Each Canadian department has professional evaluation and research met with the Department of Foreign Affairs, Trade and Development performance information to improve decision-making. The team also September 2014 to investigate how the country's departments use performance information in decision-making.

GTAC has developed products and helped government departments TAU, learnt how the Canadian government applies results-based outcomes-based thinking has been central to public-sector planning to manage funded projects in different countries.

The lessons learnt need to be distilled into principles, which can then links between two recently completed expenditure and performance reviews on human settlements and public transport. The findings

The Neighbourhood Development Programme is an example of South Africa’s cities are relatively low-density and fragmented, should facilitate private sector investment in housing, taking into human settlement and public transport. Any public interventions the corridors within cities with diverse activities should improve which increases infrastructure and services costs. Densifying

6.

5.

4.

The sphere-scope gives project teams a practical opportunity to managing project portfolios.

We generate ideas as government; knowledge. However, there is a need for an intermediating function that can convert the ideas into reality. I see GTAC playing that role. It is difficult, in the infrastructure sector, to actually get the projects implemented.

Tumisang Moleke left the private sector to join Treasury’s Public-Private Partnership (PPP) Unit in 2005. With his experience as a transaction advisor and his development, finance and accounting training, Tumisang is well-equipped to run the unit. The unit, created in 2008, has funded 24 large and complex PPP projects across a range of sectors, including the Inkoski Albert Luthuli Hospital, offices for the Department of International Relations and Cooperation and the Department of Environmental Affairs and Tourism in Pretoria, the Malelyeni Eco-Tourism project and the Gautrain.

The PPP Unit’s original sole mandate was to help assess and procure national, provincial and municipal PPPs. In March 2012, the Government Technical Advisory Centre’s (GTAC’s) mandate was expanded to provide specialised support for high-impact government initiatives and to advise on the feasibility of infrastructure projects. The Budget Office is now responsible for regulating PPPs, while the PPP Unit continues to provide government institutions with assessments, procurement support and technical advice for non-PPPs.

The new non-PPP (“gateway”) approach focuses primarily on large infrastructure projects that need pre-feasibility and feasibility studies to ensure affordability and efficiency. For example, the unit has used this gateway approach to manage two large infrastructure projects: the Passenger Rail Agency of South Africa (PRASA) project to replace its train carriages and the Department of Energy’s Renewable Energy Independent Power Producers Programme (page 2 for more detail on this).

The PRASA project, estimated to be worth more than R53 billion, aims to replace all ailing Metrorail carriages. It is a complex, technology-intensive procurement project, with large industrial components and significant potential to create jobs. The procurement process involves considerable interaction between the National Treasury, PRASA and suppliers due to the programme’s size and the need to phase costs in over a multi-year procurement period. The project’s outcome aligns with the National Development Plan, with a focus on local procurement. It entails a 10-year build and 18-year maintenance project, which provides an opportunity to build production capacity and sustainably enhance skills.

Tumisang sees a bright future for the advisory centre: “GTAC will generate ideas and the PPP Unit will play an intermediary role to convert the ideas into reality. We can now focus on technical assistance for these large transactions.”

Also in this edition

Renewable Energy 2 | Project Progress 3 | We talk to...
The Renewable Energy Independent Power Producers Programme

The South African experience suggests several key lessons for successful renewable energy programmes in other emerging markets. For example, it’s evident that private sponsors and financiers are more than willing to invest in renewable energy if the procurement process is well designed and transparent, transactions have reasonable levels of profitability, and key risks are mitigated by government. Renewable energy costs are falling and technologies such as wind turbines are becoming competitive with alternatives. Furthermore, renewable energy procurement programmes have the potential to leverage local social and economic development.

The National Development Plan sets a target of 20 000MW of new-build generation capacity from renewable sources by 2030. This is half of the overall new-build capacity target. The Green Energy Strategic Infrastructure Project aims to deliver a third of this (6 900MW) through independent power producers by 31 March 2019. These renewable technologies include onshore wind, solar photovoltaic, concentrated solar power, biomass, landfill gas, and small hydro power.

The Renewable Energy Independent Power Producers Procurement Programme (REIPPPP), established in 2011 under the custodianship of the Department of Energy and supported by the National Treasury and the Development Bank of Southern Africa, facilitates the bid process. Four bid windows have been released so far and two windows contracted with 47 projects. Most of these projects are for photovoltaic and onshore wind technologies. Another 17 will be concluded before the end of 2014. The total energy generated will exceed 3 900MW.

The projects are located across South Africa, with the Northern Cape and Eastern Cape (the two provinces with the most significant rural and economic challenges), attracting the most investment. The private sector has invested more than R120 billion in the programme to date.

The REIPPPP is helping South Africa reduce its carbon footprint and lower the price of renewable energy to competitive levels. The price of solar photovoltaic power reduced by about 49% in bid windows 1 to 3 and onshore wind and concentrated solar power technologies reduced by about 60%.

According to the Public-Private Infrastructure Advisory Facility 2014 report, “REIPPPP also highlights the need for effective programme champions with the credibility to interact convincingly with senior government officials, effectively explain the programme to stakeholders, and communicate and negotiate with the private sector. Finally, REIPPPP demonstrates that whether an FIT (feed-in tariff) or competitive tender is chosen, private-sector project developers need a clear procurement framework within which to invest.”

Broadband strategy update

GTAC is helping the Department of Telecommunications and Postal Services roll out the first phase of the digital development pillar of the South Africa Connect Policy, which will connect schools, health facilities and other government buildings in 10 pilot districts. The National Health Insurance Initiative chose the districts.

1. There has been significant public investment in human settlement since 1994 and, more recently, in public transport. But, given the current delivery and expenditure rates, it could take more than 30 years to clear the housing backlog. To address this backlog, government needs to plan and implement integrated accommodation and transport options that respond to different household needs and demands.

2. Human settlement and public transport programmes should focus on implementation modalities. Government needs to improve its modelling of the fiscal and economic effects of various options and the associated trade-offs.

3. Urban housing, spatial form and mobility interventions are interdependent and need to be managed to minimize negative effects. Strategic trade-offs need to be made between conflicting issues such as cheap land versus transport costs.

4. South Africa’s cities are relatively low-density and fragmented, which increases infrastructure and services costs. Denying the corridors within cities with diverse activities should improve human settlement and public transport. Any public interventions should facilitate private sector investment in housing, taking into consideration the long-term cyclical nature of investments in the built environment.

5. Responsibility for implementing and coordinating an integrated approach to housing and public transport, including built-environment functions, functions could be fruitfully devolved to metropolitan municipalities. Incentives must be offered for integrated planning and implementation.

6. The Neighbourhood Development Programme is an example of innovative thinking. This innovation needs to be consolidated into a national framework, with a consistent and coherent government programme that addresses the interdependencies between space, mobility, settlement and housing, and service delivery.

Managing for results: Lessons from Canada

Outcomes-based thinking has been central to public-sector planning and reporting since 2006. The former Technical Assistance Unit, TAU, learnt how the Canadian government applies results-based management (results = define + measure + manage) from Canadian experts in a local workshop two years ago. Since then, GTAC has developed products and helped government departments define their strategies and improve their performance measurements. However, more work needs to be done on methodically using performance information in decision-making.

Lessons from Canada

A team of government officials, including GTAC, visited Canada in September 2014 to investigate how the country’s departments use performance information to improve decision-making. The team also met with the Department of Foreign Affairs, Trade and Development Canada (DFATD), GTAC’s main donor, to discuss the models used to manage funded projects in different countries.

Strategy supported by information and evaluation

Each Canadian department has professional evaluation and research capacity, and it is now mandatory to perform rigorous programme evaluations every five years. These evaluations are available to the public online. Performance information is also provided to decision-makers at an operational level. For example, Canada’s citizenship and immigration department uses a detailed monthly dashboard to assess its progress against disaggregated targets. As a result, the department’s success rate is 99.6%.

Learning in a South African context

It is difficult to apply systems used in other countries to a local context, particularly if countries are in different development stages. The lessons learnt need to be distilled into principles, which can then be reinterpreted within the local context. South African departments do not currently have the capacity to engage in wide-ranging research and evaluation projects, but would benefit from using performance information to improve decision-making.

The team ended its trip by presenting a lecture on its experiences of results-based thinking in the public sector. The delegation returned to South Africa with a number of ideas to improve practices within our own government.

In the photo above:
GTAC, Department of Home Affairs and Department of Public Works delegation with the Canadian hosts, Public Safety Canada.
GTAC is helping the Department of Telecommunications, The Broadband strategy and Eastern Cape (the two provinces with the most significant rural and wind technologies. Another 17 will be concluded before the end of 2014.

The Development Bank of Southern Africa, facilitates the bid process. Four the Department of Energy and supported by the National Treasury and hydro power.

The Renewable Energy Strategic Infrastructure Project aims to deliver a third of this by 2030. This is half of the overall new-build capacity target. The Green Independent Power Producers Programme programmes in other emerging markets. For example, it's evident that private sponsors and The South African experience suggests several key lessons for successful renewable energy

procurement and financing.

Treasury’s obligations. The unit has started designing the minimal communicated with ratings agencies and helped analyse the National package for Eskom. They finalised a preferred scenario model with Eskom, with the private sector. Finally, REIPPPP demonstrates that programme to stakeholders, and communicate and negotiate champions with the credibility to interact convincingly

with senior government officials, effectively explain the

culture change and action learning. Our approach to rapid results is a variant of the big-fast results approach adopted by the Presidency to improve public service delivery.

What is your role in GTAC?
I advise and provide technical support to municipalities on PPPs including water services, fleet management, waste management and office accommodation. I also supervise the work undertaken to support municipal service delivery efforts by my colleagues in the PPP division. My duties are not limited to the municipal sphere, as I also support provincial and national departments with office accommodation PPPs. With the expanded role of GTAC, I am also working with colleagues in other divisions of GTAC on a host of different service delivery projects across all spheres of government.

What are you working on at the moment?
I am assisting in the implementation of the Stats SA office accommodation PPP as to which I am the Senior Project Advisor. The procurement of the private party service provider concluded a couple of months ago, so now my attention has turned to supporting the development phase of the project. I’m also working with various public and private entities whose focus is the development of affordable housing.

What is your favourite part of your job?
Adding to my exponential base with the completion of the different project I work on.

How do you personally contribute to GTAC’s work?
I am able to provide support, particularly to municipalities, in scoping their infrastructure projects and helping them assess and determine the appropriate choice of the various solution options identified. Then I help these clients assess their capacity to implement the project and assist them, where warranted, in outsourcing the necessary expertise. With these experts I continue to support the client through the entire PPP processes from inception to completion.

James Aiello

What is your role in GTAC?
As senior project advisor in the PPP division, my role is varied. I am part of the team responsible for procuring IT systems and I help support the Budget Office’s one-stop border-post initiative. I also put together guidelines for special economic zone PPPs. I am involved in other aspects of legislation related to this, which includes designing one-stop shops, building capacity for the governance of special economic zones and helping industrial development zones transition to special economic zones.

What are you working on at the moment?
The PPP division is working with the Department of Trade and Industry to develop a set of guidelines for developing national, provincial and municipal special economic zone PPPs. I also support learning activities around special economic zones in the Eastern Cape. I am advising the National Metrology Institute of South Africa on the feasibility of procuring new laboratory and office space as a PPP.

What is your favourite part of your job?
I enjoy taking an idea and implementing it, even if it takes a while.

How do you personally contribute to GTAC’s work?
I am a lawyer by training and have practised county, state and federal law in the United States. I have been involved with government PPPs since 1965. My experience on three continents advising public institutions on PPPs has provided me with an international perspective on providing government services.

Bruce Dzenga

Bruce Dzenga is joining GTAC as a deputy director in the National Capital Projects Unit, where he will be responsible for reviewing and analysing infrastructure projects. He has eight years of international experience in asset valuations, financial modelling, due diligence reviews, financial analysis, research and business development.

Bruce has worked as a development finance specialist and consultant in diverse fields, including corporate, infrastructure and new energy finance environments. He has worked for companies such as Bloomberg New Energy Finance, Ngubane & Co and Renaissance Bank. Bruce completed his masters in Development Finance from the University of Stellenbosch Business School and holds a B.Com (honours) in Banking and Finance. He contributes regularly to development and economic journals, such as Corporate Social Responsibility and Development Finance. Bruce is always on the lookout for new philosophies and innovations – please come and chat to him in the National Capital Project office on the 25th floor.
Each Canadian department has professional evaluation and research capabilities supported by information technology and a Strategy to investigate how the country’s departments use outcomes-based thinking in decision-making. A team of government officials, including GTAC, visited Canada in 2014 to learn how the Canadian government applies results-based management and reporting since 2006. The former Technical Assistance Unit, GTAC, has developed products and helped government departments improve their information to improve decision-making.

Outcomes-based thinking has been central to public-sector planning and the associated trade-offs. Strategic trade-offs need to be made between conflicting environmental functions, functions could be fruitfully devolved to metropolitan municipalities. Incentives must be offered for the department’s success rate is 99%.

Responsibility for implementing and coordinating an integrated planning and implementation. To address this backlog, government needs to plan and implement integrated human settlements and public transport. The findings from these completed expenditure and performance reviews on human settlements and public transport. Any public interventions to metropolitan municipalities should facilitate private sector investment in housing, taking into consideration modalities. Government needs to improve its information to improve decision-making.

South African departments do not currently have the capacity to engage in wide-ranging research and evaluation and the associated trade-offs. The delegation returned home with a practical opportunity to conceptualise and manage projects with a lens on equity and equality, offering insight and interrogating the processes they are engaged in. The sphere-scope allows a project team to “spin the sphere” to pertinent issues that should be considered when working on the rights of women, children and people with disabilities. It was well received at a proposal writing and project management workshop hosted by the postgraduate school of the University of the Free State. The universities of the Free State and Johannesburg use this tool, and it is being rolled out in national and provincial departments for managing project portfolios.