

# Operation Phakisa: moving South Africa's Oceans Economy forward

The Department of Environmental Affairs will lead the first implementation of Operation Phakisa. It will focus on unlocking the economic potential of South Africa's oceans, which, it is estimated, have the potential to contribute up to one hundred and seventy seven billion Rand to GDP by 2033 compared to fifty four billion rand in 2010."

H.E. President J.G. Zuma, July 2014

At his State of the Nation Address on 11 February 2016, President Jacob Zuma highlighted the importance of the oceans economy in catalysing economic growth and boosting job creation, as part of government's Nine Point Plan. Operation Phakisa is a major initiative by government to address the triple challenges of poverty, unemployment and inequality in South Africa.

Progress achieved since Operation Phakisa was launched in 2014 include a R7 billion investment in port infrastructure development, following the adoption of a Public-Private-Partnership model by Transnet National Ports Authority (TNPA). Another development has been the launch of a fuel storage and distribution facility in Cape Town, bringing an investment of R660 million. President Zuma further noted: "I am pleased to announce that two bulk carrier vessels have been registered in Port Elizabeth and a third tanker in Cape Town on the South African Ships register and are flying the South African flag."

Operation Phakisa (meaning 'hurry up' in Sesotho) was launched by President Zuma in July 2014, deriving

the concept from Malaysia's Big Fast Results Methodology.

It is a results-driven approach to development, involving various sectors such as business, labour, academia, civil society and government. Through this collective and integrated approach, different sectors work together to develop delivery action plans, set targets, and provide on-going monitoring.

The Ocean Economy Phakisa focuses on:

- Marine Transport and Manufacturing, led by the Department of Transport;
- Offshore Oil and Gas, led by the Department of Mineral Resources;
- Aquaculture, led by the Department of Agriculture, Forestry and Fisheries;
- Marine Protection Services and Ocean Governance, led by the Department of Environmental Affairs;
- Small Harbours Development, led by Department of Public Works; and
- Coastal and Marine Tourism, led by the Department of Tourism.

All initiatives are enabled through skills development and capacity building, led by the Department of Higher Education and Training - and complemented by research, technology and innovation initiatives led by the Department of Science and Technology.

South Africa's coast line is approximately 3000 km (3 900km including the sub-Antarctic islands of

Marion Island and Prince Edward Island in the Southern Ocean). Every year, approximately 30 000 vessels pass through our waters and 13 000 vessels dock in our ports. In addition, 300 million tonnes of cargo on foreign-owned vessels are shipped and 1.2 million tonnes of liquid fuel passes along our coast annually. Government has identified investment in port infrastructure as critical to harnessing this enormous economic opportunity. Over R7 billion has been committed by Transnet National Ports Authority (TNPA) to ensure South Africa's ports have the infrastructure capability to capitalise on these opportunities. South Africa also has the potential to service the oil and gas sector, expanding its capabilities for oil/ gas rig repair and maintenance from the current four rigs being serviced per year. In this regard, specialised infrastructure is being developed through the Public Private Partnership model. In Saldanha Bay on South Africa's west coast, work has already commenced on an Offshore Supply Base, as part of an approximately R9.2 billion Public Private Partnership to develop an oil and gas service complex.

Government will continue to facilitate a favourable investment climate and address existing constraints. To this end, investment amounting to approximately R17 billion has already been unlocked in the oceans economy. The South African government sees the small business sector as crucial to economic growth, and will continue to facilitate opportunities in the oceans economy for small, medium

and micro enterprises SMMEs women, youth and people with disabilities.

Small harbour development, coastal and marine tourism and aquaculture present significant potential for growing rural economies. In the aquaculture sector there have already been a number of successful ventures involving local communities in

aquaculture – with scope to expand further.

The implementation of Operation Phakisa and the Big Fast Results methodology has changed the way government conducts its business. In a move away from a 'silo' approach, it has introduced a new approach of syndication to resolve challenges and

speed up economic development. As noted by President Zuma in his State of the Nation address in 2016:

"It (Operation Phakisa) has compelled government to engage with all stakeholders simultaneously to craft a vision and mechanism for unlocking the economic potential of South Africa's oceans and other sectors.

We thank all our stakeholders for supporting this worthwhile project, which is changing the way government works for the betterment of society and to improve the quality of life of our people."



Front row: President Jacob Zuma, Minister in the Presidency, Mr Jeff Radebe and Minister of Environmental Affairs, Mrs Edna Molewa. Second row: Minister of Agriculture, Forestry and Fisheries, Mr Senzeni Zokwana and Minister of Public Service and Administration, Mr Ngoako Ramatlhodi (at the time of the launch, Minister of Mineral Resources)

## Operation Phakisa to boost job creation

"The implementation of South Africa's Ocean Economy strategy is well on track, thanks to Operation Phakisa, launched by President Jacob Zuma in 2014," says Edna Molewa, Minister of Environmental Affairs and leader of the Ocean Economy Phakisa.

Since its launch, the Operation Phakisa primary focus has been on implementing mechanisms to systematically clear constraints and blockages hampering the development of these projects (initiatives), such as legislative uncertainty, lengthy and bureaucratic authorisation procedures, delays in funding flows, infrastructure challenges and skills gaps.

"By far the greatest registered

success of Operation Phakisa has been the introduction of a 'one-stop-shop' approach to inter-departmental cooperation; thereby reducing turnaround times and speeding up decision making and delivery," continues Minister Molewa. As part of unblocking obstacles to major infrastructure development, Operation Phakisa is currently working on the rehabilitation, upgrade and redevelopment of several small harbours, such as dredging and removal of sunken vessels. A roadmap has also been developed for the proclamation of new harbours in the Northern Cape, Eastern Cape and KwaZulu-Natal.

The successful application of the

methodology has been evident in the Marine Transport and Manufacturing sector Transnet National Ports Authority (TNPA) and Transnet SOC Limited have adopted a Public Private Partnership (PPP) model to finance new Operation Phakisa infrastructure at the Ports of Saldanha Bay, Richards Bay and East London. Moreover they will fund and execute the refurbishment and upgrade of existing Ship Repair Facilities at commercial ports in Saldanha Bay, Port Elizabeth and Durban.

Other important achievements in this sector include private sector investments, that will create an additional 3000 indirect jobs and the registration

of three vessels on the South African Ship register, which are now flying the South African flag and employing South African qualified officers and cadets. In the Offshore Oil and Gas sector, Operation Phakisa is similarly working on the establishment of purpose built infrastructure and clearing blockages that hamper the development of the strategic projects. The Minister for Science and Technology, Minister Pandor, launched the South African Marine Research and Exploration Forum on 30 January 2016. This is a critical partnership between the public sector and private sector extractive industries, represented by the Offshore Petroleum South Africa, to

exploit the broader research opportunities presented by offshore oil and gas exploration to undertake research, using private sector vessels in the interests of South Africa.

"Whether building new ports, or in training more young South Africans for careers in the aquaculture sector, investor interest in our Oceans Economy has been revitalised through Operation Phakisa. The projects continue to hold immense potential as a catalyst for the development of our people, and for our country's economy in general, whilst ensuring the safety and sustainability of our marine environment," concludes Molewa.

## Aquaculture offers real opportunities for SMMEs



Globally, aquaculture supplies almost 50% of the world's fish and it is estimated that by 2030, the world will require an additional 50 tonnes of fish, which will come mainly from aquaculture.

In South Africa, this industry is still emerging and thus the production levels currently remain low, but it presents a great opportunity to diversify fish production and satisfy local and national demand, while contributing to food and nutritional security, stimulating rural development and livelihoods, creating opportunities for SMMEs, export trade and foreign direct investment. The aquaculture sector fosters inclusive economic growth and sustainable development, through local communities' empowerment and its contribution to environmental integrity safeguard.

"There has also been notable progress in the aquaculture sector, where we have focused in the short term on regulatory reform, financing, skills development and access to markets," states Edna Molewa, Minister of Environmental Affairs.

To date, 10 projects are in process in Eastern Cape; Northern Cape; Western Cape and KwaZulu-Natal, with funding secured from the newly established Aquaculture Development Enhancement Programme (ADEP). More than 500 jobs have been created and committed; the sector has realised private sector investment of R338

million with government investment at R106 million, with a projected increase in production of 2901 tonnes. Twelve new projects have been selected and additional 17 new applications are currently in the assessment phase, which also involve Mpumalanga and Gauteng.

Aquaculture projects have the potential to grow the sector's size from approximately R700 million today, to almost R3 billion by 2019. However, the industry faces constraints such as the lack of infrastructure and enabling environment that are being addressed.

As an example the Environmental Impact Assessment and Biodiversity Regulations have been amended and only a basic assessment is now required instead of a full environmental impact assessment. This will certainly reduce the timeframes tremendously and ensure faster implementation. Furthermore, an Inter-Departmental Authorisations Committee has been established in order to streamline application and authorisation processes.

The Department of Environmental Affairs has reviewed the norms and standards for trout and abalone, with funding secured from the newly established Aquaculture Development Enhancement Programme (ADEP). More than 500 jobs have been created and committed; the sector has realised private sector investment of R338



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