the **cpsi**

Government Component:
Centre for Public Service Innovation
REPUBLIC OF SOUTH AFRICA

CPSI
Unlocking Innovation

25/26
ANNUAL PERFORMANCE PLAN

Contents

Executive Authority Statement

This Annual Performance Plan (APP) outlines the work of the Centre for Public Service Innovation (CPSI) for the 2025/26 Financial Year. It guides the organisation in its work to implement its programmes and projects for the year in question.

The CPSI is a national government component, and it is located within the Ministry of Public Service and Administration. As a result, these programmes and projects that are contained in this APP, are in essence the CPSI's contribution towards supporting the Public Service and Administration Portfolio in its strategic mandate to build an effective and efficient public sector.

Priority No. 3 in the 2024–2029 Medium-term Developmental Plan (MTDP), under the 7th Administration, calls for the building of a capable, ethical and developmental state.

The public service is essentially the heartbeat of a capable, ethical developmental state that can build an inclusive economy, create jobs and eliminate poverty to fulfil the NDP promise of a better life for all.

Adding to that, and most critically, as President Ramaphosa explained: "A fundamental feature of such a state is a public service that is professional, and competent. Such a public service needs people with skills, experience, foresight and integrity, who must work in the best interests of the people".

The mandate of the Public Service and Administration Portfolio encapsulates the intent of the Public Service and Administration Act of 1994 (as amended), that is robustly transformative in nature. Its objective is to build a citizen-centred government that understands the diverse needs of its citizens and is ever ready to respond with agility and flexibility to meet them.

The CPSI's strategic mandate is to inculcate the culture and practice of Innovation in the Public Sector in order to improve service delivery. Accordingly, the CPSI supports the Portfolio by:

- Promoting innovation and innovative thinking in the public sector, and
- Creating and nurturing an enabling environment that is ideal for innovation to thrive and is duly rewarded, and where public servants can innovate freely without fear of failure.

The work of the CPSI is premised on the firm belief that innovation is a key ingredient and catalyst for improved government performance and productivity, clean governance, accountability and transparency. By promoting innovation, the CPSI strives to advance its vision of an effective and efficient solution-focused public sector through innovation.

The need for a fully functional and effective government in South Africa is long overdue, particularly as we enter the last five years of the timeline set under Vision 2030 of the National Development Plan (NDP).

Adopted in 2012, the National Development Plan is South Africa's blueprint or roadmap that sought to put the country on a developmental trajectory towards faster economic growth and prosperity. This involved, most critically, growing an inclusive economy, building capabilities, enhancing the capacity of the state, rallying stakeholders and social partners into a social compact, and promoting leadership

and partnerships throughout society to tackle the triple-challenge of unemployment, poverty and inequality by 2030.

Despite the gains we made, which were also set back by the COVID-19 pandemic, we still have the ominous reality of the triple challenges of poverty, unemployment and inequality plaguing our people.

Many sections of our society are still battling in terms of accessing basic vital services such as access to clean drinking water, sanitation, proper housing and education. In many government offices, citizens still have to stand in long and meandering queues, only to be sent away to return the following day because of tardy, paper-based and/or unstable discordant systems.

As we confront these challenges with a sense of renewed vigour and strength, we have to acknowledge the critical role that the Public Service should play as the engine of an effective and efficient capable state. We need wholesale reforms to ensure a public service with less red tape, that is agile, responsive and one where innovation is prized.

As explained in the NDP and in Priority Three outcomes, innovation should be implemented across state, business and social sectors to specifically target improvements in public service delivery. In this regard, the CPSI must play a leading role as a catalyst for collaborative innovation to engender an enabling environment in which innovation is encouraged, rewarded and mainstreamed in the public sector.

Innovation can transform the Public Sector and galvanise its potential to become a capable state machinery that can achieve Vision 2030 of the National Development Plan (NDP) and the recently adapted United Nations Sustainable Development Goals (SDGs). Our government can make significant strides in dealing with poverty, unemployment and other inequality in our society if we all play our part. We all need to work together and rally around the call to transform the Public Sector into an innovative and creative machinery. We must continue to create and nurture an innovation- friendly environment, not only within the Public Sector but tapping into the creative commons of our communities. This will ensure that we continue to build a solution-focused, effective and efficient Public Sector through innovation.

Above all, we need to fast-track digital transformation in the public sector as an outcome of one of the three priorities of the 7th Administration. Digital tools have immense potential to address the multi-faceted problems we face globally, from inequality to access to essential services. However, if misapplied, these same tools can exacerbate existing issues. Therefore, it is imperative that we collaborate to ensure technology serves everyone fairly and responsibly. The inclusion of fundamental governance principles such as fairness, accessibility, and inclusion must guide our proceedings.

I thus endorse this Annual Performance Plan and restate my commitment to supporting the CPSI in the implementation of this plan and overseeing their performance.

Inkosi Mzamo Buthelezi, MP
Minister for the Public Service and Administration

Accounting Officer's Statement

Background

This Annual Performance Plan (APP) provides an outline of the work of the Centre for Public Service Innovation for the Financial year 2025/26. This includes all the various programmes and activities, or key deliverables laid out for the organisation to achieve, together with dates of completion as well as milestones for each one of these, which the CPSI has to comply with in partial fulfilment of its 2025–2030 Strategic Plan.

The 2025/26 Financial Year of government is very significant in our planning, as it is the first of the five years covered in the 2025–2030 Strategic Plan of the CPSI.

The CPSI's strategic position and key responsibilities

The CPSI is a national government component located within the Public Service and Administration Portfolio. In accordance with its 2025–2030 multi-year Strategic Plan referred to above, the CPSI strategically supports the portfolio in fulfilling its mandate to contribute towards the building of an efficient, effective and development-oriented public service using innovation. This entails, as outlined in the organisation's mandate, entrenching and inculcating the culture and practice of innovation in the public service to improve its service delivery, performance and productivity. In terms of its vision, the CPSI works towards a solution-focused, effective and efficient public service through innovation.

The need for efficiency and effectiveness in the public service can never be over-emphasised, hence the ongoing struggle in the public service for transformative policies and initiatives to ensure a public service that is professional, ethical and devoid of corruption. This broad systemic change targets skills development to build competency, particularly in critical areas of performance such as information technology and, most critically, the infusion and practice of innovation as a key pillar of public sector reform and transformation.

While the organisation does not function as a line department and thus is not responsible for directly providing services to citizens, the organisation bears a massive, government-wide responsibility that is cross-sectorial. Acting on behalf of the whole of government, the CPSI has to provide thought-leadership and strategic direction on how to galvanise and coordinate innovation efforts across the innovation ecosystem to ensure a well-equipped, innovative public service that is able to leverage on various innovation modalities, such as digital transformation, to improve its administrative capacity – a public service that is readily poised to tackle the contemporary challenges of a modern-day society. Therefore, innovation should be institutionalised and permeate through the various initiatives to transform and bring change into the public service, including its various governance, administrative and service delivery processes, for improved performance.

A quick review of the 2024/25 Financial Year

As we look forward at the year ahead, determined to work hard in pursuit of our targets that are listed in this document, we proudly take this opportunity to look back at the various critical achievements that we registered during the previous year.

As indicated above, one of the critical roles of the CPSI is to provide solid advice and thought-leadership to the public service on how government can optimally leverage innovation and creative thinking to improve on its performance and productivity. This includes, amongst others, finding innovative ideas of using existing modalities to solve service delivery challenges and, equally important, finding new and better ways of solving such challenges.

Most of the work in this regard falls within the ambit of the research and development (R&D) unit whose focus area involves, amongst others, establishing the knowledge base in support of the programme to inform the selection, testing, piloting and development of potential innovative models and solutions.

The unit has continued to make an impact in various areas of innovation, including publishing a detailed case study report to guide public institutions in terms of the replication of those projects.

Other engagements by our R&D unit included providing support in the implementation of the DDM model by participating in piloting of the Let's Talk Citizen Engagement Mobile Application which was funded by UNDP South Africa and through youth digital skills development in prioritised districts such as OR Tambo. The prototyping and development of the two multi-year projects continued, namely an e-hailing solution for Gauteng EMS Planned Patient Transfer and the Northern Cape Virtual Thusong Centre, the latter with the Western Cape Department of the Premier.

As part of giving thought-leadership in government, we continued to support engagements, such as the co-hosting of the ICEGOV 2024 Conference, to accelerate digital transformation, and the digitisation of public sector processes and systems. More efforts are underway to highlight the importance of cybersecurity to ensure that data breaches and similar threats are mitigated or ameliorated.

Our work to replicate projects sourced from the annual Public Sector Innovation Awards Programme continued. Two projects were replicated in the 2024/25 financial year, namely the High-Volume Cataract Project, replicated in the Tshwane District Hospital, Gauteng and the Smart Agriculture Box Project, replicated in Barberton Correctional Service, Mpumalanga Province. The first project drastically reduces the turn-around time for cataract operations by introducing two operating beds in one operating theatre. The second project offer fresh vegetable food provisions, a green solution to environmental challenges and efficient use of limited farming land.

In addition, the CPSI through its ISR and EESM units, supported various public sector institutions, including the National Prosecuting Authority, Department of Justice and Constitutional Development, the North West Department of Public Works and the Gauteng Edenvale Hospital, in using innovation to enhance service delivery. The support included hosting and conducting of workshops on Design Thinking and Public Sector Innovation as well as sharing of innovative solutions that have been successfully implemented in the public service. We successfully organised and hosted the Public Sector Innovation Conference for the 18th year in succession in August 2024. The theme of the conference was **Accelerating Transformation through Mission-Oriented**

Innovation. Through this theme, the conference sought to stimulate robust dialogues and discussions amongst public servants on a mission-oriented approach and its emphasis on impactful, goal-oriented programmes to accelerate the achievement of our developmental agenda.

What made the 2024 conference to stand out as a major success was the hosting, for the first time, of a parallel **Public Sector Innovation Trailblazer Development Conference (DevCon)**. This initiative brought together system developers from the public sector who collaborated and shared best practices to enhance development capabilities within departments. This event also created an opportunity for the sharing of in-house developed software codes across the three spheres of government, thus saving government money.

Other objectives of the conference include serving as a platform for innovators to share and exchange knowledge and best practices on innovation and also showcasing of innovative projects and solutions mostly from the public service.

Apart from the Public Sector Innovation Awards programme, we also hosted Design Thinking and Public Sector Innovation Workshops to capacitate public officials from various departments in all three spheres of government on using modern tools such as systems and design thinking to solve service delivery challenges. Both the conference and these workshops form part of our effort to nurture an enabling environment for innovation in the public sector.

We also hosted the Public Sector Innovation Awards Ceremony in November 2024. For the first time, hosted jointly with the Department of Public Service and Administration, the Awards Programme serves as a highly prolific source of innovative projects from the public sector. The objective of the programme is to unearth and recognise high-impact innovative service delivery projects and initiatives aimed at improving services to the citizens.
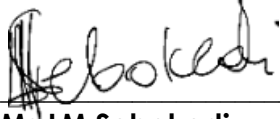
The Centre also uses this programme (through the recognition of the Public Sector Trailblazer initiative) to unearth and promote the in-sourcing of system developers in various government departments to enable them to develop home-grown solutions to alleviate service delivery challenges.

Our public sector innovation journal, *Ideas that Work* continues to be a popular source of knowledge and information around innovation and its immense potential to improve government performance and productivity. Since we moved online as a cost-cutting initiative, there has been a steady flow of articles published online.

Finally, as we launch this, the 2025/26 Annual Performance Plan for the CPSI, we are mindful of the enormous work that lies ahead to ramp up service delivery and the urgency in which it should be accomplished in line with Vision 2030 and the 7th Administration priorities. Similarly, we become more aware of the pressing need to continue to pursue our mandate to promote the culture and practice of innovation in the public sector, given the enormous potential in innovation to capacitate the state to urgently build a capable, developmental and ethical state, as clearly articulated in Priority Three of the 7th Administration.

We are determined to continue with efforts to strengthen our R&D and to ensure that it has the requisite capacity to identify service delivery challenges and facilitate the discovery of effective solutions using the latest developments in the field of public sector innovation.

We will also continue to support the Youth Digital Skills Development Programme, including hackathons to ensure that the public service benefits from the untethered compassion and enthusiasm of the youth to fully exploit the endless possibilities in it.

Ms LM Sebokedi
Executive Director (acting)

Official Sign-off
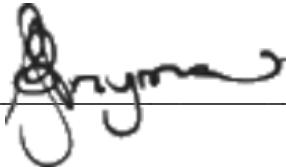
It is hereby certified that this Draft Annual Performance Plan–

- was developed by the management of the Centre for Public Service Innovation under the guidance of Inkosi Mzamo Buthelezi, MP;

- takes into account all the relevant policies, legislation, and other mandates for which the Centre for Public Service Innovation is responsible; and

- accurately reflects the Impact, Outcomes, and Outputs which the Centre for Public Service Innovation will endeavour to achieve over the period 2025/2026.
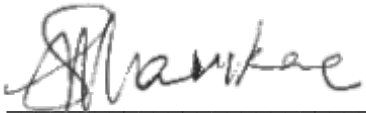
Mr PJ Schoonraad   Signature: _____
Programme Manager: Public Sector Innovation
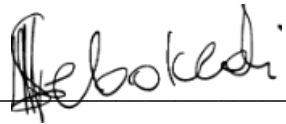
Ms AC Snyman   Signature: _____
Chief Financial Officer

Ms DN Mavikane   Signature: _____
Head Official responsible for Planning
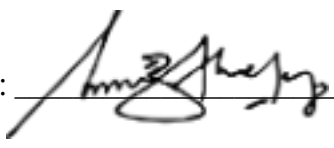
Ms LM Sebokedi   Signature: _____
Accounting Officer

Approved by:

Inkosi Mzamo Buthelezi, MP   Signature: _____
Executive Authority

Part A: Our Mandate

1. Constitutional Mandate

The Constitution of the Republic of South Africa does not specifically and explicitly set a mandate related to public sector innovation. However, the CPSI operates under the principles set out in Chapter 10, s195 of the Constitution. In particular, s195 (b)–(e) and (g) have direct relevance for the mandate of the CPSI:

(b) Efficient, economic, and effective use of resources must be promoted.
(c) Public administration must be development oriented.
(d) Services must be provided impartially, fairly, equitably, and without bias.
(e) People's needs must be responded to, and the public must be encouraged to participate in policymaking.
(g) Transparency must be fostered by providing the public with timely, accessible, and accurate information.

Therefore, the CPSI, in accordance with s195:

- Is responsive to the needs of citizens by *being challenge driven;*
- Champions transparency through *Open Innovation* and supporting open government initiatives;
- Promotes *efficiency and effectiveness* through innovation; and
- Is development-oriented by *co-developing solutions* to address challenges identified in the NDP and SDGs with innovators across and outside government.

A second constitutional imperative of importance for the work of the CPSI is that of collaboration. In terms of Chapter 3 s41 (h) of the Constitution, all spheres of government and all organs of state within each sphere must cooperate with one another in mutual trust and good faith by:

- Fostering friendly relations;
- Assisting and supporting one another;
- Informing one another and consulting on matters of common interest; and
- Coordinating their actions and legislation with one another.

The cross-sector reach of the organisation and the fact that challenges and solutions span all three spheres of government is a testament to the fact that cooperative governance lies at the heart of successful innovations and replication.

2. Legislative and Policy Mandates

The responsibility for Innovation in the Public Service is vested in the Minister for the Public Service and Administration who, in terms of section 3(1)(i) of the Public Service Act of 1994, as amended, is responsible for establishing norms and standards relating to transformation, reform, *innovation* and any other matter to improve the effectiveness and efficiency of the public service and its service delivery. This role is further expanded on in Government Notice 700 of 2 September 2011:

The function of the CPSI is to entrench a culture and practice of innovation in the public service through:

(i)   Advancing needs-driven research and development;
(ii)   Unearthing, demonstrating, sharing, encouraging, and rewarding innovation;
(iii) Testing, piloting, and incubating new innovations – and supporting the replication of innovative solutions; and
(iv)   Partnering with public, private, academic, and civil-society sectors on supporting the mandate of the CPSI.

3. Institutional Policies and Strategies over the Five-year Planning Period

As an implementing institution, the CPSI is guided by the following broader policies and strategies:

- National Development Plan (NDP)
- The Medium-Term Development Plan (MTDP)
- 7th Administration Priorities
- Minister for the Public Service and Administration's (MPSA) Priorities
- District Development Model
- Sustainable Development Goals
- AU Agenda 2063

4. Relevant Court Rulings

Not applicable

Part B: Our Strategic Focus

1. Situational Analysis

1.1 External Environment Analysis

Political Environment

The Centre for Public Service Innovation is impacted on by a range of external factors. The year 2024 saw a change in government from which was solely an African National Congress-led government to that of a Government of National Unity. The success of the country and that of government is dependent on the success of the GNU. The CPSI will have to function within this environment in carrying out its mandate.

The CPSI operates under the Ministry for the Public Service and Administration, which has a mandate to reform and modernise the public sector. Political will is a critical factor in ensuring that innovation becomes a priority in the public sector. Shifts in political leadership or changes in policy focus could either strengthen or weaken CPSI's support.

Persistent scandals around corruption and weak governance structures in some public institutions pose challenges for the CPSI. Innovations can be stifled in environments where transparency and accountability are lacking.

South Africa's participation in global frameworks, such as the UN's Sustainable Development Goals or the African Union's Agenda 2063, emphasises innovation as key to achieving developmental goals, which supports the mandate of the CPSI.

The political landscape in South Africa remains dynamic, particularly with the Government of National Unity (GNU) leading the country. While the GNU presents opportunities for inclusive policymaking, it also introduces the challenge of ensuring continuity amidst leadership transitions. The success of the CPSI will rely heavily on maintaining a strong political will to prioritise innovation within the public sector. This political support will be essential for fostering a culture of innovation, streamlining public service delivery, and driving transformative change. Moreover, political developments in the Southern African Development Community (SADC) region could influence the CPSI's cross-border collaborations, particularly in innovation and governance. Regional stability and political alignment will be critical to expanding the CPSI's influence beyond national borders. The CPSI should remain agile in its ability to align its initiatives with key policy frameworks that emerge from the GNU's policy changes and international partnerships.

Economic Environment

South Africa grapples with economic stagnation or slow economic growth, power supply challenges, and high unemployment rates, immensely pressuring the National Treasury. These factors have led to fiscal consolidation and budget constraints across government departments, impacting the CPSI's ability to secure the necessary resources to fulfil its innovation mandate. The risk of further budget cuts requires the CPSI to explore alternative funding mechanisms, including leveraging public-private partnerships, international donor funding, and grants focused on innovation-driven development.

The shifts in the international political landscape from globalisation towards national interest pose risks, particularly through potential trade restrictions and reduced development assistance. These constraints could negatively impact key sectors such as health and social programmes, potentially limiting international support for innovation and public service improvement efforts.

In this anticipated economic and geopolitical climate, the CPSI must position itself as a key player in fostering cost-effective innovations that enhance service delivery while reducing inefficiencies, championing frugal innovations as well as broader mission-oriented innovation to address more complex challenges. With a high level of inequality in South Africa, the public sector will be under pressure to deliver more equitable and efficient services. The CPSI's initiatives must address these disparities by designing solutions that target underserved communities and improve overall access to basic services such as healthcare, education, and infrastructure.

Social Environment

South Africa's public is increasingly vocal about dissatisfaction with service delivery, often resulting in protests. This presents both a challenge and an opportunity for the CPSI to respond by creating more innovative, transparent, and citizen-centric public services. By leveraging open innovation and co-creation with communities, the CPSI can design solutions that directly address the needs of marginalised populations, improving trust and reducing public discontent.

The country's youthful population, 22.12 million under the age of 19, based on population data from Statistics South Africa and Statista, which confirm this demographic figure as of mid-2022, also presents an untapped reservoir of creativity and innovation potential. The CPSI can take proactive steps to engage young people in public sector innovation through targeted programmes and partnerships with educational institutions. Furthermore, addressing youth unemployment through innovation and skills development programmes will be critical in creating sustainable and inclusive solutions for the country's future.

The demand for digital transformation in the public sector is rapidly increasing, driven by higher internet penetration, mobile device accessibility, and widespread social media engagement. The CPSI is uniquely positioned to leverage this trend, advancing e-governance and digital innovations that enhance service delivery. By embracing technologies like cloud services, AI, and mobile platforms, the CPSI can streamline public sector interactions, making services more accessible, efficient, and responsive to the evolving needs of citizens.

Technology Environment

The global shift towards smart technologies, big data and artificial intelligence is creating new opportunities for public sector innovation to modernise public services and improve efficiency. By harnessing these technologies, the CPSI can implement cutting-edge solutions that enhance citizen engagement and streamline public administration processes to modernise public services, improve efficiency and enhance citizen engagement. Whilst exploring the benefits of these new technologies, the CPSI should, however, be cognisant of potential unintended consequences and unknown risks. For example, Generative and Agentic AI are at or just past the top of the Gartner AI 2024 hype cycle, implying that there will still be many failures on the route to maturity.

There is also general recognition that the leveraging of technology should take place within the broader context of digital sovereignty and a fit-for-purpose digital public infrastructure (DPI).

The current uneven technological infrastructure across South Africa, particularly in rural areas, poses challenges to the widespread adoption of digital innovations. The CPSI must consider these gaps when designing technology-driven solutions. The CPSI must ensure that its technology-driven innovations are inclusive and accessible, taking into account digital inclusion to ensure that rural and underserved communities are not left behind. This requires a balanced approach, and a common DPI where the CPSI-championed solutions are adaptable to varying levels of technological advancement across the country. It will also require participation in the consultative and design processes led by DCDT, DPSA and The Presidency.

During the development of solutions, the consideration of what platforms should be used and what hosting services would be required, will also have to consider the risks associated with technology choices. Where possible, sovereignty and openness should be factored in.

South Africa has regressed in the Global Innovation Index for 2024 from 59th in 2023 to 69th position and is second to Mauritius in sub-Saharan Africa. One of the weaknesses identified in the Index is that of low entrepreneurship policy and culture. However, South Africa's ranking in the UN eGovernment Survey 2024 has significantly improved, and for the first time South Africa and Mauritius moved into the very high rankings. This indicates progress in terms of digital transformation and, in particular, the provision of digital infrastructure. The CPSI can thus leverage these positive developments towards the availability of digital public infrastructure and increased uptake of technologies to support public sector innovation.

The CPSI will also be guided by current international trends in public sector innovation, such as those reflected in the 2024 OECD Trend Report, including ensuring co-creation (aligning with our design thinking approach), future orientation (aligning with our anticipatory approach) and strengthening digital foundations for innovation (aligning with our support for a DPI infrastructure and leveraging in-house solutions).

Legal Environment

The CPSI operates within a broader legislative framework governing public administration, including prescripts relating to the digital transformation of the Public Service and outlined by the Departments of Public Service and Administration and Communication and Digital Technologies. Relevant frameworks include the Draft Digital Government Policy Framework (2022), the National Data and Cloud Policy (2024) and the Determination and Directive on the Usage of Cloud Computing Services in the Public Service (2022), the National Digital and Future Skills Strategy (2020) and the National AI Policy Framework (2024).

While procurement regulations are intended to ensure fairness and transparency, they often stifle the flexibility required for innovation. The CPSI is actively engaging with policymakers to advocate for reforms that will create an enabling environment for innovation without compromising accountability.

Intellectual property rights legislation, such as the Intellectual Property Act (1978, as amended) and the Intellectual Property Rights from Publicly Financed Research and Development Act (2008) impacts on how the CPSI and other government departments collaborate with innovators within the public sector and private sector partners and how innovations are protected and scaled. The CPSI has conducted initial research to develop guidance on the matter and co-develop, with partners, a framework that will ensure that public sector innovations are protected from exploitation. Such a framework will ensure the protection of IP, while encouraging open collaboration will be essential in scaling successful public sector innovations. The CPSI is committed to ensuring that innovations co-developed with external partners are properly safeguarded to promote further development and replication.

With the implementation of the Protection of Personal Information Act (POPIA), government departments, including the CPSI, must ensure that any data-driven innovations comply with legal requirements around privacy and data protection.

Environmental Factors

South Africa faces pressing environmental challenges, including water scarcity, floods, climate change, electricity supply and adoption of clean energy, creating an urgent need for sustainable innovations. The CPSI has the opportunity to drive environmentally friendly innovations in areas such as waste management, energy efficiency, water resource management, and disaster preparedness to address these issues and foster sustainability in public services.

As the country aligns with international protocols, the CPSI, working with other departments, can facilitate sustainable development goals and ensure that public sector innovations are environmentally friendly and help mitigate the risks associated with climate change. The CPSI is already engaged in this sustainable development area through its awards programme, where there are increasing innovations that address environmental challenges.

CPSI's Unique Environment

The CPSI operates in an ecosystem that includes various government departments, state-owned enterprises and private sector enterprises, universities, and non-governmental organisations focused on innovation. Ensuring collaboration and avoiding duplication of efforts is crucial for maximising impact.

South Africa's position as a regional leader in innovation may face competition from other African emerging markets. The CPSI could benefit from benchmarking its projects against global best practices and learning from leading innovation hubs globally.

The CPSI operates in a complex environment shaped by political, economic, social, technological, and legal factors. Its ability to innovate and transform the public sector will depend on navigating these external challenges while leveraging opportunities, such as digital transformation, sustainable development, and partnerships with private

and international stakeholders. Success will require strategic foresight, cross-sector collaboration, and a continued focus on delivering tangible benefits to government departments and citizens who are the ultimate beneficiaries of our work.

1.2 Internal Environment

The CPSI needs to deliver on its mandate (human resources, ICT, financial resources and other factors).

The CPSI's internal situational analysis focuses on the strengths, weaknesses, resources and organisational capabilities that influence the Centre's ability to achieve its mandate. It examines internal factors such as organisational structure, leadership, skills, and financial resources.

Organisational Structure and Leadership

The CPSI has a well-defined mandate to foster innovation within the public sector. It aims to improve service delivery through creative problem-solving and identifying, developing and scaling innovative solutions.

The effectiveness of the CPSI depends heavily on the vision and commitment of its leadership team, and being innovative, forward-thinking and committed to driving public sector innovation is critical. The CPSI has shown strong leadership in positioning innovation as a key priority within the public sector.

The CPSI is well structured to collaborate across government departments, private sector players, international agencies, and universities. This collaborative approach allows the CPSI to pilot and replicate innovative solutions that cut across different sectors.

Despite its mandate, the CPSI sometimes struggles to influence bigger departments or entrenched bureaucratic systems that resist change. Its ability to create systemic, large-scale changes across all government levels is limited without greater buy-in from other senior government leaders.

Human Resources and Skills

The CPSI boasts a skilled team of professionals knowledgeable in areas such as innovation management, public administration, project management and, recently, software development. This provides a strong internal foundation for developing and implementing innovation ideas.

The CPSI is adept at creating environments that allow for experimentation and risk-taking, which are crucial elements of innovation. The Centre promotes a culture where failure is a learning opportunity, which is key to fostering innovation within government.

The CPSI often collaborates with external experts, consultants and innovators, enhancing its capacity to introduce new ideas and global best practices.

However, the CPSI faces challenges relating to limited staffing. The scope of its mandate might stretch the available human resources, making it difficult to scale its operations and maintain the momentum of various projects.

As the public sector increasingly embraces technology-driven solutions, the CPSI may lack specialists in areas such as data science, artificial intelligence and cyber security. This could affect its ability to lead innovative innovation projects.

Financial Resources

As a government entity, the CPSI receives funding from National Treasury. This gives the Centre a stable source of funding, ensuring that its operations can continue in the short to medium term.

The organisation is able to secure funding for specific innovation projects through collaboration with other government departments or external partners. This enhances its ability to pursue new initiatives and pilot programmes.

However, the overall funding allocated to the CPSI is not enough to cover all potential innovation projects and scale successful pilot projects across the public sector. Budget limits also constrain the CPSI's ability to recruit top talent or invest in state-of-the-art technologies.

To support the CPSI's innovation initiatives amidst budget constraints, alternative funding mechanisms such as partnerships, sponsorships, and non-traditional public-private partnerships (PPP) are increasingly vital. Unlike full PPP models typically associated with infrastructure, the CPSI aims to explore partnerships with private sector entities, NGOs, and international donors specifically for innovation-focused projects. These collaborations would provide financial support and access to additional expertise and resources, ensuring that the CPSI can continue its mission of enhancing public service delivery through innovative solutions. Diversifying funding sources will be essential for sustainable growth and impactful service transformation.

Processes and Operational Efficiency

The CPSI has a track record of developing processes that facilitate innovation within the public sector, such as innovation challenges, competitions and collaborative problem-solving. These initiatives provide opportunities for public sector employees and external stakeholders to co-create solutions.

As a relatively small entity, the CPSI is nimble and can respond more quickly to new opportunities or challenges compared to larger government departments.

However, as part of the public sector, the CPSI is still subject to government regulations, red tape and bureaucratic processes that slow down innovation efforts. The need to comply with procurement processes or reporting requirements can limit operational efficiency. The CPSI has, however, used technology to ease the burden that comes with procurement, while still managing to ensure compliance.

While the CPSI is adept at piloting new ideas, scaling these innovations across the public sector is still a challenge. Without strong implementation frameworks or partnerships with other departments, successful pilot projects may struggle to achieve long-term sustainability and impact.

Reputation and Stakeholder Engagement

While the CPSI may have a strong reputation within government, public awareness of its role and achievements is limited.

The CPSI has a solid internal foundation, with strengths in leadership, skilled human resources, and processes that support innovation. However, the Centre faces challenges related to limited budgets, capacity gaps in technology, and difficulties in scaling successful innovations across the public sector.

How is the CPSI responding to interventions relating to women, youth, and people with disabilities?

The CPSI's innovation programmes often focus on challenges that disproportionately affect women, such as access to public services like healthcare, social security and education. Past projects such as the Memeza community alarm sought to prevent gender-based violence. Replication projects such as the SchoolLMS project contribute to the improvement of education outcomes for learners, especially in marginalised communities.

The CPSI has also supported initiatives that promote women entrepreneurs and innovators within the public sector. This was done through the youth digital skills programme, which empowers youth at school level, but also through hackathons.

Youth engagement is a critical focus for the CPSI, given South Africa's large youth population. Significant here is the youth digital skills programme. The CPSI has also been at pains trying to convince government departments to procure solutions from youth start-up companies. The youth is a constant feature of the CPSI's initiatives, such as the conference and awards programmes.

The CPSI's Annual Public Sector Innovation Awards often feature submissions that address the needs of marginalised groups, including the youth, women and people with disabilities.

PESTEL TABLE

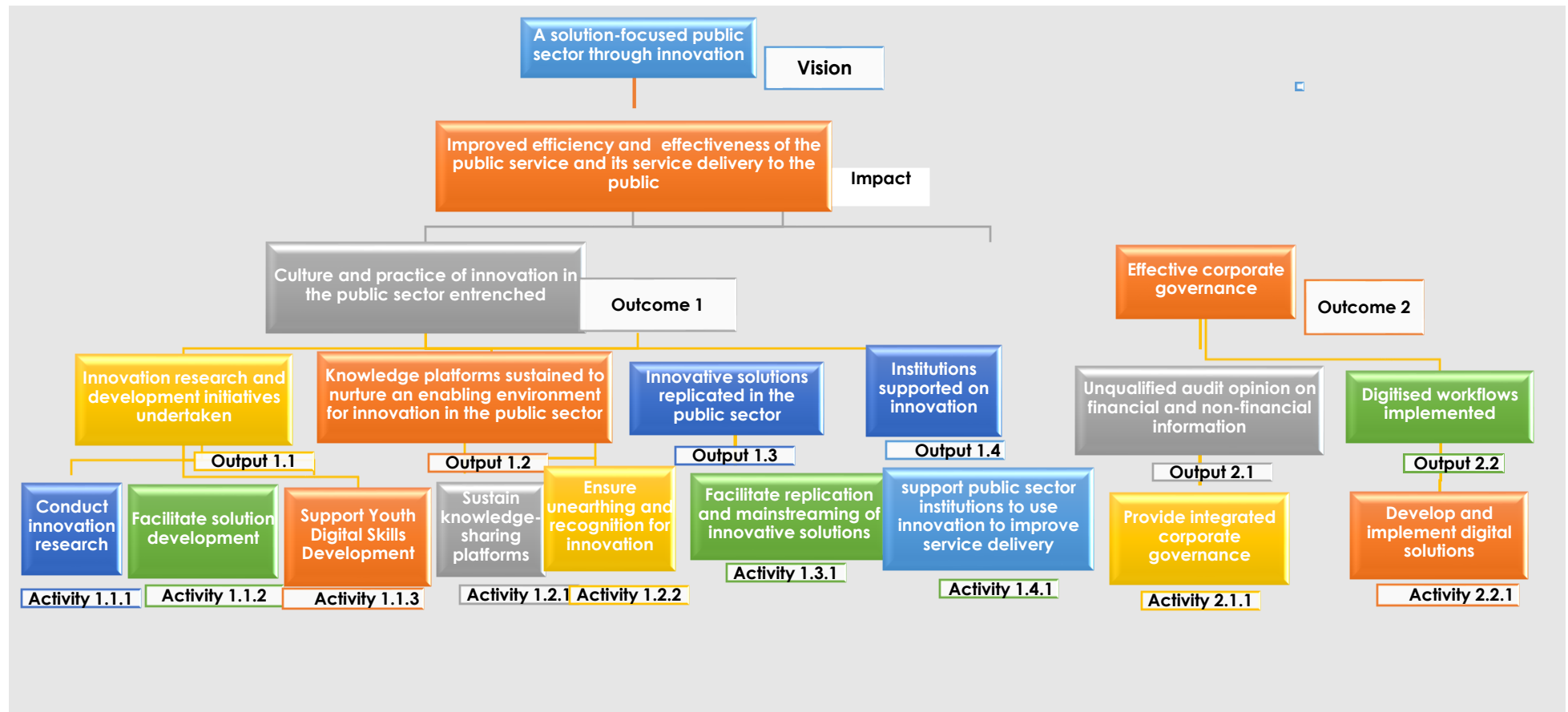| Factor	Description
Political	The CPSI is impacted by the Government of National Unity (GNU), requiring strong political support for innovation. Corruption and governance challenges pose risks, but South Africa's participation in global frameworks (e.g. UN SDGs, AU Agenda 2063) reinforces the importance of innovation. Regional political stability also affects cross-border collaborations.
Economic	South Africa faces economic stagnation, high unemployment, and budget constraints, affecting CPSI funding. The CPSI must explore alternative funding (PPPs, donor funding) and focus on cost-effective innovations to improve service delivery and address inequality.
Social	Public dissatisfaction with service delivery is increasing, with protests highlighting the need for innovative solutions. The CPSI can leverage citizen engagement, digital transformation, and youth participation to improve public sector service delivery. The high youth population (22.12 million under 19 years) presents opportunities for innovation in skills development and employment.
Technological	Technological advancements (AI, big data, cloud computing) offer opportunities for the CPSI but are hindered by unequal infrastructure in rural areas. South Africa dropped in the Global Innovation Index (from 59th to 69th), yet improved in the UN e-Government Survey, reflecting progress in digital transformation. The CPSI must balance digital inclusion with advancing innovation.
Environmental	Environmental challenges such as water scarcity, climate change, and energy shortages create a need for sustainable public sector innovations. The CPSI is supporting environmentally friendly solutions through its awards programme, encouraging sustainable development in public service delivery.
Legal	The CPSI operates within strict regulatory frameworks, including digital transformation policies, procurement regulations, and intellectual property rights. While legal constraints sometimes hinder innovation, the CPSI is advocating for reforms. Compliance with data protection laws (POPIA) is essential for the CPSI's digital initiatives.

The table below summarises the outcomes of a more comprehensive SWOT analysis.

Strengths	Weaknesses
Good governance (P5) Compliance with regulatory requirements Clean audit Strong governance and compliance lead to clean audits	Not able to ensure internal continuity; if one employee leaves, it is almost impossible to continue immediately where they left off (succession)
Good leadership. Bottom-up approaches providing support and being hands-on	Absence of formal agreements (MoUs) with some partners
Delivered 90% replication projects	Resources (P1) Capacity constraints – limited resources and personnel to fully explore and scale innovative solutions Limited resources lead to delay in the delivery and quality of projects Inadequately funded Projects take too long to be completed (capacity constraints and lack of resources)
Ability to adapt (P5)	Lack of employee wellness assistance programme impacts negatively on creativity, morale, productivity and mental health (P5)
Staff skills Multi-skilled teams – we are able to work across different streams, which improves performance Multi-skilled staff – leads to efficiency: we are able to do more with less	Core business processes Mainstreaming and scaling (e.g. eLearning) Replication methodology (lack of methodology) Agile approach in reality Unintended consequences of planned activities (e.g. mid-process hosting changes) Project handovers can be time-intensive *Note: Re-look at the process design and compliance to the processes to ensure efficiency and effectiveness*
In-house system developers (P2)	Lack of office space leads to low morale (P4) Lack of office space affects mental health and productivity Lack of office space leads to low staff morale Office space is not ideal
Collaboration Collaboration partners (locally and internationally) lead to robust knowledge platforms Strong communities of practice	
Unearthing solutions from the public sector Innovative solutions available – ability to unearth and support innovative solutions in the public sector Steady supply of solutions	

Opportunities	Threats
High demand of solutions support	Regulatory and structural limitations – strict regulations hinder the flexibility required for public sector innovation
Government of National Unity – new approaches to service delivery	Insufficient funding for public sector innovative solution (P9)
Political buy-in would lead to a strong innovation culture within the public service and improved brand reputation	Pandemics and public health crises
Collaboration Collaborate and partner with other stakeholders Expanding partnerships – growing collaboration with international bodies, e.g. UN for broader digital governance More collaborations with key departments leading to improved service delivery through innovation Global and regional collaboration Lack of collaboration externally – thus making solutions to be developed a lot of times in multiple departments	External dependencies leading to not achieving targets
Trailblazers (government, system developers) – leveraging on community of practice to help ease the challenge of capacity for projects	Cyber security (P5)
Digital transformation and 4IR (Fourth Industrial Revolution) Expansion of the role of digital government	NMOG – closure of the Centre
Funding Exploring trading account and/or public/private partnerships Alternative funding streams leading to the fulfilment of the mandate	Lack of dedicated innovation budget may lead to lack of improved service delivery through innovation
	Economic uncertainty and sustainability
	Lack of recognition at the political level
	Shifts in the international political landscape

The following schematic depicts the CPSI value chain based on its Theory of Change and how this is institutionalised in the organisation's two Programmes, namely Administration and Public Sector Innovation.

A solution-focused public sector through innovation — **Vision**

Improved efficiency and effectiveness of the public service and its service delivery to the public — **Impact**

Culture and practice of innovation in the public sector entrenched — **Outcome 1**

Effective corporate governance — **Outcome 2**

Innovation research and development initiatives undertaken — **Output 1.1**

Knowledge platforms sustained to nurture an enabling environment for innovation in the public sector — **Output 1.2**

Innovative solutions replicated in the public sector — **Output 1.3**

Institutions supported on innovation — **Output 1.4**

Unqualified audit opinion on financial and non-financial information — **Output 2.1**

Digitised workflows implemented — **Output 2.2**

Conduct innovation research — **Activity 1.1.1**

Facilitate solution development — **Activity 1.1.2**

Support Youth Digital Skills Development — **Activity 1.1.3**

Sustain knowledge-sharing platforms — **Activity 1.2.1**

Ensure unearthing and recognition for innovation — **Activity 1.2.2**

Facilitate replication and mainstreaming of innovative solutions — **Activity 1.3.1**

support public sector institutions to use innovation to improve service delivery — **Activity 1.4.1**

Provide integrated corporate governance — **Activity 2.1.1**

Develop and implement digital solutions — **Activity 2.2.1**

Part C: Measuring Our Performance

1. Institutional Programme Performance Information

1.1 Programme 1: Administration

Programme purpose: Provide strategic leadership, overall management of and support to the organisation.

Within **Administration,** there are three subprogrammes:

- **Executive Support** oversees the overall management of the CPSI and manages and facilitates the provision of internal audit and organisational risk and integrity management services, and legal services.

- **Corporate Services** manages and monitors the provision of corporate resource management services, ICT management services, security management services, office support, and auxiliary services.

- **Office of the Chief Financial Officer** ensures compliance with all relevant financial management statutes and regulations, notably the Public Finance Management Act (PFMA), oversees the effective financial and supply chain management of the organisation, and coordinates implementation, monitoring and reporting on the organisation's overall performance.

1.1.1 Outcomes, outputs, performance indicators and targets

Outcome	Outcome Indicator	Outputs	Output Indicator	Annual Targets						
				Audited/Actual Performance			Estimated Performance	MTEF Period		
				2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Effective corporate governance	Unqualified audit opinions	Unqualified audit opinion on financial and non-financial information	Type of audit opinion on financial and non-financial information	Unqualified audit opinion on financial and non-financial information for the 2020/21 financial year	Unqualified audit opinion on financial and non-financial information for the 2021/22 financial year	Unqualified audit opinion on financial and non-financial information for the 2022/23 financial year	Unqualified audit opinion on financial and non-financial information for the 2023/24 financial year	Unqualified audit opinion on financial and non-financial information for the 2024/25 financial year	Unqualified audit opinion on financial and non-financial information for the 2025/26 financial year	Unqualified audit opinion on financial and non-financial information for 2026/27 financial year
	Internal processes improved through digitisation	Digitised workflows implemented	Number of workflows digitised	-	-	-	1	1	1	1

1.1.2 Indicators, annual and quarterly targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
Type of audit opinion on financial and non-financial information	Unqualified audit opinion on financial and non-financial information for the 2024/25 financial year	-	Unqualified audit opinion on financial and non-financial information for 2024/25 financial year	-	-
Number of workflows digitised	1	-	-	-	1

1.1.3 Explanation of planned performance over the medium-term period

The resource allocation for the 2025/26 financial year enables the CPSI to meet its strategic objectives efficiently. The budget for Programme 1: Administration is structured to support the Centre's operational and governance needs, ensuring that the CPSI can deliver on its mandate to drive public sector innovation.

The Administration Programme serves as the foundation of the CPSI's operational effectiveness, ensuring good governance, compliance, and efficiency in resource management. It provides strategic leadership and management support, enabling the organisation to deliver on its innovation mandate effectively.

Linkages between outcomes, outputs, and impact

Effective corporate governance: The MTDP Priority Three of building a capable, ethical and developmental state links with the outcome set by the organisation. To achieve an unqualified audit opinion will be indicative by the type of audit opinion on financial and non-financial information. A well-governed CPSI enhances public sector credibility, instils public confidence in government innovation programmes, and ensures financial sustainability. Ensuring adherence to financial regulations and performance standards through rigorous compliance mechanisms guarantees sound fiscal management and operational transparency, including:

- **Improved organisational efficiency and effectiveness through digitisation:** The implementation of digitised workflows will be indicated by the number of workflows digitised. Digital transformation of internal processes reduces inefficiencies, enhances internal service delivery, and supports innovation within the CPSI. By digitising administrative processes such as document approvals, procurement, and financial reporting, the CPSI minimises governmental delays, improves service accessibility, and strengthens data-driven decision-making.

- **Strengthened financial and resource management:** Through adherence to the Public Finance Management Act (PFMA) and relevant financial regulations, the CPSI will ensure effective financial oversight and operational management. The optimal resource utilisation ensures that the CPSI's programmes and initiatives are executed effectively, maximising public value. By maintaining strong financial controls and ensuring compliance with audit standards, the CPSI safeguards public funds and ensures sustainability in fulfilling its innovation-driven mandate.

- **A resilient and secure IT environment:** Implementation of vulnerability assessments, firewall security, and disaster recovery solutions will enhance cyber security and IT governance within the CPSI. Protecting sensitive government data and ensuring operational continuity against cyber threats strengthens institutional resilience. A robust IT security framework prevents data breaches, safeguards government innovation platforms, and enhances trust in the CPSI's digital initiatives.

The Administration Programme is central to the CPSI's ability to execute its innovation mandate. By ensuring sound governance, operational efficiency, digital transformation, and financial discipline, the programme establishes a strong institutional foundation that enables the CPSI to scale public sector innovations and contribute to broader government efficiency and service delivery goals.

1.1.4 Programme resource considerations

Table: Budget allocation for programme and subprogrammes as per the ENE and/or EPRE

Programme	2021/22 Audited Outcome	2022/23 Audited Outcome	2023/24 Audited Outcome	2024/25 Adjusted Appropriation	2025/26 Revised Baseline	2026/27 Revised Baseline	2027/28 Revised Baseline
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive Support	1 631	1 801	2 272	5 289	5 479	5 711	5 970
Corporate Services	10 089	12 493	11 807	11 879	12 806	13 389	13 978
Office of the Chief Financial Officer	5 243	6 132	6 453	7 271	7 856	8 213	8 576
Administration	**16 963**	**20 426**	**20 532**	**24 439**	**26 141**	**27 313**	**28 524**
Economic Classification							
Compensation of Employees	8 520	9 282	9 664	14 001	15 907	16 629	17 382
Goods and Services	6 610	9 084	8 631	9 396	9 658	10 355	10 718
Payment for Financial Assets				-	-	-	-
Transfers and Subsidies	-	-	6	2	0	0	0
Payment for Capital Assets	1833	2060	2 231	1040	576	329	424
Administration	**16 963**	**20 426**	**20 532**	**24 439**	**26 141**	**27 313**	**28 524**

Explanation of the contribution of resources towards achievement of outputs

The total budget for the Administration Programme is distributed across three subprogrammes.

- **Executive Support** is allocated an average of R5.720 million, representing 20.93% of the programme's budget over the MTEF. This allocation ensures that key governance activities such as internal audit, risk management, and legal compliance are adequately funded. These activities are essential for maintaining the CPSI's governance standards and ensuring adherence to public finance regulations.

- **Corporate Services** is allocated the largest portion of the budget, with an average of R13.391 million, accounting for 49.00% of the programme's budget over the MTEF. This subprogramme supports critical infrastructure, such as ICT systems, security management, and office operations. Continued investment in ICT is essential for the success of the CPSI's digital transformation agenda, which includes digitising internal processes and improving operational efficiency.

- The **Office of the Chief Financial Officer (CFO)** is allocated an average of R8.215 million, representing 30.06% of the programme's budget over the MTEF. The CFO's office ensures compliance with financial management laws, including the Public Finance Management Act (PFMA). This allocation supports ongoing efforts to achieve unqualified audit opinions and to strengthen supply chain management.

In terms of economic classification, the budget is allocated as follows:

Compensation of Employees: This allocation averages 60.89% of the budget in the Administration Programme. Salaries for CPSI staff represent a significant portion of the budget, ensuring the retention of skilled personnel who are essential for driving innovation and ensuring effective governance.

Goods and Services: The CPSI spend an average of 37.48% of its budget on the procurement of goods and services under the Administration Programme, with the highest allocation on:

- **Mandatory audit costs**: This is one of the organisation's main expenditures representing 14.86% of operational allocations relating to the audit of the 2024/25 Annual Financial Statements.

- **Computer services**: This constitutes 23.98% of the programme's operational allocations and is primarily for the use of transversal systems, internet charges, Microsoft licences and other ICT related costs.

- **Operating leases**: The cost to lease office accommodation amounts to 31.43% of the programme's operational allocations.

Payment for Capital Assets: This is allocated an average of R443 000, representing 1.63% of the programme's total budget over the MTEF. Limited resources are allocated for the procurement and maintenance of capital assets, particularly related to ICT infrastructure, to support the CPSI's digital transformation objectives.

1.1.5 Updated key risks

OUTCOME	KEY RISK	RISK MITIGATION
Effective corporate governance	Qualified audit outcome	Management will remain alert on all processes and will still implement the following to continuously improve: • Enforcement of consequence management • Multiskilling of existing resources across the business • Regular awareness of changes in regulations
	Vulnerabilities in the CPSI IT environment leading to security risks	• Operational disaster recovery solution • Vulnerability assessments • Operational firewall and anti-virus services
	Failure to comply with legal and regulatory requirements, leading to non-compliance with audit standards	Conduct regular internal audits and ensure alignment with all regulatory and financial standards
	Inadequate internal controls leading to potential financial mismanagement or fraud	Implement a robust internal control system that includes checks and balances to detect and prevent errors or fraud
	Delays in digitising internal processes could affect overall governance efficiency	Establish a clear project management structure with timelines, milestones, and accountability for digitising internal processes
	Risks of data breaches or loss of sensitive financial information due to cyber-attacks during digital transformation	Invest in advanced cyber security protocols and regular security training for staff to mitigate the risk of data breaches
	Lack of staff with the necessary skills to manage the transformation and governance processes effectively	Provide continuous training and upskilling opportunities for staff, especially in areas related to corporate governance and digital systems management

1.2 Programme 2: Public Sector Innovation

Programme purpose: Enables service delivery innovation in the public sector in line with government priorities.

Within the **Public Sector Innovation Programme,** there are three subprogrammes:

Research and Development establishes the evidence base in support of the programme to inform the selection, development, testing and piloting of potential innovative models and solutions. It further facilitates the development of solutions within the public service and supports the development of the required skills base.

Institutional Support and Replication facilitates institutional support, demonstration, replication and mainstreaming of innovative solutions for the public sector.

Enabling Environmental and Stakeholder Management nurtures and sustains an enabling innovative environment, entrenches a culture and practice of innovation in the public sector through innovative platforms and products, and develops and maintains partnerships and stakeholder relations to enhance collaboration.

1.2.1 Outcomes, outputs, performance indicators, and targets

Outcome	Outcome Indicators	Outputs	Output Indicators	Annual Targets						
				Audited/Actual Performance			Estimated Performance	MTEF Period		
				2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Culture and practice of innovation in the public sector entrenched	Innovation initiatives enabled	Innovation research and development initiatives undertaken	Number of research initiatives undertaken	3	2	2	2	2	2	2
			Number of development initiatives undertaken	2	2	2	2	2	2	2
			Number of youth digital skills development initiatives supported	-	-	-	-	2	2	2
		Innovative solutions replicated in the public sector	Number of innovative solutions replicated in the public sector	2	2	2	2	2	2	2
		Knowledge platforms and partnerships sustained to nurture an enabling environment for innovation in the public sector	Number of innovation knowledge platforms sustained to nurture an enabling environment for innovation in the public sector	10	11	9	9	9	10	10
	Institutions supported on innovation	Institutions supported on innovation	Number of institutions supported on innovation	-	-	-	-	2	2	2

1.2.2 Indicators, annual and quarterly targets

Output Indicator	Annual Targets	Q1	Q2	Q3	Q4
Number of research initiatives undertaken	2	-	-	-	2
Number of development initiatives undertaken	2	-	-	-	2
Number of youth digital skills development initiatives supported	2	-	-	-	2
Number of innovative solutions replicated in the public sector	2			-	2
Number of innovation knowledge platforms sustained to nurture an enabling environment for innovation in the public sector	9	1	3	3	2
Number of institutions supported on innovation	2	-	-	-	2

1.2.3 Explanation of planned performance over the medium-term period

Outcome: Culture and practice of innovation in the public sector entrenched

This outcome, as an articulation of the mandate of the Centre, is directly contributing to the MDTP priority of building a capable, ethical and developmental state. It is furthermore a cross-cutting outcome, as innovation has the potential to contribute to the eradication of poverty and inequality, as articulated in the NDP and in the MTDP. Given the inherent risks associated with innovation practice, it is important to create spaces and a programme for experimentation, testing and piloting of solutions. It is further critical to support institutions and departments through knowledge sharing, recognition and providing expertise, to build innovation capacity within these institutions.

The outcome indicators were chosen as they align to the three priorities of the 7th Administration.

The youth is a valuable source of creativity, is the next generation of public servants, and is also a catalyst for digital transformation and the update of digital services in communities. As such, the Centre is investing in building innovation capacity and digital literacy amongst the youth.

Research and development initiatives will bring in new approaches and solutions especially as part of digital transformation of the public sector to solve service delivery challenges and build a capable state. Furthermore, such initiatives will **facilitate the replication and institutional support** to government departments to set the scene for scaling and mainstreaming, thus breaking down the siloed approach to service delivery. Through the innovation **knowledge platforms** and products, the CPSI will contribute to the professionalisation of the public sector, further contributing to the building of a capable state as we embrace technologies like artificial intelligence, amongst others.

1.2.4 Programme resource considerations

Table: Budget allocation for programme and subprogrammes as per the ENE and/or EPRE

Programmes	2021/22 Audited Outcome	2022/23 Audited Outcome	2023/24 Audited Outcome	2024/25 Adjusted Appropriation	2025/26 Revised Baseline	2026/27 Revised Baseline	2027/28 Revised Baseline
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Research and Development	4 613	4 602	7 517	7 134	7 183	7 534	7 898
Institutional Support and Replication	3 558	4 955	5 485	6 895	6 954	7 278	7 610
Enabling Environment and Stakeholder Management	5 539	7 260	10 730	9 471	9 793	10 242	10 705
Public Sector Innovation	**13 710**	**16 817**	**23 732**	**23 500**	**23 930**	**25 054**	**26 213**
Economic Classification							
Compensation of Employees	10 192	10 599	13 343	14 703	15 266	15 979	16 702
Goods and Services	3 484	6 154	10 025	8 642	8 433	8 804	9 220
Payment for Financial Assets	-	5	0	-	-	-	-
Transfers and Subsidies	-	-	39	0	0	0	0
Payment for Capital Assets	34	59	325	155	231	271	291
Public Sector Innovation	**13 710**	**16 817**	**23 732**	**23 500**	**23 930**	**25 054**	**26 213**

1.2.5 Explanation of the contribution of resources towards achievement of outputs

The 2025/26 resource considerations for Programme 2 are focused on ensuring that the CPSI can continue to promote and support innovation in the public sector. The programme's allocations are aligned with the CPSI's strategic goals of fostering a culture of innovation, supporting the replication of successful projects, and ensuring that public sector institutions are equipped with the tools and knowledge needed to improve service delivery. The distribution of resources across research, development, replication, institutional support, and creating an enabling environment through partnerships and knowledge-sharing platforms, reflects the integrated approach needed to achieve these outcomes.

The total budget for the Public Sector Innovation programme is distributed across three subprogrammes:

- **Research and Development** is allocated an average of R7.538 million, which accounts for 30.07% of the programme's total budget over the MTEF. This subprogramme is responsible for conducting research that informs the selection, development, and testing of innovative models and solutions. The allocation ensures that sufficient resources are available to conduct needs-driven research and develop a skills base that will enable the creation of innovative solutions for the public sector.

- **Institutional Support and Replication** is allocated an average of R7.281 million, representing 29.05% of the programme's total budget over the MTEF. This subprogramme facilitates the demonstration, replication, and mainstreaming of innovative solutions across public sector institutions. The budget ensures that institutions are supported in adopting and implementing innovative solutions that can enhance service delivery.

- **Enabling Environment and Stakeholder Management** is allocated an average of R10.247 million, which is the largest portion of the budget at 40.88%. This subprogramme focuses on nurturing an innovative environment within the public sector by creating platforms for knowledge-sharing and collaboration. The budget will support various initiatives such as workshops, conferences, unearthing of innovative solutions and partnerships, which are essential for entrenching a culture of innovation across the public sector.

In terms of economic classification, the budget is allocated as follows:

Compensation of Employees: This allocation averages 63.76% of the programme's total budget over the MTEF. This allocation ensures that the CPSI can retain skilled staff to manage and execute innovation initiatives within the public sector. Personnel costs are a significant part of the budget, reflecting the critical role that CPSI professionals play in driving innovation through research, support, and stakeholder engagement.

Goods and Services: The CPSI spends 35.18% of its budget on the procurement of goods and services under the Public Sector Innovation Programme, with the highest allocation on:

- **Travel and subsistence:** Allocation for the piloting, testing, unearthing and replication of innovative solutions that improve service delivery.

- **Consumable supplies:** Allocation for the procurement of replication project items, trophies, and prize monies for the 2024 CPSI Awards Programme and PSI hackathon winners.

- **Contractors:** Allocation for audio-visual equipment for the Annual Public Sector Innovation Awards Programme and Design Thinking workshops.

- **Venues and facilities:** Funding for this item is used primarily for the hosting of knowledge platforms such as the Annual Public Sector Innovation Awards, workshops and Public Sector Innovation Roadshows.

Payment for Capital Assets: This is allocated an average of R264 000, representing 1.05% of the programme's total budget over the MTEF. This portion is dedicated to maintaining or acquiring essential equipment, primarily related to ICT infrastructure, which supports the efficient functioning of the programme's activities.

1.2.6 Updated key risks

OUTCOME	KEY RISK	RISK MANAGEMENT & MITIGATION
A culture and practice of innovation entrenched in the public sector	Inability to facilitate the mainstreaming of public sector innovation that is relevant, timely and has an impact on service delivery in the public sector	• Continuous engagements with MPSA and NT on the capacity of the CPSI to fulfil its mandate • Creation and filling of critical posts to increase capacity of organisation • Conducting research on understanding barriers and enablers and status quo of the public sector innovation • An assessment of CPSI programmes • Developing enabling partnerships
	Inadequate financial and human resources capacity to support the CPSI in delivering on its mandate	• Soliciting additional funding for the new structure • Secondment/sourcing as and when there is a need
	Political risk	• Continued operations in line with current policies and procedures to ensure service delivery to the public sector is maintained

Part D: Technical Indicator Descriptions (TIDs)

Programme 1: Administration

Indicator Title	Type of audit opinion on financial and non-financial information
Definition	This output indicator measures good governance in the administration of the CPSI through the achievement of an unqualified audit opinion on its financial and non-financial performance information **An unqualified audit opinion** signifies that the financial statements and performance information fairly represent the organisation's financial position and outcomes, in compliance with the Public Finance Management Act (PFMA), Treasury Regulations, and other applicable prescripts. The unqualified opinion is achieved by ensuring that the annual financial statements (AFS) and performance information are accurate and complete, and that they meet the required legal and regulatory standards for resource use and reporting
Source of data	Auditor-General of South Africa (AGSA) final audit report
Method of calculation/assessment	Review of the final audit opinion issued by the AGSA
Means of verification	Review of the final audit opinion issued by the AGSA Assessment based on whether the audit opinion is unqualified (i.e. no material misstatements in the financial and non-financial statements)
Assumptions	• The CPSI will have effective internal controls and governance processes in place to ensure accurate financial reporting • All necessary financial and non-financial information is submitted to the AGSA in a timely and complete manner • There are no significant changes in accounting standards or regulations that would impact the audit process
Disaggregation of beneficiaries (where applicable)	None (the indicator pertains to the organisation's internal financial and non-financial reporting)
Spatial transformation (where applicable)	None (this indicator does not directly relate to geographic or spatial considerations)
Calculation type	Non-cumulative (the audit opinion is issued annually and does not accumulate over time)
Reporting cycle	Annually (at the end of each financial year when the audit report is issued)
Desired performance	Unqualified audit opinion on both financial and non-financial information for each financial year
Indicator responsibility	Chief Financial Officer (CFO)

Indicator Title	Number of workflows digitised
Definition	**Workflows:** Refers to a series of activities and or steps that are necessary to complete a process **Digitised:** refers to the conversion of a manual process to digital form using technology such as software and/ or computer programmes
Source of data	**Project Plans and Documentation**: Reports and documentation outlining each digitisation initiative, including timelines, process changes, and project outcomes **System Implementation Reports**: Logs or summaries of software or system changes (e.g. introduction of new digital tools or platforms for managing administrative functions) **User Acceptance Testing (UAT) Reports**: Evidence that new digital systems have been tested and accepted by users, indicating successful deployment **Progress Reports from Subprogrammes**: Reports from Strategic Management, Finance, Supply Chain Management, or Human Resources teams documenting the status and completion of digitisation efforts **Internal Audits**: Audit reports that verify the implementation and effectiveness of digitisation processes in the subprogrammes. **Stakeholder Feedback Reports**: Surveys or feedback from employees and management assessing the impact of the newly digitised processes
Method of calculation/assessment	Count
Means of verification	**Completion Reports**: Formal project or initiative completion reports signed off by the responsible managers of the respective subprogrammes **System Implementation Documentation**: Evidence of new systems or software implemented, such as user manuals, system configurations, and deployment records **Progress Reports**: Periodic or final reports from each subprogramme indicating the completion of digitisation initiatives, including milestones achieved **Audit Reports**: Independent internal or reports verifying that the digitisation initiatives have been completed as planned and that they met the objectives **Performance Reviews**: Minutes or recordings of review meetings where progress toward digitisation targets was discussed and validated **User Acceptance Testing (UAT) Reports**: Evidence that new digital systems have been tested and accepted by users, indicating successful deployment **Financial Reports**: Documents verifying the budget allocation and expenditure on digitisation initiatives, confirming that the resources were utilised for the intended purpose
Assumptions	**Availability of Funding**: Sufficient financial resources will be available to support the digital initiatives over the 5-year period **Technological Infrastructure**: The required technological infrastructure such as hardware, software, and network capacity, will be in place and maintained to support the digitisation transformation of internal processes **Staff Buy-in and Readiness**: Employees and management within the subprogrammes (Strategic Management, Finance, Supply Chain Management, and Human Resources) will be willing and able to adopt and use the new digital systems effectively **Leadership Commitment**: Senior management and programme leaders will continue to support and prioritise the digitisation transformation agenda throughout the implementation period **Timely Implementation**: Digitisation transformation projects will be implemented within the planned timelines without major delays caused by unforeseen technical or operational challenges

Indicator Title	Number of workflows digitised
	Skilled Human Resources: The necessary expertise, both internal and external, will be available to develop, implement, and manage the digitisation transformation initiatives **Regulatory and Compliance Support**: The digitisation transformation initiatives will comply with legal and regulatory frameworks, including data protection, and no major regulatory changes will impede the planned transformations **Minimal Disruptions**: There will be no significant internal disruptions (e.g. changes in leadership, major restructuring) or external disruptions (e.g. economic crises, major system failures) that could affect the progress of the digitisation initiatives **Stakeholder Collaboration**: Internal and external stakeholders such as ICT vendors and service providers, will collaborate effectively in delivering the necessary tools and services for digitisation transformation
Disaggregation of beneficiaries (where applicable)	This indicator primarily tracks internal digitisation transformation processes, and traditional disaggregation by external beneficiaries (e.g. citizens or service users) may not be applicable unless these processes directly impact service delivery externally
Spatial transformation (where applicable)	The digitisation transformation initiatives are aimed at improving administrative efficiency internally, rather than impacting spatial distribution or equity among different regions
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	One process per annum digitised
Indicator responsibility	Chief Information Officer (CIO) and Chief Financial Officer (CFO)

Programme 2: Public Sector Innovation

Indicator Title	Number of innovation research initiatives undertaken
Definition	Investigate service-delivery challenges and potential solutions, provide evidence base for subprogramme initiatives, and contribute to the public sector innovation knowledge base **Research** refers to the use of qualitative and quantitative methods to investigate service delivery challenges and solutions, develop case studies and public sector innovation approaches and toolkits **Research initiatives** refer to a suite of investigative activities (qualitative and/or quantitative) and subsequent reporting. These activities include, among others, investigating and scoping of challenges; search for and assessment of potential solutions; and the development of methods, toolkits and approaches **Undertaken** refers to implementing a project up to the point where a decision can be made to continue to a next phase or terminate the initiative
Source of data	• Project and/or research reports/presentations
Method of calculation/assessment	• Quantitative – simple count
Means of verification	• The portfolio of evidence: Proof of research initiatives undertaken
Assumptions	• Sufficient resources • Cooperation by stakeholders
Disaggregation of beneficiaries (where applicable)	• Not applicable
Spatial transformation (where applicable)	• Not applicable
Calculation type	• Non-cumulative
Reporting cycle	• Annually
Desired performance	• Two initiatives are undertaken per annum
Indicator responsibility	• CD: Research and Development

Indicator Title	Number of development initiatives undertaken
Definition	The development, testing, and piloting of innovative solutions **Development** refers to the process of creating, customising or improving a prototype, approach, model, service, or product (ICT or non-ICT) for further testing, piloting or implementation **Testing** refers to the process of assessing the functioning of the developed solution and may include issues of quality, performance, reliability, cost, and unintended consequences. Testing may lead to further refinement before piloting **Piloting** refers to the limited deployment of the solution in a controlled real-life or simulated environment for a limited period to establish the appropriateness and feasibility of implementation **Development initiatives** refer to a suite of investigative and experimentation activities (qualitative and/or quantitative) and subsequent reporting. These activities include, among others, defining and scoping of challenges; search for and assessment of potential solutions; identification or development of methods, toolkits, and approaches; as well as the activities associated with development, testing, and piloting **Undertaken** refers to the implementation of a project up to the point where a decision can be made to continue to a next phase or terminate the initiative. Because there is no guarantee of the efficacy of a solution at the beginning of the research and development initiative or of potential unintended consequences, a stage-gate approach is required where an initiative can be terminated at any of the decision points
Source of data	• Project and/or research reports/presentations
Method of calculation/assessment	• Quantitative – simple count
Means of verification	• The portfolio of evidence: Proof of research and development initiatives undertaken
Assumptions	• Sufficient resources • Cooperation by stakeholders
Disaggregation of beneficiaries (where applicable)	• Not applicable
Spatial transformation (where applicable)	• Not applicable
Calculation type	• Non-cumulative
Reporting cycle	• Annually
Desired performance	• Two initiatives are undertaken per annum
Indicator responsibility	• CD: Research and Development

Indicator Title	Number of Youth Digital skills Development initiatives supported
Definition	• **The meaning of the indicator**: The indicator quantifies a variety of initiatives developing digital skills amongst youth in order to support the uptake of digital service delivery solutions and develop the next generation of digitally literate public servants • **The explanation of technical terms used in the indicator:** *Supported* *means various activities including mentoring, hosting or co-organising hackathons, developer laboratories, workshops and related initiatives*
Source of data	• Reports, programmes, or attendance registers of hackathons, workshops and other initiatives participated in or hosted • Proposals and planning documents, meetings, progress reports • Photographic and video evidence
Method of calculation/assessment	• Simple count
Means of verification	**Completion Reports**: Reports on the outcomes of digital skills development initiatives **Progress Reports**: Periodic or final reports from subprogramme or partners **Audit Reports**: Independent internal or reports verifying that the initiatives have been completed as planned and that they met the objectives **Performance Reviews**: Minutes or records of review meetings where progress toward targets was discussed and validated **Financial Reports**: Documents verifying the budget allocation and expenditure on initiatives, confirming that the resources were utilised for the intended purpose
Assumptions	• Youth participation • Access to data and information • Partnerships and collaboration with youth organisations
Disaggregation of beneficiaries (where applicable)	• Target for Women: Not applicable • Target for Youth: Yes, 100% • Target for People with Disabilities: Not applicable
Spatial transformation (where applicable)	• Not applicable
Calculation type	• Non-cumulative
Reporting cycle	• Annual progress against the five-year target
Desired performance	• Two initiatives per annum
Indicator responsibility	• CD: Research and Development

Indicator Title	Number of innovative solutions replicated in the public sector
Definition	The number of innovative solutions replicated to improve service delivery. Solutions are mainly sourced from the Public Sector Innovation Awards. While these solutions have been implemented in another environment, replication of these solutions in a different sector/department/province requires incubation and buy-in from executives and officials **Replication** refers to the implementation of innovative solutions in one or more environment(s). This entails an internal assessment of the replicability, including funding and complexity; identifying potential sectors/departments where it could be replicated; using the originator for engagement with relevant institutions/officials; modifying the solution if required, and facilitating its replication **Innovative Solutions** refers to new or improved products, services, processes or approaches which fulfil the mandate of government and improve service delivery
Source of data	• EXCO and/or Extended EXCO minutes, project reports, and attendance registers
Method of calculation/assessment	• Quantitative - simple count
Means of verification	• The portfolio of evidence: Proof of innovative solutions replicated
Assumptions	• There will be innovative solutions to replicate in the public sector • Sufficient resources • Cooperation by stakeholders • Leadership buy-in from departments
Disaggregation of beneficiaries (where applicable)	• Not applicable
Spatial transformation (where applicable)	• Not applicable
Calculation type	• Non-cumulative
Reporting cycle	• Annually
Desired performance	• Two initiatives successfully replicated per annum
Indicator responsibility	• CD: Institutional Support and Replication

Indicator Title	Number of knowledge platforms sustained to nurture an enabling environment for Innovation in the public sector
Definition	Encourage people from all spheres of government and the private sector to engage in public sector innovation, entrenching a culture of innovation in the public sector • **Knowledge platforms** refer to platforms such as workshops, conferences and/or publications used to create a community of innovators for sharing knowledge, experience, and best practice • **Sustained** means maintained for continued fulfilment of their purpose • **Nurture** refers to the promotion of a culture of innovation in the public sector to enhance service delivery • **Enabling environment** means an environment that is conducive for innovation to flourish
Source of data	• Event programmes, invitation letters, attendance registers • Presentations
Method of calculation/assessment	• Quantitative – simple count
Means of verification	• The portfolio of evidence: Proof of knowledge platforms
Assumptions	• Sufficient resources • Knowledge platforms will assist public servants to embark on innovation initiatives in their departments/institutions
Disaggregation of beneficiaries (where applicable)	• Not applicable
Spatial transformation (where applicable)	• Not applicable
Calculation type	• Cumulative (year-end)
Reporting cycle	• Quarterly
Desired performance	• Nine (9) knowledge platforms sustained to nurture an enabling environment for innovation in the public sector: Conference, Awards Programme, Regional/International Programmes, and Design Thinking and Innovation Workshops
Indicator responsibility	• CD: Enabling Environment and Stakeholder Management

Indicator Title	Number of Institutions supported on Innovation
Definition	• **The meaning of the indicator**: The indicator measures a suite of initiatives embarked on to build and support a culture and practice of innovation. This includes supporting public sector institutions to use innovation to improve service delivery • **The explanation of technical terms used in the indicator:** *Supported means various outcomes, including facilitation, training, hosting, networking with community of practice, visits to other institutions, workshops and conferences*
Source of data	• Attendance registers of workshops/training and meetings held • Report of on institutions supported • Meetings, progress reports
Method of calculation/assessment	• Simple count
Means of verification	**Reports**: Reports and attendance registers submitted by project managers **Audit Reports**: Independent internal and/or reports verifying that initiatives have been completed as planned and that they met the objectives **Performance Reviews**: Minutes and/or records and/or recordings of review meetings where progress toward targets was discussed and validated **Financial Reports**: Documents verifying the budget allocation and expenditure on initiatives, confirming that the resources were utilised for the intended purpose
Assumptions	• Attendance by delegates • Access to data and information • Ownership by service delivery departments
Disaggregation of beneficiaries (where applicable)	• Target for Women: Not applicable • Target for Youth: Not applicable • Target for People with Disabilities: Not applicable
Spatial transformation (where applicable)	• Not applicable
Calculation type	• Non-cumulative
Reporting cycle	• Annual
Desired performance	• Two institutions supported on innovation per annum
Indicator responsibility	• CD: Institutional Support and Replication

Annexure A: Amendments to the Strategic Plan
Not applicable

Annexure B: Conditional Grants
Not applicable

Annexure C: Consolidated Indicators
Not applicable

Annexure D: District Development Model

Areas of intervention in NSDF and DDM	Annual commitments								
	Project name	*Project description*	*Budget allocation*	*District municipality*	*Specific location*	*Project leader*	*Social partners*	*Longitude (East/West/ +X)*	*Latitude (North/South/ -Y)*
Food Security	N/A	Replication of Smart Agricultural Boxes to increase food production by local cooperatives and small-scale farmers	R290 000.00	Nketoana District Municipality, Free State	Nketoana Municipality	K Hamilton	Beneficiaries of the municipal indigenous programme Small-scale farmers		
				Ehlanzeni District Municipality District	Barberton Correctional Services Centre				