PAPER 4

FROM STRATEGY TO IMPLEMENTATION: ENABLING MEASURABLE PERFORMANCE IN THE ETHEKWINI WATER & SANITATION TURNAROUND STRATEGY

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ABSTRACT

Urban water and sanitation services in South Africa face increasing pressure from aging infrastructure, financial constraints, climate change, and growing service delivery demands. Metropolitan municipalities play a critical role in sustaining economic growth and reliable service provision; however, many trading services continue to decline due to underinvestment, operational inefficiencies, and governance challenges.

In response, National Treasury introduced the Trading Services Reform Strategy (TSRS), requiring municipalities to implement structured turnaround strategies supported by institutional, financial, and operational reforms. The eThekwini Water and Sanitation Unit (EWS) developed a Turnaround Strategy, subsequently amended to align to the National Treasury framework and approved by Council in April 2023, providing a roadmap to stabilise the utility and restore sustainable service delivery.

This paper builds on previous work presented at the 2025 IMESA conference, which focused on the development and conceptual foundation of the Turnaround Strategy, and presents the implementation journey and lessons learned. It examines the implementation phase, with particular emphasis on the Performance Improvement Action Plan (A3-PIAP) as the central mechanism for driving reform, together with the key challenges and lessons emerging from operationalising the strategy.

The A3-PIAP consolidates commitments from the TAS, the Institutional Reform Roadmap (A1), and the Business and Investment Plan (A2) into a framework of measurable performance indicators aligned with National Treasury requirements and integrated within municipal governance, budgeting, and Council reporting cycles. The PIAP establishes minimum commitments and performance indicators across accountability, financial, and operational pillars, enabling tracking of governance reforms, revenue improvements, and operational performance enhancements, including non-revenue water reduction and improved service reliability.

The paper outlines the approach adopted by EWS to operationalise the PIAP framework, presenting early implementation progress, key challenges related to financial modelling for sustainability, budgetary and grant constraints, and governance alignment, as well as lessons learned. The experience of eThekwini demonstrates how performance monitoring frameworks can enable the transition from strategic planning to measurable operational improvements, providing insights for other municipalities seeking to strengthen governance and financial sustainability.

1. INTRODUCTION

The National Treasury Metropolitan Trading Services Reform (MTSR) Programme requires metropolitan municipalities to strengthen the governance, financial sustainability and operational performance of their trading services through an integrated reform approach. In response, eThekwini Water and Sanitation (EWS) developed and obtained Council approval for its Turnaround Strategy (TAS) as the strategic roadmap to guide the transformation of the Municipality's water and sanitation utility.

The approval of the TAS marked the transition from strategic planning to implementation. Delivering on the objectives of the strategy required more than the development of supporting plans; it required an integrated implementation framework capable of coordinating institutional reform, governance, financial planning, organisational change and operational performance. This approach aligns with the intent of the National Treasury MTSR Programme by ensuring that strategic objectives are translated into measurable organisational actions and monitored through a structured performance management process.

Building on the work presented in the 2025 IMESA publication titled *"Development of the eThekwini Water and Sanitation Turnaround Strategy"*, this paper focuses on the implementation phase of the reform programme. Particular emphasis is placed on the Performance Improvement Action Plan (A3-PIAP) as the mechanism used to coordinate implementation, monitor progress and drive continuous improvement across the utility. The paper discusses the implementation approach adopted by EWS, highlights progress achieved during the first phase of implementation, examines the challenges encountered and reflects on practical lessons that may assist other municipalities undertaking similar utility reform programmes.

2. FROM STRATEGY TO IMPLEMENTATION: OPERATIONALISING THE MTSR PROGRAMME

The approval of the eThekwini Water and Sanitation Turnaround Strategy (TAS) represented a significant milestone in the Municipality's response to the National Treasury Metropolitan Trading Services Reform (MTSR) Programme. While the previous IMESA paper described the development of the Turnaround Strategy and the rationale for reform, the approval of the strategy marked the beginning of a far more challenging phase: implementation. Translating strategic intent into measurable organisational change required more than a strategic vision; it required an integrated implementation framework capable of aligning governance, institutional reform, financial sustainability and operational performance.

The MTSR Programme recognises that sustainable utility reform cannot be achieved through isolated projects or short-term interventions. Instead, it requires municipalities to establish the institutional, financial and governance foundations necessary to support long-term organisational transformation. In response, eThekwini Water and Sanitation adopted an integrated implementation approach that aligned with the National Treasury reform methodology and provided a structured pathway from strategy development to implementation.

The implementation framework comprised five complementary components, each fulfilling a distinct but interconnected role within the reform programme:

- **Institutional Reform Roadmap (A1):** providing the governance and organisational reform pathway required to establish a ring-fenced, performance-driven business unit.

- **Business and Investment Plan (A2):** translating the strategic objectives of the Turnaround Strategy into prioritised investment programmes, service delivery initiatives and long-term infrastructure planning.
- **Financial Business Model:** evaluating the long-term affordability and financial sustainability of the proposed reforms through scenario modelling and investment testing, thereby informing strategic decision-making and funding requirements.
- **Change Management Plan**: supporting organisational transition, stakeholder engagement and the development of a culture capable of sustaining reform.
- **Performance Improvement Action Plan (A3-PIAP):** establishing the implementation, monitoring and performance management framework through which progress could be measured, reviewed and continuously improved.

Rather than functioning as independent planning documents, these implementation instruments were designed to operate as an integrated management system. Collectively, they connected strategic planning with governance reform, financial planning, organisational development and operational performance, ensuring that implementation activities remained aligned with the objectives of the Turnaround Strategy and the broader National Treasury MTSR Programme.



FIGURE 1: *Turnaround Strategy Implementation Framework by eThekwini Water and Sanitation*

The first year of implementation focused on establishing these enabling foundations. This included developing the institutional arrangements required for Single Point of Management Accountability (SPoMA), progressing the organisational restructuring necessary to support the future business unit, completing the Business and Investment Plan and Financial Business Model, establishing baseline performance measures, and developing the Performance Improvement Action Plan to guide implementation over the remaining programme period. These activities were not simply planning exercises; they represented the foundational work required before meaningful financial and operational improvements could be achieved.

Figure 1 illustrates the integrated implementation framework adopted by eThekwini Water and Sanitation, demonstrating how the various implementation instruments collectively operationalise the National Treasury Metropolitan Trading Services Reform Programme.

3. OPERATIONALISING PERFORMANCE IMPROVEMENT ACROSS THE UTILITY

The transition from strategic planning to implementation required more than the development of supporting plans and governance structures. It required the establishment of a structured performance management system capable of translating objectives into measurable action. Within the National Treasury Metropolitan Trading Services Reform (MTSR) Programme, this role is fulfilled by the Performance Improvement Action Plan (A3-PIAP), which provides the framework through which reform activities are prioritised, implemented, monitored and continuously refined.

Rather than functioning as a conventional implementation plan, the PIAP establishes an integrated performance management system that links governance, financial sustainability and operational performance. It provides a structured mechanism for translating the objectives of the Turnaround Strategy into measurable commitments, implementation activities and performance indicators, while maintaining alignment with the Institutional Reform Roadmap, Business and Investment Plan, Financial Business Model and Change Management Plan. In doing so, the PIAP becomes the central mechanism through which the objectives of the Turnaround Strategy are operationalised across the utility.

3.1 Establishing The Foundations For Reform

A distinguishing feature of the MTSR implementation methodology is that organisational reform is not assessed solely through service delivery outcomes. Before municipalities are evaluated against broader accountability, financial and operational performance measures, they are first required to demonstrate that a series of **Minimum Commitments (M1–M8)** have been achieved. These commitments establish the governance, institutional and management foundations necessary to support sustainable reform and provide confidence that the organisation is appropriately structured to deliver long-term improvement.

Within EWS, implementation of the Minimum Commitments has included the introduction of Single Point of Management Accountability (SPoMA), organisational restructuring to support the future ring-fenced business unit, strengthened governance arrangements, service compacts, procurement transparency measures and the development of the core planning and financial instruments required under the MTSR Programme. While implementation presented challenges, particularly in aligning National Treasury reform requirements with existing municipal governance and regulatory processes, these issues were progressively resolved through collaborative engagement, enabling implementation to continue without compromising the overall reform programme.

These measures represent a transition from existing municipal arrangements towards the more integrated operating model required by the reform programme. For example, the establishment of SPoMA arrangements is intended to provide clearer accountability for utility performance; organisational restructuring is being progressed to support the future ring-fenced business unit; and Service Compacts between the eThekwini Municipality as the Service Authority and Trading Services/ EWS as the Service Providers where roles and responsibilities are defined and clarified. . Similarly, the financial and planning instruments provide a more integrated basis for linking investment, budgeting and performance. These changes are being implemented within the Municipality's existing governance and regulatory environment rather than replacing it.

The first implementation year therefore focused on establishing these institutional foundations. Although these activities may not immediately translate into visible service delivery improvements, they represent essential milestones in creating the governance and organisational environment within which financial and operational reforms can be successfully implemented.

The Performance Improvement Action Plan (PIAP) builds on these foundations through a phased implementation approach. Once the Minimum Commitments have been established, the PIAP provides a structured framework for monitoring progress across Accountability, Financial and Operational Performance Commitments, which are subsequently translated into function-specific Performance Improvement Plans (PIPs) that guide implementation across the utility. The overall structure of the PIAP implementation framework is illustrated in **Table 1.**

3.2 Translating Strategy Into Measurable Performance

Once the Minimum Commitments have been established, the PIAP provides the framework for monitoring implementation across three complementary performance domains: Accountability Performance, Financial Performance and Operational Performance.

The Accountability Performance domain measures the effectiveness of governance and organisational capability, including leadership accountability, institutional capacity, customer focus and management performance. The Financial Performance domain evaluates progress towards long-term financial sustainability through indicators related to affordability, revenue management, expenditure control and investment planning. Operational Performance focuses on the delivery of core water and sanitation services, monitoring improvements in areas such as water security, non-revenue water reduction, wastewater services, water quality, asset management and customer service.

Importantly, these performance domains are not monitored as isolated indicators. Each is supported by structured reform activity packages, clearly defined performance indicators, annual targets and assessment methodologies that provide a consistent basis for monitoring implementation over the six-year MTSR programme. This enables progress to be evaluated systematically while allowing implementation priorities to evolve as organisational capability matures and new challenges emerge.

3.3 Embedding Performance Improvement Throughout The Organisation

One of the most significant implementation achievements has been the translation of the PIAP into function-specific Performance Improvement Plans (PIPs) across the Directorate. Rather than managing implementation through a single corporate plan, individual business functions developed tailored improvement plans aligned with the strategic objectives of the Turnaround Strategy and the requirements of the PIAP.

Each Performance Improvement Plan follows a consistent methodology, beginning with an assessment of current performance and baseline conditions before identifying performance gaps, root causes, improvement strategies, implementation actions, measurable targets and monitoring arrangements. This approach enables each function to respond to its specific operational challenges while maintaining alignment with the broader organisational reform programme.

By cascading performance improvement throughout the organisation, EWS has moved beyond strategic planning towards operational ownership of reform. Responsibility for implementation no longer rests solely with programme managers or executive leadership but is embedded within the functional areas responsible for service delivery. Furthermore, the Performance Improvement Plans are reviewed and refined annually, allowing implementation priorities and performance targets to evolve in response to operational experience, emerging risks and changing organisational requirements.

3.4 Supporting Sustainable Implementation

Performance management alone cannot deliver organisational reform. The PIAP is supported by complementary implementation mechanisms that strengthen the utility's ability to deliver measurable outcomes over the long term.

The Business and Investment Plan translates strategic priorities into an affordable programme of infrastructure investment, while the Financial Business Model evaluates multiple investment and affordability scenarios to support evidence-based decision-making and long-term

TABLE 1: *The PIAP implementation framework progresses from foundational Minimum Commitments to performance-based implementation through Accountability, Financial and Operational Commitments, supported by function-specific Performance Improvement Plans.*

Implementation Layer	Purpose	Examples
Minimum Commitments (M1–M8)	Establish the governance and organisational foundations for reform.	SPoMA, organisational restructuring, Service Compacts, governance, procurement transparency
Accountability Commitments (A)	Strengthen leadership, governance and organisational performance.	Accountability, management capability, customer focus, organisational performance
Financial Commitments (F)	Improve long-term financial sustainability.	Financial resilience, revenue, affordability, investment planning
Operational Commitments (W)	Improve service delivery and operational performance.	Water security, NRW reduction, wastewater, asset management, water quality
Functional Performance Improvement Plans (PIPs)	Translate PIAP commitments into measurable implementation actions.	Baselines, gap analysis, actions, targets, monitoring and annual review

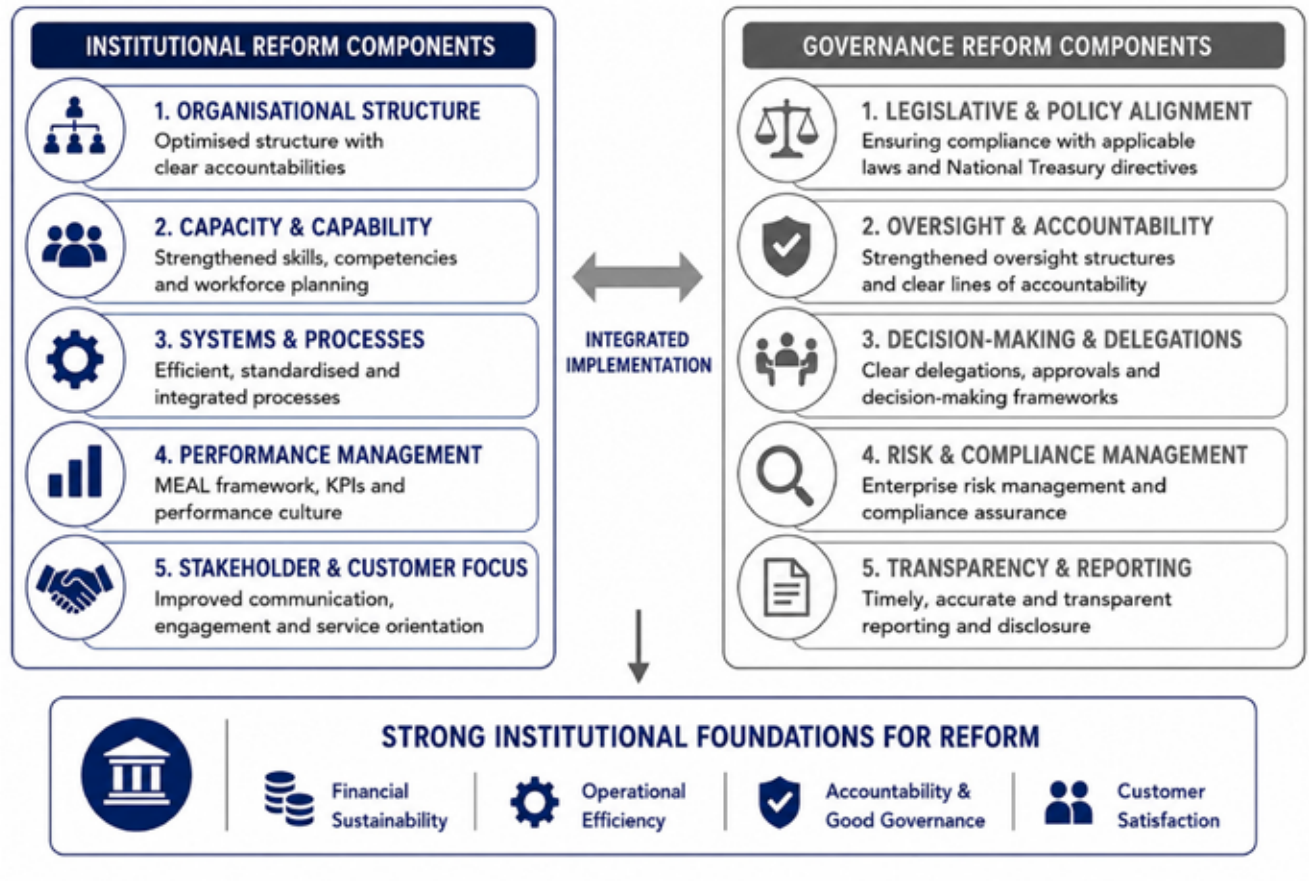


FIGURE 2: *Components of the MTSR Institutional and Governance Reforms*

financial sustainability. This scenario-based approach enables alternative implementation pathways to be evaluated before significant investment decisions are made, reducing financial risk while supporting the objectives of the Turnaround Strategy.

Similarly, innovative delivery mechanisms such as Performance-Based Management Contracts (PBMCs) are being introduced to strengthen implementation in priority areas. Unlike traditional contracts that primarily procure predefined activities, PBMCs align contractor performance with measurable service delivery outcomes and long-term utility objectives. This represents an important shift from activity-based delivery towards outcome-based performance management, reinforcing the broader philosophy of the MTSR Programme.

Collectively, these implementation mechanisms demonstrate that performance improvement within EWS extends beyond monitoring and reporting. They provide an integrated management system through which governance, planning, financial sustainability and operational performance are continuously aligned to support the long-term transformation of the utility.

Figure 2 illustrates how the Minimum Commitments establish the institutional foundations for reform, enabling the PIAP to cascade performance improvement throughout the organisation and support continuous organisational learning and improvement.

4. PROGRESS TO DATE AND EMERGING IMPLEMENTATION CHALLENGES

The first year of implementation has focused on establishing the institutional, governance and management foundations necessary to support the long-term objectives of the National Treasury Metropolitan Trading Services Reform (MTSR) Programme. In practical terms, this has included progressing the institutional arrangements required for SPoMA, organisational restructuring to support the future business unit, completion of the Business and Investment Plan and Financial Business Model, establishment of baseline performance measures, and development of the Performance Improvement Action Plan. These activities establish the structures, information and management mechanisms required to move from strategic planning towards coordinated implementation. Importantly, implementation has taken place alongside broader municipal restructuring and within existing municipal governance and regulatory processes, requiring consultation and iterative alignment across EWS and supporting municipal functions.

4.1 Governance And Institutional Reform

A key milestone has been the progression of governance reforms required to establish a more accountable and performance-driven utility. The implementation of Single Point of Management Accountability (SPoMA) has strengthened executive accountability by assigning clear responsibility for business performance while supporting the transition towards a ring-fenced utility model. Complementing this, organisational restructuring and Service Compacts have reinforced accountability throughout the Directorate, creating stronger alignment between strategic objectives, operational responsibilities and performance management.

The governance reforms extended beyond changes to reporting structures. A fundamental objective of the MTSR Programme is to establish a utility that operates with clear accountability, integrated decision-making and greater organisational ownership of performance. Achieving this required the progressive alignment of governance arrangements,

support functions and business processes to ensure that accountability for planning, budgeting, operations and service delivery rested within a single organisational framework rather than across fragmented structures.

One of the more complex aspects of implementation was aligning the organisational restructuring required by the MTSR Programme with the CoGTA Municipal Staff Regulations and the Municipality's internal approval processes. While this created delays in finalising the proposed structure, the collaborative engagement between National Treasury, municipal leadership and governance stakeholders ultimately strengthened the organisational design. This experience reinforced that governance reform is an iterative process requiring flexibility, sustained leadership and continued stakeholder engagement rather than a once-off organisational intervention.

Early implementation has also highlighted the importance of investing in change management alongside structural reform. Establishing new governance arrangements alone is insufficient unless supported by organisational understanding, leadership commitment and staff ownership of the reform programme. Developing this organisational culture remains an ongoing priority as implementation progresses.

4.2 Financial Sustainability And Investment Delivery

A major focus during the first year of implementation has been establishing the financial and investment planning capability required to support the long-term objectives of the Turnaround Strategy. The completion of the Business and Investment Plan (BIP) and the Financial Business Model has provided EWS with an integrated framework for evaluating affordability, prioritising capital investment and aligning financial resources with performance improvement objectives.

Rather than relying on a single financial projection, the Financial Business Model evaluated multiple funding and investment scenarios to assess the long-term sustainability of the reform programme. This scenario-based approach enabled decision-makers to test alternative implementation pathways, understand the financial implications of different funding assumptions and prioritise interventions that deliver the greatest strategic value while remaining financially achievable. The modelling process also highlighted the benefit of combining specialist financial expertise with the operational knowledge of municipal officials, ensuring that financial assumptions reflected the realities of service delivery and infrastructure management.

One of the most significant implementation challenges has been balancing the long-term ambitions of the Turnaround Strategy with the financial constraints facing the municipality. While the BIP identifies substantial capital investment requirements over the programme period, the availability of capital funding has required implementation to be carefully phased. As a result, capital expenditure targets for the initial years of the programme have been moderated, allowing investment priorities to be aligned with available resources while maintaining the long-term trajectory of the reform programme.

This phased approach has required continuous review and realignment of the capital programme to ensure that projects remain aligned with the priorities of the Turnaround Strategy, the Financial Business Model and the annual budgeting process. Experience to date has confirmed that planning, budgeting and financial modelling cannot operate as independent processes. Maintaining alignment between these planning instruments has been essential in ensuring that implementation priorities remain realistic, financially sustainable and capable of supporting measurable performance improvements.

The implementation programme has also reinforced the importance of securing sustainable funding mechanisms to support long-term reform. Several strategic initiatives, including Performance-Based Management Contracts (PBMCs), have progressed through planning and procurement phases, with implementation linked to the phased availability of National Treasury incentive grant funding. This has highlighted the importance of preparing implementation-ready projects well in advance of funding allocations, ensuring that delivery can commence as resources become available.

4.3 Operational Performance And Innovative Delivery

As the institutional and financial foundations of the reform programme have matured, attention has increasingly shifted towards improving service delivery through more innovative implementation approaches. Recognising that traditional delivery models alone would not achieve the long-term objectives of the Turnaround Strategy, EWS has begun introducing alternative mechanisms that place greater emphasis on measurable outcomes, operational efficiency and whole-of-life asset performance.

A key initiative has been the introduction of Performance-Based Management Contracts (PBMCs) for selected strategic programmes. Unlike conventional contracts, which primarily purchase predefined activities and outputs, PBMCs are structured to achieve measurable service outcomes. This shifts the focus from completing works to delivering sustained improvements in utility performance, creating stronger alignment between investment and operational results. This approach encourages innovation, improves accountability and aligns contractor performance with the broader objectives of the utility, including improved service levels, asset performance and operational efficiency.

One of the first applications of this approach is the proposed PINK Performance-Based Non-Revenue Water (NRW) Contract, targeting the Phoenix, Inanda, Ntuzuma and KwaMashu (PINK) areas. The initiative directly addresses one of the Municipality's highest strategic priorities by linking contractor remuneration to verified reductions in non-revenue water rather than to the completion of prescribed activities. This outcome-based approach is intended to strengthen accountability, encourage innovation and ensure that investment delivers measurable operational and financial improvements.

Beyond NRW reduction, PBMCs have also been developed to augment municipal capacity across key financial, commercial, operational and customer management functions. Rather than replacing municipal leadership, these contracts are intended to provide specialist expertise and mentoring while aligning contractor performance with the same weighted Performance Improvement Action Plan (A3-PIAP) scorecard used to monitor municipal performance. This creates a shared performance framework in which contractor success is directly linked to improvements achieved by the utility.

However, practical experience has demonstrated that outcome-based contracting requires a fundamentally different approach to project preparation. Establishing credible baseline information, defining measurable performance indicators, developing robust business cases and allocating performance risk appropriately have proven to be as important as the procurement process itself. This preparatory work has required significant collaboration across technical, financial and governance functions to ensure that projects are implementation-ready before procurement commences.

Complementing the PBMC approach, EWS is also progressing Public-Private Partnerships (PPPs) for strategic infrastructure projects where alternative financing and private sector expertise can accelerate implementation. Priority initiatives include the Umdloti and Umkomaas

Wastewater Treatment Works, with additional opportunities being investigated for the KwaMashu and Northern Wastewater Treatment Works, water reuse schemes and the Remix desalination initiative. These projects seek to improve water security and infrastructure resilience while reducing pressure on constrained municipal capital budgets.

Implementation of several of these initiatives remains linked to the phased availability of National Treasury incentive funding. This has reinforced the importance of maintaining a pipeline of implementation-ready projects so that delivery can commence as funding becomes available. Experience to date has shown that successful implementation depends not only on innovative procurement models but on organisational readiness, credible performance information and sustained institutional commitment.

4.4 Emerging Implementation Challenges

While the implementation programme has established a strong foundation for long-term reform, it has also highlighted the complexity of transforming a metropolitan water and sanitation utility while maintaining essential service delivery. The experience to date has confirmed that institutional reform, financial sustainability and operational improvement cannot progress independently; each relies on the successful implementation of the others. This has required continuous coordination across technical, financial and corporate functions, reinforcing the importance of integrated programme management throughout the reform journey.

A recurring challenge has been balancing the demands of long-term transformation with the immediate operational pressures facing the utility. EWS has continued to address the legacy of ageing infrastructure, deferred maintenance and the impacts of the 2022 flood disaster while simultaneously implementing significant organisational reforms. This has required careful prioritisation of resources and investment, ensuring that immediate service delivery needs are addressed without compromising the strategic objectives of the Turnaround Strategy.

Another important insight has been the role of reliable information in supporting implementation. Establishing credible baseline data required considerable effort across both operational and financial functions, but has proven essential for setting realistic performance targets, monitoring progress and informing investment decisions. The process has demonstrated that meaningful performance improvement is dependent not only on ambitious targets, but on confidence in the quality of the information used to measure them.

Finally, the implementation experience has reinforced that organisational transformation is an ongoing process rather than a single programme of work. Governance arrangements, financial planning, organisational structures and performance management systems will continue to evolve as implementation progresses and new challenges emerge. Maintaining momentum, organisational ownership and alignment between strategy, investment and operational delivery will remain critical to achieving the long-term objectives of the MTSR Programme.

5. CONCLUSION

The implementation of the eThekwini Water and Sanitation Turnaround Strategy represents the transition from strategic planning to organisational delivery under the National Treasury Metropolitan Trading Services Reform (MTSR) Programme. While the development of the Turnaround Strategy established the strategic direction for reform, the first phase of implementation has demonstrated that achieving sustainable utility transformation requires the coordinated implementation of governance reform, financial planning, organisational change and performance management within a single integrated framework.

Progress achieved to date has focused on establishing the institutional foundations necessary to support long-term reform. Key implementation milestones have included the development of integrated planning and financial management tools, the introduction of strengthened governance and accountability arrangements, and the rollout of performance improvement processes across the organisation. At the same time, implementation has highlighted the practical realities of organisational transformation, including the need to balance strategic ambitions with financial constraints, institutional capacity and the ongoing demands of service delivery.

The implementation experience has confirmed that meaningful utility reform is an iterative process rather than a once-off intervention. Success depends not only on well-developed strategies, but on sustained organisational commitment, adaptive programme management and the continuous alignment of governance, investment planning and operational performance. These principles remain central to the National Treasury MTSR Programme and have guided the implementation approach adopted by eThekwini Water and Sanitation.

Although the reform journey is ongoing, the progress achieved during the first phase demonstrates that an integrated implementation approach provides a practical pathway for translating strategic intent into measurable organisational change. The experiences presented in this paper contribute to the growing body of knowledge on metropolitan utility reform and provide a foundation for the continued implementation of the Turnaround Strategy in the years ahead.

6. RECOMMENDATIONS

The implementation of the National Treasury Metropolitan Trading Services Reform (MTSR) Programme within eThekwini Water and Sanitation has provided valuable insight into the practical realities of utility reform. Although every municipality operates within a unique institutional and financial environment, several recommendations have emerged from the first phase of implementation that may assist other municipalities embarking on similar reform programmes.

Establish institutional and governance foundations as the first priority

Sustainable utility reform should begin with strengthening governance arrangements, organisational accountability and management structures before pursuing large-scale operational improvements. Establishing these institutional foundations creates an enabling environment for effective decision-making, coordinated implementation and long-term organisational performance.

Integrate strategic planning, budgeting and financial modelling

Successful implementation depends on maintaining alignment between strategic objectives, long-term financial planning, capital investment programmes and annual budgets. These planning processes should not operate independently. Integrating them enables municipalities to prioritise investments, phase implementation according to available resources and maintain momentum despite changing financial conditions.

Build performance improvement on credible information

Reliable operational and financial data should form the basis of all performance improvement initiatives. Developing credible baseline information before setting performance targets improves the quality of decision-making, supports meaningful performance monitoring and provides greater confidence that improvement objectives are realistic and achievable.

Prioritise implementation readiness before procurement

Innovative delivery mechanisms, including performance-based contracting, require significant preparation before procurement can commence. Municipalities should invest in project preparation by defining measurable outcomes, establishing appropriate performance indicators, strengthening monitoring systems and ensuring organisational readiness. Well-prepared projects are more likely to achieve intended outcomes and can be implemented more efficiently when funding becomes available.

Adopt a phased and adaptive approach to implementation

Utility reform should be viewed as a long-term organisational transformation process rather than a once-off intervention. Implementation programmes should remain sufficiently flexible to respond to funding constraints, regulatory requirements and evolving operational priorities while maintaining alignment with long-term strategic objectives. Regular review of implementation plans and performance targets enables municipalities to adapt without losing sight of their overall reform objectives.

The experience of eThekwini Water and Sanitation demonstrates that meaningful reform is achieved through the integration of governance, financial planning, organisational capability and performance management within a single implementation framework. While the reform journey remains ongoing, the recommendations presented provide a practical implementation approach that may assist other municipalities pursuing sustainable improvements in water and sanitation service delivery under the National Treasury MTSR Programme. The experience to date therefore reinforces that the foundational reforms are not ends in themselves, but enabling mechanisms through which measurable improvements in financial and operational performance can progressively be achieved.

7. LIST OF ACRONYMS

A3-PIAP	Annexure A3 Performance Improvement Action Plan
BIP	Business and Investment Plan
CAPEX	Capital Expenditure
CoGTA	Department of Cooperative Governance and Traditional Affairs
EWS	eThekwini Water and Sanitation
FBM	Financial Business Model
KP	Key Performance Indicator
MTSR	Metropolitan Trading Services Reform
NRW	Non-Revenue Water
PBMC	Performance-Based Management Contract
PIAP	Performance Improvement Action Plan
PIP	Performance Improvement Plan
PPP	Public-Private Partnership
SPoMA	Single Point of Management Accountability
TAS	Turnaround Strategy

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