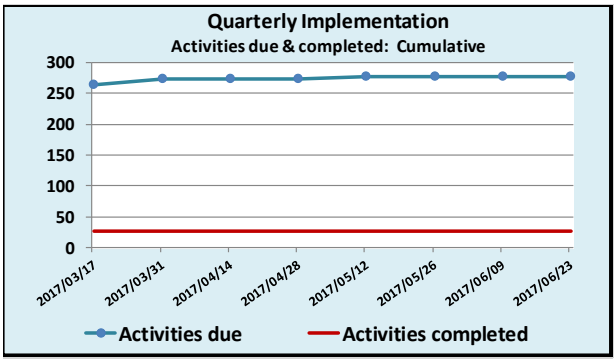
Annexure 4b: Progress Report – Offshore Oil and Gas

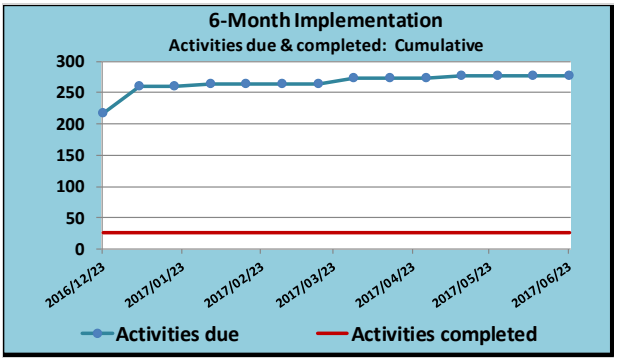


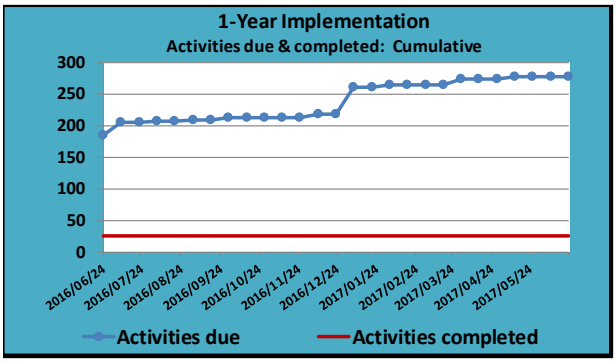
Source: Operation Phakisa Documents (2017d)

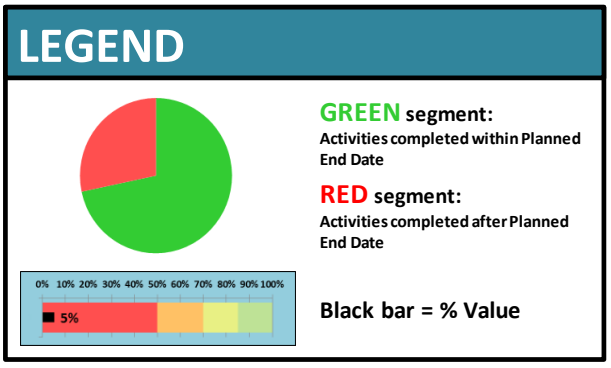
Annexure 4c: Progress Report – Marine Transport and Manufacturing

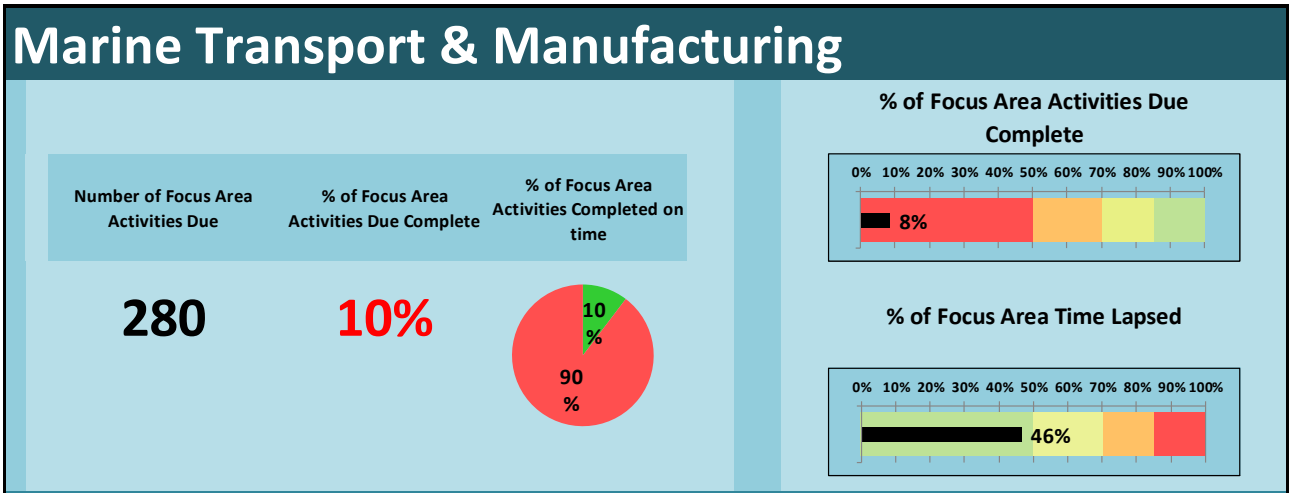
REPORT DATE:	**2017/06/23**
PUBLISH DATE:	**2017/06/30**
NEXT REPORT DATE:	2017/07/07
NEXT PUBLISH DATE:	2017/07/14







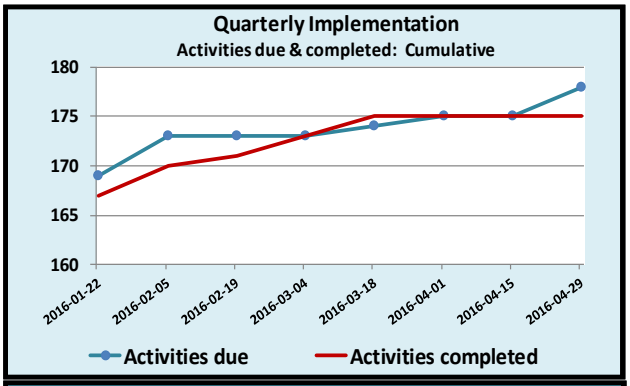


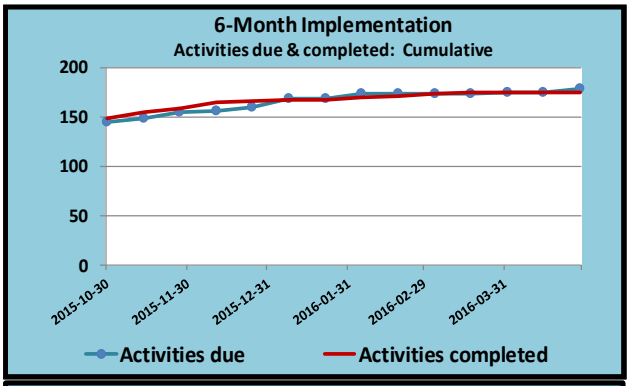


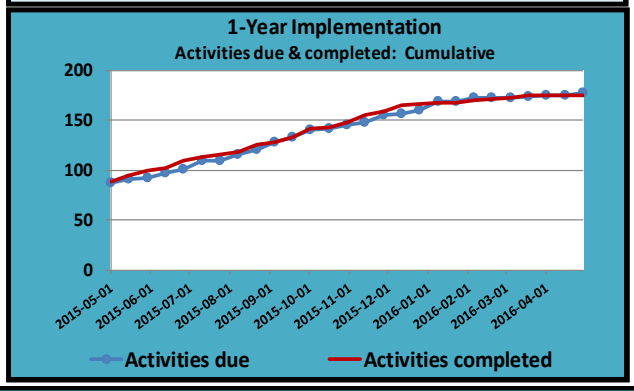
Source: Operation Phakisa Documents (2017c)

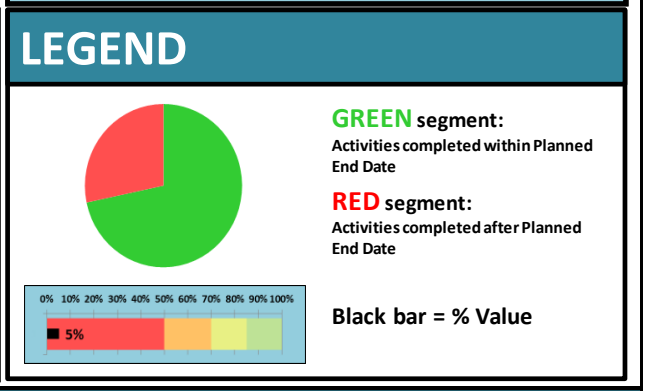
Annexure 4d: Progress Report – Marine Protection and Governance

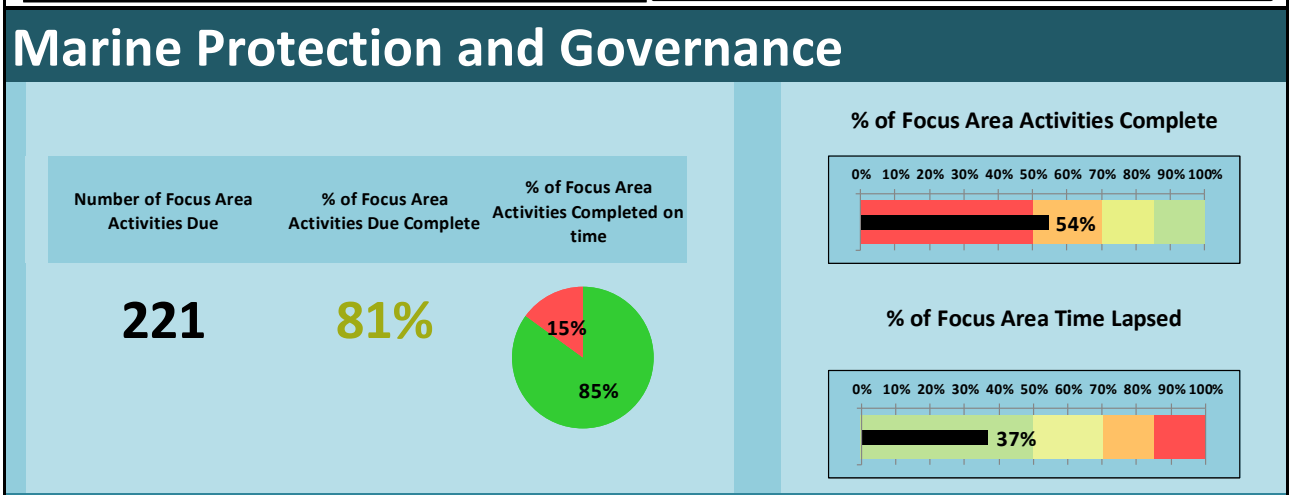
REPORT DATE:	**2017/06/23**
PUBLISH DATE:	**2017/06/30**
NEXT REPORT DATE:	2017/07/07
NEXT PUBLISH DATE:	2017/07/14





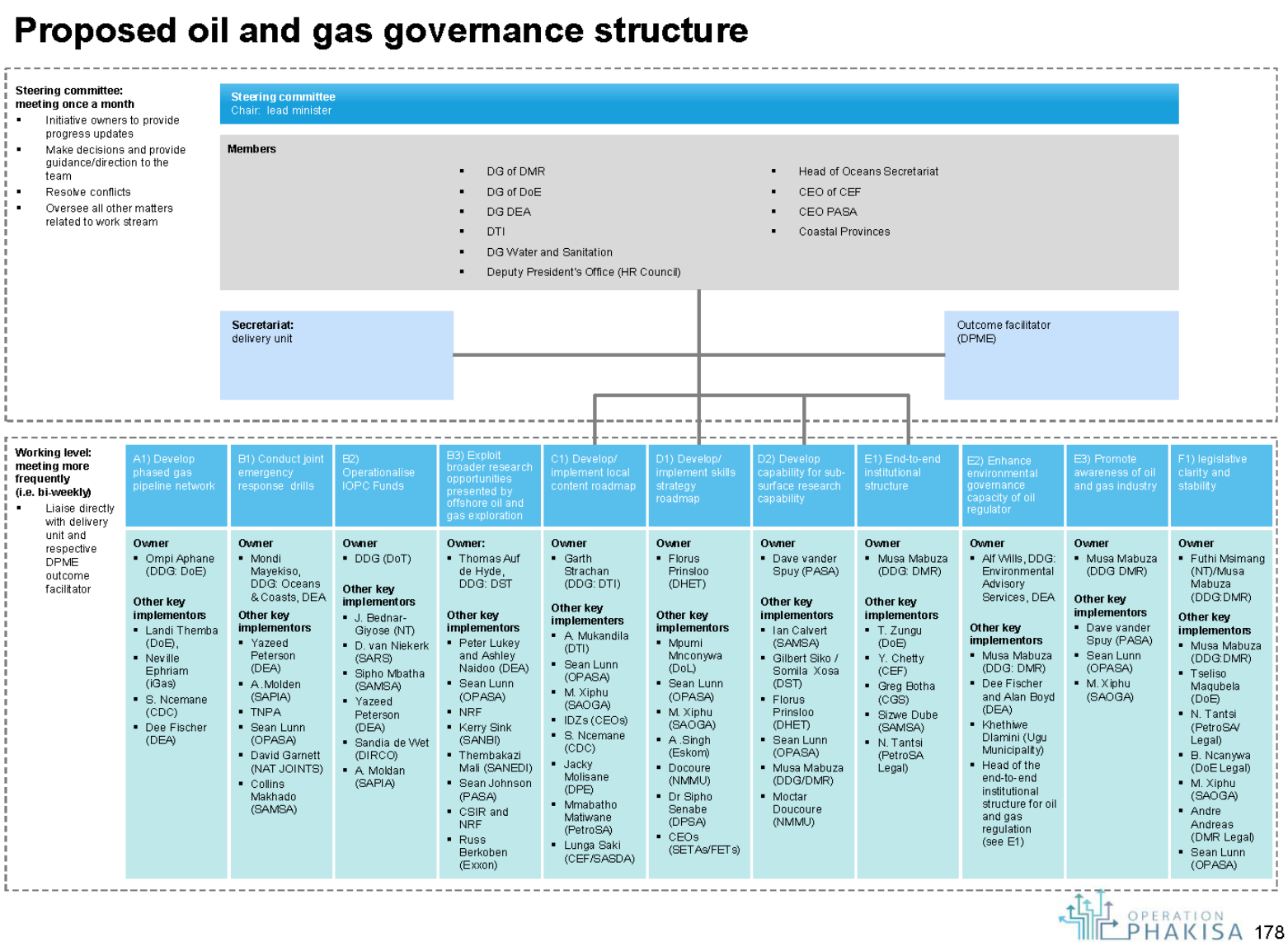






Source: Operation Phakisa Documents (2017b)

Annexure 5: Proposed Oil & Gas Governance Structure



Source: Operation Phakisa Documents (2014d)