

The Blue Economy, Climate Change and Resistance to Ocean Commodification:

# *South Africa's Operation Phakisa, shipping and offshore oil-gas drilling*



**Patrick Bond** (Univ of KwaZulu-Natal Centre for  
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presentation to the workshop

## **Climate Crisis and**

## **Just Transitions:**

**Democratic Eco-Socialist Alternatives  
for South Africa and the World**

**for Wits University Press**

**Democratic Marxism Series - Volume 3**

**31 July - 2 August 2015**



“If all sectors implement the measures to fight climate change at the same time, together we can build the **biggest mitigation buffer** against climate change. We can save our country and the world for future generations. Our economy will become resilient to the possible effects of climate change only when we take bold steps like the **reduction of emission of carbon dioxide** and other gases that lead to increasing global temperatures.”

– Jacob Zuma, 17 October 2014

## The treasure beneath our oceans

October 19 2014

**An ambitious plan to exploit potential off-shore oil and gas reserves has been unveiled, writes Fiona Forde.**

Johannesburg - Earlier this week **President Jacob Zuma launched Operation Phakisa** at the Durban International Convention Centre, yet despite its huge importance for the future of South Africa and its economy, it has managed to slip under most radars.

In short, Phakisa is about **tapping into our off-shore oil and gas reserves**, which international oil giants say are enormously significant, as well as some other areas of our oceans' economy.

The **headline results are staggering** and suggest that if the resources tied up in our oceans are unlocked without any further delay, they have the potential to contribute approximately **R177 billion to GDP in 20 years from now, compared to the current contribution of R54 billion.**

## **The Blue Economy, Climate Change and Resistance to Ocean Commodification: *South Africa's Operation Phakisa, shipping and offshore oil-gas drilling***

**In October 2014, South African President Jacob Zuma announced that by 2020 \$7 billion in investments will be made in 30 offshore oil and gas rigs by Total, ExxonMobil, Shell, Anardako and other drillers, in search of 9 billion barrels of oil and 60 trillion cubic feet of gas. A plethora of platforms will accompany the National Development Plan's proposed refinery boom, including a \$25 billion South Durban port-petrochemical complex expansion and a new \$8 billion Port Elizabeth PetroSA refinery. Yet the same week, Zuma enthusiastically pledged "the biggest mitigation buffer against climate change. We can save our country and the world for future generations." The glaring contradiction can be explained by a helter-skelter process that unfolded in July-August 2014 at Durban's Riverside Hotel: a 'Big Fast Results' methodology borrowed from Malaysia. More than 650 experts and officials took part in brainstorming what is an envisaged \$18 billion annual 'Blue Economy' ocean commodification drive. But the resulting Operation Phakisa ('Be Quick' in Sotho) illustrates not only haste-makes-waste public policy without substantial ocean-user and environmentalist inputs; it also suggests that if you 'see like a state,' then the existing negative 'general public perception' about oil and gas exploration is explained by the public's alleged 'general lack of knowledge' and 'lack of understanding' regarding South Africa's admirable governance systems, especially relating to fossil fuels.**



----- Forwarded Message -----

Subject: FW: Ship "TORM" moored off north end of Umdloti

Date: Sat, 1 Aug 2015 13:06:28 +0200

From: Desmond <desmond@sdceango.co.za>

To: Christopher.fennemore@durban.gov.za, 'Peter Roberts' <Peter.Roberts@durban.gov.za>, 'Ronnie Naicker' <ronnie.naicker@durban.gov.za>, 'Pillay Renelle (DBN)' <pillay@dwa.gov.za>, 'Nitasha Baijnath-Pillay' <NBPillay@environment.gov.za>, StarkeyA@dwa.gov.za, 'Tandiswa Jacobs' <Tjacobs@environment.gov.za>, 'Bongumenzi Gumbi' <BGumbi@environment.gov.za>, 'Sonnyboy Bapela' <SBapela@environment.gov.za>, 'Sibusiso Shange' <Sibusiso.Shange@durban.gov.za>

Hi Everyone,

This ship [attached photo ] was dumping sewerage at sea off Umhlanga in Durban for over 4hours . Please can we get you as officials to act immediately to prosecute .

Thank you

Desmond



**Operation Phakisa was highlighted as the radical change agent for prosperity and job creation in the Budget Vote address**

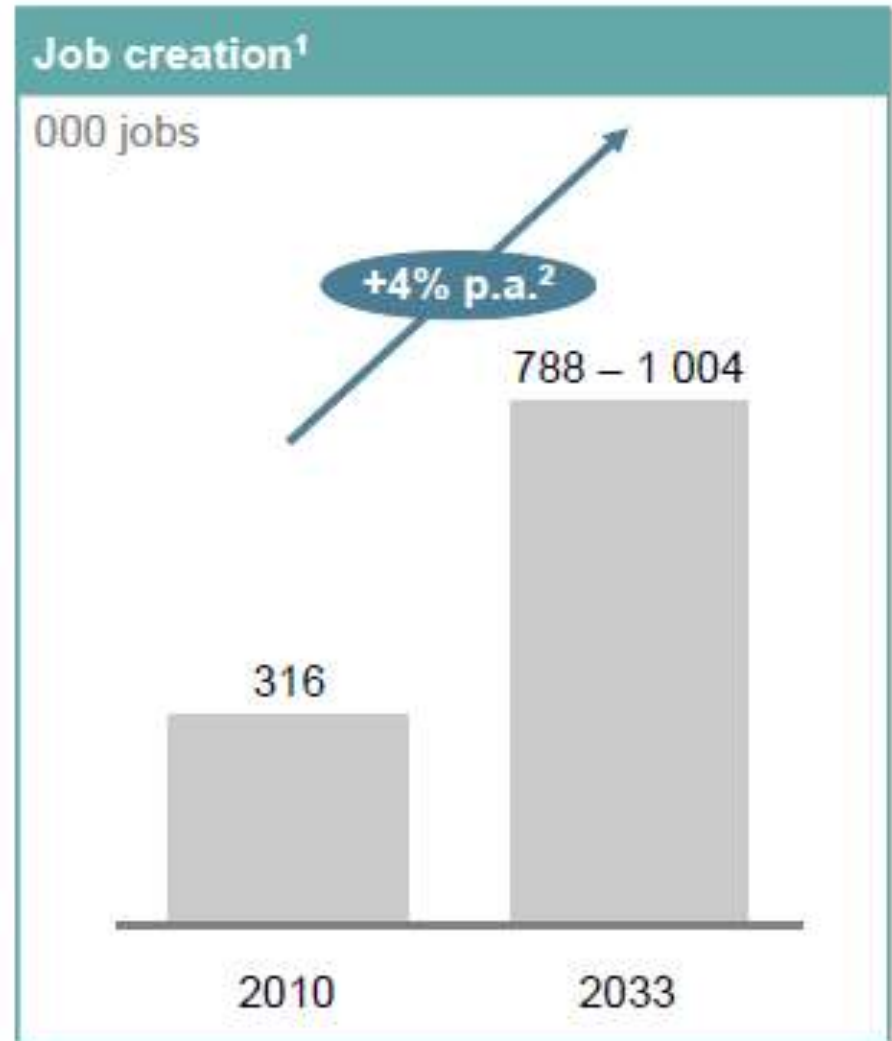
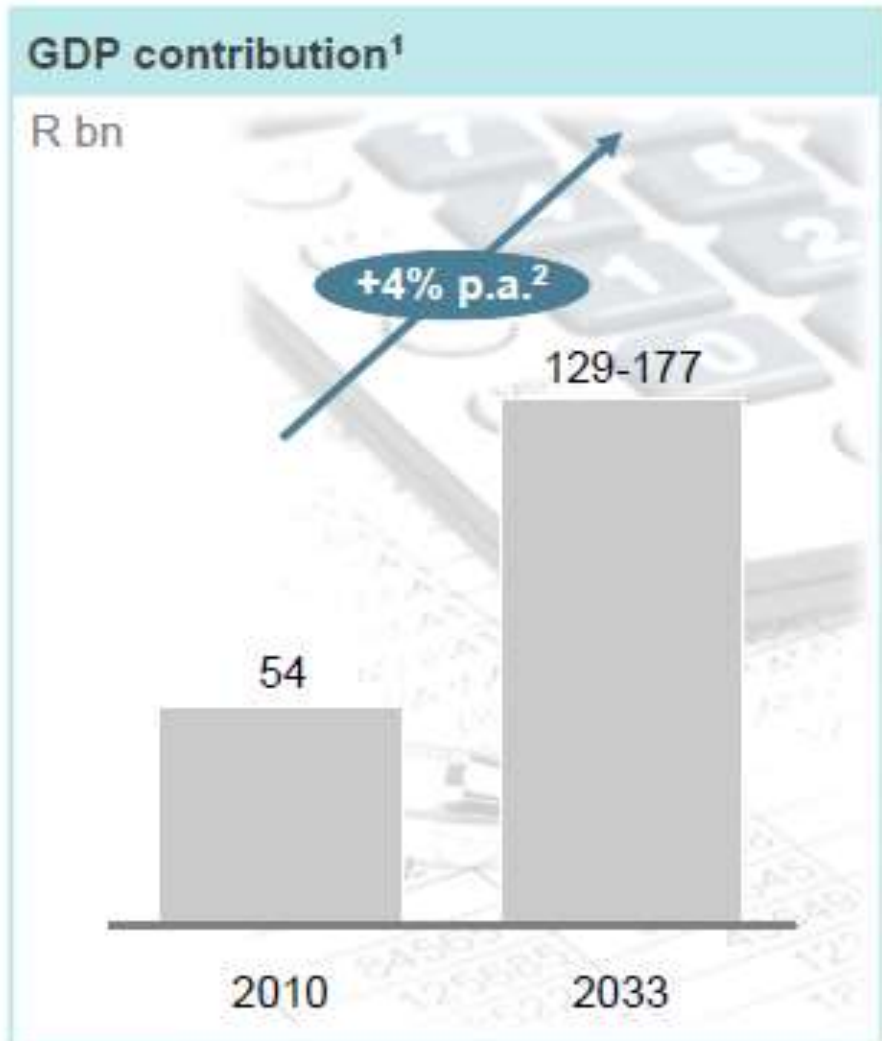
*“ The journey towards prosperity and job-creating growth involves radical change in the manner in which we undertake planning, implementation and monitoring. On Saturday, the 19th of July, we launched Operation Phakisa, an innovative programme that brings together for the first time, many stakeholders to plan a major economic project.”*

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



# Blue Economy GDP! Jobs!

South Africa's ocean economic potential ranges between R129 and R177 bn by 2033, with between 800 000 to 1 million jobs created



# Blue Economy can even help fight poverty and inequality (hmmm: talk left, swim right)

- Operation Phakisa: **Unlocking the Economic Potential of South Africa's Oceans** by Department of Environmental Affairs (DEA): Commenced on 8<sup>th</sup> July 2014

## Operation Phakisa aims to accelerate execution of the National Development Plan

High-level objectives to be achieved by 2030

- Reduce the number of people who live in households with a monthly income below R419 per person (in 2009 prices) from 39% to 0%
- Reduce inequality, as measured by the Gini coefficient, from 0.69 to 0.6

# nine sectors, especially: transport, tourism, oil&gas, construction

	GDP, R bn			Jobs, 000	
	2010	2033	CAGR, %	2010	2033
Marine transport and manufacturing	16	42-61	6%	15	40-56
Tourism	15	25-35	4%	90	150-225
Offshore oil and gas	4	11-17	9%	0.4	0.8-1.2
Construction	8	20-21	4%	162	390-407
Renewable energy	0	14-17	25%	0	0.9-1.1
Fisheries and aquaculture	7	10-16	4%	30	170-250
Communication	4	7-10	4%	19	35-52
Desalination	0	0.1-0.1	1%	0	1.6-1.6
Marine protection services	0	TBD	-	0	TBD
<b>Total</b>	<b>54</b>	<b>129-177</b>		<b>316</b>	<b>788-1 004</b>

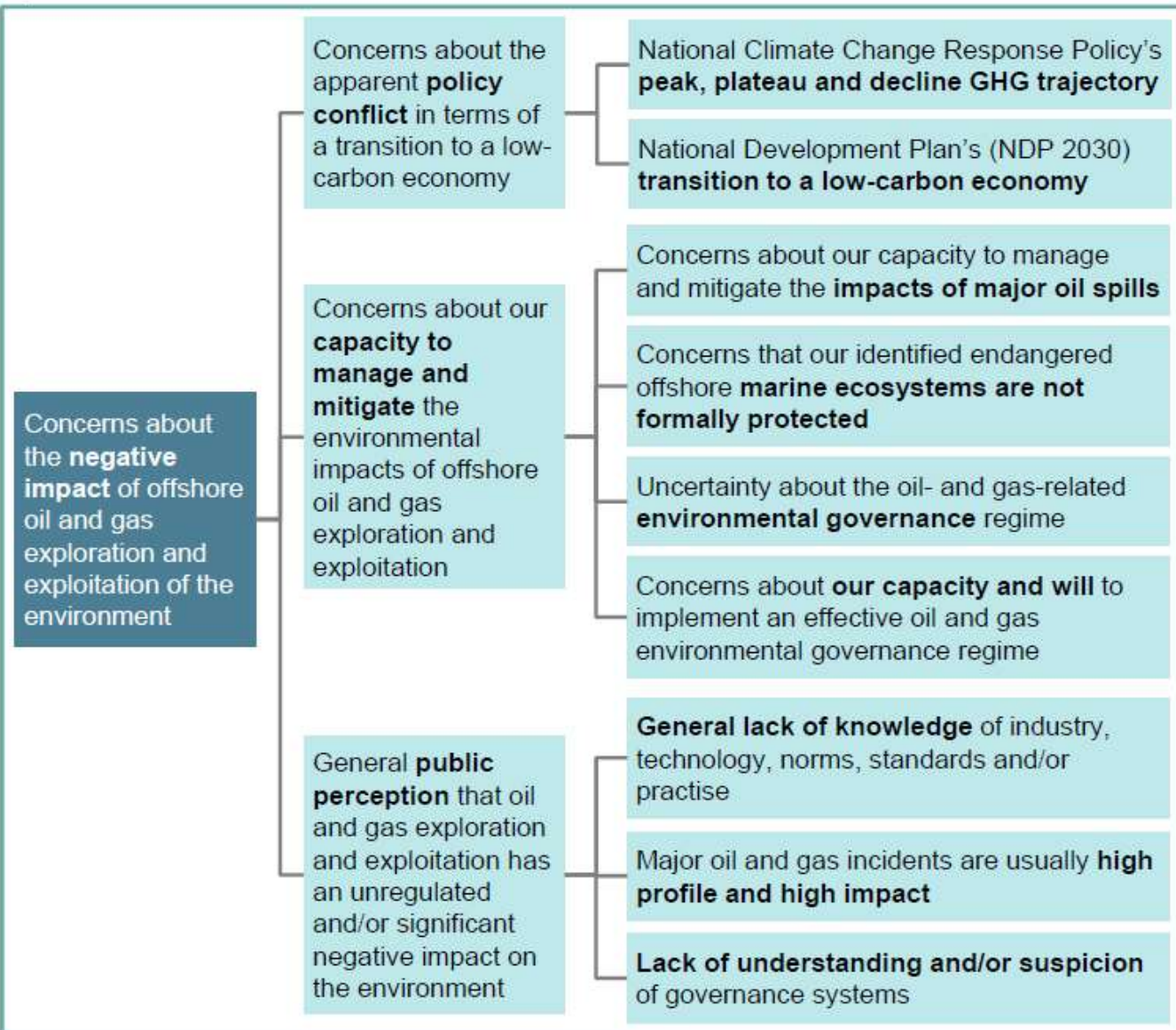


# What goes into Phakisa?

## Criteria for selection

- Total potential contribution to GDP and job creation
  - Relevance for the marine ecosystem
  - Geo-political implications
  - Environmental implications
  - Security implications
  - Institutional and logistical requirements for the growth area
  - New growth areas outside of the 'business as usual' activities
- 
- A cluster of white spheres, resembling a bunch of grapes or a group of people, with a target symbol (a red bullseye) on one of the spheres in the foreground. The target symbol is a red bullseye with a white center and a red ring, and a thin gold line points towards it from the right.

# The environmental initiatives reflect lab thinking about potential real and perceived environmental risks



- Root causes**
- Major oil spill response capacity *concerns*
  - *IOPC Funds not yet operational*
  - Marine spatial planning not taking place
  - No declared offshore marine protected areas (MPAs)
  - Governance regime concerns including centralisation vs. de-centralisation, institutional anchoring, transparency
  - Will within DMR to fight for environmental concerns
  - Concerns about lack of skills, knowledge, experience and/or expertise to make properly informed governance decisions
  - Concerns about enforcement capacity and poor enforcement track record in the mining sector
  - Poor facilitation of active private sector, inter-governmental and civil society participation
  - Little, if any, feedback to stakeholder comments/concerns and public information about governance processes



## Labs are a very intense working environment

### Physical *(What you see)*

- **Dedicated working space**
- **Facilitators, toolkits, templates, etc.**
- **Full-time and time boxed** (4-8 weeks)
- **War room style**



### Radical way of working *(What you experience)*

- **Intense open debates & “hands-on-deck” approach**
- **Breakdown of silos, hierarchy and bureaucracy**
- **Syndication & experimentation** (pushing the boundaries)
- **Radical, practical & innovative** solution to achieve **BIG FAST RESULTS**

## Oceans Labs in numbers

**656** participants between full time and part time

A team of more than **30** coordinators and facilitators

**400** hours of working sessions and facilitated discussions

**President, 17 Ministers and 17 DGs** visited  
labs and participated in several syndication sessions

More than **2 000** pages of lab reports, 3- ft delivery plans  
and supporting analysis