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National Treasury
REPUBLIC OF SOUTH AFRICA

OPENING REMARKS BY DIRECTOR-GENERAL, DR DUNCAN PIETERSE, AT THE OPERATION VULINDLELA PHASE II TECHNICAL SESSION LAUNCH

DATE: 07 MAY 2025

Good morning everyone, colleagues in the media and economists and others who have joined us today.

It is a pleasure to welcome you to this technical briefing session on Phase II of Operation Vulindlela or OV.

Today marks the continuation of a reform journey that we started in 2020, almost five years ago. It also provides an important opportunity to sharpen of our focus on what it takes to enable faster, more inclusive, and sustainable growth in South Africa.

To prepare for this technical briefing, I went back to the work we did in 2020, including the various presentations we made to the President and Cabinet at the time to argue why Operation Vulindlela was a necessary intervention and how it was conceived to respond to the challenges we faced at the time.

When Operation Vulindlela was launched in 2020, South Africa was already facing a decade of economic stagnation, deep institutional erosion, and growing fiscal pressure. And when the pandemic came along, it merely accelerated the urgency for reform. It became clear that without targeted and coordinated structural reforms, our prospects for meaningful growth, job creation, and investment would remain out of reach.

In addition, from a Treasury perspective, because growth is so fundamental to fiscal sustainability, an important reason why we became involved in driving this initiative was because of how central it is to ensuring the long-term sustainability of our public finances.

The argument we made at the time was that we needed to design a mechanism to support government, Cabinet and the President to ensure that approved priority structural reforms could be implemented efficiently, effectively and expeditiously.

We wanted to ensure that in its design, OV does not take away the responsibility for implementing reforms from reform implementers (the implementing ministries and departments or entities). In other words, it was very important to ensure that lines of accountability are not blurred.

So, the question we grappled with was how do we design an implementation mechanism where the reform implementing Ministers and departments remain accountable for the implementation of reforms for which they are responsible and OV becomes a “delivery unit” that provides technical support and coordination services to accelerate the delivery of high impact reforms.

The criticism that we faced at the time was that the government is very good at developing economic plans, but not particularly good at implementing those plans. So, the idea was that OV should not be about developing a new plan, instead it should be all about implementation. Gathering the best evidence of what the critical blockages to growth were and ruthlessly focusing on addressing those.

Something else we did at the time was to study the key lessons from successful “delivery units”, and in that process we identified the following:

1. To be successful, we must consistently focus on the implementation of a limited number of priorities because comprehensive approaches tend to result in a dissipation of focus across too many issues, resulting in little progress being made;
2. We also noted that the President or Prime Minister plays key role in engaging with reform implementing Ministers to resolve problems, accelerate progress where necessary, and holding Ministers to account; and
3. Finally, that the mechanism created must be viewed as supportive rather than punitive.

From the start, OV has been distinctive, and we have adapted it to the South African context. It is therefore not a delivery unit in the traditional sense, nor is it an implementing agency. Instead, it acts as a technical enabler — clarifying reform



priorities, tracking progress, escalating matters where bottlenecks arise, and strengthening decision-making with sound data and analysis. This is what allowed OV to operate across government while reinforcing departmental accountability.

An important feature of why Operation Vulindlela works is because it is a true partnership between the Presidency and the National Treasury. Both departments bring a critical lever to the table. The Presidency provides the political authority and convening power to cut across silos and resolve blockages at the highest level. While the Treasury brings the technical depth, fiscal insight, and reform experience needed to shape credible, policy solutions. Together, this partnership anchors OV with both the strategic oversight and the technocratic capacity required to drive complex structural reforms. It is precisely this combination—of political will and economic policy coherence—that has enabled OV to sustain its momentum and credibility over time.

Through Phase I we were able to demonstrate that well-targeted reforms, when implemented effectively, can begin to address some of the most binding constraints on growth. And we saw this most clearly and obviously in the electricity sector where the reform agenda is still ongoing, but the progress made in the last few years has been enormous. Beyond that, we have seen clear progress – whether in unlocking private investment, clearing regulatory bottlenecks, and enabling greater institutional coordination.

While South Africa's overall growth trajectory remains constrained, these reforms have laid the groundwork for stronger performance over the medium term. We have consistently said that we believe South Africa's growth problem is structural, not cyclical and an important feature of the OV reforms is that they target the underlying structural constraints to growth and therefore aim to raise our potential growth rate. As a result, the economic impact of the implementation of these reforms become visible over time, rather than in the immediate term.

Phase II, which we are launching today, builds on this momentum, with an emphasis on deepening the implementation of existing reforms, including alleviating load shedding, improving the performance of the logistics system, reducing the cost of data, improving our water supply, and enabling the country to attract the skills it needs.



Additionally, we are also expanding into new reform areas that are critical for inclusive and sustained growth.

Phase II will therefore target both long-standing and emerging constraints on economic growth. The new reform areas that matter for inclusion, resilience, and spatial equity, include:

- Strengthening the effectiveness of local government service delivery, especially in metros.
- Leveraging digital public infrastructure to modernise state capabilities and unlock economic participation.
- Driving urban densification and spatial integration to reduce transport costs and connect people to opportunity.

What will make Phase II successful is not just what we do, but how we do it.

We are building on the lessons of Phase I and embedding clear theories of change for each reform area, setting measurable targets, and ensuring that coordination mechanisms—such as sectoral task teams—are fit for purpose. Crucially, we will expand access to technical expertise, both within and beyond government, and adopt a more dynamic approach to managing reform execution risk.

Our challenge is execution at scale. We need to mobilise the full capacity of the state, crowd in the private sector, and create the conditions for markets to work more effectively. This means creating an enabling environment for investment into key sectors of the economy.

Of course, the relevant departments are critical in this regard as the implementers and the problem-solvers. From the Treasury's side, we are enhancing our fiscal instruments and guarantee frameworks to enable blended finance, particularly in sectors like transmission, freight rail, and water. In addition, we will ensure that the budget that the Minister will table later this month speaks to the priorities outlined here today.

Ultimately, Operation Vulindlela is about building and reinforcing credibility. Credibility that government can deliver on its reform agenda. Credibility that institutions can work



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together effectively and that reform commitments translate into real progress—into jobs, infrastructure, and a more resilient economy.

In closing, I want to thank the media and technical partners for their ongoing support.

I also want to thank our hard-working teams in the Presidency, National Treasury as well as the various departments, entities and other stakeholders that are key to making the second Phase of OV a success.



Nkwama wa Tiko • Gwama la Muvhuso • Nasionale Tesourie • Lefapha la Bosetshaba la Matlotlo • uMnyango wezezimali • Litiko leTetimali taVelonkhe
Tirelo ya Matlotlo a Bosetshahaba • Tshebeletso ya Matlotlo a Naha • UMnyango weziMali • Isebe leNgxowa Mali yeLizwe