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The role of PPPs in South Africa's Water Sector

By Stuart Morrison

INTELLIGENCE REPORT

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Executive summary

South Africa's water sector is at a critical juncture. Poor service delivery, weak governance, and mounting ecological pressures are undermining water security. At the same time, government is streamlining regulatory and legislative frameworks to facilitate partnerships between municipalities and the private sector in support of service delivery and development objectives. Against this backdrop, this Intelligence Report examines the potential of public-private partnerships (PPPs) to address the water crisis through two South African case studies: the iLembe District Municipality–Siza Water Company partnership and the Emfuleni Development Partnership involving Sasol and GIZ. These examples highlight both the opportunities and challenges associated with PPPs in the water sector.

A call to action

Recent PPP reforms in the water sector present a timely opportunity for private-sector investment and partnership. Businesses should monitor emerging projects and engage proactively with municipalities as demand for infrastructure finance, technical expertise, and service delivery support grows.

Recommendations

- **Private sector players should prioritise knowledge transfer and institutional capacity building:** Water PPP agreements should include funded and measurable mechanisms for transferring technical, operational, and financial expertise to municipal officials. Strengthening local capacity will help sustain service delivery and reduce dependence on private partners over the long term.
- **Develop shared data and monitoring systems:** PPPs should establish municipality-owned digital systems that are accessible to both public and private partners. Shared data improves oversight, supports preventative maintenance, and facilitates a smoother transition when assets or operations revert to municipal control.
- **Align commercial incentives with community needs:** Private partners should adopt community-responsive approaches that balance commercial objectives with public service obligations. Meaningful engagement with local communities can strengthen public trust, reduce risks such as infrastructure vandalism, and improve the long-term viability of water projects.
- **Promote integrated governance and fiscal alignment:** Water infrastructure interventions should be accompanied by improvements in municipal governance and financial management. Measures such as ring-fencing utility budgets and updating indigent registries can enhance accountability and revenue collection, ensuring that technical upgrades translate into sustainable service delivery outcomes.

COVER PHOTO: Gates of the Vaal Dam are opened to reduce pressure as residents living around the Vaal River in South Africa are called for evacuation in April 2025.

Cover photo: Ihsaan Haffejee/Anadolu via Getty Images

Published by Good Governance Africa – The Mall Offices, 11 Cradock Avenue, Rosebank, Johannesburg, 2196, South Africa

ANALYSIS:

The ongoing water crisis in South Africa is reaching a critical point. Alongside the dry climate, the country is facing a convergence of crumbling infrastructure, failing institutional governance and poor financial and debt management.[1] These have all severely undermined South Africa's water security creating a number of socio-economic risks and challenges that threaten economic growth and social development. In response to these developments, the national government has escalated the issue, recognising the crisis for what it is and taking steps to help stabilise the sector.[2] One of these key steps is to leverage Public-Private Partnerships (PPPs) to help address this crucial issue.

However, private investors have been cautious about investing in the water sector. Between 2000 and 2020, the total number of investments was USD 48.36 billion, with the public sector making up 90% of these investment, contributing USD 44.3 billion. The private sector on the other hand has only contributed around 8% of total investments. This means there is a huge gap for private sector investors.[3] With the establishment of the National Water Infrastructure Agency (NWIA) and other such reforms, the current and future landscape of the water sector presents many different opportunities for private investors.[4] Additionally, with the current water crisis affecting business operations, quality of life and political stability, involvement in this sector ensures the private sector is able to directly contribute to the development of communities, municipalities and the economy, provided they do not directly substitute government responsibility.

This Intelligence Report examines the role that the private sector could play to improve water security in South Africa, and it highlights how it can mitigate the associated risks. The aim of the report is not to advocate for the private sector to take over the responsibility of water services, but to highlight how such partnerships can be used to address the crisis that communities are facing using sustainable and long-term models. The report begins by providing an overview of the water sector in South Africa before highlighting key PPP case studies. It concludes by indicating what can be learnt from these case studies.

Overview of water security in South Africa

Legislative Framework:

The right to sufficient water access is enshrined in Section 27 of the South African Constitution.[5] The constitution stipulates that it is the state's responsibility to realise the right. This right is clarified through several supporting legislative documents (see Table 1).

These key pieces of legislation provide a layered system of legal governance for PPPs within the water sector, from the role of the national government (largely through the Department of Water and Sanitation (DWS) and National Treasury) to the role of the local government through the municipal council, its constituents and administrative arm. While the legislative structure may seem complex, the government continues to make amendments to these core pieces of legislation to help streamline application processes and create a more balanced environment for private sector involvement.

One of the most notable recent amendments is the 2024 Water Services Amendment Bill, which places systems and enforcement responsibilities on municipalities to improve water and sanitation services.[6] Part of these amendments includes linking a municipality's right to distribute water to its performance as measured by the DWS Blue, Green and No Drop reports. Additionally, all WSP entities (including municipalities) need to have a formal operating license to provide water. To attain this licence, the entity needs to prove its ability to meet

1 Nhlanhla Mnisi. "Water Scarcity In South Africa: A Result Of Physical Or Economic Factors?," HSF briefs (Johannesburg: Helen Suzman Foundation). https://hsf.org.za/publications/hsf-briefs/water-scarcity-in-south-africa-a-result-of-physical-or-economic-factors

2 South African Government News Agency. "President Ramaphosa rallies all spheres of government to tackle water crisis." (South Africa: SAnews.gov.za, 2026). https://www.sanews.gov.za/south-africa/president-ramaphosa-rallies-all-spheres-government-tackle-water-crisis

3 Cornelius Ruiters and Joe Amadi-Echendu. "Public–private partnerships as investment models for water infrastructure in South Africa," *Infrastructure Asset Management* vol. 9, No. 4. (2022). https://www.emerald.com/jinam/article-abstract/9/4/180/421822/Public-private-partnerships-as-investment-models?redirectedFrom=fulltext

4 South African Government News Agency. "President Ramaphosa rallies all spheres of government to tackle water crisis."

5 Constitution of the Republic of South Africa. Section 27 (1996). https://www.justice.gov.za/constitution/SAConstitution-web-eng.pdf

6 South African Government. Water Services Amendment Bill (2024). https://www.gov.za/sites/default/files/gcis_document/202510/b24-2025waterservicesab.pdf

Legislation	Key Features	Relevance to PPPs
Water Services Act (Act 108 of 1997)[8]	Distinguishes separation of powers within water sector: 1. Water Service Authorities: Designates municipalities as WSA's, making them responsible for the planning, regulation and overall supervision of water and sanitation services. 2. Water Service Providers (WSP): The operational entity that manages, treats and distributes water services. This function can be performed by a WSA or contract it out to an external public or private entity. Provides provisions for Basis Access to water services including Free Basic Water.	• The act serves as legal framework for enabling PPPs and provides regulations for external WSP's. • The act also protects tariff charges, ensuring that only the Minister of Water and Sanitation can authorise water and sanitation tariffs. • There is an explicit bias towards public entities such as Water Boards before partnering with private partner.
National Water Act (Act 36 of 1998)[9]	• Establishes the legal framework governing bulk water resources, catchments and environmental water quality. • Guarantees the public trusteeship of water. • Protects water allocation between basic human needs and ecological reserves. • Regulates Water Use Licences.	• Clarifies that water sources cannot be privately owned. • Private WSPs or producers need to have a Water Use Licence. • The Act also establishes a national pricing strategy which ensures private investors align their financial models with national tariff structures.
Municipal Systems Act (Act 32 of 2000)[10]	• Governs how municipalities deliver services. • It supports the Water Services Act by dictating how municipalities can outsource and enter into agreements with the private sector.	• Establishes the procedures for private sector involvement. • This includes consultations with residents and trade unions and how authority is managed over service delivery.
Municipal Finance Management Act (Act 56 of 2003): Municipal Regulation 309[11]	• Provides the regulatory foundation for Municipal PPPs. • Outlines the key steps needed for a municipality to enter into a partnership this includes: 1. Feasibility study to ensure that the partnership is affordable, value for money and what the risk transfers will be. 2. Fiscal Risk and Contingent Liabilities report to protect the municipality and ensure no hidden risks. 3. National Treasury review.	While this Act has historically been one of the most difficult parts of the process, recent amendments have helped streamline the regulations to the benefit of private investors. This includes: 1. Exemption threshold. Meaning projects which have an estimated cost of R2 billion or less do not have to go through the review process. 2. Streamlined fast tracking for smaller project which can be approved by municipal accounting officer.

TABLE 1: Legislative Framework of the Water and Sanitation Sector in South Africa.

national performance thresholds.[7] This amendment, once assented, will help create greater opportunities for the private sector by creating a market for PPPs through failing municipalities being stripped of their right to water provision, thus allowing private investment to breach the gaps. It will also help de-risk the water sector further by improving the bankability of water PPPs. The amendments propose ring-fencing water revenue to ensure that money collected from water and sanitation stays within the sector and won't be used for other needs.[12]

In recent years, the government has made significant strides in creating a more partnership-friendly environment that will yield long-term benefits for communities, municipalities and businesses.[13] These changes also seem to promote smaller partnerships and investors, meaning local businesses can get involved in improving and protecting water security for their operations without having to commit to significant capital investments.

7 Ibid.
8 South African Government. Water Services Act 108 of 1997. (1997). https://www.gov.za/sites/default/files/gcis_document/201409/a108-97.pdf
9 South African Government. National Water Act 36 of 1998. (1998). https://www.gov.za/documents/national-water-act
10 South African Government. The Local Government: Municipal Systems Act 32 of 2000 (2000). https://www.gov.za/sites/default/files/gcis_document/201409/a32-000.pdf
11 South African Government. Municipal Finance Management Act (Act 56 of 2003): Government notice No. R 309. https://www.gov.za/sites/default/files/gcis_document/202402/50156gon4393.pdf
12 Ibid.
13 Sean Philips. "SA water sector reforms will boost drinking water and wastewater treatment systems." (Daily Maverick, 2025). https://www.dailymaverick.co.za/opinionista/2025-08-07-sa-water-sector-reforms-will-boost-drinking-water-and-wastewater-treatment-systems/

Current state of water in South Africa

Despite a healthy legislative and policy architecture, South Africa's water and sanitation sector outlook is bleak.[14] Various reporting measures have highlighted several challenges across the sector including but not limited to institutional and capacity issues, financial and debt constraints as well as poor water and sanitation performance.[15] For example, the Department of Water and Sanitation publishes three regulatory reports measuring the performance of the municipal water sector.[16] This includes the Blue Drop report (which reports on drinking water quality), the Green Drop report (which measures the performance of wastewater management) and the No drop report (which reports on non-revenue water).

The latest findings from these reports present a sobering reality of the state of South Africa's Water sector. Figure 1 reports the percentage of municipalities which have a DWS performance score of 50 or more (out of a total of 100). The score of >=50 benchmark in the DWS scoring system indicates that the municipality is achieving the bare minimum with room for much improvement. The data shows that performance across water services is inconsistent, with no province having a score of 50 or more in all three reports. KwaZulu-Natal (KZN) stands out as all municipalities in the province which are responsible for water services have scored 50 or more in two of the measures (both Blue Drop and No Drop scores). However, they perform poorly, on average, in the Green Drop score, with only 25% of its municipalities receiving the minimum benchmark score.

These figures also highlight the wide inequalities that exist across provinces, with some such as the Western Cape

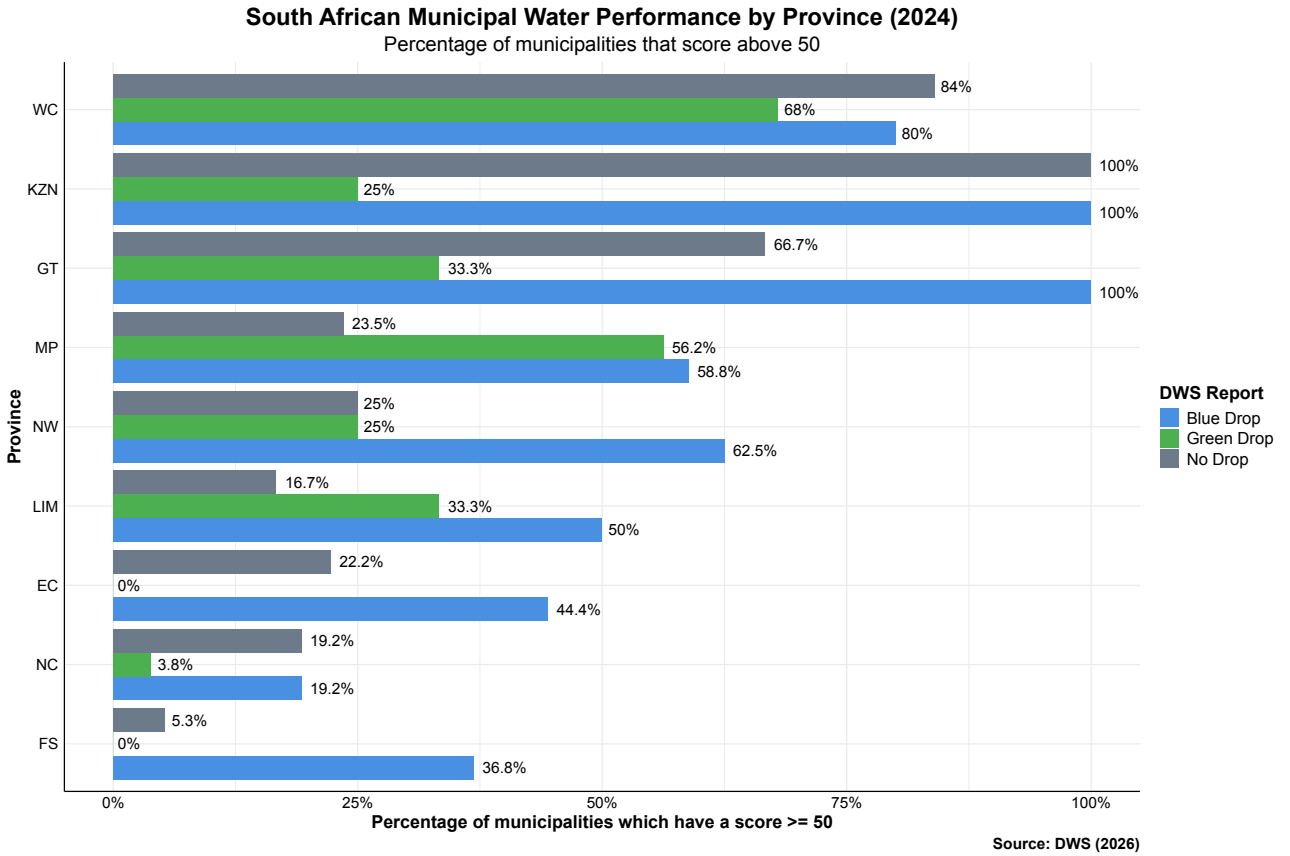

FIGURE 1: South African Municipal Water Performance by Province (2024).

14 South African Human Rights Commission. "The South African Human Rights Commission calls for the ongoing water crisis in the country to be declared a National Disaster," HSRC Media Statement (Johannesburg: South African Human Rights Commission, 2026). https://www.sahrc.org.za/index.php/sahrc-media/news-2/item/4432-media-statement-the-south-african-human-rights-commission-calls-for-the-ongoing-water-crisis-in-the-country-to-be-declared-a-national-disaster

15 Enkosi Selane. "R400bn to fix: Here's what government is doing about it," (South Africa: The Citizen, 2026). https://www.citizen.co.za/news/south-africa/south-africas-water-crisis-needs-r400bn-to-fix-heres-what-government-is-doing-about-it/

16 Department of Water and Sanitation. "Releases: Green Drop Report 2025." https://ws.dws.gov.za/IRIS/latestresults.aspx (date accessed: 08 June 2026)

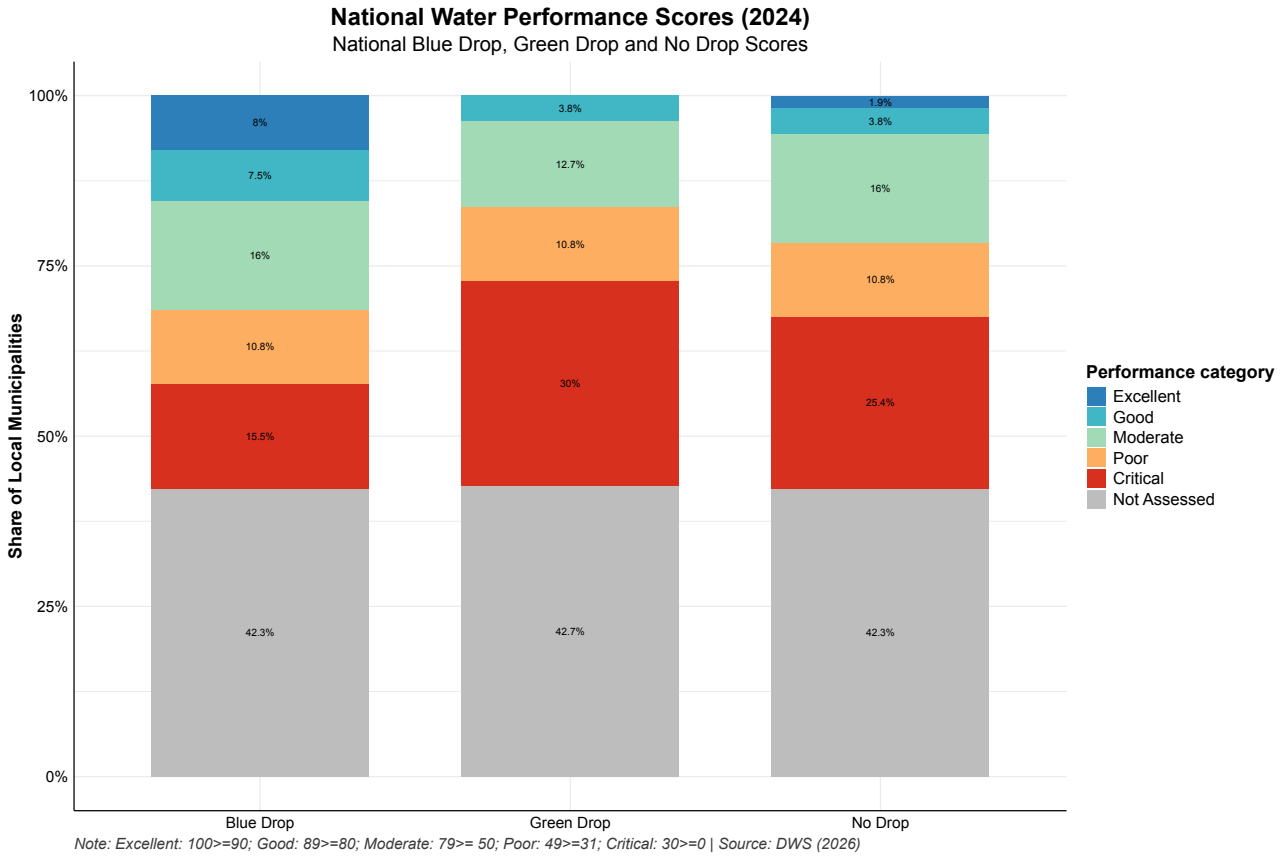

FIGURE 2: National Water Performance Scores (2024).

performing consistently across all three measures with the majority of its municipalities scoring at least 50, while other provinces such as the Free State experience poor performance for most of their municipalities.

The picture becomes more concerning when considering the national trends as depicted in Figure 2. The graph measures the national percentage of local municipalities which received the different category scores. Only 5.7% of local municipalities received a good or better No Drop score (80 or more out of 100) with a majority of municipalities receiving critical or poor. These trends are similar for the Blue and Green Drop scores. However, the latter scores tend to do worse with no local municipality receiving more than an 86 out of 100.[17]

These figures represent three key structural issues: namely infrastructure decay, financial unsustainability and governance failings.

In terms of infrastructure decay, the 2022 No Drop report states that almost 47% of treated water is lost through old infrastructure, faulty meters and illegal connections.[18] [19] This in turn results in billions of rands being lost, which could be going to water infrastructure repairs, maintenance and capacity building. The long-term effect is a self-reinforcing cycle in which municipalities lose revenue through water losses from ageing infrastructure yet have insufficient resources and capacity to undertake the repairs and maintenance needed to address the problem.

17 Department of Water and Sanitation. "Green Drop National Report 2025".
18 Department of Water and Sanitation. "Green Drop National Report 2022". https://ws.dws.gov.za/iris/releases/Report_NATIONAL%20_FINAL_30March22_MNEdit_web.pdf
19 Tony Carnie. "Billions down the SA big-city revenue drain as 40% of purified water is lost to pipe leaks." DM168. (Daily Maverick, 2024) https://www.dailymaverick.co.za/article/2024-04-06-billions-down-the-sa-big-city-revenue-drain-as-40-of-purified-water-is-lost-to-pipe-leaks/

Financial unsustainability is another challenge.[20] Revenue from water and electricity services is often diverted to cover broader municipal operating costs, repay debt from infrastructure and development projects, or offset deficits in other service delivery functions. By September 2025, the debt that municipalities owe to the various water boards in South Africa was approximately R25 billion, with some reports estimating this number increased to at least R28 billion in 2026.[21] [22]

Internal governance and capacity deficits further undermine municipalities' ability to make strategic, evidence-based decisions.[23] One factor contributing to these challenges is the practice of political appointments, particularly in senior management positions.[24] When administrative roles become closely tied to political considerations, it can weaken the independence of the municipal administration and blur the distinction between the political and administrative functions of local government; an important principle of good governance is that political leadership and municipal management should remain tightly separated.[25]

This highlights the need for partnership with the private sector. However, these partnerships need to be strategic, careful and mutually beneficial to ensure that infrastructure issues are addressed without the private partner effectively replacing the municipality.

Given these challenges, there is a clear need for greater collaboration between the private and public sector to prevent further deterioration of South Africa's water infrastructure and strengthen the country's long-term water security. Furthermore, ongoing reforms to the legislative and regulatory environment are improving the prospects for sustainable PPPs in the water sector. These reforms seek to provide greater certainty for investors, protect stakeholder interests, and maintain a clear distinction between private-sector participation and the statutory responsibilities of municipalities.

The role of PPPs in the water sector

PPPs are not new to South Africa and have been a key part of its developmental strategy from the early 2000s.[26] Within the water sector, there has been scepticism towards PPPs because of the municipal challenges, slow bureaucratic systems and substantial upfront capital requirements. However, there have nonetheless been a range of different PPP models deployed - from big investment projects to smaller, more focused models.

The next section draws on two such examples. The first will explore the iLembe Municipality - Siza Water company PPP, an expansive 30-year project which involved the private stakeholder taking over water services. By way of comparison, the second analyses the Emfuleni municipality and GIZ/Sasol partnership, which used a smaller, more targeted model aimed to address a specific issue within the water sector.

CASE STUDY 1:
iLembe District Municipality and Siza Water Company PPP (KwaZulu-Natal):

The iLembe-Siza Water PPP was the first water sector partnership in South Africa, beginning in 1999 between the Borough of Dolphin Coast found within the iLembe District Municipality (and parts of the KwaDukuza Local Municipality) and Siza Water Company.[27] It used a version of the Design-Build-Finance-Operate (DBFO) model in which the company effectively leased the existing

20 Sifiso Mofokeng and Simon Matome Nkgapele. "Assessing Municipal Water Service Delivery in South Africa," *International Journal of Applied Research in Business and Management* Vol. 07 No. 03. (2026). https://www.wr-publishing.org/index.php/ijarbm/article/view/517/470

21 Leon Basson. "Water and Sanitation Committee Welcomes Positive Impact of Withholding Equitable Share," Press Release (Cape Town: Parliament of the Republic of South Africa, 2025). https://www.parliament.gov.za/press-releases/media-statement-water-and-sanitation-committee-welcomes-positive-impact-withholding-equitable-share

22 Ramateu Monyokolo. "Defaulting municipalities: Treasury crackdown is to avert water sector collapse," Opinionistas (Daily Maverick, 2026). https://www.dailymaverick.co.za/opinionista/2026-01-26-defaulting-municipalities-treasury-crackdown-is-to-avert-water-sector-collapse/ .

23 Sifiso Mofokeng and Simon Matome Nkgapele. "Assessing Municipal Water Service Delivery in South Africa."

24 Eyitayo Francis Adanlawo and Mpho Chaka. "The impact of cadre deployment on governance and service delivery in South Africa," *International Journal of Development and Sustainability* Vol. 13, No. 4 (2024). https://repository.nwu.ac.za/server/api/core/bitstreams/d8628276-1b7f-4017-ba72-61b4cc7d1ed5/content

25 Ibid.

26 Kutu Ramolobe and Unathi Khandanisa. "The role of public–private partnership in achieving local government sustainable development," *Africa's Public Service Delivery and Performance Review*, Vol.12, No.1 (2024). https://apsdpr.org/index.php/apsdpr/article/view/816/1558

27 SAIIA. "A Case Study On iLembe – Siza Water Concession," SADC PPP Case Studies (Johannesburg: SADC Business Barriers, 2012). https://saiia.org.za/wp-content/uploads/2012/07/ppp_ilembe__siza_water_concession.pdf

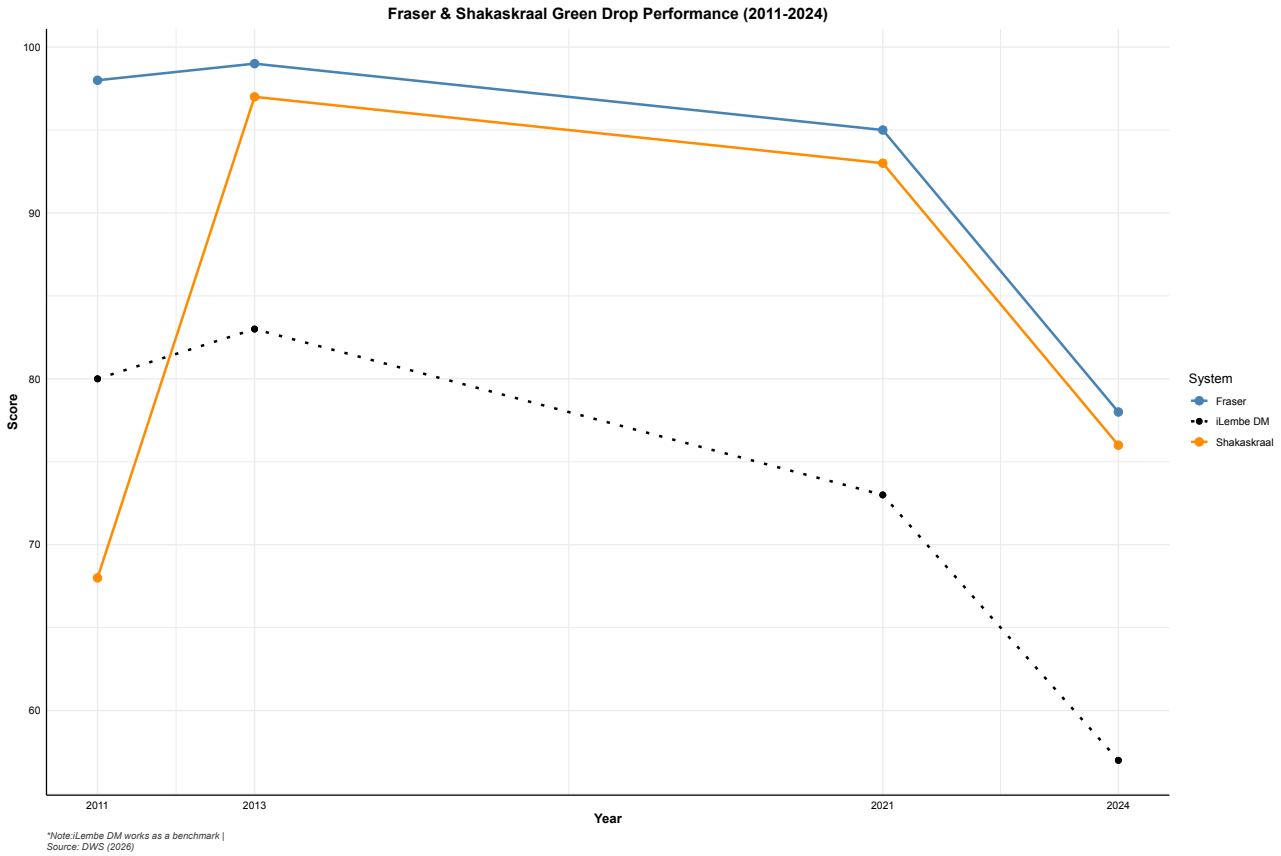

FIGURE 3: Fraser & Shakaskraal Green Drop Performance Scores (2011-2024).

water system at its own risk and cost.[28] Siza water was granted the right to treat, distribute and manage water and sanitation (wastewater) services.[29] [30] This concession also outlined measures to expand and improve the water system infrastructure. The area of the concession was around 12.5km² and covered key parts of the KwaZulu-Natal south coast, including Ballito and Shaka's Rock, which meant that while its permanent resident population was between 55 000 and 80 000, this number would more than double during peak holiday periods.[31]

Over its 25-year lifespan, the PPP has produced mixed results. However, as SAIIA notes, the partnership succeeded in meeting many of its core objectives.[32] This includes improvements in various water performance measures (see Figure 3). The figure visualises the difference in Green Drop scores for the two wastewater systems that were run by Siza Water and other? water systems run by iLembe municipality.

For example, in 2021 Fraser and Shakaskraal were two of three systems in KZN to receive Green Drop status (they received a score of more than 90), highlighting the improvements in wastewater systems that the partnership enabled. In the 2023 Green Drop report, Siza is highlighted as having exceptional operations with a greater number of technical specialists than in the systems run by the municipality. This further highlights the value that the private sector brings to the partnership, through faster recruitment without cadre or political placements.

28 Cornelius Ruiters and Joe Amadi-Echendu. "Public–private partnerships as investment models for water infrastructure in South Africa."
29 The Presidential eThekwini Working Group. "Private Sector Participation in Water Provision: Selected South African Case Studies." https://www.kzntreasury.gov.za/Public%20Private%20Partnership%20Presentations/2.3%20Water%20Service%20PPP%20Case%20Studies.pdf#page=3.09
30 SAIIA. "A Case Study On iLembe – Siza Water Concession."
31 The Presidential eThekwini Working Group. "Private Sector Participation in Water Provision: Selected South African Case Studies."
32 SAIIA. "A Case Study On iLembe – Siza Water Concession."

Additionally, the water system that was managed by Siza Water, Dolphin Coast, was one of only three systems in KZN that received Blue Drop (a score of more than 95) status in 2023.[33] Siza Water was also able to reduce non-revenue water from 33% in 1999 to roughly 15% in 2021. Comparatively, in the same period the iLembe District Municipality lost around 39% in water revenue.[34]

The improvements went beyond just the current water system as the PPP operator also built and expanded the current infrastructure, investing approximately R500 million which went towards the development of several reservoirs, pump stations and two sewer treatment plants.[35] This allowed them to improve the wastewater systems for much longer than the concession, which not only benefits the municipality and communities but also creates an enabling environment for businesses which directly and indirectly rely on these systems.

However, while there were a number of key successes that were directly and indirectly attributable to the PPP, there were also notable challenges. This includes the uneven access to (and quality of?) services across wealth groups. SAIIA reports that wealthier areas tended to perform better than the poorer peri-urban communities.[36] While some of this is due to historical legacy, the company faced criticism for using different models for different areas, which ultimately exacerbated existing inequalities.

Another related issue was affordability for lower-income households. In communities such as Etete and Shakashead, some residents reverted to relying on communal standpipes despite having access to household piped connections.[37] This was largely driven by affordability concerns, as water consumption often exceeded the free basic water allocation, resulting in bills that many households struggled to pay.

Another key challenge concerned the PPPs 'exit plan'. Although the municipality is currently seeking to renew the concession agreement, disagreements among key stakeholders, including the National Treasury and community groups, have created uncertainty regarding the partnership's future. Over time, the private partner assumed responsibility for a number of functions that would traditionally fall within the municipality's mandate, without a corresponding strategy to strengthen municipal capacity and facilitate a gradual transfer of skills and responsibilities.[38]

As a result, the water system has effectively been placed in a state of limbo while the renewal negotiations continue. The effects are reflected in Figure 3, which illustrates the decline in performance between 2021 and 2024. The prolonged transition process has also contributed to tensions between the Siza Water employees and municipal staff, as overlapping responsibilities and unclear institutional boundaries have created operational and labour-related challenges.

Insufficient investment in municipal capacity and data systems has not only blurred responsibility but also made service delivery vulnerable to contractual delays and disputes.

CASE STUDY 2:
Emfuleni Development Partnership with Sasol and GIZ

The Emfuleni PPP adopted a different model – a performance-based system to address water losses through infrastructure development.[39] Instead of transferring full rights to a private partner, the model leveraged the technical and operational experiences from Sasol and GIZ to support water infrastructure operations and provide upfront capital. The scope of the project saw engineers and experts provide operational, optimisation and rehabilitation of specific areas which had high levels of water loss, particularly in Sebokeng and Evaton.[40] The project was implemented in two phases between April

33 Department of Water and Sanitation. "Blue Drop National Report 2023"
34 The Presidential eThekwini Working Group. "Private Sector Participation in Water Provision: Selected South African Case Studies."
35 Ibid.
36 SAIIA. "A Case Study On iLembe – Siza Water Concession."
37 Ibid.
38 Ibid.
39 Emfuleni Local Municipality, "South Africa Development Partnership Project between Emfuleni, Sasol and GIZ using a Performance Based Contract." https://cats.carpha.org/Portals/1/images/2015/06/PPP-Case-Study-Emfuleni-South-Africa.pdf
40 Ibid.

2011 and June 2014. The first phase, supported by Sasol and GIZ, focused on addressing critical infrastructure challenges and reducing water revenue losses. The second phase was funded through the savings generated from these reductions. By improving pipe infrastructure, advanced valve installations, and plumbing repairs, the project improved water access to over 500 000 residents, businesses and schools.[41]

The project achieved three notable successes. First, Emfuleni reduced its water demand by 15%, saving approximately 6.8 billion litres of water annually and significantly reducing losses of treated water.[42] This also contributed to improved performance outcomes. For example, the municipality's Green Drop report score increased by nearly 20% between 2011 and 2013, alongside substantial improvements in capacity and technical management indicators.[43]

A second key success was its financial impact. By reducing water losses, the project improved municipal revenue collection and financial stability. The private partners, Sasol and GIZ, were able to recover their initial investments within a few years, demonstrating the project's financial sustainability.[44]

Lastly, the project benefited Sasol and the surrounding businesses.[45] Emfuleni has numerous industrial areas which rely on water for manufacturing and agriculture. Businesses like Sasol were able to reduce operational risks associated with old water infrastructure, namely water outages and low pressure, thereby promoting efficiency. Furthermore, the wider business community benefited from improved water distribution and reduced utility costs.

While the project saw successes during and shortly after the project lifecycle, it did not create sustainable and long-term benefits. This was due to several factors. Firstly, not enough focus was placed on non-engineering capacity building. While the community benefited from technical plumbing and engineering training, other important components like financial management were neglected.[46] As a result, the council was not able to protect the water revenue from mismanagement, meaning the savings generated from the project were lost and ultimately led to the municipality incurring unsustainable debts with Rand Water. While the Green Drop scores during the project improved, the 2021 and 2024 scores saw a significant drop from 81 in 2013 to 31.4 in 2024.[47]

Secondly, the project lacked reliable municipal data which meant a number of nuances within the community were missed. One of the consequences of poor and outdated data was that private operators were not able to identify the number of indigent households, which often relied on burst pipes and illegal connections for water. By not having an accurate count, many of these issues were addressed without providing alternatives for community members.[48] This undermined community trust in the project and left many households without water. The lack of prioritising data collection before the project began ultimately limited the impact of the project.

Lessons learned from the case studies

The two case studies above provide a key overview of how different PPP models have been used in South Africa. What can be learned from both the big, area wide concession and the short-term targeted partnership?

Firstly, in both cases there was a lack of municipal capacity building. The role of a PPP is not to offload responsibilities of the municipality to a private partner. Instead, it is to align interests to create a balanced and enabling environment for both the municipality and private partner to benefit. This means that while the focus is on water, there should be a longer-term plan to ensure that the municipality is properly capacitated to follow the precedent set by the private partner. In the case of Emfuleni, a short-term targeted approach on

41 Ibid.
42 Department of Water and Sanitation. "Green Drop National Report 2013: Chapter 6- Kwa-Zulu Natal Province."
43 Ibid.
44 Emfuleni Local Municipality, "South Africa Development Partnership Project between Emfuleni, Sasol and GIZ using a Performance Based Contract."
45 Rivash Panday. "Sasol, GiZ, Emfuleni Boloka Metsiwater conservation project- Lessons Learnt". (2015). https://www.nbi.org.za/wp-content/uploads/2016/06/Emfuleni-Lessons-Learnt-SWPN-Conference-Sasol.pdf
46 Emfuleni Local Municipality, "South Africa Development Partnership Project between Emfuleni, Sasol and GIZ using a Performance Based Contract."
47 Department of Water and Sanitation. "Green Drop National Report 2025"
48 Emfuleni Local Municipality, "South Africa Development Partnership Project between Emfuleni, Sasol and GIZ using a Performance Based Contract."

paper seemed reasonable, however without considering the municipality as a whole entity, it undermined the progress and benefits from the PPP. Governance is a machine that requires all parts to be working in tandem with each other. Focusing on only one element will only produce short-term gains, however with a more holistic view it will ensure the whole system works together.

Secondly, data systems need to be a key part of the PPP. Many municipalities in South Africa do not have appropriate data management systems, which undermine the ability of the municipality to identify issues and address them in a sustainable way. In the case of the iLembe concession, Siza water had established and operationalised data and oversight systems, allowing them to self-regulate and address key issues. However, without a comprehensive data-sharing system, the municipality has no way of ensuring continuity when the concession ends, which undermines the value of the PPP that should otherwise ensure long-term and sustainable benefits.

Thirdly, private partners need to understand the expectations and responsibilities of a PPP. In most PPPs there is a direct and indirect financial incentive, which may encourage businesses to enter into such agreements. While this is important, such partnerships at their core are there to benefit the community and should be considered as such. In the case of Emfuleni, many saw the project as a way for Sasol to conduct risk mitigation as opposed to supporting the basic needs of the community. By having a better understanding of the complexities that exist within the community, many of the issues that arose would likely have been addressed. However, by only considering the PPP as a way to manage the pollution from its plants, it did not achieve its role as a fair partner. It is important that PPPs are seen as a service to communities in addition to the private sector benefits.

PPPs in the water sector present a significant opportunity for private sector agents to both generate operational profit while simultaneously advancing the public interest. A key lesson to be inferred from these case studies and others is that one size does not fit all and building institutional capacity within municipalities is critical for ensuring continuity and sustainability beyond the life of the contracted PPP. A plausible exit strategy needs to be built into the model from the beginning so that all parties are ultimately geared towards a future state in which municipalities can govern their own service delivery portfolio as per their constitutional mandate.

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Date:	07 July 2026

ABOVE: Anna Jacobs fills her bucket from a tap near her shack saving her the 1 km walk she used to take to reach the nearest waterpoint.

Photo: Odd Andersen / AFP