

Executive Summary

Supplementary to the full Case Study

What stakeholder perspectives and learnings from SA's first PPP mean for the delivery of water services

March 2023

Prepared by the Vuthela iLembe LED Support Programme which aims to improve the economic future of iLembe district residents through sustainable economic growth of the local economy and the creation of higher, better and more inclusive employment and income-generating opportunities.

Municipalities throughout South Africa face many challenges in delivering water services to communities.

The performance of South Africa's first water concession public-private partnership (PPP) – signed in the iLembe District Municipality 24 years ago – provides learnings and insights which will help municipalities to consider their options for efficient service delivery.

The case study records the origins of the concession granted to Siza Water, a private company, to supply water to the then Borough of Dolphin Coast, and traces its development to the present.

The current status of the PPP and its benefits and challenges were analysed by considering the views and perspectives of stakeholders, including the municipality, the company, business and community representatives.

While the efficiency and reliability of the private sector was acknowledged by all stakeholders, many municipal officials raised serious concerns about the capacity of the private sector to address social needs like providing free services to indigent consumers.

The analysis highlighted the fundamental tension between providing services equitably, according to the municipality's mandate, and providing services profitably, according to the needs of the private sector.

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These issues are compounded further due to the wide disparity in economic and living conditions in various regions within the concession area.

The analysis of the strengths and challenges associated with the PPP include an exploration of the key emerging issues which will need to be addressed for the remaining six years of the concession and for the period after the contract expires.

The case study concludes by considering the potential impact of recent shifts in provincial and national government policy and initiatives by the Department of Water and Sanitation, including the launch of the Water Partnerships Office in partnership with the Development Bank of Southern Africa.

The Vuthela iLembe LED Support Programme has produced this case study to enable the public and private sector to derive value from the learnings and insights that emerged from the Siza Water PPP while they discuss options around how to deliver water services efficiently in the future.