



RESEARCH PAPER

NATIONAL STATE OF SERVICE DELIVERY IN SOUTH AFRICA

**NATIONAL PLANNING COMMISSION AND THE UNIVERSITY OF
KWAZULU-NATAL**

9 May 2025



**national planning
commission**

Department:
The Presidency
REPUBLIC OF SOUTH AFRICA



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Abbreviations

AfDB	African Development Bank
CoGTA	Department of Cooperative Governance and Traditional Affairs
DDM	District Development Model
DHS	Department of Human Settlements
DWS	Department of Water and Sanitation
DWS	Department of Water and Sanitation
KZN	KwaZulu-Natal
MTDP	Medium-Term Development Plan
NDP	National Development Plan
NPC	National Planning Commission
NRW	Non-revenue water
NSDF	National Spatial Development Framework
NWRS-3	Revised National Water Resource Strategy
PPPs	Public-private partnerships
PSA	Public Servants Association
RDP	Reconstruction and Development Programme
SALGA	South African Local Government Association
SDG	United Nations Sustainable Development Goal
SPLUMA	Spatial Planning and Land Use Act
Stats SA	Statistics South Africa

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Introduction

Service delivery has been central to South Africa's democratic agenda since 1994. The outcomes of the May 2024 national and provincial elections have indicated that it remains important, less as a promise and more as a source of public frustration.

The rise of service delivery protests has highlighted failures in providing basic needs such as jobs, housing, water, sanitation, electricity, roads, and transport, issues directly tied to human dignity. Unlike digital access, which is increasingly regarded as a modern right, these protests reflect more immediate and foundational concerns. South Africans, especially those in townships and rural municipalities, are not demanding luxury; they are seeking access to essential services. It is important to understand the base of this frustration in a country, considered as middle-income but consistently ranked as the economically most unequal country in the world, a status confirmed by multiple reports, including the World Bank's "Inequality in Southern Africa" study, which indicates that the wealthiest top 10% of South Africans control 80.6% of the nation's financial assets.

This research report underscores a pressing reality: service delivery inequalities in South Africa continue to undermine our efforts toward social justice and sustainable development. Despite progressive policies and initiatives, vast disparities persist across regions, communities, and socio-economic groups, denying many South Africans access to basic services such as clean water, healthcare, education, and adequate housing. These inequalities not only perpetuate cycles of poverty and marginalisation but also threaten social cohesion and democratic stability. Addressing these gaps requires unwavering commitment, evidence-based interventions, and innovative approaches. This report aims to illuminate the roots of these disparities to foster informed dialogue and actionable solutions to build a more equitable and inclusive South Africa.

This research offers valuable insights into the critical connection between service delivery and the policies and legislation governing local municipalities in South Africa. By examining the alignment, or lack thereof, between the mandate of local government and the broader national development agenda, this study helps to enhance the sense of responsibility and ownership among both government officials and the recipients of basic services. Understanding these connections is crucial for ensuring that service delivery is not only efficient but also equitable, addressing the needs of all citizens, especially those in underdeveloped areas.

This research contributes to highlighting recommendations for overcoming the barriers to service delivery within local municipalities, aligning policies and improving the performance of local governments in delivering essential services and ultimately improving the lives of South Africa's most vulnerable populations in rural and urban areas. As emphasised by the Department of Cooperative Governance and Traditional Affairs (CoGTA) (2009) over the past decades, local governments are in distress and need a comprehensive turnaround strategy.

System of Government

South Africa's system of government is structured into three spheres: national, provincial, and local. Each sphere has its distinct yet interdependent roles and responsibilities, as outlined in the Constitution (Act 108 of 1996). Local government is tasked with providing essential services such as water, electricity, sanitation, roads, and housing (in collaboration with sector departments). As the Constitution directs municipalities to ensure that these services are provided sustainably, the municipal sphere plays a pivotal role in shaping the social and economic well-being of the country's citizens.

The country's municipal system is organised through a structured or stratified system of eight Category A metropolitan municipalities, 205 Category B local municipalities, and 44 Category C district municipalities. These local government entities bear the responsibility of delivering essential services to the public while ensuring social and economic development that aligns with broader national policies, such as employment creation, sustainable food systems, access to education and healthcare, transport, water and sanitation, electricity and affordable shelter.

Rural-Urban Divide

The importance of ensuring equal access to resources cannot be overstated, especially when addressing the distinct challenges faced by urban and rural areas. Urban centres, while often better equipped with infrastructure and services, continue to face issues such as overcrowding, housing shortages, and the need for modernising infrastructure. In contrast, rural areas, particularly traditional and farming areas, suffer from significant underdevelopment, inadequate infrastructure, and a lack of basic services, which stifles growth and development. This imbalance contributes to the persistent rural-urban divide in South Africa, which is more apparent in more rural provinces such as Limpopo and Northern Cape than in the Western Cape and Gauteng.

A particularly striking consequence of this disparity is the significant out-migration of working-age individuals from rural areas to urban centres in search of better employment and living conditions. This demographic shift leaves rural communities with higher proportions of dependent adults and children, creating further economic strain and exacerbating the social challenges already present in these areas. In the face of such disparities, municipalities must navigate a complex landscape marked by several challenges to effective service delivery. These include funding limitations, insufficiently skilled staff, and an unequal distribution of resources across provinces. Despite these hurdles, local governments must remain committed to promoting social and economic development that benefits all citizens, ensuring that the most marginalised communities receive adequate attention and support.

Selected Legislative Frameworks and Progress to Date

In recognising the need to address the historical disparities as a result of South Africa's apartheid past, which included a period of separating parts of the country into rural homelands, the democratic government introduced the following policies and Acts:

- Section 152 of the Constitution mandates sustainable service delivery.
- Section 195 requires public administration to be development-oriented, fair, and accessible.
- Section 4 of the Municipal Systems (Act 32 of 2000) states that a municipality must strive to promote socio-economic development and ensure that all communities have access to basic services.
- Section 26 of the Municipal Systems Act requires that each municipality must adopt an Integrated Development Plan which forms the basis for all budgeting and service delivery.
- The Medium-Term Development Plan (MTDP) to refine government strategies for coordinated and expedited service delivery.

Despite the challenges noted above and that the research revealed, substantial progress has been made in the past thirty years of democracy to reverse the consequences of the apartheid policies:

- About 89% of residents have access to water, 84% to sanitation, and 90% to electricity.
- The introduction of the Free Basic Water Policy (2001) and Free Basic Electricity Policy (2003) aimed to ensure accessibility to essential services.
- The Renewable Energy Independent Power Producer Procurement Programme (2011) is designed to diversify energy supply.
- Over five million housing units were developed.
- Ongoing investment in roads, schools, clinics, and infrastructure remains a priority.
- The National School Nutrition Programme was introduced to support students.
- The government provides free healthcare for pregnant women, children under six, and indigent communities.
- The number of community health workers in rural areas has increased.

Rationale

Providing quality basic services to the people of South Africa should be at the forefront of local government priorities, especially to uplift the dignity of the poor and previously disadvantaged groups who continue to bear the legacy of apartheid. The role of municipalities in addressing the historical imbalances in access to basic services is paramount to fostering a more inclusive society. The ability of municipalities to generate revenue is critical for financing essential services and development programs. The Division of Revenue Act (No. 5 of 2012)

governed by section 214 of the Constitution outlines how revenue is allocated to local governments, and municipalities are expected to manage these funds efficiently to meet the needs of their communities. However, many municipalities in South Africa are struggling to meet these critical service delivery needs, with significant shortcomings in their performance as reflected in Figure 1 below.



Figure 1: Challenges in service delivery in urban areas of South Africa

One of the primary challenges municipalities face is the inability to effectively draw up and manage budgets that can adequately address community service delivery issues. The failure to develop comprehensive and sustainable budgets hampers the ability of local governments to allocate resources properly, resulting in underfunded or poorly executed service delivery initiatives. This financial mismanagement not only affects the delivery of essential services like water, electricity, sanitation, transport and affordable housing but also compromises the operational capacity of the municipalities themselves.

When municipalities fail to draft realistic and effective budgets, they encounter difficulty in securing the necessary funds to operate effectively. This leads to repetitive cycles of inefficiency, where inadequate funding and poor planning create barriers to progress, as noted in the case studies provided in this study. As a result, these municipalities often face insolvency, making it harder to meet the needs of their communities. In the worst-case scenario, such municipalities become ineffectual and fail to carry out their responsibilities, further entrenching the systemic inequalities that were created during apartheid. Shongwe and Meyer (2023) reported that there is an increasing trend in service delivery protests, with the highest occurrences in 2018, when 173 incidents were reported. According to the Municipal IQ reports, these protests occur more often in the Western Cape, which has better services.

For local government to truly succeed, it must prioritise sound fiscal management, transparency, and accountability to provide the essential services that are needed to uplift marginalised communities and build a more equitable society. This research paper also addresses the critical issue of revenue generation and its impact on service delivery, which affects the ability of municipalities to fulfil their constitutional mandate.

Problem statement

Available evidence demonstrates a troubling decline in service delivery across all spheres of government, primarily due to inadequate management. This deterioration is especially evident in water and sanitation, housing, waste management, transportation, and energy, resulting in significant financial distress that hampers the government's ability to meet its obligations to citizens. Numerous studies reveal systemic inefficiencies, rampant corruption, poor strategic planning, and a lack of accountability, which undermine the efficacy of governmental service provision. Alarmingly, billions of rands remain unaccounted for due to state capture and widespread financial mismanagement.

The Auditor-General's report (2024) on the 2023-24 municipal audits highlights critical findings, indicating non-compliance with basic financial management practices and significant increases in unauthorised spending. Many municipalities fail to provide adequate evidence for their expenditure, leading to findings of irregular, wasteful, and fruitless spending. These financial discrepancies result in funding shortages for essential services and compounding existing challenges in service delivery. The consequences are stark, with rural communities and informal settlements bearing the brunt of the crisis. Access to clean water, adequate sanitation, reliable housing, efficient waste management, effective transportation, and sustainable energy solutions has become increasingly precarious, highlighting an urgent need for comprehensive reform and effective intervention.

While the government has made significant strides in delivering basic services over the years, much more remains to be done to ensure that poor and vulnerable communities truly benefit. Despite extensive research, numerous policy frameworks, public discourse, and various development programs aimed at tackling these challenges, tangible progress has been limited. Many interventions have been poorly implemented or have lacked the necessary follow-through to achieve sustained impact. As a result, service delivery continues to falter, often exacerbated by overlapping mandates, under-resourced municipalities, political interference, and the erosion of public trust in government institutions. Civil unrest persists in various parts of the country, highlighting the urgent need for effective strategies and robust implementation to address critical service delivery challenges.

To this end, the purpose of this research paper is to engage with the pressing challenges related to service delivery in South Africa. It aims to highlight the key findings on these issues and outline possible solutions. A significant aspect of this study involves examining the demographic shifts that have occurred in South Africa over the past thirty years and

understanding their implications for service delivery. Additionally, the research seeks to identify the main causes of poor service delivery, particularly contrasting urban and rural contexts.

Another important consideration is the effect of disparities in revenue bases among municipalities, which plays a critical role in their ability to provide essential services. The paper will also explore the various interventions and strategies that the government and other stakeholders have implemented in response to these challenges. Ultimately, it will propose solutions aimed at improving service delivery and ensuring that all citizens have access to the resources they need.

Emerging issues from South Africans on service delivery

Magidimisha and Chipungu (2019) noted that former homelands such as Transkei, Bophuthatswana, Venda and Ciskei, created by deliberate inequality policies, are still among the most deprived regions in the country. The democratic government, therefore, has endeavoured to eliminate racial exclusion (Leister et al., 2000) through policy documents and support programs, e.g. the Provincial Growth and Development Strategies and Local Economic Development for improved service delivery. As noted by Magidimisha and Chipungu, South Africa is one of the most diversified economies in Africa, with strong sectors in mining (leader in platinum, gold, coal, and iron ore), manufacturing, agriculture, services, and finance, with a strong financial services sector and legal framework that supports investor confidence and property rights. The authors noted that South Africa is strategically positioned to serve as a gateway to the rest of the continent for trade, logistics, and investment through ports in Durban and Cape Town. It has some of the most developed infrastructure in Africa, including roads, ports, airports, and telecommunication systems, supporting industrial growth and trade. The transport sector, including rail infrastructure, is the 14th longest in the world, representing 80% of Africa's total rail infrastructure. The inequalities have significant implications for the delivery of services to the 90% who share 20% of the country's income. The state has the responsibility to ensure that all residents enjoy a decent standard of living (Pacione, 2001).

Service delivery in South Africa refers to the government's provision of crucial public services, including water, electricity, sanitation, roads, and housing. Section 152 of the Constitution mandates local government to ensure access to these basic services, promote social and economic development, and enhance the quality of life for all citizens. Despite this constitutional requirement, public protests, dialogues, research, and municipal failures highlight persistent challenges in service delivery. Scholars such as Van der Waldt (2014) and Shongwe and Meyer (2023) identify systemic issues such as financial mismanagement, governance inefficiencies, and entrenched inequality, which are factors deeply rooted in

South Africa's historical and socio-economic context, that contribute to ongoing shortcomings.

“In the early years of democracy, the promise of service delivery was a powerful motivator for high voter turnouts, especially during the first three national elections. At the heart of every election manifesto in the past two decades lies the promise of better service delivery. Yet, as the country approached its May 2024 elections, the phrase shifted from being a promise to a problem, reflecting a deepening crisis of service provision.

Service delivery protests have become a regular occurrence in South Africa, representing the frustration of citizens across the country. These protests are not rooted in demands for luxuries or niceties, but rather for the most basic of services: jobs, housing, water, sanitation, electricity, roads, transport, and human dignity. The inequality of service delivery, especially between urban and rural areas, and the perceived inadequacies in service quality, which have fuelled widespread unrest.

He shared that the NPC through the NDP is focused on understanding the root causes of poor service delivery. The NDP aims to provide a roadmap for the country's development, but its promises have often clashed with the realities faced by many South Africans. He highlighted that several key factors have contributed to the persistent service delivery problems among them including:

- Capacity and maintenance issues within metros, municipalities and provinces.
- Poor planning coordination and the incoherence between the local, provincial,

A recurring theme in public engagements, media and literature is the enduring urban–rural divide. Under apartheid, the state invested resources and disproportionately favoured urban areas, particularly those designated for the white population, while rural areas were neglected (Turok, 2016). In the post-apartheid era, population growth and rural-to-urban migration accelerated, placing significant pressure on urban infrastructure and service systems, while rural municipalities face depopulation and weakened economic capacities and activity (Parnell & Pieterse, 2010; Statistics South Africa (Stats SA), 2024).

This literature review critically explores the structural and spatial inequalities that continue to undermine effective service delivery in South Africa. It focuses on how historical legacies, institutional weaknesses, and uneven resource distribution contribute to persistent disparities, particularly between urban and rural areas. By analysing key statistical data, scholarly contributions and recent trends, the review seeks to identify the root causes of service delivery challenges and highlight areas for policy and institutional reform. Topical concerns include access to water, sanitation, energy, housing, and roads.

Access and Governance of the Water Sector

South Africa, which is one of the driest countries in the world, has made efforts at the national level to expand water services to its population; however, local urban-rural disparities persist. Access to safe and reliable drinking water is essential for human dignity, public health, and economic progress (United Nations Sustainable Development Goal (SDG) 6). According to the 2022 Census, 75% of urban households have consistent piped water access, while only 25% of rural households benefit from such resources. Given that 75% of the country is semi-arid to arid with mean annual rainfall below 500mm and vulnerable to droughts, the rural population faces more severe challenges as surface water sources and underground water levels decrease during dry seasons. According to UNICEF & World Health Organisation (2023) over 2.2 billion people globally lack access to safe drinking water. The situation is aggravated by climate change, population increases, and inefficient management systems.

Millions of people in rural and peri-urban areas depend on less reliable sources like rivers, springs, dams, or stagnant pools. Often, it is women and children who travel long distances to fetch water, which affects their health and well-being (Adeyeye et al., 2020), and many continue to die from diseases related to a lack of clean water, sanitation, and hygiene. World Vision reported that half of the health clinics globally lack clean water, and 5 in 6 do not have basic handwashing facilities. Greenpeace Africa (2022) reports that only 26% clinics in South Africa have an uninterrupted water supply, and the primary source of water is boreholes. However, *Escherichia coli* coliform counts exceed minimum safe guidelines, as 4.32 billion of sewage enters rivers in South Africa every day, loaded with other pathogens such as *Legionella* and *non-tuberculous mycobacteria* (Mail & Guardian, 2017)

Greenpeace-2025: 4.32 BILLION litres of sewage enter our rivers in South Africa every day, that's 50,000 litres EVERY second (1). Not only is this absolutely devastating nature, but it is also contaminating our drinking water, causing a multitude of diseases

Decades of reforms introduced in the post-apartheid period have not closed the gap. The real challenge lies deeper, in structural dysfunction, fragmented governance, chronic underfunding, and limited municipal capacity. As Van den Berg and Danilenko (2017) highlighted, many municipalities operate water systems that are both technically inadequate and financially unsustainable, as their revenue base is marginal. Infrastructure is overloaded and deteriorates faster than it can be maintained, and revenue collection lags operating costs. Service breakdowns are frequent, and access is increasingly fragile.

Over the past decade, South Africa's capacity to manage its escalating water crisis has steadily declined. A key symptom of this breakdown is the growing volume of non-revenue water (NRW), i.e., clean, treat water that never reaches paying users. Losses are caused by leaking infrastructure, theft and vandalism, illegal and unregulated connections, poor treatment processes, and widespread meter failures. The Department of Water and Sanitation (DWS) (2023) reports that nearly 50% of municipal water is lost annually, pointing to deep-rooted governance failures rather than isolated technical issues. These losses represent a critical

threat to water security and translate into massive revenue deficits that undermine the financial sustainability of municipal water services. The situation is grave in metropolitan municipalities, particularly in Gauteng, as illustrated by DWS (2024) Figure 2, eThekweni and Eastern Cape. The most affected communities are in Vereeniging, Vanderbijlpark, Sasolburg, Yeoville, Benoni, and municipalities like Emfuleni, Metsimaholo, Ngwathe, Rustenburg, Royal Bafokeng, Rand West, Merafong, Mogale City, Johannesburg, and Ekurhuleni. Challenges in the Eastern Cape, Northern Cape, Limpopo and Mpumalanga are compounded by droughts as a result of climate challenges.

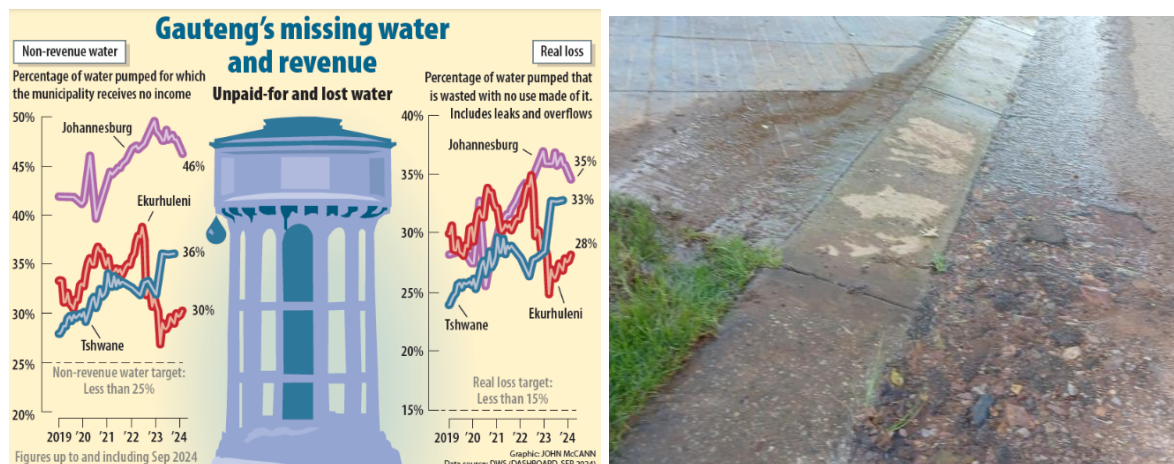


Figure 2: Gauteng's missing water revenue (non-revenue water)

Water provision is also dire in small and rural municipalities that have historically underserved communities, which have impaired institutional capacity, technical systems, and human resources to track assets, monitor water flows, or enforce billing (McKenzie et al., 2012; WRC, 2011). Water infrastructure is often vandalised, politicised, or captured for private gain. In informal settlements and underserved areas, attempts to regularise connections or enforce billing frequently meet resistance, which is symptomatic of deeper grievances around inequality and exclusion.

Research and online social media publications are awash with water service failures pointing to technical and structural constraints such as institutional fragmentation, underinvestment, and limited municipal capacity (Adeyeye et al., 2020). Van den Berg and Danilenko (2017) argue that many municipalities operate infrastructure that is both financially and physically unsustainable, with operation and maintenance costs outpacing revenue collection. Ageing pipelines, insufficient infrastructure expansion, and deferred maintenance result in frequent breakdowns and service interruptions (Adeyeye et al., 2020).

In the post-1994 era, NRW has emerged as one of the most urgent and persistent failures in South Africa's water governance landscape. While often described in technical terms, NRW is a symptom of institutional collapse and a direct threat to national water security. According

According to the department's dashboard for a water secure Gauteng, annually reported leaks vary from about 40 000 in Tshwane and Ekurhuleni and 100 000 in Johannesburg, translating to about 500 leaks reported in the Gauteng metros daily

to the DWS (2023), nearly half of municipal water is lost annually, an astonishing figure that translates into billions of rands in lost revenue and a growing inability to fund basic water services. These losses are most acute in small and under-resourced municipalities, where weak oversight, ageing infrastructure, and non-existent asset management systems have turned water systems into sieves (McKenzie et al., 2012). In many communities, especially informal and rapidly expanding settlements, unauthorised connections and meter failures are the norm, not the exception. Water theft is both a survival strategy and a response to exclusion. However, its cumulative effect is devastating, crippling municipal budgets, eroding service delivery, and fuelling a dangerous cycle of mistrust between citizens and the state (WRC, 2011).

As a dry country, South Africa cannot afford to lose nearly half its treated water, especially not in a time of climate stress with longer dry spells and more frequent droughts, urban pressure, and deepening inequality. Ultimately, reducing NRW and improving water access are governance challenges as much as technical ones. There is need for a coordinated response that includes institutional reform to improve water management and infrastructure; long-term investment in nature-based solutions; technological interventions; improved data systems; community engagement and public awareness; shifts in water use for agriculture and industries, such as mines that consume billions of gallons of water; and a renewed commitment to equitable service delivery.

South Africa's water strategy is articulated in the Revised National Water Resource Strategy (NWRS-3), published on 1 September 2023. The National Water and Sanitation Master Plan supports the NWRS-3 by providing a comprehensive roadmap for the development and provision of water and sanitation services through to 2030 and beyond. Key elements of the plan include investment planning, infrastructure development, and coordinating actions across various stakeholders to achieve the objectives outlined in the NWRS-3. A notable advancement in South Africa's water strategy is the establishment of the National Water Resource Infrastructure Agency, which is tasked with managing national water resources infrastructure, generating revenue from water sales, and attracting private investment to enhance the country's water security.

South Africa's water challenges are too vast for it to address alone; it requires strong regional partnerships and international support. As a UN member state, South Africa benefits from the UN System-wide Strategy for Water and Sanitation, which provides a coordinated framework to align UN entities in advancing water access, security, and governance, particularly in a challenging and uneven landscape. Key UN interventions include:

- Leveraging technical expertise and resources, and global best practices to strengthen South Africa's capacity in water and sanitation service delivery by focusing on equity and sustainability.
- Improving water governance through policy support, capacity building, and knowledge-sharing initiatives

- Strengthening climate resilience and policy coherence to build resilience in the face of drought, infrastructure strain, and other climate-induced risks.
- Supporting global advocacy and integration into intergovernmental processes, ensuring that water remains a central development priority in line with SDG 6.

Access to Sanitation

Despite constitutional promises and post-1994 reforms, sanitation in South Africa remains a silent crisis, marked by inequality, institutional failure, and health risks, especially for the country's most vulnerable. While basic access has improved, progress has stalled. According to the 2022 Census, a large proportion of residents in metros still rely on informal systems: Mangaung (20.5%), Tshwane (16.2%), and eThekweni (15.2%) (Stats SA, 2024). In informal settlements, pit latrines, bucket toilets, and open defecation are still the norm, undermining public health, dignity, and gender safety (Dugard, 2016).

These conditions reflect a breakdown in municipal capacity. Many cities lack skilled engineers, maintenance teams, and reliable funding (Van der Mescht & Van Jaarsveld, 2013). Wastewater plants are crumbling, and effluent discharge is polluting rivers, triggering community outrage and emergency state interventions (DWS, 2023). The Green Drop Programme, once a leading accountability tool, has lost momentum, leaving municipalities unchecked and underperforming (DWS, 2023). As a result, sanitation systems continue to degrade, particularly where population density, insecure tenure, and informal growth prevent long-term solutions. Policymakers, investors and scholars now support decentralised, low-cost technologies like container-based toilets and small-scale treatment systems (Roma et al., 2010). These models, when well-maintained and community-led, can outperform traditional sewerage in dense or informal areas. However, gender-insensitive infrastructure entrenches inequalities as women and girls are disproportionately affected by unsafe sanitation. Municipalities, provinces, and national actors must embrace bold reforms by combining governance, innovation, and community participation to strengthen dignified delivery of sanitation to the over 65 million residents of South Africa.

Regulatory enforcement remains weak. The DWS, tasked with water quality oversight, has struggled to hold municipalities accountable. The Green Drop programme, which once provided incentives for compliance, has been applied inconsistently and underfunded in recent years (DWS, 2023). Without monitoring, reporting, and penalties for non-compliance, sanitation standards continue to deteriorate. Spatial and socio-political dynamics further complicate sanitation delivery as insecure land tenure, high population densities, and informal urban growth often prevent the installation of permanent sanitation infrastructure. As a result, municipalities deploy temporary or off-grid solutions, which are frequently under-maintained and excluded from formal planning frameworks.

Energy and Electricity

The White Paper on Energy recommends energy security for low-income households to reduce poverty, increase livelihoods, and improve living standards. In South Africa, access to electricity is almost universal, with 94.3% of households having access to electricity (Stats SA, 2024). This is supported by a grid of 45,000MW, and an additional capacity of 40,000MW, which must be built from renewable sources to meet rising energy demand (Integrated Resource Plan 2010 – 2030). Households consume less than one-fifth of the energy, while mining, industrial metal processing, SAB Miller, Transnet, and manufacturing consume more than 80%. Eskom, the state-owned utility, is responsible for over 90% of the country's electricity; however, the entity continues to face significant operational and financial challenges, resulting in extended periods of load shedding.

Metropolitan and rural municipalities experience inconsistent electricity supply, frequent load shedding, and outdated distribution infrastructure. The Public Servants Association (PSA, 2015) reported that energy reserves started diminishing before 1998, which necessitated the commissioning of the Medupi and Kusile power stations. Electricity demand is projected to rise to 70,000MW by 2030, with a reserve margin of at least 18,000MW.

In 2010, Eskom secured a loan of R3.75 billion to construct the Medupi and Kusile power stations. The MyBroadband (2015) identified a funding deficit of R225 billion and delays in completing the Medupi, Kusile, and Ingula projects. Although there have been some recent improvements, Eskom's financial stability remains uncertain due to increasing municipal debt and past mismanagement. The credit rating agency, Standard & Poor's, downgraded Eskom's credit rating from BBB to junk status in 2015. Local municipalities owe Eskom R95 billion, which adds to the utility's financial challenges and impacts its infrastructure. Reducing power to indebted municipalities could negatively affect households.

There are three interrelated drivers of the municipal electricity crisis. Firstly, infrastructure decay is a central issue, with power stations operating at very low buffering capacity (6%-12%) instead of 15%-20% to prevent the grid from tripping; load shedding is implemented to mitigate damage. Many municipal electricity networks operate beyond their intended lifespan. Transformers, substations, and distribution lines are frequently in disrepair, with maintenance delayed due to budgetary constraints (Kessides, 2020). As Gaunt (2005) notes, this has resulted in escalating technical losses, frequent outages, and power failures. Municipalities often lack both the capital and technical skills required for systematic rehabilitation.

Secondly, municipalities are under severe financial pressure. Electricity has historically been a significant revenue source, supporting broader service delivery. This revenue stream is currently being eroded due to rising tariffs, illegal connections, and resistance to payment (Baker and Phillips, 2018). The under-recovery of costs limits municipalities' ability to invest in grid maintenance or upgrades, creating a vicious cycle of infrastructure degradation and fiscal instability.

Thirdly, socio-political constraints undermine enforcement and cost recovery. Political reluctance to disconnect non-paying users, particularly in informal or historically excluded communities, creates a culture of non-payment that is hard to reverse. As Baker (2015) explains, these dynamics are rooted in the country's legacies of dispossession and inequality, where electricity provision is politically sensitive and socially contested.

As South Africa generates 85% of its energy from fossil fuels, the country has developed a plan to reduce carbon emissions following the Copenhagen Accord 2010, the Paris Agreement 2030, and the UN Framework Convention on Climate Change. As the 12th largest producer of CO₂ globally, a 42% reduction by 2025 was envisaged by transitioning to gas, wind, solar, and hydroelectric power sources and improving affordable energy supply to marginalised households. The Renewable Energy Independent Power Producer Procurement Programme is one of the key mitigation strategies designed to lower greenhouse gas emissions while generating 3,725MW from renewable energy sources. Some municipalities have begun exploring decentralised energy solutions, such as embedded solar generation and municipal trading schemes (South African Local Government Association (SALGA), 2023). However, scaling these efforts is limited by regulatory uncertainty, licensing delays, and capacity constraints. Poorer communities bear the brunt of blackouts and tariff hikes yet lack the means to invest in solar or battery backup systems. Gaunt (2005) argues that equitable electrification must go beyond access to ensure affordability, reliability, and long-term resilience. Community energy models present a promising alternative (Wlokas et al., 2012). By enabling local energy production and reinvesting revenues into local development, they offer a potential path toward democratised, inclusive energy systems.

Media statement 14 April 2025: Eskom remains focused on a balanced and diversified energy mix based on existing coal and nuclear and introducing gas for baseload power, as well as renewables, energy storage systems including BESS (Battery Energy Storage Systems) and pumped hydro, to achieve overall security of supply and to meet South Africa's growing electricity demand in a sustainable manner.
Sunday, 23 March 2025: Eskom is pleased to announce the successful addition of Kusile Power Station's final unit, Unit 6, to the national grid today at 16:45. This achievement marks a crucial step toward completing one of South Africa's largest infrastructure projects and is a key milestone in Eskom's strategic objective of adding 2 500MW of new capacity to the grid by March 2025.

Waste management

Municipal solid waste management in South Africa has emerged as a growing service delivery challenge, particularly in densely populated urban areas and under-resourced rural municipalities. Poor waste collection, inadequate landfill operations, and the rise of illegal dumping sites have become widespread, contributing to environmental degradation, public health risks, and rising community dissatisfaction (Kekana et al., 2023).

There are multiple structural factors driving the crisis in municipal waste management. Godfrey and Oelofse (2017) highlight that many municipalities struggle with outdated waste

infrastructure, limited operational budgets, and inadequate technical capacity. Waste management is frequently deprioritised in development agendas, receiving less funding and institutional attention than services like water, sanitation, and electricity, despite its significant impact on urban health and environmental quality.

In low-income areas and informal settlements, the challenges are particularly acute. These communities are often excluded from formal waste collection routes due to their spatial informality or inaccessibility (Kekana et al., 2023). Without consistent collection services, residents' resort to informal dumping, which clogs drainage systems, contaminates local environments, and creates breeding grounds for disease. Weak regulatory enforcement and minimal public education around waste separation and recycling further exacerbate the situation.

Moreover, waste management is still approached through a largely linear model to collect, transport, and dispose rather than through a circular economy framework that prioritises waste reduction, recycling, and reuse. Scholars, such as Nahman and Godfrey (2010), advocate for a paradigm shift, integrating circular economy principles with community-based approaches to waste governance. This would entail building local recycling infrastructure, supporting informal waste pickers, and introducing decentralised sorting and waste-to-energy systems.

The Makana Local Municipality in the Eastern Cape provides a case study of waste management failure and its consequences (Kalina et al., 2024). In recent years, the municipality has faced repeated legal action due to its inability to manage waste services effectively. Landfills in the region have been reported to operate in violation of environmental regulations, while waste collection has been irregular or non-existent in parts of Makhanda. In 2023, civil society groups and residents brought a successful legal case against the municipality for its failure to manage solid waste and for allowing conditions that endangered public health. The court ordered the municipality to implement a turnaround strategy, including regular refuse collection, proper landfill operations, and public engagement. However, implementation has been slow, hindered by financial constraints and governance dysfunction.

This case highlights the broader governance crisis in waste management. Addressing the issue requires more than technical fixes; it demands strong intergovernmental coordination, increased investment in local capacity, and regulatory enforcement. Innovative technologies such as decentralised material recovery facilities, composting programmes, and small-scale waste-to-energy plants offer viable alternatives, particularly in municipalities with limited landfill space (Dlamini et al., 2018).

Equally important are participatory models of waste governance that engage residents, support informal waste workers, and foster shared responsibility for clean urban environments. By involving communities in waste reduction efforts and building local

stewardship, municipalities can rebuild trust, enhance sustainability, and promote inclusive development.

Transport Infrastructure and Mobility Inequities

Magidimisha and Chipungu (2019) reiterate that urban spatial planning has failed to integrate low-income communities into economic centres, as the majority remain in city peripheries or in informal settlements, where public transport is either unavailable or unsafe. Long, expensive, and multi-modal commutes, a situation termed “transport poverty”, traps individuals in cycles of unemployment and social exclusion (Lucas, 2011). Minibus taxis, commuter buses, and rail systems form the backbone of transit for the marginalised but are often unreliable, poorly regulated, and fragmented, particularly in secondary cities and rural towns (Walters and Pisa, 2023). Despite the scale of reliance on these systems, infrastructure investment has disproportionately focused on major roads, air and rail for trade and private vehicle users, exacerbating exclusion and environmental degradation.

Both the access to and quality of South Africa’s transport infrastructure remain deeply uneven, despite post-apartheid commitments to spatial justice. The urban-rural divide in relation to transport poverty is the norm, with merely 34% of rural households living within 2 km of an all-weather road, compared to 68% in urban areas (Sewell, 2019). These infrastructure gaps limit access to essential services, such as schools, health clinics, and economic markets, particularly in former homeland areas where development has historically been suppressed.

In rural areas, residents face significant barriers to mobility due to poorly maintained gravel roads, flood damage, and a lack of reliable public transport options (Le Roux et al., 2019). These conditions not only isolate communities but also limit access to clinics, schools, and markets, perpetuating cycles of poverty and underdevelopment. Efforts to upgrade rural roads are often hindered by limited municipal capacity, poor coordination, and short-term planning horizons. Venter (2011) argues for a paradigm shift toward inclusive, multi-modal transport systems that prioritise affordability, accessibility, and integration. This includes investments in non-motorised transport (walking and cycling infrastructure), improved regulation of para-transit services like minibus taxis, and the formalisation of informal transport networks.

There is a need for targeted investment in rural mobility and strengthened oversight of urban transit systems. These infrastructure efforts must be supported by institutional reforms, participatory planning, and community engagement to ensure responsiveness to local needs. Equitable mobility is not just a technical or logistical challenge; it is a cornerstone of spatial justice, economic inclusion, and the broader goals of South Africa’s democratic transformation.

Housing Provision

South Africa’s housing crisis is among the most persistent legacies of apartheid-era spatial planning (Marutlulle, 2022). Nationally, 88.5% of households live in formal housing compared

to 8.1% in informal and 3.1% in traditional housing (Stats SA 2024). The government has made notable strides in addressing this through subsidised housing initiatives, most notably through the Reconstruction and Development Programme (RDP). Although more than 3.4 million housing units were completed between 1994 and 2022 (Department of Human Settlements (DHS), 2022), a significant backlog persists. Recent estimates by the Centre for Affordable Housing Finance places the shortfall at over 2.5 million housing units. This deficit is compounded by rapid urbanisation, urban migration, and population growth, which continue to outpace housing delivery efforts.

Scholars such as Charlton and Kihato (2006) critique the technocratic and top-down nature of mass housing projects, which tend to reproduce low-density, mono-functional settlements with limited access to essential services or public amenities, perpetuating the spatial exclusion first institutionalised under apartheid. Informal settlements continue to proliferate, particularly in metros like Johannesburg, Cape Town, and eThekweni, where housing supply fails to meet demand.

A more participatory and context-sensitive approach is needed, including in situ upgrading and incremental development of informal settlements. Huchzermeyer (2010) argues that these strategies enable communities to remain within established social networks while gradually enhancing infrastructure, tenure security, and access to services that align with a rights-based framework, which prioritises dignity, agency, and inclusion.

Further complicating the housing landscape is the “gap market”, where there are households that earn too much for RDP housing but too little to qualify for private mortgages. These families remain underserved by both state and market-based solutions. Addressing their needs requires innovative financing, stronger public-private partnerships, and scalable, cross-subsidisation models (Butcher, 2020). Ultimately, South Africa’s housing crisis is not simply a matter of delivery capacity, but a reflection of deeper structural challenges in governance, urban planning, and equity. Overcoming it will demand a fundamental shift toward inclusive, integrated, and sustainable human settlements.

Summary

South Africa’s service delivery landscape is marked by persistent inequalities rooted in historical legacies and perpetuated by institutional, financial, and spatial challenges. While strides have been made in expanding access to water, energy, sanitation, housing, transport, and waste management, the pace and quality of delivery remain uneven, especially between urban and rural areas. Governance failures, underinvestment, and limited municipal capacity continue to undermine progress, often exacerbated by weak enforcement, community disengagement, and fragmented planning. Emerging models, such as decentralised energy systems, *in-situ* housing upgrades, and context-sensitive sanitation solutions, offer promising alternatives. However, their scalability depends on political will, regulatory reform, and sustained investment. Achieving equitable and inclusive service delivery requires not only technical solutions but a fundamental reorientation toward participatory governance,

integrated planning, and long-term resilience. Without these shifts, the developmental promises will remain unfulfilled, and the cycle of exclusion and marginalisation will persist.

Methodology

This research employed a qualitative approach to gather descriptive information, as emphasised by Fraenkel and Wallen (2009), who assert that qualitative research is instrumental in elucidating the nature of relationships, situations, and materials within various processes and events. The National Planning Commission hosted a service delivery dialogue on 26-27 February 2025 that convened key stakeholders from municipal management and government departments. The dialogue aimed to collect insights through stakeholder presentations, face-to-face interviews with senior government officials, and a panel discussion, and was supported by a thorough review of publicly available municipal documents. Table 1 below provides a list of stakeholders that participated in the dialogue.

Category	Stakeholder
International	United Nations in South Africa,
Government	<ul style="list-style-type: none"> Chairperson of the NPC and Minister in the Presidency responsible for Planning, Monitoring and Evaluation (Minister Maropene Ramokgopa) SALGA, Stats SA DHS, DWS, Agriculture, Land Reform Rural Development, CoGTA Infrastructure South Africa
Municipalities	<ul style="list-style-type: none"> Executive Mayor of Tshwane Mayor of Sarah Baartman District in EC, Municipal managers (eThekweni, Sol Plaatje, Polokwane and Makana local municipality)
Civil society	<ul style="list-style-type: none"> Abahlali Basemjondolo Movement: informal settlement dwellers Abanebhongo: Persons with Disability National Livestock Farmers Association South Africa: Farming Interested persons
Private sector	Discovery Insure-on Road infrastructure
University/Research	<ul style="list-style-type: none"> UKZN University of Johannesburg Human Sciences Research Council

Table 1: Stakeholder representation

The dialogue was structured to address several key challenges in service delivery, including governance aspects such as leadership, accountability, and the role that politics plays. It drew on research and expertise to evaluate existing policy frameworks while highlighting financial distress issues. This included understanding the capacity of the state to deliver services and the effects of municipal debt on infrastructure maintenance and expansion, which ultimately contribute to the exclusion of underserved communities from economic benefits. In addition,

the dialogue examined the conditions in informal settlements, both peri-urban and inner-city areas, by focusing on their lack of formal recognition and its impact on residents' access to basic services through the sharing of lived experiences. Rural neglect was also a significant topic, specifically addressing the infrastructure deficits and low service delivery capacity that leave these areas underserved. To ensure that as many views were heard, the national service delivery dialogue was advertised through social media platforms and was open to public participation via a blended format that facilitated engagement with online participants.

Critical Questions

1. What is the real problem with service delivery?
2. What are end-users saying about the services being delivered?
3. What is the national strategy for dealing with informal settlements across the country and in all major cities?
4. Have we invested enough in rural areas to create opportunities and reduce urban migration?
5. Why do young people associate success with moving to urban areas like Gauteng?
6. What incentives exist to retain professionals in rural areas? To what extent have we invested in rural areas so people do not have to migrate to urban areas to look for jobs? What have we done?

Secondary data

Secondary data was collected from books, journals, media articles, research reports and government policy papers. Public documents, including policies and manuals, were also used as additional sources of information.

The researchers used secondary data to formulate the research questions that guided panel discussions and presentations by invited participants and members of the public.

Data analysis

The data was presented using descriptive functions such as graphs and tables. The information gathered from the dialogue is considered valid, as the dialogue had representatives from across public, private, and civil society.

Limitations

The dialogue surrounding local government performance and development often reflects a clear divide between economically viable municipalities and poorer municipalities.

Wealthier Municipalities: Gauteng, Western Cape and KwaZulu-Natal

Metropolitan municipalities in Gauteng (Johannesburg, Tshwane, and Ekurhuleni), the Western Cape (Cape Town), and KwaZulu-Natal (eThekweni) are among South Africa's most developed and economically robust. These metros benefit from larger tax bases, diverse economies, and significant industrial, commercial, and tourism sectors. In Gauteng, Johannesburg's financial hub status, Tshwane's administrative and educational prominence, and Ekurhuleni's industrial and logistics strengths drive substantial revenue generation. Similarly, Cape Town in the Western Cape leverages its tourism, technology, and service industries, while eThekweni in KwaZulu-Natal thrives due to its strategic port, manufacturing, and tourism sectors. This economic vitality enables these municipalities to fund enhanced services, infrastructure, and social programs and pursue robust local economic development initiatives.

Poorer Municipalities: Limpopo, Eastern Cape, and Northern Cape

Limpopo, Eastern Cape, and Northern Cape have municipalities with limited revenue streams, high unemployment rates, and even higher poverty levels. These regions reflect the sharpest edges of inequality and the most urgent need for targeted government intervention.

Limpopo: With some of the country's highest poverty levels, Limpopo remains deeply rural and economically marginalised. The lack of industrial activity severely limits its tax base, leaving municipalities under-resourced and unable to meet even basic service delivery standards.

Eastern Cape: A province plagued by chronic unemployment and large-scale rural poverty. Despite vast human potential, the Eastern Cape's economic stagnation has crippled local governments. Many municipalities are heavily reliant on national transfers and face growing community frustration due to service delivery failures.

Northern Cape: While it is spatially vast, it is sparsely populated, resulting in the Northern Cape suffering from the paradox of wealth beneath its soil and poverty on its surface. In addition to its rich mineral deposits not benefitting most residents, it is costly to deliver services over an expansive geographical area.

Key Findings and Recommendations

Key Finding 1: Impact of Uneven Population Distribution

South Africa's rapidly shifting population dynamics, evidenced by regional disparities in population growth and out-migration, have implications for local governance and service delivery, especially in densely populated metros that already have strained public support services. Estimates from Stats SA (2025) projected that the population of South Africa would have reached 63 million by mid-2024. This population is distributed across 213 metropolitan and local municipalities within the country. The provinces of Gauteng, KwaZulu-Natal (KZN),

and the Western Cape collectively house more than half of the population, totalling 35.8 million individuals (figure 3). Gauteng has the highest population density in South Africa, with over 15.9 million residents, accounting for 25.3% of the national population.

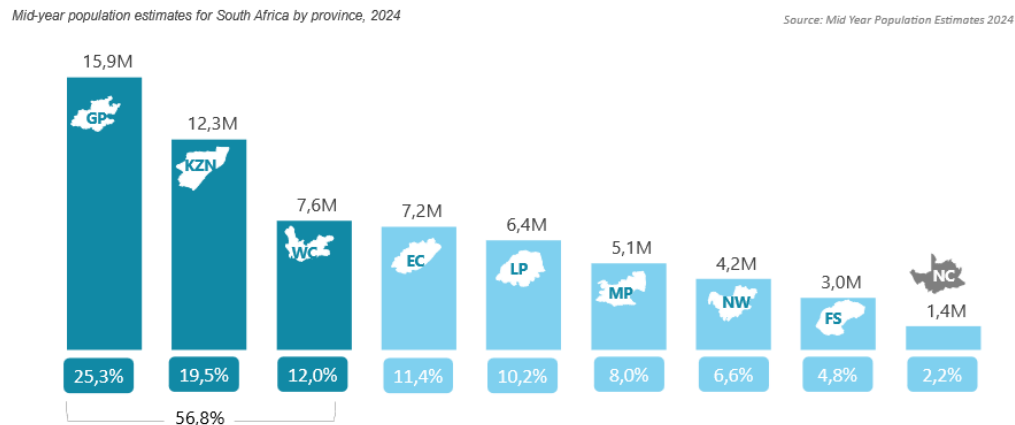


Figure 3: Population estimates for South Africa by province

Between 2002 and 2024, Gauteng's share of South Africa's population increased significantly, from 20.0% to 25.3%, reflecting its continued attraction as an economic hub. The Western Cape also saw modest growth, rising from 10.6% to 12%, while provinces like Mpumalanga, North-West, and Northern Cape remained stable, experiencing minimal changes of less than 0.5%. However, some provinces, including KZN, Eastern Cape, Limpopo, and Free State, saw declines in population share. For example, KZN's share dropped from 21.2% to 19.5%, and the Eastern Cape's share decreased from 14.7% to 11.4% (Stats SA, 2025).

Furthermore, the population is unevenly distributed among its 213 municipalities, resulting in significant disparities in terms of population density, service delivery challenges, and resource allocation. According to Stats SA, approximately 50% of the country's population resides within the largest 17 municipalities, while only 10% of the population lives in the smallest 95 local municipalities. This demographic concentration in a small number of municipalities presents both opportunities and challenges for local governance.

The most densely populated metropolitan areas, such as the City of Johannesburg, Cape Town, eThekweni, Ekurhuleni, and Tshwane, each host populations exceeding four million residents. These metros are central to South Africa's economy, infrastructure, and service provision. However, this high concentration of people places enormous pressure on municipalities to provide essential services such as housing, transportation, healthcare, and education. The result is overcrowding, housing shortages, unemployment, and strained public services in these urban areas.

In contrast, the remaining metros, with populations ranging between 0.5 to 1 million residents, face more challenges in ensuring equitable development, efficient service delivery, and maintaining sustainable infrastructure. Smaller municipalities, often located in rural and

remote regions, struggle with limited resources, underdeveloped infrastructure, and inadequate revenue generation. This makes it difficult for them to provide even the most basic services to their residents, compounding the challenges faced by disadvantaged communities. The smaller municipalities are dealing with underdevelopment, low revenue, and the difficulty of accessing essential resources.

Further complicating these challenges is the trend in internal migration. Between 2021 and 2026, six provinces are expected to experience net increases in immigration, with Gauteng projected to receive the highest influx of migrants, an estimated 1.4 million individuals, representing a 50% net migration gain (Stats SA, 2022). The Western Cape is also expected to see a net increase of 309,000 people, followed by the North-West province. In contrast, provinces such as Limpopo and the Eastern Cape are likely to experience negative growth due to out-migration.

Gauteng's robust economy, coupled with its diverse employment opportunities, continues to attract people from other provinces and even from abroad. While this migration supports Gauteng's economy, it places immense pressure on urban municipalities to provide sufficient services and infrastructure to meet the demands of the growing population, as evidenced by sprawling informal settlements, water crises, and transport and sanitation challenges. In contrast, rural areas experiencing out-migration face the dual challenge of reduced capacity to serve their remaining populations while losing valuable human resources, particularly skilled labour.

The anticipated positive net migration to urban metros will significantly impact service delivery, placing considerable demands on already stretched services such as housing, healthcare, education, and transportation. Meanwhile, rural areas will experience the negative effects of losing both human capital and resources. This migration pattern underscores the need for a comprehensive, integrated approach to address the challenges posed by urbanisation and rural depopulation, with strategies that prioritise sustainable development and balanced regional growth.

Key Finding 2: Income disparities and essential services

The revenue capacity of municipalities is dependent on the size and nature of their tax base, which means that a limited revenue base will not deliver sustainable solutions. This is typical of rural municipalities. Makgetla (2007) argues that South Africa's municipal legislative and fiscal arrangements, coupled with stark disparities in local tax bases, constrain poorer municipalities' capacity to deliver services. Metropolitan municipalities, which are typically larger and more urbanised, have a larger and more diversified tax base, allowing them to generate more revenue through property rates, business taxes, and other forms of taxation. These municipalities are thus better equipped to fund developmental programs and service delivery.

In contrast, rural municipalities tend to have smaller tax bases. Their populations are often more dispersed, with fewer businesses and properties that can be taxed, which limits their ability to generate the revenue necessary to provide services at the required scale. Many rural areas also suffer from lower levels of economic activity, which further limits their tax revenue generation capacity. This disparity in the tax base between urban and rural municipalities creates a significant challenge for local government, as it means that wealthier municipalities are more capable of fulfilling their constitutional responsibilities, while poorer municipalities struggle to meet the needs of their communities.

For municipalities to realise their developmental duties, generating sufficient income is essential. Revenue generation not only allows local governments to deliver basic services sustainably but also supports the creation of jobs and the promotion of local economic development. Municipalities that can effectively generate and manage revenue are in a better position to invest in infrastructure, education, health, and other essential services that promote social and economic growth.

To address these challenges, municipalities must explore diverse strategies for increasing their revenue bases. This could include expanding the tax base by encouraging local economic development, attracting investment, improving the collection of existing taxes, and finding innovative ways to leverage both public and private sector funding. Additionally, the national and provincial governments play a critical role in ensuring that there is equitable allocation of resources to municipalities, especially those in underdeveloped or rural areas, to address the financial gaps and reduce disparities in service delivery capacity.

A municipality's ability to meet its constitutional obligations is inherently tied to its financial capacity. The disparity in tax bases between metropolitan and rural municipalities underscores the need for a more equitable approach to revenue generation and resource allocation in local government. Only through adequate revenue and financial management can municipalities fulfil their responsibilities to provide sustainable services and promote the social and economic development of their communities. There are significant regional disparities in household income. In 2023, the average annual household income in South Africa was R204,359, while the median annual household income stood at R95,770. The Western Cape reported the highest average household income at R356,651, while Limpopo had the lowest, with an average income of R128,309—nearly three times less. According to Stats SA (2025), 51% of income for lower-income households comes from pensions and social insurance, while only 8.8% comes from employment. In contrast, high-income households derive 75% of their income from work, with just 8% from pensions and social insurance. This stark contrast highlights the dependence of lower-income households on state assistance, while higher-income households rely more on earnings from employment and the ability to access services from private entities.

When it comes to household expenditure, services such as housing, water, electricity, and other energy sources account for the largest share, representing 35% of total annual household expenses. Following this, expenditure on food and non-alcoholic beverages makes

up 16.3%, transportation accounts for 15.3%, and financial services represent approximately 9.3%. Other services, including education, health, and communication, account for 24.4% (Stats SA, 2025).

Significant disparities exist in the allocation of household income across different income groups. For instance, the poorest households—typically in rural and farm areas—allocate around 31% of their annual expenditure to food and non-alcoholic beverages. In contrast, for wealthier households, this category of spending represents only 8% of their total annual expenses. These disparities in expenditure patterns illustrate the stark contrast between affluent and low-income families, particularly in terms of essential goods and services.

The relationship between household income and expenditure has direct implications for the ability of households to afford municipal services. Many low-income families, particularly in rural areas, struggle to pay for basic services such as water, electricity, and waste management. As a result, these households are often classified as "indigent" and are eligible for subsidies or assistance from municipalities. However, this also impacts the revenue of local governments, as the inability of a significant portion of the population to pay for services leads to financial constraints on municipalities. This, in turn, hampers their capacity to provide essential services and maintain infrastructure.

These income and expenditure disparities highlight the challenges faced by municipalities in delivering equitable services. For municipalities to effectively meet the needs of their diverse populations, there must be strategies in place to address both the affordability of services and the financial sustainability of local governments.

Key Finding 3: Municipal Financial State vs Effective Service Delivery

The 2020 Auditor-General's report (AGSA, 2022) indicates that at least 20% municipalities in South Africa are on the brink of collapse, reflecting the dire financial state of many local governments across the country, with many struggling to maintain basic functions and provide essential services to their communities, especially rural and farming areas in poorer provinces. The National Treasury's 2023–24 local government revenue and expenditure reports highlight significant underperformance in revenue collection, with actual collection rates at 58.4% against a budgeted 75.6% for the second quarter of 2023–24, impacting municipal liquidity and service delivery.

The current state of many municipalities presents a significant concern for the country's long-term development. As municipalities continue to operate with limited resources and weak fiscal governance, their ability to fulfil their responsibilities is increasingly compromised. The crisis in municipal finances stems from multiple factors, including inadequate financial management, corruption, limited revenue collection, and heavy dependence on national government grants (Glasser & Wright, 2020). Without effective intervention and reform, the collapse of local municipalities is imminent and could undermine South Africa's progress toward achieving equitable and sustainable growth. Immediate action is required to address

the financial mismanagement, enhance revenue generation, and improve transparency within municipalities, as in the Western Cape, which also has better-rated service delivery relative to other metropolitan municipalities.

Clean audits are mainly concentrated in the Western Cape, Maluleke said. The City of Cape Town was the only metro municipality with a clean audit. The City of Ekurhuleni had a clean audit in 2021/22 but slid back to "unqualified with findings". Improvements have been seen in the Eastern Cape and KwaZulu Natal, but in the Free State and Northwest, there is a "drought of clean audits". Municipalities in these provinces also tend not to submit their financial statements, Maluleke AGSA 2022

Key Finding 4: Challenges to the Right to Housing

According to the 2022 Census (Stats SA, 2022), housing provision in South Africa improved significantly. From 1996 to 2022, the number of households residing in formal dwellings increased from 61,5% to 88,5%, while the number of households residing in traditional housing reduced from 18,3% to 3,1%. During the same period, the number of households residing in informal dwellings has reduced by half, from 16,2% to 8,1% as shown in the chart below (Figure 4).

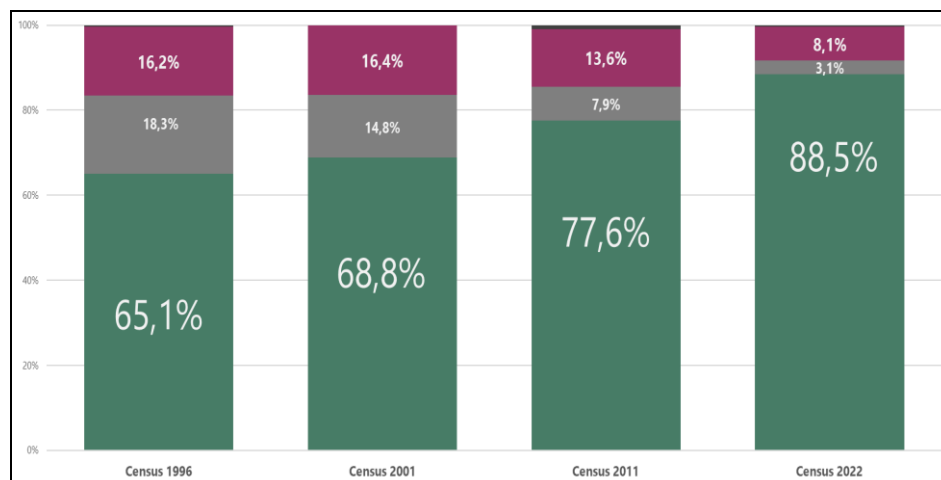


Figure 4: Access to housing

Despite the progress made by government in housing provision, the natural increase in population, the increasing rate of rural-to-urban migration within South Africa, as well as the influx of international migrants into South Africa's urban areas, continue to put pressure on municipalities to provide adequate housing. The increasing demand for housing and the incapacity of municipalities to provide adequate housing have led to land invasions in and around municipal areas, with people establishing informal settlements closer to sources of employment.

According to DHS (2021), most informal settlement dwellers come from rural farm areas seeking better economic opportunities in CBDs. Basic services, like water, sanitation, roads,

waste management, and community facilities, are often lacking in informal settlements. These settlements are in hazardous areas such as flood zones and hilly terrains, with insecure land tenure being a major issue. The average number in a household is three, and each settlement has about 1800 dwellings (DHS,2021). According to recent reports, there are 4,297 informal settlements in South Africa, encompassing approximately 2 million households. Most of these informal settlements are in Johannesburg (210), Cape Town (464), and eThekweni (530) (Comins, 2023).

The City of Tshwane municipality reported that there were approximately 575 informal settlements, encompassing around 509,783 structures or households within its municipal area in 2023 (CoT, 2025). This figure represents a 174% increase in the number of informal settlements between 2018 and 2023. Similarly, the eThekweni Municipality reported that there were about 598 settlements within its jurisdiction, which were in various stages of being upgraded as of October 2024. The estimated number of structures in these settlements is approximately 303,867 (eThekweni, 2025).

Section 26 of the Bill of Rights (1996) enshrines the fundamental right of all citizens to have access to adequate housing. It stipulates that the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right. This provision serves as a cornerstone for housing policy in post-apartheid South Africa, reflecting a commitment to addressing historical injustices and improving the living conditions of the country's most vulnerable citizens. Minister Ramokgopa echoed the commitments of the South African government toward equitable development in her speech at the National Service Delivery Dialogue (February 2025).

“The Municipal Structures Act stipulates that services must be distributed equitably, and the Municipal Finance Management Act ensures transparent and accountable financial management in municipalities and promotes efficient use of resources for service delivery. The Social Housing Act and the Breaking New Ground Housing Policy that focuses on integrated housing to reduce backlogs ensures low-income households have access to affordable rental housing, but many rural residents continue to live in informal or inadequate housing, and we have not addressed the construction mafia that delays housing projects.

Despite the gains that we have made over the last 30 years, we still face stubborn challenges in delivering services to our people. These include but not limited to the disparity between urban and rural areas. While services like healthcare, education, and transport are more readily available due to higher population density and infrastructure development in urban areas, people in rural areas often face challenges with access to these services because of the vast distances that must be covered.

Recently, we welcomed His Excellency, President Ramaphosa signing into law the Expropriation Act, which is a significant step in helping government to reach the goals of spatial planning in urban and rural areas.....” Our rural areas must get special attention in terms of this triple challenge as they are worst affected. South Africa has committed not only to its own NDP but to the continent's Agenda 2063 and the United Nation's global Sustainable Development Goals.

M Ramokgopa National State of Service Delivery Dialogue 25 February 2025

The South African government and relevant stakeholders have made significant strides in fulfilling this constitutional obligation. Over four million houses were constructed, largely aimed at providing shelter for historically marginalised groups, such as low-income families, people living with disabilities, and those affected by the legacy of apartheid, see Table 2.

DELIVERY STATISTICS SINCE 1994					
Prov.	No of projects	Project scope	Rural Beneficiaries	Rural sites completed	Rural units completed
EC	708	165 059	127 701	73 654	91 547
FS	33	2 653	2 547	-	1 798
GP	5	600	-	-	-
KZN	788	473 554	308 443	7 051	221 173
LP	1 230	140 289	122 176	100	113 335
MP	239	17 677	13 626	-	11 894
NC	11	1 533	1 533	130	1 230
NW	425	69 557	54 370	13 432	36 286
WC	4	105	100	100	86
TOTAL	3 443	871 027	630 496	94 467	477 348

Table 2: Delivery of housing support since 1994 (department of human settlement, 2022)

However, the scale of the housing crisis remains daunting. The legacy of apartheid, with its inhumane policies of spatial segregation and economic inequality, has left a deep mark on the country's housing landscape. Millions of South Africans, including people living with disabilities, continue to live in deplorable conditions. Backyard shacks, informal settlements, overcrowded accommodation, and hijacked inner-city buildings remain a stark reality for many. This situation is exacerbated by the compounded effects of apartheid, which subjugated millions and enforced policies of exclusion and marginalisation. As a result, a large portion of the population still lacks access to adequate, safe, and affordable housing.

The democratic boom in urban migration added an additional layer of complexity. The promise of better opportunities in urban areas has led to an influx of people seeking housing, which in turn has resulted in overcrowding, displacement, and the creation of informal settlements. The population growth has outpaced the government's ability to provide sufficient housing, leaving thousands in desperate need of secure and stable living spaces.

While progress has been made, the country's history of economic inequality, population growth, and urbanisation demands a more comprehensive and innovative approach to housing policy. Solutions must not only focus on the quantity of housing units but also the quality of life within those communities, ensuring that they are sustainable, well-connected, and inclusive of all citizens, especially those with specific needs, such as people with disabilities.

Key Finding 5: Water and Sanitation Challenges

South Africa is not on track to achieve the SDG goals of access to clean water, access to safe sanitation and access to quality raw water. The poor performance against the SDG 6 targets aligns with the poor performance indicated by the Stats SA data (2022). Although there is adequate raw water nationally, some municipalities face severe shortages due to droughts, like Cape Town (2016-2018) and Nelson Mandela Bay (2015-2023). In eThekweni, delays in the Umkhomazi Water Project and rising NRW created challenges. Gauteng's deficit stemmed from increased demand and delays in the Lesotho Highlands Water Project Phase 2 (DWS 2025).

The situation in South Africa may worsen due to urbanisation, population growth, climate change, wetland degradation, and inefficient use, including municipal system losses. Sewage and industrial pollution are lowering raw water quality, raising treatment costs, increasing disease risks like cholera, causing environmental harm, raising agricultural costs, and damaging tourism (DWS,2025). In January 2025, the eThekweni municipality banned fishing and recreational activities at Umhlanga beachfront and Blue Lagoon due to these issues (Carnie, 2025). Climate change is increasing the frequency of extreme weather events like floods, droughts, and heatwaves, which impact the supply and demand of raw water. DWS (2025) reports that 98% of all surface water available for water use has been allocated, and water-use allocation remains racially skewed. This leaves the country in a precarious position in the face of a rising population and increasing demand for water.

Water Service Delivery

Table 3 shows the level of access to water and sanitation services in South Africa in 2022. The figures in the table should be understood in the context of the Census 2022 findings (Stats SA, 2022), which show that half of South Africa's population of 62 million (17.8 million households) live in the largest 17 metros and municipalities. The state of water per province is shown in the graph below (Figure 5).

Water access	Sanitation services
• 82.4% piped water in their dwellings/ yard	• 70.8% have flush toilets
• 8.9% access to interim water services	• 2.6% have chemical toilets
• 8.7% no access / below interim service	• 9.4% have VIPs
	• 12.5% pit toilets without ventilation
	• 5% have none or limited toilet services

Table 3: Access to water and sanitation services

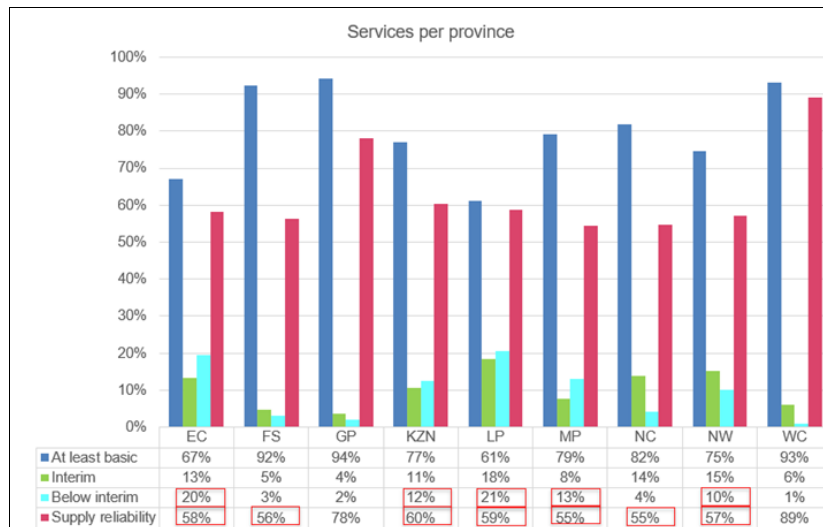


Figure 5: Access to water services: basic, interim and reliability

In 2022 (Stats SA, 2022), while 82.4% of households in South Africa had piped water inside their home or yard, 21% of Limpopo and 20% of Eastern Cape households still lacked access. Gauteng province at 94% followed by Western Cape at 93% and the Free State at 93% had the highest number of households with at least basic access to water service. At 89% reliability, the Western Cape had the most reliable water supply. Significant differences in access to basic water services have persisted between rural and urban households between 2002 – 2023.

Available data from stats SA, further shows that the percentage of urban households with access to basic water service has remained consistent from 91,6% in 2002 to 89,7% in 2023, while the percentage of rural households with access to basic water services has increased slightly from 37,8% in 2002 to 49,3% in 2023. Rural households continue to have less access to piped water compared to urban ones (Stats SA, 2025). Figure 6 shows that the backlog of households without access to an improved source of water is largely concentrated in the rural B4 municipalities.

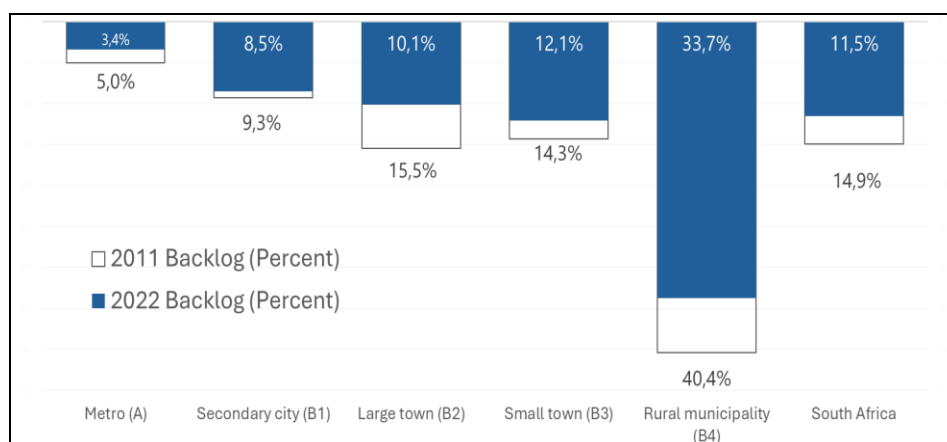


Figure 6: Backlogs for households without access to improved water sources

This issue arises from the National Spatial Development Framework (NSDF) and Spatial Planning and Land Use Act (SPLUMA), which aimed to address apartheid era spatial planning that located people according to race. SPLUMA prioritised service delivery in rural areas by requiring municipalities to provide services in areas that were previously underserved during apartheid. The challenge of the SPLUMA approach was that many rural communities lacked service delivery infrastructure such as water, sanitation, roads and electricity and no sources of revenue. While there was a need to expand service delivery in the rural areas, the revenue base of the rural municipalities remained the same or shrank, leading to governance challenges (Makana, 2025).

Water losses

NRW loss averages 47% nationally, with all provinces exceeding 50%, except the Western Cape, which is at 28%. This is the main cause of water supply disruptions in Gauteng and KZN. As municipalities lose revenue from almost half of the treated water they produce or purchase, they consequently lack the funds to maintain their water services and pay water boards for treated water. Severely affected water boards have stopped paying DWS for raw water, leading to insufficient funds for DWS to maintain national dams and infrastructure.

The 2023 Blue Drop and 2022 Green Drop assessment reports show that 67 out of 144 Water Services Authorities scored 'critical' on average, while 38 scored 'poor', which means that 73% were rated critical or poor. The percentage of water supply systems with poor or bad microbiological water quality compliance (i.e. water that is not safe to drink) increased from 5% in 2014 to 46% in 2023, resulting in increased risk of water-borne diseases such as cholera and chronic diarrhoea. Lack of skilled staff is a key issue: Gauteng has the highest percentage of drinking water systems with excellent or good performance and the lowest shortfall of qualified staff; the Northern Cape has the highest percentage of drinking water systems with poor or critical performance and the highest shortfall of qualified staff.

In 2022, 66% of municipal wastewater infrastructure was in a poor or critically poor condition. The following points were noted:

- The percentage of municipal wastewater systems in an overall critical state of performance increased from 30% in 2013 to 39% in 2022.
- 90 of the 144 water services (more than 60%) had at least one critical wastewater system, i.e. discharging partially treated or untreated sewage into rivers.
- 59 municipalities are facing pollution charges

Case study 1: eThekweni Municipality: Durban

The 2022 Census indicated that eThekweni municipality has a population of 4,239,901. The average household size is about four people. About 89.2% live in formal dwellings, 1.7% in traditional dwellings, and 8.9% in informal dwellings. Approximately 90% have access to basic water services: 70% inside their homes, 20% in their yards, 7% at community stands, and 3.4% with less than interim service.

About 80% of people have flush toilets connected to sewerage, 6% use chemical toilets, 10% use pit toilets, 1% use bucket toilets, 1% use other toilet facilities, and 1% have no access to toilets. At 10%, eThekweni has the lowest percentage of people using pit toilets in comparison to Tshwane and Polokwane with 14,2% and 48,5% respectively.

Case Study 2: City of Tshwane - Gauteng Province

The 2022 Census states that Tshwane Municipality has a population of 4,040,315. Of these, 86.3% live in formal dwellings and 13,7% in informal houses. Piped water is available inside homes for 71.3%, and within yards for 20.2%. About 3,6% have access to interim water service, whereby piped water is available at community stands, and 4.8% have no access to piped water, which is less than interim service.

Regarding sanitation, 81.5% use flush toilets connected to sewer systems, 14.2% use pit toilets, 2.2% use bucket toilets, 1% use chemical toilets, 0.3% use other types, and 0.7% lack toilet facilities.

The municipality faces several challenges in wastewater treatment, including poor quality effluent discharges due to constrained treatment capacity and prolonged or frequent equipment downtime. Budgetary constraints, workforce shortages, and aging infrastructure set against urban expansion and new developments, increasing demand for water, unresolved water leaks, infrastructure vandalism and inadequate security at reservoir sites, leading to increased theft, are the main challenges (CoT, 2025).

Tshwane municipality plans to fund capital upgrades and expansions, and to increase maintenance funding. For bulk water supply issues, the strategies include installing CCTV cameras for security, implementing access control at key infrastructure points, partnering with law enforcement, and increasing community awareness.

Tshwane plans to build new reservoirs, expand existing ones, and implement water conservation and pressure management strategies, use smart water management systems for real-time monitoring and predictive maintenance, improve monitoring of pipelines and install cathodic protection on steel pipelines to prevent corrosion (CoT, 2025).

Case study 3: Polokwane Municipality – Limpopo Province

Polokwane municipality has a population of 843,459 (Stats SA, 2022) with 249,443 households averaging about three people each. About 95% live in formal dwellings, 1.3% in traditional dwellings, and 3.5% in informal dwellings. About 78.9% have access to basic water services: 41.4% inside the dwelling, 37.5% in the yard, 10.3% have interim water service with access to piped water at community stands, and 10.9% lack piped water.

In terms of sanitation, 48.3% use flush toilets connected to sewerage, 0.9% use chemical toilets, 48.5% use pit toilets, 0.7% use bucket toilets, 0.4% use other types, and 1.3% have no

toilet facilities. In comparison to eThekweni and Tshwane, Polokwane has the lowest percentage of people with access to basic sanitation services at 48%; it also has the highest percentage of people using pit toilets at 48,5% (Stats SA, 2022).

The civil cry is captured in public expressions of frustration:

“There’s a water ‘mafia’. They cut the line and then they come around with tankers of water.”

Financial Times, 2025



State of sanitation

Despite constitutional guarantees of basic services and developmental infrastructure interventions, millions of South Africans, especially in rural and peri-urban areas, lack access to safe, dignified sanitation. The 2023 Stats SA report (Figures 7 and 8) illustrates the status of access to sanitation in South Africa, which mirrors access to water. While 81% of households are reported to have “improved sanitation,” rural-urban disparities are glaring, infrastructure failures are persistent, financial mismanagement is crippling, and systemic neglect undermines these gains. A decade ago, Stats SA (2016) indicated that 13.5 million (80%) had improved sanitation, from 6.7 million reported in 2001. About 4.3 million (25%) were considered to have 100% service, in the “all good” category, and those described as “served but need some improvement” category constituted 21%, while those that were “served but with significant challenges” were the majority at 33% (5.6 million). About 2.7 million (16%) households were within the “backlog with unimproved” category, and the “backlog with none” category were the least.

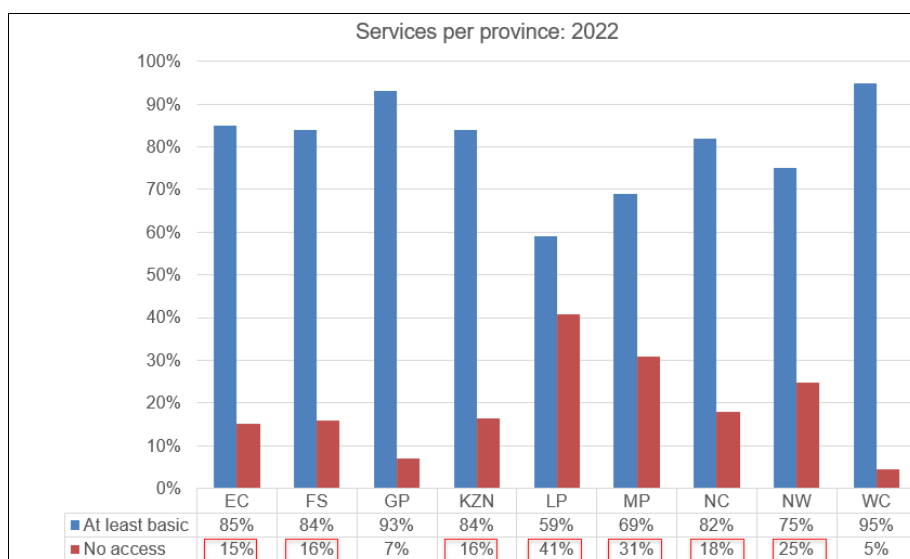


Figure 7: Access to sanitation per province

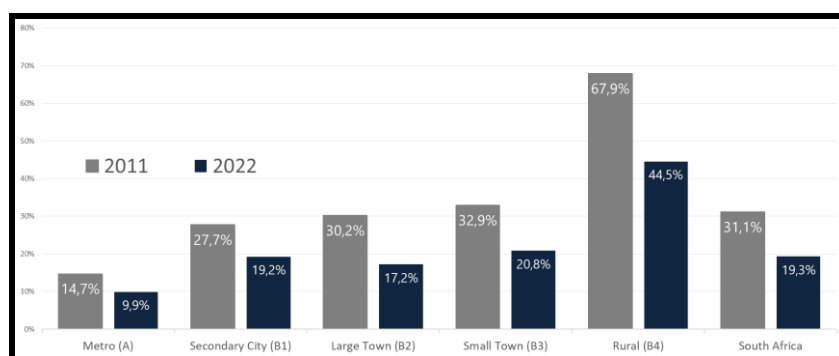


Figure 8: Access to sanitation 2011 and 2022

The leading metros in the Western Cape and Gauteng have the highest access to sanitation services, with 95% and 90% of households having improved sanitation facilities, respectively. Limpopo had the lowest at 53%. The Western Cape was the only province where most households (52%) were “served all good” with a 1% backlog in sanitation service delivery while the Eastern Cape has a higher backlog. Other provinces ranged from 8% to 32% “served all good”. Gauteng has a highest percentage (>41%) of households “served but significant challenges”, followed by KwaZulu-Natal at 36%. Limpopo had a notable backlog with unimproved sources at 41%, followed by Mpumalanga at 30% and North West at 29%. Figure 9 illustrates the provincial status of bucket systems (Stats SA, 2023). The North West and Northern Cape reported an increase in bucket systems, while the Eastern Cape and Free State had a decline. Limpopo has a higher out-migration to Gauteng, resulting in no change.

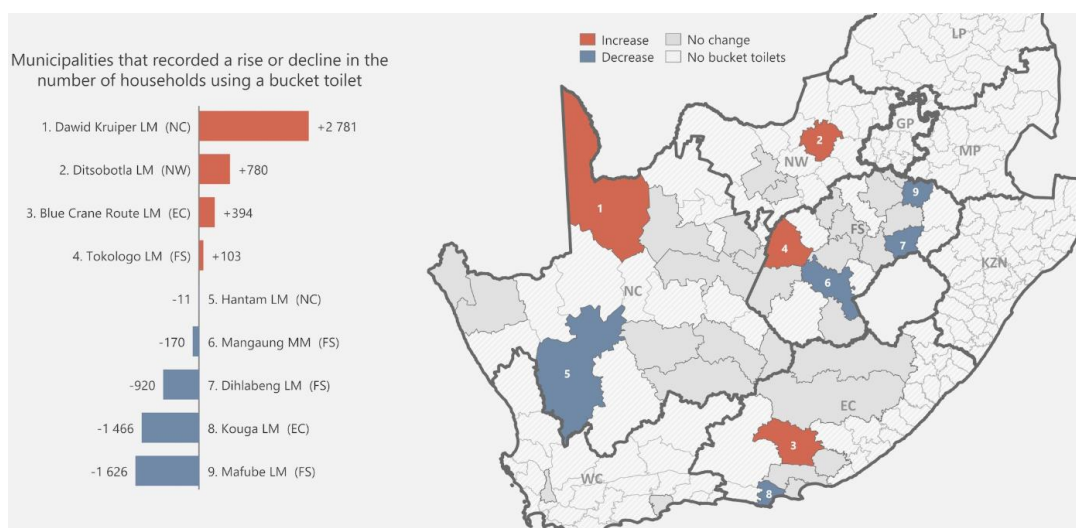


Figure 9: Change in bucket toilet use between 2022 and 2022

Severe cases are noted in eThekweni Municipality, which has faced repeated breakdowns in its wastewater treatment systems. The Northern Wastewater Treatment Works discharged untreated sewage into rivers due to equipment failures and delayed maintenance. Communities in Inanda, Umlazi, and Phoenix have reported frequent sewage overflows, leading to contaminated public spaces and health risks. Gauteng, which has the highest rate of in-migration from other provinces and regional countries, has the largest share of informal settlements. Most settlements lack proper sewer infrastructure and rely on alternatives such as chemical toilets, ventilated improved pit (VIP) latrines, or bucket systems. According to the DWS, over 20% of households in informal settlements in Gauteng do not have access to safe and reliable sanitation.

The result is a growing public health crisis, entrenched inequality, and community mistrust. Table 4 summarises key challenges

Infrastructure Collapse	<ul style="list-style-type: none"> Dilapidated and insufficient sanitation systems in many municipalities. Hammanskraal cholera outbreaks due to untreated sewage and water contamination. Over-reliance on outdated or unsafe pit latrines, especially in Limpopo, Eastern Cape, and KwaZulu-Natal.
Governance and Financial Failures	<ul style="list-style-type: none"> Unspent R3.4 billion in infrastructure grants in 2023. R7.4 billion fruitless and wasteful expenditure 102 municipalities ignored AGSA recommendations
Health and Human Dignity	<ul style="list-style-type: none"> Inadequate sanitation is a key driver of diarrhoeal disease, school absenteeism, and poor childhood development. Bucket toilet systems and open defecation persist in some informal settlements and rural areas.

Table 4: Key challenges in sanitation service delivery

While the DWS and the Presidential Infrastructure Coordinating Commission have initiated reforms, including the rollout of rural bridges and the Sanitation Technology Innovation Programme, the pace of implementation remains slow, fragmented, and inconsistent across provinces. Sanitation services are primarily managed by municipalities and funded through Equitable Share allocations, the Municipal Infrastructure Grant, the Urban Settlements Development Grant, and the provincial human settlements budget. Despite these funding sources, municipalities such as Tshwane and Ekurhuleni have faced challenges such as under-expenditure, unauthorised spending, and contractor management issues. The Green Drop Report (2022) by the DWS assessed many Gauteng wastewater treatment plants as “high risk” or “critical,” indicating operational and compliance concerns.

While Gauteng has initiated interventions and projects to improve sanitation services, there have been challenges, such as:

- Progress is gradual, and funding is variable for the Vaal River System Intervention, led by the South African National Defence Force and Rand Water, which aims to repair sewage systems and pump stations.
- Municipal inertia related to the Gauteng Informal Settlements Upgrading Partnership Grant that was designed to improve basic services such as sanitation in informal areas.
- The lack of validation for the long-term sustainable BRICS-funded sanitation projects and DBSA-backed initiatives focused on improving Gauteng wastewater treatment infrastructure.

A major limitation is the lack of alignment between national policy frameworks and municipal execution capacities, particularly in under-resourced areas. Furthermore, there is limited transparency in the budgeting, procurement, and project monitoring processes. Public reporting is sparse, and sanitation-specific targets are often either missing or ambiguously worded in municipal Integrated Development Plans, making it difficult for communities and oversight bodies to track progress or hold officials accountable.

It is therefore not surprising that some villages in the Eastern Cape, such as in the Alfred Nzo district, still had no toilets or had collapsed VIP latrines due to flooding and poor construction, exposing residents to raw sewage and increasing the risk of cholera and other waterborne diseases. Similarly, in the OR Tambo district municipality, residents of Lusikisiki and surrounding rural areas reported malfunctioning sanitation systems, broken communal toilets, and a complete lack of waste removal services. In Nelson Mandela Bay, raw sewage flowed through certain informal settlements such as Missionvale and Motherwell, due to persistent sewer blockages and overburdened infrastructure.

Key Finding 6: Energy and Electricity

The 2022 Census (Stats SA, 2022) shows that 94.7% of households use electricity for lighting; this is up from 84.7% in 2011 and 58.1% in 1996, except for the Emadlangeni municipality, where it was less than 72%.

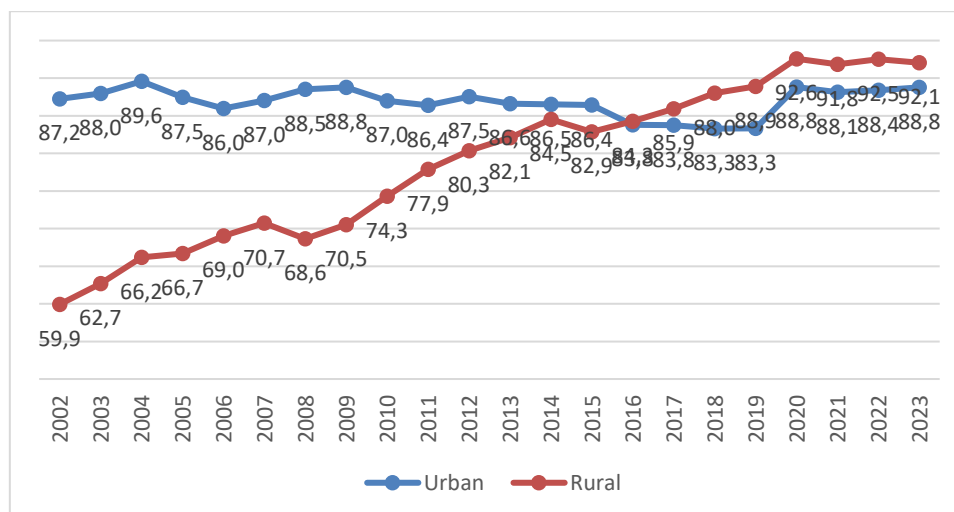


Figure 10: Access to electricity in rural and urban areas

Figure 10 shows that urban households with mains electricity remained stable at around 88% from 2002 to 2023. Meanwhile, rural households saw a significant increase in access to electricity, from 59.9% in 2002 to 92.1% in 2023. Notably, rural households surpassed urban households in terms of access to electricity.

Despite high household access to electricity, there are national and local supply issues. Eskom faces problems like aging infrastructure, operational failures, poor maintenance, and late payments, mostly from municipalities. By mid-December 2024, R109.4 million was owed to Eskom, with R15.6 billion considered current debt (Ensor, 2024). Municipalities like Tshwane that generate some of their own electricity face similar issues to those faced by Eskom, including theft, vandalism, and inadequate maintenance budgets. Tshwane reported that its maintenance budget for the high voltage network and infrastructure has been declining annually since 2021, leading to the deferment of all planned maintenance. According to NERSA, about 60-70% of licensed municipalities do not invest 6% of their operational budgets on repairs and maintenance, resulting in the deterioration of their electricity infrastructure.

Escalating electricity tariffs have also put pressure on household incomes, with some households being unable to pay for electricity, leading to less revenue for municipalities (Creamer, 2024). Electricity distribution losses are another significant challenge faced by municipalities, leading to revenue losses, thus impacting on the municipalities' service delivery capacity. According to NERSA, over 50% of licensed municipalities experience over 25% energy losses, and the energy insecurity continues to haunt South Africa.

Key Finding 7: Infrastructure Challenges and Trends

Financial resources are allocated to South Africa to support infrastructure development at national and provincial levels through a range of mechanisms, including the national budget, conditional grants (such as the Municipal Infrastructure Grant and the Urban Settlements Development Grant), and sector-specific allocations managed by line departments. These domestic efforts are significantly supplemented by external funding and technical support from international development finance institutions, such as the World Bank, the BRICS New Development Bank, and the African Development Bank (AfDB). These institutions contribute to large-scale infrastructure initiatives aimed at addressing systemic service backlogs and promoting inclusive economic growth.

Targeted investments have been made in critical sectors such as water and sanitation, energy, transportation, housing, and waste management, with a focus on improving access and sustainability. Instruments such as the National Infrastructure Plan and the Infrastructure Fund under Infrastructure South Africa have been designed to attract blended finance, crowd in private-sector investment, and coordinate strategic infrastructure development across sectors. The 2025 provincial budget speech by MEC Maile indicated that more than R1 trillion would be invested in infrastructure projects encompassing roads, energy, water, and urban renewal over three years. These initiatives are projected to generate thousands of jobs, with significant employment opportunities in the education and road infrastructure sectors, and PRASA, which is highly commendable.

The Auditor-General's 2022/23 audit outcomes reveal that only 13% of municipalities (34 out of 257) achieved clean audits, showing a decline in financial management standards. However, R3.4 billion in infrastructure grants remained unspent, indicating inefficiencies in project implementation. Municipalities incurred R7.4 billion in fruitless and wasteful expenditure, an increase from the R4.9 billion in 2021/22, and R24.1 billion was recorded as unauthorised expenditure, reflecting poor financial governance. The 2021/22 AGSA report (Figure 11) indicates that the Western Cape had 17 clean audits, with 15 maintaining this status over three years.

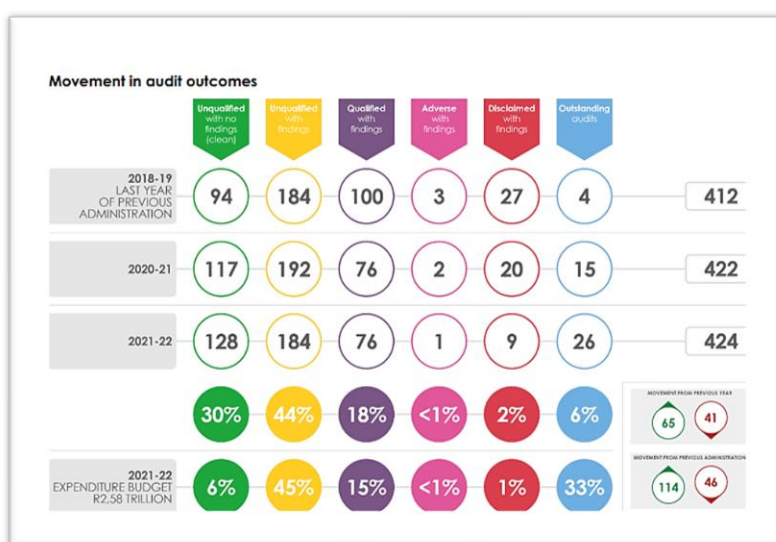


Figure 11: AGSA 2021/22 report - Movement in audit outcomes

The North West province had one clean audit and eight unqualified opinions with findings, six qualified, one adverse, and two disclaimed opinions. Limpopo's performance declined. There is a notable trend and negative correlation between service delivery and audit findings, with rural municipalities showing challenges in governance and an inability to provide basic services. The North West province owed R2.44 billion to Eskom and R2.85 billion to water boards. Mangaung Metro forfeited R490.02 million in conditional grant funding due to underspending. None of the Free State municipalities achieved a clean audit, despite R254 million spent on consultants since 2016/17.

Table 5 below shows funding support from International and Development Finance Institutions to support South Africa's infrastructure programs.

Funding Source	Amount (ZAR)	Purpose
National Budget (2024–2027)	R943 billion	Transport, energy, water, housing, health
Infrastructure Fund (Infrastructure South Africa)	R100 billion (public base)	Blended finance for strategic infrastructure
World Bank	R13.5 billion (2022 loan)	Budget support and infrastructure reforms
BRICS National Development Bank	R100+ billion	Water, transport, energy infrastructure
African Development Bank	R50+ billion (est.)	Power generation, water, and roads
KfW (Germany)	R4.2 billion (approx.)	Water and sanitation, green infrastructure
Municipal Infrastructure Grant	R15.4 billion (2024/25)	Basic services in poor municipalities

Table 5: Infrastructure financing flows in South Africa

In 2022, the World Bank approved a \$750 million (approx. R13.5 billion) loan for South Africa's budget support, tied to structural reforms, including infrastructure investment. The Bank also supports the Municipal Finance Improvement Programme and climate-resilient infrastructure. By 2023, the BRICS New Development Bank had committed over \$5.4 billion (approx. R100 billion) to South African projects, including water infrastructure, logistics corridors, and Eskom's transmission upgrades. The AfDB has funded big projects such as the Medupi Power Station (loan of \$2.9 billion) and has also co-financed water, sanitation, and transport initiatives. It supports municipal capacity building and public-private partnerships (PPPs). The European Investment Bank and German Development Bank (KfW) extended climate-focused infrastructure funding to South Africa, especially for renewable energy and urban resilience. KfW, for example, provided €200 million for water infrastructure through blended finance instruments. The Green Climate Fund and Global Environment Facility supported infrastructure linked to climate mitigation and adaptation, such as funding for climate-smart wastewater systems and green buildings in municipalities. Infrastructure South Africa (ISA, 2025) has also reported that South Africa is forging strong ties with Middle Eastern countries, such as Kuwait, the UAE, Qatar, and Saudi Arabia, to boost economic development.

At the core of the problem is a disconnect between funding allocation, financial management, and project implementation at the municipal level. Most local governments, especially in Limpopo, North West and the Free State, were placed under administration as they lack the technical capacity and financial governance structures needed to plan, execute, and maintain infrastructure projects effectively. This often results in under-expenditure of allocated budgets, and irregular and wasteful expenditure, as identified in recurring Auditor-General reports, as well as delayed or abandoned projects, and inadequate maintenance budgets.

In addition, while funding from international financial institutions provides opportunities for large-scale infrastructure investment, these initiatives are often slowed down by bureaucratic red tape, weak coordination with local authorities, and political instability. Furthermore, the debt burden associated with external loans can place added fiscal pressure on already distressed municipalities, especially when revenue collection systems (e.g., for water and electricity) are inefficient or compromised by widespread non-payment.

The current fiscal framework does not allow for equitable infrastructure development. Urban centres with stronger tax bases and administrative capacity often benefit more from infrastructure spending than rural municipalities or informal settlements, further deepening spatial inequality. The situation is, however, not holding as cited by the media refer to report below:

The Times of London headlined its report: "Welcome to Johannesburg, world leaders: it's falling apart". the "engine of South Africa is blighted by corruption and crumbling infrastructure just as South Africa takes leadership of the G20. it will become a 'failed city'."

Giyani Bulk Water Project (Limpopo)	The project received over R3 billion but failed to deliver potable water to the targeted 55 villages (Auditor-General report 2018) due to procurement violations, mismanagement, and corruption. A 2022 parliamentary inquiry confirmed that most infrastructure is non-functional.
Amathole District Water and Sanitation Projects (Eastern Cape)	Multiple small-scale water projects funded during the Covid-19 pandemic (over R150 million) were halted or incomplete due to a lack of planning, contractor disputes, and alleged fraudulent payments affecting communities in Butterworth and surrounding areas.
Rooiwal Wastewater Treatment Plant (Tshwane, Gauteng)	Chronic underinvestment, contract management issues, and delayed upgrades led to the ongoing Hammanskraal water challenges. Despite an allocation of over R400 million, untreated sewage contaminated water supplies contributed to the 2023 cholera outbreak.
War on Leaks Programme (National)	This was intended to train 15 000 youth in plumbing and water conservation to reduce municipal losses; however, the project spent over R2.6 billion but was poorly implemented. The lack of certification, job placement, and oversight meant most trainees were left unemployed, and water losses persisted
Housing and Urban Decay Gauteng	<p>80 Albert Street Fire: A fire in a neglected, illegally occupied building resulted in at least 76 deaths in 2023, underscoring the city's housing crisis and the dangers of "hijacked" buildings.</p> <p>Bridge collapse Incident: A pedestrian bridge in Jeppestown collapsed, injuring two people and highlighting the fragile state of the city's infrastructure.</p>
Electricity and City Power Mismanagement Gauteng	Wasteful expenditure: City Power allegedly wasted R335 million on inflated prices for cleaning equipment and failed maintenance projects, reflecting poor financial oversight.
Extended Water Outages Johannesburg	In December 2024, a planned 86-hour water shutdown affected 60% of the city with prolonged outages beyond the scheduled period
Bucket Eradication Programme (Free State and Northern Cape) Eliminate bucket toilets in informal settlements,	The Free State government was found to have paid millions for non-functional infrastructure and suffered from slow implementation and inflated project costs. New sanitation facilities were either incomplete, non-operational, or vandalised shortly after installation.

Nelson Mandela Bay Metro Water Infrastructure	In 2022, a severe drought combined with infrastructure collapse led to "Day Zero" threats. Despite earlier investment in boreholes and reticulation upgrades, mismanagement and non-functional pumps contributed to prolonged water outages. Funding from the Water Services Infrastructure Grant was underutilised due to procurement failures.
RDP Housing Developments	This affected all provinces, but mostly Gauteng, Mpumalanga, and the Eastern Cape, with thousands of poorly constructed or incomplete homes built on unsuitable land (e.g., dolomitic ground or floodplains), lacking basic infrastructure like water, electricity, or sewage systems. Billions were paid to ghost projects and untraceable contractors.
Dysfunctional Landfill Sites and Waste Infrastructure (North West, Limpopo)	In Madibeng and Mogalakwena, waste collection infrastructure collapsed due to non-maintenance and expired service contracts. Landfill sites failed to meet environmental regulations, leading to illegal dumping and health hazards. National Treasury flagged these municipalities for wasteful expenditure in multiple reports.

Table 6: Infrastructure development failures in South Africa

Since most municipalities (102) do not implement any of the Auditor-General's recommendations from their previous audits. There is therefore an urgent need to:

- Improve financial management and accountability mechanisms at municipal level.
- Simplify and streamline grant application and reporting processes.
- Ring-fence infrastructure maintenance budgets.
- Strengthen oversight and community monitoring of funded projects.
- Expand capacity-building efforts to ensure that municipalities can absorb and effectively utilise infrastructure funding.

Recommendations

The following recommendations are drawn from different departments who participated in interviews or presented during the national state of service delivery . The overall focus was on to address persistent challenges in infrastructure development, sanitation, and municipal governance, with a focus on improving intergovernmental coordination, promoting sustainability, and ensuring equitable service delivery, particularly in underserved rural and informal communities in the most marginalised provinces. More detailed recommendations will be provided in an advisory which is being drafted by NPC, As a results the recommendations on this report will be broad and not targeted . Suffice to say South Africa's service delivery projections through 2025 reflect a strategic approach to addressing

infrastructure and governance challenges, with a strong emphasis on sustainability, digital innovation, and intergovernmental collaboration. While progress is evident, ongoing efforts to improve efficiency and accountability will be crucial to achieving the desired outcomes.

Align Reform and Development

There is a need to first establish the root causes of poor service delivery, particularly in rural and urban settings, before designing and implementing solutions. There is a need for the urgent enhancement of infrastructure development and financial stability in service delivery. Three key opportunities to transform South Africa's development trajectory include:

- South Africa's Hosting of the G20 Summit (2025) under the theme "Solidarity, Equality, and Sustainability" presents a historic opportunity to elevate South Africa's global role and drive domestic reform through international cooperation.
- The implementation of the Expropriation Act that was recently signed into law is an enabler for inclusive spatial planning in line with the NSDF and SPLUMA to address land inequality and development disparities.
- There should be a focus on actionable deliverables so that emphasis is placed on setting measurable targets and clear outcomes to ensure that policy commitments translate into tangible progress.

Strengthen and Align Goals Supported by the UN

The alignment of the MTDP with the NDP to ensure strategic levers necessary for sustainable economic transformation should include:

- Localisation and Rural Development: Local government must drive rural development through better alignment with national plans, transparent governance, and targeted support to ensure no community is left behind.
- Equitable Income and Financing: Tackling household-level income inequality is crucial. While grants help reduce poverty, sustainable financing solutions are needed to maintain and grow social protection systems.
- Inclusive Spatial Development and Land Management: The NSDF must be fully implemented to correct spatial injustices. Inclusive land access and effective management are essential for sustainable growth.
- Technology and Innovation: Digital tools, AI, and renewable energy should be harnessed to accelerate development. Technology must serve people and support national and continental goals like the NDP, SDGs, and Agenda 2063.

Enhance MTDP and DDM Implementation

The implementation of the MTDP and District Development Model (DDM) must be in alignment not only with national goals, but should include the SDGs by taking the following into account:

- **Strengthen Digital Infrastructure and Skills Development:** This requires investing in digital literacy training for public officials, ensuring equitable access to digital services, and maximising the return on investment in AI and other digital technologies.
- **Institutionalise the NSDF:** Develop clear operational guidelines to integrate the NSDF, DDM, and MTDP at the local level to promote spatial justice, targeted planning, and reduce regional disparities.
- **Revamp Performance Management for Impact:** Introduce outcome-based key performance indicators aligned with the MTDP's developmental goals so that there is a clear shift of focus from outputs (e.g. number of houses built) to outcomes (e.g. improved quality of life).
- **Reform Local Government Structures:** Conduct a feasibility study on municipal restructuring and adopt an evidence-based roadmap for implementation that will address systemic inefficiencies.
- **Operationalise the PPP Framework:** Finalise and disseminate the PPP framework with clear incentives and risk-sharing models to encourage private sector investment in infrastructure and service delivery innovation.
- **Enhance Intergovernmental Coordination:** Institutionalise inter-ministerial task teams and assign performance contracts to district-assigned Ministers to break silos, strengthen accountability, and ensure aligned service delivery.
- **Align Social and Economic Policies:** Pilot integrated programmes linking social relief (e.g. food parcels, grants) to local economic activities (e.g. cooperatives, skills development).
- **Boost Infrastructure and Industrial Investment:** Establish district-level infrastructure and industrial development hubs aligned with the national reindustrialisation agenda to stimulate local economies, create jobs, and bridge the rural-urban divide.
- **Streamline Policy Integration:** Develop a national dashboard to track and align key economic policies across departments in real time.
- **Broadening Stakeholder Engagement:** Support active citizen participation on formal platforms for civil society and private sector participation in the One Plan process, which engenders trust, improves relevance of interventions, and ensures accountability.

Strengthen the Implementation of the NSDF

Strengthen the implementation of the NSDF by:

- **Regional-Rural Development:** Pilot regional rural linkages connecting service towns and villages.

- Spatial Action Areas: Fast-track catalytic projects in 13 nationally identified areas for targeted spatial transformation
- Interregional Connectivity: Align the NSDF with SADC spatial and infrastructure strategies to enhance trade and regional integration
- Corridor Development: Coordinate multi-sectoral planning for key corridors (e.g., Durban–Mooi River, N3).
- Governance and Institutional Framework: Activate a national technical working group and strengthen municipal involvement.
- Communication Strategy: Implement a GCIS-led outreach to stakeholders and the public.
- Policy and Framework Alignment: Integrate the NSDF into the MTDP and DDM's "One Plan" for coherent planning, budgeting, and service delivery.
- Monitoring and Evaluation: Develop a spatial outcomes dashboard for tracking and accountability.

Institutionalise and Integrate Active Citizenry in Planning and Budgeting

The Discovery Insure Pothole Patrol is an example of a successful public-private partnership launched by Discovery Insure, Dial Direct Insurance, and the City of Johannesburg. It addresses the issue of potholes by enabling rapid detection and repair, with a strong focus on road safety, public engagement, and infrastructure improvement. This initiative serves as a leading example of how collaboration between citizens, government, and the private sector can result in responsive and impactful service delivery through AI and infrastructure intervention support. The focus areas to improve citizen engagement should include:

- Replicate the pothole patrol model in other metropolitan municipalities and district municipalities through strategic partnerships between local governments and private sector insurers or infrastructure companies.
- Integrate pothole management initiatives into national infrastructure policies and the DDM to ensure that they contribute to broader service delivery objectives. Encourage more corporate participation in infrastructure maintenance through incentives and co-investment schemes aligned with social responsibility goals.
- Develop and deploy mobile and web-based platforms across all provinces to enable citizens to report infrastructure faults, including potholes, broken lights, and water leaks.
- Participation of residents and citizens must be institutionalised by creating local area planning forums with decision-making powers and budgeted for community-prioritised projects.

- Support civil society monitoring and accountability through funded watchdog initiatives to monitor municipal service delivery and promote citizen reporting platforms (e.g., mobile apps, SMS). Leverage the data collected from citizen reports to inform municipal planning, prioritise high-risk areas, and allocate budgets more effectively.
- Include local communities, particularly unemployed youth, in pothole repair programs. Train them as part of the Expanded Public Works Programme initiatives to create jobs while improving service delivery.
- Create legal frameworks mandating public participation.
- Partner with CSOs and universities to build civic engagement capacity.

Enhance Intergovernmental Coordination and Strategic Planning

- Clarify roles and responsibilities across national, provincial, and local governments through updated legislative frameworks and intergovernmental agreements.
- Establish joint planning mechanisms to facilitate integrated infrastructure development, co-funding, and shared accountability.
- Creating a national service delivery task team to monitor progress, coordinate emergency interventions, and align long-term development targets.

Strengthen Municipal Governance and Oversight

- Implement performance-based management systems for senior municipal officials, linked to service delivery and infrastructure outcomes.
- Establish independent oversight mechanisms such as empowered Municipal Public Accounts Committees and citizen review panels.
- Support institutional capacity through structured training, leadership development, and incentives for ethical governance.

Scale Up Infrastructure Investment and Renewal

- Prioritise infrastructure maintenance and upgrades, especially in metropolitan and rural municipalities with aging or failing systems.
- Promote decentralised sanitation systems suited to informal settlements and rural contexts, ensuring resilience and affordability.
- Modernise wastewater and drainage systems with technologies that support environmental sustainability and urban resilience.

Advance Capacity Building and Innovation

- Expand technical training programs for municipal personnel (e.g., engineers, sanitation managers, plumbers), in partnership with TVET colleges and SETAs.
- Support community-based management models for localised infrastructure maintenance and sustainability.
- Foster PPPs to promote smart sanitation solutions, including digital monitoring and resource-efficient technologies.
- Institutionalise monitoring and evaluation frameworks with transparent reporting, performance dashboards, and citizen feedback loops.

Drive Sustainable and Green Infrastructure Development

- Incentivise environmentally friendly solutions, such as composting toilets, biogas systems, and solar-powered water infrastructure.
- Support circular economy initiatives by enabling safe reuse of treated wastewater and resource recovery from sanitation systems.
- Ensure long-term financial planning, including dedicated infrastructure budgets and transparent fiscal management by all spheres of government, including government efficiencies as recommended by the World Bank to prevent a recurrence of high spending, deficits, and debt cycles.

Integrate Informal Settlements into the Urban Fabric

- Accelerate *in-situ* upgrading of informal settlements through participatory planning and infrastructure investment.
- Guarantee basic services for all, including clean water, sanitation, electricity, and waste collection in informal areas.
- Align upgrading efforts with national spatial development priorities and housing policies.

Conclusion

Research findings and performance indicators point to a steady decline in essential public services due to deficient management across the three spheres of government. Financial distress, poor planning, corruption, and lack of accountability have led to failures in providing basic services such as water, sanitation, housing, waste management, transportation, and energy. Informal settlements and rural communities are disproportionately affected. Despite

numerous policy interventions, research studies, and international support, service delivery outcomes remain unsatisfactory, with frequent civil unrest across the country, notably in KwaZulu-Natal and Gauteng, where cases of xenophobia have surged and simmered, resulting in unnecessary loss of life and business opportunities.

The ongoing service delivery crisis in South Africa reflects deep-rooted governance challenges that require systemic reform and committed leadership at all levels of government. Focused policy interventions that enhance accountability, improve coordination, and promote inclusive development are essential. Prioritising the needs of the most vulnerable, particularly rural residents and those in informal settlements, will be critical to restoring confidence in government and achieving equitable service provision.

As the 2025 G20 summit host and current chair, South Africa has a historic opportunity to demonstrate leadership on inclusive infrastructure and governance reform. Leveraging its strategic position within BRICS and the global South, South Africa can attract sustainable investment and expertise and reposition itself as a continental anchor for infrastructure-led growth and social equity.

There is consensus on the issues below:

A. Governance and Accountability Failures

- Weak leadership and oversight in municipalities.
- Lack of transparency and ineffective performance monitoring systems.
- Political interference in administrative functions.

B. Infrastructure and Financial Constraints

- Underinvestment in essential infrastructure maintenance and upgrades.
- Limited fiscal capacity of rural municipalities and growing municipal debt.
- Misuse and underutilisation of conditional grants.

C. Urban Informality and Exclusion

- Informal settlements lack formal recognition, preventing access to basic services.
- Rapid urban migration outpaces planning and service capacity.
- Inadequate integration of informal settlements into urban development frameworks.

D. Rural Marginalisation

- Infrastructural neglect and logistical challenges hinder rural service delivery.
- Shortage of skilled professionals in remote areas.
- Limited access to health, education, and economic services.

The successful implementation of the MTDP and institutionalisation of the DDM requires a comprehensive approach to redress inequalities and inefficiencies in the delivery of services to all people resident in urban and rural municipalities. This includes the combination of technological innovation, policy alignment, stakeholder collaboration, and a focus on measurable impact. Integrating programmes, rationalising government functions, and engaging proactively with all sectors of society are essential for achieving inclusive and sustainable development outcomes.

Implementation of programs to address service delivery challenges, however, requires a multifaceted approach, including:

- Improved resource allocation to ensure that funding reaches the most underserved areas.
- Capacity-building initiatives to train local government staff in key skills, particularly in rural municipalities.
- Innovative service delivery models, such as public-private partnerships or technology-driven solutions, to improve efficiency and reach.
- Community participation in decision-making to ensure that the needs of the people are genuinely reflected in development plans.

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