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Operation Vulindlela: Opening the road

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Operation Vulindlela is a joint delivery unit of the Presidency and the National Treasury, established in 2020 to implement a limited set of reforms identified in a 2019 National Treasury growth paper. Its first phase covered electricity generation licensing, water-use licences, work visas, freight rail and ports, and telecommunications. A second phase extends to metro rail, municipal water services, local government finances and digital government. This article sets out what each of those reforms involved, and where the programme now stands.

Early in Cyril Ramaphosa's first term as president, a group of policymakers convened to analyse just how dire the condition of the South African economy was and to discuss what needed to be done.

Their discussions grew into a landmark paper, later published by the National Treasury, entitled [‘Towards an Economic Strategy for South Africa’](#):

‘The current state of the South African economy is unsustainable. Low economic growth entrenches poverty and inequality. High income inequality aggravates social fragmentation and poses a risk to economic growth. Inequality contributes to extremely divergent views, which make compromises difficult—the resulting stalemate and policy uncertainty can contribute to economic weakness.’

GDP per capita had declined since 2015, unemployment had risen from already high levels, and productivity growth was slow, ‘and appeared to be slowing,’ the paper warned.

At the time, Nhlanhla Nene was the finance minister of South Africa. He had urged the Economic Policy team to come up with a strategy for growth.

The paper identified a litany of development blockages: inefficiencies in energy and logistics, poor education and a severe skills shortage, arcane regulations that worked against small businesses, entrenched spatial inequality and high travel costs.

Duncan Pieterse, now Director-General of the National Treasury, who coordinated the paper, recalls how, after Nene had resigned in 2018, the then-newly appointed finance minister, Tito Mboweni, had told him he was going to release it to government.

It was an unorthodox move in a context where policy papers usually go through a series of hurdles including clusters of Directors-General, Inter-Ministerial Committees, and Cabinet

Committees. The then-ruling party, the ANC, was reportedly displeased at being out of the loop.

But the late Mboweni held his ground. The economy, especially after years of load shedding, was, if not on the cusp of disaster, close to it. In an interview, Pieterse said:

‘We knew that at some point the lack of growth was going to make fiscal sustainability impossible to achieve. And so, the idea was to work both concurrently on fiscal sustainability and a plan for structural reform and growth.... If growth did not come at some point, the pressure that the fiscal heavy lifting would have to do would be unbearable.’

Operation Vulindlela

The paper identified a number of structural reforms to boost economic growth. The 2019 National Treasury paper arrived just as the Project Management Office (PMO) was being established in the Presidency as a ‘delivery muscle’. Operation Vulindlela thus emerged as a joint delivery mechanism between the Presidency and National Treasury for a far-reaching economic reform programme. It was launched a year later in 2020 after Finance Minister Mboweni (who named it) decided that the growth reforms outlined in the paper were meaningless without a dedicated team to drive their implementation. The ethos of Vulindlela (‘open the way’) was, and is, to single out key blockages to economic growth that could be tackled effectively and quickly, with as few bureaucratic delays as possible.

The initial Operation Vulindlela team was led by Duncan Pieterse, then Head of Economic Policy in the National Treasury, and Sean Phillips, who is now the Director-General of the Department of Water and Sanitation. On the Presidency side, the team was led by Rudi Dicks, the Head of the President’s PMO, and Saul Musker, the Head of Strategy and Delivery Support in the PMO.

Operation Vulindlela was launched in the aftermath of one of the worst national crises to hit South Africa since democracy—the COVID-19 pandemic. The first phase focused on reforms in a handful of major sectors: energy, water, transport and freight, visa reform, and telecommunications. The project was—and is being—run by a small team from the President’s Office and the National Treasury. This presents a caveat. As Rudi Dicks warns, ‘It is not sustainable to run government like this.’

But there is also a positive—it enables a team to single out the most important blockages to growth with the backing of the finance minister and the President. ‘You don’t want to boil the ocean,’ says Dicks. ‘You want to single out the most critical issues [in growing the economy].’

Many were supply constraints, which policymakers have more control over than demand. To tackle these, government needed to be able to deliver and implement with speed - it is often criticised for being strong on policy positions but weak on implementation. The Operation Vulindlela team therefore adopted a governance concept made popular by the British academic Michael Barber, who worked for the Blair administration in the UK in the early 2000s: [‘deliverology’](#). It was deliberately not comprehensive, but rather focused on a limited number of priority reforms.

Sean Phillips recalls how perhaps the biggest single supply-side crisis—load shedding—was dealt with before Operation Vulindlela: Directors-General within the energy cluster reported to Cabinet, but there was ‘little strategic view’ on how to address the energy deficit. ‘In typical style, all they did was to report positively about themselves.’

Energy

Organised business lobbies such as Business Unity South Africa (BUSA) had met with the Mineral Resources and Energy ministry and the Presidency several times about the escalating crisis in the economy caused by load shedding. Although there were attempts to ameliorate the crisis, there was no systemic approach to solving it. Partly this was the result of a political reluctance to allow in more private-sector players. Operation Vulindlela facilitated a key reform in the first phase that lifted the licensing threshold for Independent Power Producers, which previously had been restricted to supplying energy only to the Renewable Energy Independent Power Producer Procurement Programme (REIPPP). But they required a licence from the National Energy Regulator of South Africa (NERSA) for embedded generation projects with a capacity of more than 1 MW, and even then, they could supply only a limited amount of electricity to a single customer and not to the grid. ['This licensing requirement was described as onerous and hindered the development of the private generation energy sector.'](#)

Operation Vulindlela identified the 1 MW threshold as a key obstacle to the private sector's involvement in generating electricity and, through regulatory amendments, facilitated the [lifting of this threshold to 100 MW in 2021](#). This was a 'turning point to encourage private sector participation', according to the [SA-TIED case study on the reform](#).

At the end of 2022, the licence requirements were lifted altogether, and Operation Vulindlela worked with NERSA to cut regulatory red tape and speed up approvals. Timelines for assessing the environmental impact of producers have also been [reduced from 100 days to 57 days](#). This means capacity can be added to the grid more quickly. In three years, the pipeline of confirmed private investment in renewable energy projects has increased from 4,000 MW (in March 2022) to more than 36,000 MW and continues to grow.

This 'simple' reform, says Pieterse, has not only strengthened energy security but 'you are also derisking the fiscus because private companies are building (plants) themselves, probably quicker as well.'

Water

Water supply, like energy, is a systemic problem for the country.

During the Mandela administration, raw water was effectively nationalised. A new law largely removed riparian rights from property owners. Importantly, it also distinguished between a water services authority and a water services provider.

Sean Phillips explains:

'The job of the Water Services Authority is to see that water services are provided according to standard. The water service provider is the body that actually delivers the service. So (for example), you can say that the City of Johannesburg is the Water Services Authority and Johannesburg Water is the water service provider.'

The problem, though, as is manifest in cities such as Johannesburg, is that municipalities do not 'ring-fence' the revenue they get from water. This means there is no legal obligation to use the revenue to maintain infrastructure—and in many cases, such as Johannesburg, cities do not do this. Most of the revenue goes to pay salaries.

Water-use licences stem from the same legislation that nationalised most raw water. However, agriculture and industry can apply for water-use licences to access large volumes of water for production processes.

Applying for a licence was often lengthy and tedious. But after the intervention of Operation Vulindlela, the Department of Water and Sanitation was able to clear a backlog of 1,000 applications and [reduce the turnaround time from 300 days to 90 days](#).

An [SA-TIED paper by Natalie van Reenen and Georgina Ryan](#) estimated that this relatively simple reform has contributed ZAR 56.5 billion to GDP and added about 2,500 jobs to the economy since 2022.

Agriculture is the biggest water user, followed by mines, industries, and, of course, municipalities. Forestry companies, for instance, struggled to get water-use licences so they could plant new seeds and expand forests, 'And that's a big export earner for us,' says Dicks.

Visa reform

An easier process to obtain visas is essential for both the supply of skilled labour and the tourism industry.

The original growth paper found that the immigration of skilled people was essential for growth 'because of the number of unskilled people that skilled people bring into the labour market,' according to Pieterse. 'Our skilled visa system was dysfunctional, so the base was quite low and the potential upside quite high.'

A comprehensive review of the work visa system was completed, and a [Points-Based System for Critical Skills Visas and General Work Visas](#) has since been implemented to create more flexible pathways for skilled workers. Further reforms also resulted in the development of a Remote Work Visa and the establishment of a [Trusted Employer Scheme](#) to create a fast-track process for major investors.

By mid-2025, after intervention by Operation Vulindlela, Home Affairs had [cleared a backlog of more than 300,000 visa applications](#), some dating back more than a decade. In addition, it fast-tracked tourist visas for more than 100,000 tourists, including from new source markets like India and China, and instituted an online visa application system.

The second phase

Phase 2 of Operation Vulindlela was launched last year. Much of it is built on some of the successes of the first phase, but it also singled out new priorities.

Among these were:

- securing the energy supply and completing the restructuring of Eskom,
- transforming ports and rail to boost exports,
- ensuring a reliable supply of safe drinking water,
- creating 'dynamic and integrated cities',
- improving internet access and data exchange for citizens and government, and
- finalising the visa reform programme.

Cities and municipalities

One of the key challenges in cities is persistent spatial inequality. People live far from their places of work, and the concomitant transport costs are particularly burdensome for much of the urban population. One estimate by [economist Andrew Kerr](#) was that most working South Africans spend up to 40% of their income on transport. Much of that goes on

expenditure on taxis because other public transport options, such as rail, were essentially dysfunctional.

Solving spatial inequality is a longer-term option than improving transport networks.

So, to ease the effects of spatial inequality, Operation Vulindlela is focusing on (re)creating a functioning metro rail system that moves 450 million passengers a year in the big cities and with a train every five minutes in peak hours. This envisaged passenger load would be slightly above what it was before COVID-19—but much more than it is currently. After COVID-19, it dropped to 50–70 million passenger trips a year.

This year, Passenger Rail Agency of South Africa (PRASA) has been allocated an additional ZAR 23.1 billion in the National Budget to upgrade telecommunications and signalling systems, making it one of the country's biggest capital projects, according to Pieterse.

Logistics

In the logistics sector, Operation Vulindlela reforms have resulted in the adoption, in December 2023, of the [Freight Logistics Roadmap](#). An important milestone has been the publication of a [Network Statement](#) in December 2024 for the freight rail network to enable third-party access for private rail operators. For the first time, private-sector participation was also introduced at the Port of Durban, the largest container terminal on the continent. The National Logistics Crisis Committee (NLCC) in partnership with the private sector is working towards improving rail and port volumes and efficiency, as well as implementing the Freight Logistics Roadmap.

Water

Water is another critical function that needs fixing. Phillips says a massive 73% of municipalities are 'in a poor or critical state when it comes to their water function.'

And it is getting worse. According to Phillips,

'The whole fiscal model is that water is supposed to be financially self-sustaining, like electricity. So there are infrastructure grants to address backlogs that go to municipalities, and municipalities are supposed to use a portion of their equitable share to fund the provision of free basic water to the indigent.... Treasury doesn't give any grants to municipalities apart from that equitable share for them to fund operation and maintenance of water services.'

Arguably, one obstacle is a constitutional one. Section 139 of the South African Constitution stipulates that only the relevant provincial executive may intervene if a municipality does not fulfil its legal obligations—and there are time limits to that intervention.

But the issue of not ring-fencing water revenue for infrastructural maintenance is a pressing one. Currently, there is an amendment to the Water Services Act 108 of 1997 before Parliament which will give national government more capacity to intervene in municipalities to regulate water revenue management.

This forms one of Operation Vulindlela's priorities in its next phase. The City of Johannesburg, for instance, estimates in its [2025/26 to 2027/28 Medium-Term Budget](#) that it will collect ZAR 11.9 billion in revenue for water, but will spend only ZAR 1.3 billion on water infrastructure.

Local government

The water crisis, says Phillips, is a symptom of the crisis that afflicts almost two thirds of local governments in the country.

According to the [2026 Budget Review](#), the situation is dire: 29 municipalities are under mandatory financial recovery plans, 88 have unfunded budgets 'and limited capacity' to maintain infrastructure. Furthermore,

'The key factors in municipal financial instability are weak revenue collection, poor credit control and lack of financial discipline. Rising electricity and water input costs intensify financial pressures, but the accumulation of arrears largely reflects failures to bill accurately, collect revenue consistently, and ring-fence and remit collections for bulk services.'

The National Treasury has announced a 'shift to active structural intervention to reverse poor performance in provinces and municipalities'.

A new [Draft White Paper on Local Government](#) is on the table to forge a path for intervention. As Dicks says:

'What do you do when you can see Rome's burning away there.... How do you make sure that you can intervene much earlier on?'

Digital transformation

Reducing South Africa's [high cost of data](#) has been a key focus for Operation Vulindlela.

The reforms in telecommunications have brought down the costs of data from ZAR 149 for 2GB of data to ZAR 99. The migration from analogue to digital, long overdue, is finally underway.

A key component of [digital transformation](#) has been enabling the integration of databases to improve information flow and to protect against fraud.

The results have been notable. The South African Social Security Agency (SASSA) gets about 17 million applications a year for the Social Relief of Distress (SRD) grant. Only about 7–8 million of those are approved once SASSA has checked would-be beneficiaries' bank accounts, according to Pieterse.

Last year, the National Treasury asked the Social Development cluster to ensure more application verifications for all social grants—not just the SRDs. On average, initial estimates indicate that about 10% of those who apply for the range of grants—child support, pension, or disability—do not qualify. 'We spend ZAR 286 billion in social grants a year,' says Pieterse. 'Now if 10% of ZAR 286 billion is paid to fraudulent beneficiaries, that is a huge fiscal leakage.'

Operation Vulindlela is also driving a new e-procurement system in government to improve integrity in the system by digitising all steps of government procurement. It will cost about ZAR 150 million, but as Pieterse says, out of a budget of ZAR 2 trillion, 'it's a very small investment to make for the kind of outcomes we are trying to get.'

Conclusion

In the Foreword to the [2026 Budget Review](#), Pieterse writes, 'Determined action has put the country's public finances on a sustainable footing.... The outlook for economic growth is

improving as reforms gather pace. Our public finances are emerging from the fiscal wilderness.'

For the Operation Vulindlela team, it has often involved going toe-to-toe with incumbent politicians or public officials. It helps that both the President and Minister of Finance are driving the reforms. The Minister of Mineral and Petroleum Resources, Gwede Mantashe, once said publicly, in relation to the proposed Eskom restructuring, that the President had [‘twisted his arm’](#).

Afterwards, a team member joked that there must be ‘a number of twisted-off arms in Rudi’s office’. But while there may be pain, the fact that a focused team has been able to cut through the obstacles in the priority areas has, so far, mainly spelled progress.

Pippa Green was commissioned by [SA-TIED](#) (Southern Africa – Towards Inclusive Economic Development), a research programme run by UNU-WIDER with the National Treasury, to write a [report](#) on [Operation Vulindlela](#).

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