



**Submissions to the call for comments: Water and Sanitation Infrastructure Grants Management
Draft Policy 2024**

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Chief Directorate

Department of Water and Sanitation

Waterbron 459

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Per email: wssigmcomments@dws.gov.za

About the Alliance for Rural Democracy

Alliance for Rural Democracy (ARD) is a collective of civil society partners and grassroots organisations with a geographic footprint in Limpopo, North West, Eastern Cape, Mpumalanga and KwaZulu-Natal. The core function of the ARD is to build capacity and empower rural communities on their rights. The ARD is a cross-section of grassroots organisations and civil society organisations, that work to promote transparency, participatory and accountable decision-making in rural communities regarding land, governance and mining. The Sophakama project aims to empower rural activists and local community leadership structures across Bojanala District Municipality and Ehlanzeni District Municipality to actively influence municipal planning and budgeting processes through:-

- Mobilising and supporting rural communities to pursue a collective agenda for social change,
- Supporting leadership structures in rural communities to engage local government on the delivery of basic services,
- Cooperations with existing democratic institutions tasked with enhancing local governance and oversight role.

As such, the ARD makes the following submission informed by our engagements in rural communities - but in no way do we purport to have consulted all affected communities in the sites where we work.

1. Key Submissions on Ring-Fencing of Funds:

1.1. Establishment of Clear Fund Management Guidelines:

- **Defining Ring-Fencing Parameters:** Advocate for the development of comprehensive guidelines that explicitly define the parameters for ring-fencing water-related grant funds. This should include clear stipulations on how the funds can be utilized exclusively for their intended purposes, preventing diversion to unrelated expenditures. This would ensure that the WSI grant is used exclusively for water and sanitation services as opposed to what



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Page 1 of 5

WSA's have done previously to divert the money. Added to this, there will be less duplication of projects because the money would be ring-fenced.

1.2. Implementation of Dedicated Revenue Accounts:

- **Separate Accounts for Grant Funds:** Propose the requirement for Water Service Authorities (WSAs) to maintain dedicated bank accounts for the grants received. This would facilitate accurate tracking and ensure that expenditures can be directly linked to specific projects, thereby enhancing transparency.

1.3. Strengthening Legislative Framework:

- **Alignment with Financial Management Acts:** Recommend that the policy align with existing financial management legislation, such as the Public Finance Management Act and the Municipal Finance Management Act, to promote strict adherence to financial disciplines surrounding ring-fenced funds. This can include mechanisms to ensure compliance with ring-fencing conditions and measures for accountability in the use of these funds.

1.4. Regular Reporting and Monitoring Requirements:

- **Mandatory Financial Reporting:** Suggest mandatory quarterly financial reports that demonstrate how ring-fenced funds are being utilized. This should include details on spending against specific projects, thereby allowing for continuous monitoring of fund allocation.
- **Independent Audits:** Call for regular independent audits of the use of ring-fenced funds. These audits should assess compliance with ring-fencing regulations and address any discrepancies or misallocations swiftly.

1.5. Public Transparency and Community Engagement:

- **Public Disclosure of Fund Utilization:** Advocate for transparency by requiring WSAs to publicly disclose how ring-fenced funds are allocated and spent. Engagement with local communities in these disclosures can enhance public trust and ensure that funds are being used for the intended purposes.
- **Community Oversight Committees:** Propose the establishment of community oversight committees to monitor how ring-fenced funds are spent. Involving local stakeholders in oversight can increase accountability and ensure that the projects funded truly meet community needs.

1.6. Legal Framework for Misappropriation:

- **Penalties for Misuse:** Establish a clear legal framework that prescribes penalties for WSAs or Implementing Agents that misappropriate ring-fenced funds. These penalties should be significant enough to deter potential misuse and promote responsible management of resources.

2. Inputs for Policy Submission on Implementing Agents:

2.1. Strengthening Consequence Management:

- **Clear Consequence Framework:** Advocate for the establishment of a robust consequence management framework within the policy that clearly delineates the penalties and repercussions for Implementing Agents who fail to meet project requirements or who misuse funds. This framework should outline specific actions to be taken in cases of non-compliance, mismanagement, misappropriation, and misuse.
- **IA's Blacklist:** Establish an Implementing Agent Blacklist whereby those IA's who do not comply and misuse funds are on this list and are not to be contracted again because they could not adhere to the legislation. This blacklist should also be published and made available publicly.

2.2. Implementation of Strict Compliance Checks:

- **Regular Audits and Inspections:** Propose mandatory and frequent audits of Implementing Agents to ensure compliance with grant conditions and operational standards. These audits should be independent and should lead to actionable consequences for agents found to be non-compliant.

2.3. Accountability Mechanisms:

- **Transparent Reporting:** Emphasize the need for transparent reporting mechanisms that hold Implementing Agents accountable for their performance. All reports on project execution should include assessments of adherence to compliance guidelines and consequences for failure to deliver on set objectives.
- **Performance Benchmarks:** Recommend the introduction of performance benchmarks for Implementing Agents, which should be closely monitored. Failure to meet these benchmarks should result in specified consequences, including possible removal or penalties.

2.4. Education and Awareness:

- **Encourage education and awareness:** Advocate for the department to educate and create awareness programs in communities to speak out against issues early and reinforcing accountability among Implementing Agents. Creating accessible platforms where community members can report and be responded to.

2.5. Capacity Development:

- Emphasize the need for a robust capacity-building plan for Implementing Agents to ensure they can effectively manage and execute water and sanitation projects. This includes technical training and resources to enhance their operational capabilities.

2.6. Transparent Selection Processes:

- Propose that clear guidelines should be established for the selection and accountability of Implementing Agents to ensure transparency and the integrity of the project implementation process.

2.7. Structured Oversight:

- Suggest the introduction of a structured oversight mechanism to assess the performance of Implementing Agents regularly, ensuring they comply with set standards and deliverables as per the Service Level Agreements

3. Planning from Water Service Authorities (WSAs):

3.1 Water Service Authorities

- **Meeting attendance:** Mandate WSA's to come and attend meetings held by the department and there should be consequences for WSA's who do not attend meetings legislated into policy.
- **Integrated Planning Framework:** Advocate for the establishment of an integrated water services planning framework that encourages collaboration between WSAs and other governmental departments (like Human Settlements and Public Works and Infrastructure) to avoid misalignment of projects. Planning should ensure alignment with the Water Services Development Plans (WSDPs).
- **Prioritization of Projects:** Highlight the necessity for WSAs to prioritize projects that are included in the WSDPs. This prioritization should be based on current needs assessments and the potential impact on service delivery.
- **Strategic Infrastructure Planning:** Emphasize the importance of strategic planning for infrastructure projects where ownership of the infrastructure is established before the project commences. This ensures clarity in roles, responsibilities, and long-term sustainability.

3.2. Monitoring and Evaluation:

- **Establishing Robust Monitoring Systems:** Advocate for the development of comprehensive monitoring and evaluation frameworks that are essential for tracking the progress and effectiveness of Water Services Infrastructure Grant (WSIG) projects. This system should facilitate real-time data collection and analysis to inform decision-making.
- **Annual Reporting Requirements:** Suggest that WSAs and Implementing Agents should be mandated to submit annual reports detailing project outcomes, challenges faced, and lessons learned to foster accountability and continuous improvement.
- **Public Engagement in Evaluation:** Propose mechanisms to involve local communities¹ in the evaluation processes of water and sanitation projects. Their feedback would be

¹ Civil society organisations should be prioritised as a key stakeholder in planning and consultation sessions and not at the end.

Civil society organisations have the capacity to perform oversight.



crucial in assessing the impact of services delivered and identifying areas for improvement.

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