

Social Franchising Partnerships for Operation and Maintenance of Water Services: Lessons and Experiences from an Eastern Cape Pilot

Kevin Wall & Oliver Ive



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Report to the
Water Research Commission

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by

Kevin Wall &, Oliver Ive

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Water Research Commission
Private Bag X03
GEZINA 0031

orders@wrc.org.za or download from www.wrc.org.za

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Executive summary

Year after year, the operation and maintenance of too much of South Africa's water services infrastructure has been found to not comply with the required standards. Breakdown of service delivery is too often the outcome.

The CSIR, the WRC and Amanz' abantu Services, working collaboratively, have undertaken studies of selected institutional options which could assist in the improvement of operation and maintenance. This research postulated that franchising-like partnership models, developed in the private sector for providing a wide range of services, could be adapted, and the resultant collaborative social franchising partnership model could be a valuable and viable addition to the current range of institutional models for the operation and maintenance of public sector sanitation and water services infrastructure.

This concept has now, with the assistance of funding from Irish Aid and the WRC, been piloted, with great success, on rural schools and household water and sanitation facilities in the Eastern Cape province of South Africa.

Key officials of the Eastern Cape provincial Department of Education (DoE), when shown how social franchising partnerships could assist them to address the poor levels of maintenance and widespread dysfunctionality of water and sanitation infrastructure at schools in the province, saw the particular potential for rural schools, where harvested rainwater is generally the only water supply to the school, and the toilets are Ventilated Improved Pit Latrines (VIPs) or similar.

The generous funding from Irish Aid and WRC enabled the piloting of the model over three years, 2009-2012, on the operation and maintenance of the water and sanitation facilities at all of the approximately 400 schools in the Butterworth education district.

The primary objectives of the Butterworth schools sanitation and water servicing pilot project were the demonstration of the suitability of social franchising partnerships under these circumstances, and the development of a model which can be used for rolling out similar services to the rest of the more than 4000 rural schools across the Eastern Cape. These objectives were successfully achieved.

The pilot was extended to the pit-emptying of 400 household toilets for the Amathole District Municipality. This was also completed successfully.

In short, the franchising partnerships concept, as it has been applied in the Eastern Cape pilot, has been an unqualified success in terms of the quality and reliability of service delivered.

Apart from the business modelling, training and nurturing support, and other advantages inherent in the franchising partnership concept, the financial muscle of the franchise proved to be an advantage not to be underestimated. In the light of the inability of the DoE to reliably commit to on-time payment for services provided, it is thanks solely to the franchise arrangement that the franchisee microenterprises have survived. Standalone microenterprises without this kind of support would have gone out of business.

Significant achievements of the pilot project include:

- Water and sanitation facilities at 400 schools have been serviced.
- Six emergent franchisee micro-entrepreneurs have been established and supported.
- A training programme has been developed, consisting of formal training, on-site mentoring, regular get-togethers, report backs and sharing of experience, and ad hoc training.
- Operational methodologies for school and household situations have been developed.
- More than 20 sustainable jobs and more than 50 part-time informal employment opportunities have been created.
- A public-private partnership, supporting job creation and the establishment and nurturing of emergent micro-entrepreneurs, has been created.
- The concept of social franchising partnerships for the operation and/or maintenance of water services infrastructure has been shown to work successfully in two different situations (viz routine servicing of schools sanitation facilities and household facilities, both with VIP toilets).

Not only has the work been done efficiently and effectively, but the social franchising system utilised has ensured quality and reliability of service, peer learning, skills transfer and health and safety training. In addition, the franchisees' employees, mostly rural people who have not previously benefited from any kind of job-related training, are also empowered.

The learners (especially the girl learners) at the 400 schools, who now have access to clean and hygienic toilets, have benefited tremendously.

The programme continues to establish and support locally-based small enterprises for the provision of appropriate and locally-based service solutions. It is creating jobs and entrepreneurial opportunities, and upskilling rural people through facilitating workplace learning, in addition to improving school sanitation facilities.

Earlier studies (prior to the pilots) funded by the WRC which analysed the water services delivery value chain identified 40-something types of opportunities for microbusinesses. The concept needs to be developed further than it was taken by the pilot, so that it can move up the technology ladder, expanding its range of competencies beyond its current comfort zone.

Finally, it is important to note that the social franchising partnerships for water services infrastructure operation and maintenance concept addresses the requirements of many of South Africa's national goals, particularly:

- job creation -- and it creates them at the lowest levels of the pyramid, where joblessness is highest and possession of workplace skills is lowest;
- transfer of workplace skills;
- microenterprise creation and nurturing;
- broad-based black economic empowerment; and
- last but not most important of all, infrastructure and service delivery, through infrastructure maintenance activities that increase the quality and reliability of services, and the availability and utility of infrastructure.

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1. Introduction

1.1. The Eastern Cape pilot

This report describes pilot-scale implementation of collaborative social franchising partnerships for the operation and/or maintenance of water services infrastructure owned by the public sector.

The pilot project took place in the Eastern Cape province of South Africa.

Early in 2009, a memorandum of understanding (MoU) was entered into between Irish Aid, the Eastern Cape Department of Education (DoE), the Water Research Commission (WRC) of South Africa, the CSIR (Council for Scientific and Industrial Research) of South Africa, and the private sector company Amanz' abantu¹ Services (Pty) Ltd. This committed the parties to embarking on a pilot programme that would design and test a social franchising partnership model for the operation and maintenance of the water services² infrastructure facilities at all schools in the Butterworth Educational District.

The pilot was designed to enable the MoU partners to work together in designing, developing and implementing the water services franchise partnership model, applying it to the servicing of the sanitation infrastructure of approximately 400 rural schools in the Butterworth education district

The pilot project's scope included:

- Inception and start-up;
- Ongoing implementation support by the franchisor;
- The development of procedures and methodology;
- Project monitoring and reporting; and,
- Knowledge dissemination.

1.2. The need for pilots

As noted in Chapter 2, the WRC had over several years funded the work of the CSIR in developing the concept of social franchising partnerships for the operation and maintenance of water services infrastructure.

By 2008, development work had been taken to the point where the concept of social franchising partnerships for the operation and maintenance of water services infrastructure had been thoroughly described on paper, including guidelines on where and how it could work. The research team anticipated that where the environment was favourable, potential franchisors would seize the opportunity and would do the detailed modelling to suit their abilities and the circumstances under which the concept could be applied.

¹ A Xhosa phrase meaning "Water for the People".

² In terms of the Water Services Act (South Africa 1997), "water services" means "water supply services and sanitation services"

It was also realised that demonstration projects would be necessary. Only through piloting would unanticipated challenges be identified -- and overcome. While some public sector officials, when approached by members of the research team, said they would not consider franchising partnerships, others said it would be easier to convince their principals (municipal councillors in the case of municipalities) once a successful pilot had been completed.

There are several precedents in South Africa of franchising partnerships to the benefit of private sector owners of infrastructure. These partnerships with private sector owners of water services infrastructure have not been replicated in the shape of partnerships with public sector owners of water services infrastructure. A breakthrough is needed to acceptance by public sector owners of infrastructure of the possibility of outsourcing the operation and maintenance of infrastructure that they, the public sector entities, currently own, and, even when operation and maintenance is outsourced, will continue to own. ("Outsourcing" is in this report used as an inclusive term -- whether the institution outsourced to is another public sector organisation, a NGO, large private sector or SMME (small, medium or microenterprise). Franchisees by the way are of course a particular type of SMME.)

For a number of reasons, that breakthrough has not readily been forthcoming. Reasons include in some instances sentiments antagonistic in principle to outsourcing operation and maintenance. Invariably the reasons include ongoing faith on the part of the owners that, despite substantial evidence to the contrary over a long period of time, one day they will "come right" and start to do the operation and maintenance to a satisfactory standard. Meantime, evidence of the need for the public sector to seek assistance has continued to mount. The potential for water and sanitation services partnerships in South Africa is immense.

All choices of water services delivery institution are between alternatives. The water services delivery model in common use (e.g. a heavy reliance on a municipality's own in-house resources) is not intrinsically flawed. The reason why many of the owners of the water services infrastructure and/or their appointed water services providers are not able to operate this infrastructure satisfactorily lies in the implementation of the model, rather than in the model itself. Franchising partnerships might not be ideal, but would in many situations offer the prospect of improved services.

1.3. Context of the Eastern Cape

The Eastern Cape for the most part presents a tragic example of public sector services failure at the local municipal, district and provincial spheres. Particularly:

- Whilst there is a good strategic framework in place with high level goals and a strong political will, the planning at the local level is insufficient and often unrealistic.
- Whilst the public authorities may apparently have full staff complements, many of the incumbents lack the necessary level of skills required for their positions.
- Grant funding for infrastructure capital works is available, however the stringent processes required for planning and procurement provides a barrier to implementation.
- Whilst the "Equitable Share" grants for operation and maintenance of services falling under the government's "Free Basic Services" policies is transferred to municipalities as an unconditional grant, an unjustifiably high proportion of

this is spent in funding internal staff salaries and other institutional costs. The result is insufficient funding being available to cover the direct operational costs for these free basic services.

- The rural district and local municipalities are not able to raise sufficient revenue from their established rates and tariffs in order to have sufficient to be able to cross subsidise the “free basic services” to their poor and indigent communities.
- Where the public authority has entered into supply contracts with small businesses, the inability of the authority to effect proper contract administration and regular and timeous payment frequently causes these businesses to fail -- or to abandon the contract because they are unable to operate in this difficult environment.
- There is not sufficient incentive for the officials to proactively drive the processes forward, and many appear to prefer to accept the bureaucratic log-jams rather than working pro-actively to find ways to solve these administrative delays and problems. This negative situation is reinforced by the fear of the officials that they may be held liable for wrongdoing if they make decisions that may be judged as un-procedural.
- The Provincial Departments of Education and Public Works have been struggling to manage basic repairs and maintenance of the rural schools. The reason officials most often give is shortage of funding, however, on closer analysis, it appears that the systems relating to budgeting and disbursements, as well as procurement and the management of the delivery processes are failing.

The beneficiaries of the services (the householders and, in the case of the rural schools pilot project, the school governing bodies) are not necessarily the direct purchasers of the services, and this affects their relationship with the service provider. As they have not been party to the procurement and establishment of the contract of appointment for the service provider, it has been found necessary to adopt procedures which tie in the beneficiaries to the on-site activities. Where the service provider is an internal municipal department or worker, the beneficiary has even less influence or contractual oversight for the manner in which the services are rendered, and this can lead to frustration on the part of the beneficiary and a hands-off servicing culture on the part of the municipal workers.

Within the South African context the provision of infrastructure in the rural areas has, for ideological and financial reasons, often favoured functionality and quantity over quality and sustainability. The imperative to produce demonstrable short-term results has generally outweighed long term considerations. The focus of education authorities has invariably been on classroom-based activities. Insufficient attention has been paid to the essential supporting infrastructure. Services like sanitation, when available (which was not necessarily always the case), were provided for at the barest minimum level with insufficient consideration of quality, durability and sustainability. Repair and maintenance issues were often sidelined or ignored due to funding constraints. Consequently, much rural school water and sanitation infrastructure is either:

- dysfunctional, requiring radical interventions (extensive refurbishment or total rebuilding), or
- serviceable, but deteriorating, and threatened by further deterioration if not supported by good operation and maintenance.

The Eastern Cape has a long history of education crises. The Department of Education has been particularly fraught -- during 2011 it was (not for the first time

during the last decade) placed under the administratorship of the national government Department of Basic Education. This however did not resolve its leadership crisis -- the provincial DoE leadership stayed in place with the support of the provincial government leadership, and at the time of writing the multi-party leadership struggle (the major trade union is a very active player) has yet to be resolved. The current Superintendent General of the DoE, the fifth during the duration of the pilot project, is only acting in this capacity. (See the footnote in Section 3.5 "About the client/owner".)

2. The social franchising partnership concept

2.1. The rationale

The rapid rate of construction and commissioning of new water services infrastructure has severely challenged the public sector institutions in South Africa that are responsible for operating and maintaining this infrastructure. Innovative approaches are required. Even if all existing water services institutions were coping with the demand, there would be valid reasons to investigate alternative institutional models to establish whether alternatives could:

- be more cost-effective;
- allow existing role players to focus on their other responsibilities; and
- offer a range of other advantages, including greater local economic development.

The quality of the operation and maintenance of water services infrastructure in South Africa varies greatly between areas. As a result, the quality of tap water, sanitation, treatment works effluent, and other water products and services varies greatly.

Could the application of franchising principles, which, if correctly implemented, enables consistent quality of products and services such as food and petrol, help to ensure consistent and satisfactory quality water services? Adapting these principles would truly be a case of connecting different (i.e. previously unrelated) concepts, and creating something extraordinary, innovative and completely new.

2.2. Prologue to the pilot project

WRC has over a number of years funded research into the application of social franchising partnership principles to the operation and maintenance of water services infrastructure. (Wall 2005, Wall and Ive 2010) (Characteristics claimed of franchising generically (i.e. not particular to water services or any other sector) are summarised in Section 2.3 immediately following.)

The concept of "social franchising" is defined as "the application of commercial franchising concepts to achieve socially beneficial ends" (Montagu 2002) and has been identified in the health sector as a model which can, among other things, assist in the provision of health services and distribution of pharmaceuticals. It can also be appropriate for other sectors, particularly where, through using competitive pricing, efficient marketing and proven delivery mechanisms, the cost of the service can be

driven down and the quality and reliability of the service can be raised.

These partnerships are suitable for communities with a large poor population needing infrastructure services, but who are also looking for employment and an opportunity to develop their entrepreneurial and technical skills. The water services franchising partnership model provides opportunity for linking “local economic development” and job creation with the provision of basic municipal services.

Worldwide, there is limited experience of the franchising approach to water services infrastructure operation and maintenance, although some existing partnerships share general characteristics of this approach.

A scoping study completed in 2005 (Wall 2005) found that franchising partnerships could alleviate and address many challenges in the management of water services. Simultaneously, franchising would support the development of local micro-enterprises and broad-based black economic empowerment, all within the public sector service delivery environment.

The studies have developed the partnership concept considerably since 2005, adapting principles of franchising to the operation and/or maintenance (O&M) of water services infrastructure owned by the public sector (Bhagwan et al 2009, Wall 2010, WRC 2010).

Through such partnerships:

- owners of infrastructure can access the higher-level expertise in operations and maintenance needed and seldom found outside larger urban areas;
- micro-enterprises able to provide locally-based service provider solutions can be created and nurtured.

The partnership model provides appropriate training, a quality management system and procedures, and the backup of off-site skills as held by the franchisor. The franchisor identifies people with the skills appropriate to franchisee microenterprises, who are resident in the target area and who, once they have been exposed to training, are willing to enter into a franchise agreement. Key to the success of this model is the willingness of the public sector authority owning the infrastructure to outsource its responsibility for routine servicing, and the ability of this authority to procure, appoint and direct small businesses to undertake the work under the guidance of the franchisor.

It has been essential to the success of the research and development of the concept that it has been conducted by practitioners who have an ‘on the ground’ understanding of water services delivery, and who have consulted with practitioners in the conventional franchising sector.³

2.3. Characteristics of franchising partnerships

In the words of the Franchise Association of Southern Africa (FASA) a franchise is ‘a grant by the franchisor to the franchisee, entitling the latter to the use of a complete business package containing all the elements necessary to establish a previously untrained person in the franchised business and enable them to operate it on an on-

³ Also as strongly recommended, for the more usual, more commercial, forms of franchising, by the Franchise Association of South Africa (FASA 2005) and Illietschko (Illietschko 2005).

going basis, according to guidelines supplied, efficiently and profitably.' (Parker and Illetschko, 2007:15).

Water services franchising partnerships can broadly be described as business-to-business partnerships, whereby small locally based enterprises enter a business partnership with a larger established enterprise for the purpose of utilising a “tried and tested” approach for undertaking the activities required to ensure the sanitation and water facilities and systems are operating in a reliable manner and in accordance with suitable hygienic standards.

Since the 1950s, franchising has utilised the drive of entrepreneurship while reducing many of the risks to small business through its systematised approach and its support mechanism.

Franchising generically (i.e. not particular to water services or any other sector) is a way of accelerating the development of a business, based on proven, existing methodology. The franchise system firstly correlates and systematises the business, and facilitates the setting up of the business, supporting and ensuring business discipline thereafter.

The principles of franchising partnerships in the generic sense can be summarised as follows:

- Franchising is robust and able to ensure consistent quality products and services.
- Franchisors are obliged to provide the franchisees with specialist expertise and other forms of assistance.
- The success of franchises is based on replication of prior success, efficient logistics and a skilled and capacitated workforce.
- Small business franchises businesses are relatively easy to establish.
- Franchises accept the quality control of the franchisor -- thereby assuring higher quality and greater efficiencies.

The cardinal elements of a franchise can be summarised as:

- identifying components of the value chain that are simple enough to systematise;
- discovering good practices;
- systematising the identified component(s);
- selecting franchisors and franchisees;
- identifying the financial and other risks to both franchisors and franchisees, and as far as practically possible, reducing those risks;
- providing start-up help, including initial training;
- preparing operations manuals;
- conducting ongoing research and development for the product or service and of the market dynamics; and
- continued support, training, control and discipline of the ongoing business.

The key is the incentive⁴, to franchisor as well as franchisee, to improve efficiency, provide improved service reliability and quality control -- thereby providing the assurance that service quality will be consistent.

⁴ To briefly reinforce the point, an initial conversation between the potential franchisor and franchisee could go as follows:

- Franchisor to franchisee: If you provide the service and do it the way I tell you, you will make a reasonable income. I will then also make an income, because you will

2.4. The potential of water services franchising partnerships

The concept of franchising partnerships is an attractive option for a number of reasons, in particular because it would address the lack of higher-level expertise that has often been identified as a key to improvement of service, especially in the more remote areas (SAICE 2006, Duncker et al 2008, SAICE 2011, DWA 2012a, DWA 2012b). The essence of water services franchising partnerships is the creation of a pool of appropriate expertise upon which the water services authorities can draw, a restructuring of the local responsibility for operating the services, and the creation of a two-way obligation -- an obligation to call for assistance from the pool, and an obligation to respond rapidly to that call. All of this combined with incentive structures will ensure that it will happen.

In brief:

- On most days at the (say) treatment works, nothing out-of-the-ordinary would happen. Franchisee staff, who are appropriately skilled, are able to cope.
- When major maintenance or upgrading is needed, or when there is a breakdown, those staff know who to call at the franchisor in order to bring the higher level of skills needed.
- Staff would know that the franchisor will be obliged to help, because there would be a binding contract and a shared reputation.
- It would be a two-way obligation -- an obligation on the franchisee to ask for assistance, and an obligation on the franchisor to provide such assistance.
- Costs of the higher skills levels, which are needed only intermittently, would be spread across many sites -- thus the cost per site is low.

Franchisee water service providers, who depend for their livelihood on the success of their business, would have a strong incentive to perform.

The franchisees would be micro-enterprises. The franchisors would be any institutions, private sector, parastatals or non-governmental organisations, that have the required expertise, are willing to provide the service, and would not have a conflict of interest in providing the service.

There are already many potential sites for water services social franchising partnerships, as much water services infrastructure currently already in place is not being operated and maintained properly. Many of these sites fall under the jurisdiction of or are owned by water services authorities, but other sites belong to other public sector institutions such as schools and clinics. Assistance from the franchisor would be of particular value for areas away from the major urban centres. Few rural municipalities in South Africa can, for example, afford to employ competent qualified staff, and this leads to periodic unreliability of supply and frequent non-compliance with national standards relating to, for example, the quality of effluent from wastewater treatment works.

give me an agreed proportion of your income (or you will pay me a fixed fee -- arrangements vary). I will then have the incentive to help you provide a service to an agreed standard, and to run your operation sustainably.

- Franchisee to franchisor: I want you to help me provide the service, because I want to make my living out of it -- that is my incentive. Therefore I agree to the training regime, quality control, and other mechanisms that you are making a condition of this partnership that we will have.

In summary, these partnerships are a means of:

- assisting infrastructure owners by providing expertise in water services infrastructure operations and maintenance that would very seldom be found outside the metropolises and larger urban areas;
- creating and supporting small locally-based and efficient service provider solutions.

Franchising partnerships can offer significant potential for improvement in public sector water services operational quality and reliability.

Water services operation and maintenance tasks with apparent potential for franchising include leak detection, borehole management, management of municipal treatment works, management of treatment package plants, meter reading, pit-emptying services, laboratory services, data management, demand and pressure control management, and site and property management. The CSIR has modelled some of the selected elements of the water services value chain that are suitable for small business as the components can be systematised readily (WRC 2010). This modelling has drawn on first-hand knowledge of operating such elements in contexts as close as possible to franchising. It has also drawn on the understanding of the small number of franchises already active in the water services sector, and on the understanding of the large number of franchises in other fields. A substantial body of documentation of value to water services authorities, potential franchisors and potential franchisees has been published (WRC 2010).⁵

Whereas a business based on a single element of the water services delivery value chain might not be viable, a franchisee could have a viable business by offering several water-related services, thereby achieving dual objectives, viz:

- economy of scale; and
- less dependence on one or a limited number of clients.

2.5. Two pilots in one

⁵ The extent to which this work is practice-based needs to be emphasised. The research team has over the years accumulated a deep understanding of the reasons for the poor state of operation and maintenance of much water services infrastructure in South Africa, especially in municipalities away from the major urban areas. Social franchising partnerships, using microenterprises as the franchisees, are seen as a way to assist many of those municipalities and other owners of infrastructure. These franchising partnerships are being designed on well-proven principles, abstracted from the conventional franchising sector.

The team has undertaken detailed research, including detailed modelling. Following the advice of the Franchise Association of South Africa (FASA), those assigned to do modelling have been selected only from people who have hands-on experience in each of the modelled areas that is as close to franchising as it is possible to get without it actually being franchising -- for example, operating and maintaining an element of infrastructure in the same type of geographical and socio-economic area, with the same type of water chemistry (if chemistry is involved), same type of microenterprise except that it is not actually a franchise, etc., etc.

The pilots are revealing more.

As originally planned, in 2009, the pilot was to be the establishment, training and nurturing of franchisees in a social franchising partnership to undertake routine maintenance of the toilets (and some water facilities) at all of the schools in the Butterworth education district.

However, in addition, due to the opportunity presented by severe under-expenditure on the schools pilot, the maintenance service was extended to household toilets, on behalf of the Amathole District Municipality (ADM).

3. The Eastern Cape schools pilot

3.1. Background to the schools situation

A few large water services providers had shown interest in social franchising partnerships. Amanz' abantu Services (Pty) Ltd, a provider based in East London with a footprint covering the whole Eastern Cape, extrapolated the franchising concept into its well-established and appropriate expertise, and its track record of working successfully with rural and developing communities. It set up a subsidiary, Impilo Yabantu Services (Pty) Ltd, to be a franchisor, and started assessing the potential market, approaching selected owners of public sector infrastructure in the province. (The Eastern Cape, one of the provinces struggling the most with service delivery, would appear to be a prime market area for social franchising partnerships to assist public sector authorities with their infrastructure operations and maintenance responsibilities.)

Irish Aid saw the potential of the concept, and agreed to provide substantial funding for advocacy, situation-specific development for a pilot, and general support over the period 2009-2012. Irish Aid's intention was for the funding to be used to add value to public sector budgets -- that selected water services infrastructure operation and maintenance funding already available in public sector budgets but not being spent effectively and efficiently would be unlocked by franchising of the operation and maintenance.

The research team had come to realise that the first pilots could be negotiated with infrastructure owners who would be the least resistant to outsourcing of operation and/or maintenance to social franchising partnerships because:

- they had already realized that they were unable to operate and maintain their infrastructure ; and
- existing public sector jobs would not be threatened.

However, contrary to WRC and CSIR long-held expectations that the public sector entity willing to pioneer a franchising partnership pilot would be a municipality, it was the Department of Education (DoE) of the Eastern Cape provincial government that was first to prove receptive. Its officials responsible for infrastructure indicated great interest in a pilot that would see franchisees doing routine cleaning and maintenance of school toilet facilities.

There was (and still is) general consensus that most schools in the Eastern Cape, and especially the rural schools in that province, are unable to operate and maintain this

infrastructure -- and that a prime reason in many cases was that no staff members had taken responsibility for the infrastructure.

The built infrastructure of many South African schools leaves a lot to be desired (SAICE 2011⁶). While it is unacceptable that some schools have lacked facilities from the outset, it is even less acceptable that so much of the infrastructure provided has been neglected.

When water supply, sanitation and hand-washing facilities are insufficient or non-existent, schools more readily become places where diseases are transmitted. Improved sanitation and water facilities, hygiene education and the promotion of hand-washing inevitably lead to less sickness and improved school attendance⁷. This is true not only in terms of fewer days absent from school, but also increased classroom time each day.

Over and above this, at local level the negative impact of poor sanitation and non-availability of clean water in schools contributes to the Eastern Cape achieving lower-than-average (compared to other provinces) examination results. Learners do not have the basic infrastructure support they need to allow them to focus on their studies. The health and social problems arising from the lack of these basic water services spill over into the community -- for example, the learners should be experiencing good water and sanitation practice at school, and should be taking this understanding home, in order to improve the practice at home, but, sadly, this is not happening.

3.2. Preparation for the schools pilot

3.2.1. The generic modelling for schools sanitation

The necessary generic modelling for schools water and sanitation infrastructure operation and maintenance by franchising partnerships had already been done. (A desktop "business analysis case study" for water services franchising partnerships undertaking operation and maintenance of schools sanitation facilities. (Wall and Ive 2010⁸))

This previous report had discussed, among other topics all in the context of operation and maintenance of schools sanitation facilities:

- the functions allocated to schools in terms of legislation;
- planning for sustainability of the franchisee microenterprises;
- procuring and contracting the parties;
- operational methodology;
- characteristics of a typical franchisee microenterprise;

⁶ The South African Institution of Civil Engineering (SAICE) national infrastructure report card of 2011 (SAICE 2011) gave a "D+" to the condition of the built infrastructure of "public ordinary schools". This on a scale from "A+" (at the top end) to "E-" (at the bottom end).

⁷ Note 2: "Schools need safe water and separate, clean sanitation facilities. Health education curricula are undermined if children are unable to practice what they learn about drinking safe water or washing their hands." (UNICEF 2005, page 12).

⁸ WRC 1610/6/10: "Business analysis case study: schools sanitation O&M".

- the franchising partnership approach to school sanitation;
- the franchisor, and its role;
- management systems, processes and procedures;
- safety, health and environment;
- training;
- risks and their mitigation; and
- last, but by no means least, the financial model.

The report concluded that the franchising partnership approach could provide economically affordable and sustainable operations and maintenance of the water and sanitation infrastructure of rural schools.

The immediate objective of the demonstration pilot, therefore, was to put into practice the recommendations of this research – to test the assumptions; to find out how easy or difficult it might be to actually do the procurement, training, etc.; to discover the real risks, and to mitigate them; to test the robustness of the financial model; and so on.

Whereafter the model would be modified where necessary, so that it could be used as the model for rolling out similar services to the rest of the more than 4000 rural schools across the Eastern Cape.

3.2.2. Setting up the schools pilot

Early in 2009, a memorandum of understanding was signed between five parties: the DoE, Irish Aid, the CSIR, the WRC, and Amanz' abantu. In this memorandum it was inter alia stated that:

- The DoE wished to utilise small, locally-based enterprises, in partnership with an established provincially-based service provider, to provide identified maintenance services for its facilities;
- Research indicated that the franchising model would offer public authorities “a contractual mechanism for improved efficiency, flexibility and accelerated resource mobilisation”;
- Amanz' abantu would contract with the DoE to set up and run a pilot programme based on the principles of franchising partnerships, for maintenance of sanitation facilities at all of the approximately 400 schools in the Butterworth Education District;
- Impilo Yabantu would perform the role of the franchisor;
- From its budgets normally allocated for this, the DoE would provide the funding for maintenance of the facilities; and
- The WRC would financially support the policy, technical and other assistance necessary to facilitate the pilot programme. This would include drafting the terms of reference, formulating contractual documentation, monitoring progress and disseminating results with a view to replication in other areas.

It was acknowledged by the MoU partners that in order for it to be successful, the pilot project would need to include an undertaking from them to go beyond the normal contract boundaries in order to nurture this pioneering approach.

3.3. The pilot: year by year

3.3.1. The first financial year: 2009/2010: "pilot inception"

Getting going

The pilot commenced in May 2009 with an exploration of the practicalities of managing the process and the allocation of tasks. A call went out to all suppliers on the DoE database, inviting those possibly interested in this kind of work to attend a briefing meeting. The condition was imposed that they be resident in the Butterworth area. This was stipulated for two reasons: to ensure that the work would be done by local people from the communities that would be served; and in order to minimise travelling time and cost to Butterworth and to the schools that they would be servicing.

Having heard what the kind of work would be, only a minority of the 70-80 people who attended the meeting, in Butterworth, indicated interest. These prospective franchisees were screened and shortlisted ones interviewed. Those selected received initial training in East London during the first week of June. These new "trainee franchisees" then met with the DoE Butterworth district staff and school principals to plan programme schedules and agree on work orders.



Class of 2009

Distinct operational areas, based on accessibility and scope, were determined within the education district, and these were allocated on the basis of one for each trainee franchisee microenterprise, which had to have its home base within that service area. These franchisees were required to operate under the same brand as the franchisor, this being "Impilo Yabantu".⁹

Impilo Yabantu, using its experience and knowledge of the sector, put together the first drafts of an operational plan, a training programme, operational and

⁹ As noted in Section 3.1 above, the franchisor Impilo Yabantu had been set up some time previously by Amanz' abantu. The management of Amanz' abantu, having been so very much involved in the previous set of studies for the WRC, was very much aware that the franchisor, just as much as the franchisees, would be on a steep learning curve. That is, learning not just the responsibilities of the franchisor and franchisee, but also managing the relationships with and expectations of the DoE, school principals, and other stakeholders. Fortunately the franchisor was able to rely upon the in-depth experience of Amanz' abantu management and senior staff, and the wholehearted support from this quarter – in respect not just of technical (e.g., logistics, and health and safety) skills and resources, but in other respects also, most importantly (as it turned out) the ability – and willingness – of Amanz' abantu to bridge finance the operations of the franchisees when payment from the DoE for services rendered was long in coming.

technological methodologies, and an occupational health and safety plan. These were developed and improved as further experience was gained (a process which continued right until the end of the pilot).

Impilo Yabantu also established and trained an in-house team. One purpose of this team was to be available as a back-up should a franchisee drop out. The other purpose of the team was to provide the franchisor with benchmark costs and an opportunity to develop and test methodology and procedures.

Based on the financial model and estimates of how long it would take to service the sanitation facilities at each school, and how frequently during the three years this service would need to be performed, it was calculated that four franchisees would be sufficient for regular servicing of the school sanitation facilities in the Butterworth district. However, assuming that a few might drop out during the course of the pilot, eight were trained. Some of these trainee franchisees were in business on their own for the first time, although others had provided catering services and the like to the DoE.

Impilo Yabantu set up an office and stores in Butterworth, and the cleaning and maintenance of school sanitation facilities started at the end of June 2009. Each trainee franchisee was supplied with basic cleaning equipment and protective clothing, and a digital camera, the costs of which would in due course be recovered from their income stream. The purpose of the camera was to take photographs before and after the maintenance service; based on these photographs and sign-off of the works order by the school principal, trainee franchisees would be (and have been) paid. Spot check visits to randomly selected schools would also be undertaken by the franchisor.

The original intention was that the franchisees themselves would within a year or so of commencing the pilot take out loans to fund the outlay on significant capital items – particularly their own LDV (bakkie). Acquisition would be facilitated by the franchisor if need be. Raising capital in these recessionary times is difficult if not impossible for small businesses. However, because the banks much prefer lending to proven business models, it has in the commercial franchising sector generally been found that franchisees have a far better chance of securing bank loans over stand-alone small businesses. For the pilot, it was estimated that the necessary loans would be paid off over about three years from the revenues received from providing the maintenance service.

Again taking a lead from experience in the commercial franchising sector, but also making allowance for the additional uncertainty of a difficult-to-predict workload, franchisees were not expected to make net surpluses until their third year.¹⁰

¹⁰ Nor did they – mostly because of the erratic budget commitments by DoE, and the consequent interruptions to the servicing programme. Only assured continuity of work would resolve this.

With hindsight, therefore, it was fortunate that the franchisees did not make the planned purchase of bakkies. Instead, vehicles were hired when necessary (including, in more than one instance, from local people in the immediate area where servicing work would take place, thus endearing the franchisees to the locals!)

Condition of sanitation facilities

A key component of the service provided by the trainee franchisee was that of inspection and reporting on the serviceability and suitability of the facilities. The photographs taken assisted in the process of inspection and assessing schools' facilities future repair (in some cases, replacement, because the toilets were found in such a smashed-up condition, or absent altogether) and maintenance needs.

That the provincial DoE or national NEMIS databases state that a school has toilets turned out to be no guarantee that there are toilets which can be used. Inspections revealed that the toilets¹¹ could be full, trashed, fouled, lacking privacy, a security risk to users, structurally unsafe -- or they might no longer exist where once they did, or the school might never have had a toilet. Very often, schools had far too few toilets, even if the toilets they now have are being used or could, after cleaning or minor repair, be used.

Annexure A captures the franchisees' description of the work, and in particular the condition in which they found the toilets. Especially revealing is the observation that some children misuse the toilet because, when they first came to school, they did not know how to use a toilet, and they were not shown how one should be used.

It is usually the case that the teaching staff have exclusive access to toilets which are in much better condition than the toilets available to learners are.



*(Left). Learners' cubicles unusable -- no doors, overgrown.
(Right). No roof to toilet block*

¹¹ All toilets were Ventilated Improved Pit Latrines (VIPs) or similar (e.g. VIP with lined pit – i.e. cesspit). If the toilets were in groups under one top structure each, each structure would generally have one large pit.



Toilets destroyed beyond repair.

In sum, the inspections revealed that for approximately 10% of schools, the state of toilets was such (toilets in disrepair, sometimes needing replacement) that the maintenance planned could not be carried out. In addition, a number of schools had by any reasonable measure too few toilets and more needed to be built.¹²

With very few exceptions, the state of the remaining toilets (i.e. not counting those which needed repair or replacement) left a lot to be desired. Almost all toilet bowls had faeces smears inside or out (or both). In many cases, faeces (or smears) were found on the floors of the toilet cubicles. Urine, or water/urine mixes, were present on many floors. Toilet paper and/or trash (e.g. plastic bags and bottles) lay on many floors.

By any reasonable measure, more than half of toilet bowls were a health hazard.

Again with very few exceptions, pits were full to the brim, often with trash constituting a significant proportion of the contents. Either because of overfilling or because of leaks, ponds had formed next to or downstream of many pits.

Bush needed to be cleared from around many toilet blocks – especially away from the entrances. In a very small number of cases, the bush was so established that the services of a petrol-powered bush-cutter were called upon.

The annual budget which every school receives includes a designated sum for infrastructure operation and maintenance. If the opportunity arose during the course of inspections, principals were asked if this budget was spent on operation and maintenance. Given the general lack of maintenance, it came as no surprise to hear that seldom is more than a token amount spent on maintenance. Principals were generally willing to tell what the budget had in fact been spent on. This varied considerably, but frequently related to the hiring of extra teachers. For example, a school might at short notice have to accept an unexpectedly large number of pupils. Principals said that additional budget for hiring teachers was seldom received, and

¹² This led to a number of small contracts being let by the DoE for the installation of VIP toilets at schools. Some of these contracts went to franchisees, who between them supplied and built 225 schools toilets during the course of the pilot. While these tasks do not constitute operation and maintenance work, nonetheless they provided a source of income to the franchisees. Also, they demonstrated (to the DoE) their versatility. And all income is desirable in that it contributes to the sustainability of the franchisees. (Annexure B refers.)

therefore they were forced to resort to paying them from funds taken from other budgets. The budget for infrastructure operation and maintenance was generally perceived as a soft target.

The gender discrimination inherent in inadequate or even unusable toilet facilities at schools is obvious enough. It is physically much easier for boys to urinate in the open, such as next to the wall of the toilet block, than it is for girls to do so if the toilet bowl is too filthy to be used. Culturally, too, it is more acceptable.

There is circumstantial evidence that significant numbers of girl learners, feeling unable to use the schools toilets, go home when their bladders are full. In rural areas this could involve a walk taking 15, 30 minutes, or even an hour. Depending how far they have had to walk, it is said that many do not return to school. The consequence is that their school day is cut short at 11 o'clock or 1130 – every day. At time of menstruation, if the toilet structures do not provide the necessary degree of privacy (including a facility for cleaning or disposing of sanitary materials), they may decide to absent themselves from school.¹³

Achievements

Reports were submitted to the district managers of the DoE following each inspection visit, and repair and maintenance lists agreed on for the following visit. In this manner, ongoing service relationships were developed between the trainee franchisees, the school principals and the DoE's district managers.

By the end of the financial year (March 2010), the toilet facilities of about half of the approximately 400 schools in the Butterworth district had benefited from the first service, referred to as the "A service".^{14 15}

Thus, although after a slow start, a substantial amount of actual servicing work had been done in the first year, difficulties were already being experienced within the schools and the district in setting up and administering the project, meeting the internal

¹³ While no South African studies could be found, UNICEF and others have documented this in Asia. (For example: Nahar and Ahmed 2006; WaterAid 2009)

¹⁴ Including the fairly minor modifications incorporated during the next two financial years, the "A service" comprised:

- Assess the condition of the water & sanitation at the school
- Sweep and sanitize the floors of the toilets
- Clean and sanitize the toilet pans
- Clean & sanitize the urinals
- Clean & scrub ablution walls and doors
- Remove inorganic waste around ablution facilities
- Clean the area around the toilets – remove excess vegetation
- Undertake the minor repair tasks, as approved in the agreed work schedule
- Educate SGB (school's governing body, where this exists), teachers (educators) and learners on the health and hygiene matters appropriate to them.
 - Use of toilet paper
 - Use of training manuals
- Compile Assessment and Maintenance Report for submission to DoE
- Plan and discuss next follow up visit.

¹⁵ Some of this work was done over weekends and holidays, it being easier when learners were not present at school and wanting to use the toilets.

requirements of the DoE, and ensuring that payment would be made. This did not improve in the second year.¹⁶

Meantime, Impilo Yabantu developed and adopted a Quality Management System (QMS), which is applicable to all work conducted by both Impilo Yabantu as the franchisor and the Impilo Yabantu franchisees-in-training. The QMS provided a framework to ensure regular audits are undertaken, as well as providing a controlled management system which enables the franchisor to manage the documented works procedures. Spot checks were throughout the project conducted by the franchisor on randomly selected schools, in order to ensure standards of work were being maintained.



At the Impilo Yabantu depot in Butterworth, January 2010: Mr Kirwan (Irish Aid), two members of a franchisee team, Mr Bhagwan (WRC), another two members of the franchisee team, Mr Birkholtz (Manager of Impilo Yabantu) and Dr Wall (CSIR).

3.3.2. The second financial year: 2010/2011: a year characterised by delays

Early on in the financial year 2010/2011, it became apparent that the DoE was experiencing severe financial constraints generally, and that these were manifesting itself in its planning for expenditure on infrastructure (not just on operation and maintenance, but also on new capital works). The franchisor and the franchisees however continued through March, April, May and June 2010 to provide the service to the schools' sanitation facilities. A halt was only called in July, when it became certain that the DoE would be unable in the immediate future to make any payments for the work undertaken over that period March-June, much less pay for any new work.

¹⁶ It is worthy of record that the project throughout its three-year duration enjoyed the support of the Infrastructure and Facilities Management Directorate of the DoE. Mr Tom (Chief Director until he retired, during 2011), Mr Fray (Director) and especially Mr Olivier (Deputy Director) were consistent in their support, and went to considerable trouble to facilitate the necessary funding. The same could be said of Mr Zibi (Deputy Superintendent General) while he was in office (for a considerable part of the three years he was under suspension, being reinstated only in 2012).

Consequently, for the second half of the financial year, the franchisor and/or its principal (i.e. Amanz'abantu) had where possible to find work for the franchisees from other sources, and at the same time continuing to train them. Thus the franchisees did pit-emptying for municipalities, but also broadened out into minor maintenance of water facilities (e.g. rainwater harvesting) and minor building works. All of this was, bearing in mind the locality of the home bases of the franchisees, in or close to the Butterworth education district.

At a 14 July 2010 meeting between DoE representatives (headed by Deputy Superintendent General Mr Zibi) and the MoU stakeholders, Mr Zibi several times reaffirmed DoE's commitment to the programme. However, he said, the DoE was presently unable to pay for the service. Discussions were being held with the Provincial Treasury, and he was hopeful that the planned infrastructure budget would be reinstated. When that happened, work already undertaken would be paid for, and funds would flow for further work.

During October, the news was received that substantial funding for infrastructure would become available. Another MoU stakeholders' meeting was then held with Mr Zibi (4 November 2010), at which he set out the steps required within his department for the funding to flow. Several further meetings and communications between the franchisor and the DoE took place thereafter.

Despite that by that time no payments had been made by DoE, the franchisor made preparation for a return to the servicing programme. Indeed, at the verbal request of DoE officials (which request was several times reiterated), Impilo Yabantu made preparations for an accelerated and expanded programme, to include the servicing of not just schools toilets, but also the servicing of schools water infrastructure. It then, in all good faith, commenced work.

Sadly, by New Year 2011 payment of the amount owed¹⁷, and written instruction from the DoE to proceed with the new work, were both still awaited. Unwilling to continue incurring costs without assurance of income, franchisor management again withdrew the franchisees from work on schools facilities

Whereas activities at schools could not, because of the DoE funding difficulties, be completed – that is to say, only part of the work programme for the year could be delivered – it was possible to complete other of the activities for which the research and development funding had been intended. These were activities that depended more on the evolution of the work (e.g. increasing complexity) rather than on the number of times that already-established tasks (such as emptying pits) were carried out. Examples of this included:

- Methodology development. The full programme envisaged for the year was carried out, despite it not being possible for all of the planned sanitation facilities maintenance to be carried out. This did not deter methodology development – on the contrary, adding water services facilities work extended the methodology development beyond what had been planned and budgeted for.
- Continued development of the Quality Management System and Occupational Health and Safety system.

¹⁷ Unfortunately, despite the assurances of Mr Zibi, senior officials in the DoE finance department blocked payment for the work budgeted for the 2010/2011 financial year.

Under "methodology development", an important issue that came to the fore was the safe disposal of the contents of pit latrines. Parties with whom this issue was discussed included DWA regional office. During August 2010, a contingent from the Eastern Cape (including a representative of the DoE) attended a two-day information-sharing workshop in Durban with the officials of the EThekweni Metropolitan Municipality responsible for their pit latrine servicing programme.

DoE staff, and their systems, proved to need an extraordinary level of support throughout the financial year. A substantial amount of time was spent on interacting with staff, on topics around administration and the processing of claims for payment, but, particularly, the financial provision for servicing work to continue.

In anticipation of the DoE rolling the programme out beyond the Butterworth district to other districts, the appointing of one or more specialised "programme implementing agents", to act on behalf of the DoE, was explored. Given the persistent budget uncertainty, however, this was not pursued further.

3.3.3. The third financial year: 2011/2012: pilot completion

To sum up the financial situation at the start of the third (and last) financial year:

- During the first 16 months (that is, the whole of financial year 2009/2010 and the first third of financial year 2010/2011, the work scheduled had proceeded as planned. However the drying up of funding from the DoE severely hampered further progress. The on-site work, viz training and mentoring of franchisees, and routine cleaning and maintenance of the schools toilets of the Butterworth district, was therefore suspended, pending resolution of the financial and administrative difficulties being faced by the DoE.
- On the promise of a large budget for such purposes being released by the DoE, these on-site activities resumed for much of the last quarter of 2010/2011. Repair of toilets and water facilities in selected schools was also undertaken. However, thanks to the continuation of its financial and administrative difficulties, the DoE was unable to allocate the budget.

Work on schools facilities was therefore not resumed at the start of financial year 2011/2012. Bearing in mind the link between DoE expenditure and the franchisees performing work on schools facilities, on the one hand, and on the other hand the activities for which the Irish money had been ring-fenced, and that, for example, if the franchisees were not active then no mentoring could take place and therefore there could be no payment for mentoring¹⁸, at the start of financial year 2011/2012 close to

¹⁸ To reiterate, the differentiation between the Irish Aid and WRC contribution and the DoE contribution in terms of "who would pay for what" was agreed as follows:

- Irish Aid and WRC would make a very substantial contribution to funding the research and development necessary for progress of the franchising partnerships concept -- including (but not only) funding the preparation of training material, the training itself, development of quality management system and occupational health and safety system, technical and management support of franchisee activities and programme, regular training of franchisees, general support to DoE procurement and administration procedures, reporting mechanism to the WRC Reference Group, project steering meetings, and knowledge dissemination.

R2 million of the total research and development budget of R4.8 million (both amounts including VAT) was still unspent.

It was therefore evident that, if disbursement of the Irish and WRC funding were solely dependent on the franchisees servicing only DoE facilities, it would not be possible to utilise a large proportion of the remaining budget by the contract completion date of 31 March 2012. Hence a portion of the funding was allocated to a new pilot, for the servicing of household facilities. (See Section 3.3.4.)

Meantime, halfway through the third financial year, the DoE, for a combination of reasons, including political pressure and improvement in its financial situation, requested a resumption of the project. DoE agreed to pay both for that portion of the work done in the past not yet paid for and for the work to be done during the remainder of the year. It also requested that new toilets and new water storage facilities be provided at selected schools in the district.

Large arrears payments were made for the on-site work done by the franchisees in the first year, and on the strength of these and further assurances by the DoE, Impilo Yabantu cautiously recommenced work at school sites during October 2011.

It is pleasing to report that, between the work for ADM and the work for the DoE, so much progress was made in the second half of the 2011/2012 financial year that all of the revised targets were met.

3.3.4. The third financial year: 2011/2012: households pilot

At a 20 June 2011 meeting between Irish Aid, the WRC, the CSIR and Amanz'abantu, the decision was taken that an approach should be made to Amathole District Municipality (ADM), offering to utilise the franchisees on a pilot of routine maintenance of facilities owned by the ADM. An amount of R500,000 could be allocated from the project budget in order to pay for the services that would be rendered to ADM -- in other words, ADM would receive, at no cost to itself, a household toilet maintenance service to the value of R500,000¹⁹.

ADM was accordingly approached. Its internal approval processes took a long time, however, and it was only at the end of November 2011 that the offer was accepted. Work at Govan Mbeki Village, near to Dutywa, was duly identified for the purpose. Preparation, including identification and fencing of a site for disposal of the pit contents, took place in December, and the household pilot project (emptying 250 household toilets and safe disposal of contents) was completed by the end of February.

-
- The DoE would be fully responsible for payment to the franchisees for the services rendered to the schools.

Progress with disbursement of the Irish and WRC funding was thus to a large extent dependent on the DoE paying for the servicing work. If the DoE did not pay, then the franchisees would not do the servicing – and as a consequence they would not (unless equivalent or near-equivalent work for them could be found) receive the planned on-the-job training and mentoring, and the Irish funding would therefore not be drawn down.

¹⁹ That is, funding which had been planned to go to the franchisor and franchisees for research and development work.

ADM promptly thereafter appointed the franchisees to service a further 160 toilets, which can be taken as an indication of its satisfaction with the quality of the work done in the household pilot.

Undertaking this work required a contract amendment, for a number of reasons, including that the contract between the WRC and the CSIR had not anticipated that Irish Aid funding would be utilised to pay for servicing work that should normally be paid for by the owner of the infrastructure. Thus the contract amendment made provision for them to be paid, and also for amendment to other deliverables (including a provision for developing new technologies and methodologies for dealing with household toilets, training the franchisees in this new work, and supporting the new client (the ADM)). The necessary budget was readily found from the unexpended amounts.

Given that the research team anticipates that much future work will come from municipalities, and especially from those municipalities in the Eastern Cape that between them own or feel themselves responsible for tens of thousands of VIPs, a most interesting benefit of the ADM household work was insight into the way in which continuity of work can significantly bring down the costs of servicing VIPs. This finding is captured in Section 3.6.

3.4. Achievements of the pilot

Significant achievements of the pilot project include:

- Water and sanitation facilities at 400 schools have been serviced.
- Six emergent franchisee micro-entrepreneurs have been established and supported.
- A training programme has been developed, consisting of: at the start of the pilot, a formal training course for all the prospective franchisees selected (refer to Annexure C); on-site mentoring; regular get-togethers, report backs and sharing of experience; and ad hoc training.
- Operational methodologies for school and household situations have been developed. (Annexure D)
- More than 20 sustainable jobs and more than 50 part-time informal employment opportunities have been created.
- A public-private partnership, supporting job creation and the establishment and nurturing of emergent micro-entrepreneurs, has been created.
- The concept of social franchising partnerships for the operation and/or maintenance of water services infrastructure has been shown to work successfully in two different situations (viz routine servicing of schools sanitation facilities and household facilities, both with VIP toilets).

Furthermore, the programme continues to establish and support locally-based small enterprises for the provision of appropriate and locally-based service solutions. It is creating jobs and entrepreneurial opportunities, and upskilling rural people through facilitating workplace learning, in addition to improving school sanitation facilities.

Not only has the work been done efficiently and effectively²⁰, but the social

²⁰ The extent of the DoE's satisfaction with the performance of the franchisor and franchisee small enterprises can be gauged by its publicly stated commitment to progressively roll this approach out to all of its schools (approximately 6000 in number) in all of the education districts of the province. The extent of the ADM's satisfaction can be gauged by its

franchising system utilised has ensured quality and reliability of service, peer learning, skills transfer and health and safety training. In addition, the franchisees' employees are also empowered – they are mostly rural women who have not previously benefited from any kind of job-related training.

The learners (especially the girl learners) at the 400 schools, who now have access to clean and hygienic toilets, have benefited tremendously.

The success of the social franchising partnerships approach to the routine servicing of household toilets has been demonstrated to the pilot undertaken for ADM. Within a period of two months, the franchisees emptied more than 400 household VIPs and disposed of the contents to a designated safe area.

Social franchising partnerships for water services operation and maintenance address the requirements of many of South Africa's national goals, particularly:

- Creation of jobs at the lowest levels of the pyramid²¹, where unemployment is highest and possession of workplace skills is lowest;
- Transfer of workplace skills;
- Micro-enterprise creation and nurturing;
- Broad-based black economic empowerment; and
- Most importantly, infrastructure and service delivery, through maintenance activities that increase the quality and reliability of services, and the availability and utility of infrastructure.

The franchising partnerships concept, as it has been applied in the Eastern Cape pilot, has been an unqualified success in terms of the quality and reliability of service delivered. The franchisees have benefited in this experimentation, learning and implementing from an extraordinary amount of management attention from Amanz' abantu, Impilo Yabantu, the CSIR and the WRC, made possible by the Irish Aid funding – but the need for this was acknowledged from the start. After all, that was the point of the pilot.

However, that the franchisees have survived financially is however entirely due to the backing of Amanz' abantu. The lengthy delays in reaching agreement with the clients/owners of infrastructure, the DoE in particular, and then the even lengthier delays in receiving payment for the work done, would have driven any small business under. It is entirely thanks to the bridging finance they received from Amanz' abantu that cash flow problems have not yet brought about their untimely end. (Standalone microenterprises, without the backing of the franchisor (and/or, as in this case, the franchisor's principal shareholder), would have course have gone out of business – which underlines one of the most significant advantages of being a franchisee, as opposed to being the owner of a standalone small business.)

The state of the sanitation facilities at the pilot schools has improved so much that the Department has requested the programme be rolled out to a further three education districts, totalling 1 000 schools, during the 2013/2014 financial year.

subsequent appointment of the franchisees to undertake further work on household toilets, and its stated willingness to make further appointments.

²¹ See Prahalad 2006.

This service delivery success is being noticed by municipalities in the area that have responsibilities for water services facilities at household level, and it is therefore currently being explored how the franchise can provide services to these municipalities.

It is envisaged that once the system is working smoothly, franchisees will be able to offer their services to clinics, other public buildings, and to the private sector.

Three short (of the order of 8-10 minutes each) movies have been produced which provide broad overviews of the pilot project as a whole. While there is some overlap between the three, each focuses on a particular aspect, as described in the title of each movie. These movies can be accessed at:

- ftp://ftp.csir.co.za/SS/ICT/Thomas/vids/VTS_02_1.wmv "Household sanitation"
- ftp://ftp.csir.co.za/SS/ICT/Thomas/vids/VTS_03_1.wmv "Using social franchising in the water and sanitation sector"
- ftp://ftp.csir.co.za/SS/ICT/Thomas/vids/VTS_04_1.wmv "A franchisee's story".

3.5. The lessons learned

3.5.1. Introduction

Much was learned from the pilot. None of the findings described in the remainder of this chapter came as a surprise – that is to say, if the team had been asked at the beginning of 2009 to list the topics of the lessons they would expect to learn over the next three years, the team would probably have come up with the list below. What however came as surprise (sometimes an unpleasant surprise) was how difficult, that is how much of an obstacle, some of those topics would turn out to be. Top of that list of obstacles was the difficulty in getting the client to pay on time for the work done on servicing its infrastructure.

For convenience, the findings are listed below (in random order) in groups, identifying the most important of the lessons, and discussing their significance.

The first group, in Sections 3.5.2 through 3.5.11, covers:

- about the benefits of the franchise approach;
- about defining the scope of work;
- about the client/owner;
- about comparing like service with like service;
- about factors that affect servicing costs;
- about the contracts;
- about technology and methodology;
- about the training;
- about the franchisees; and
- about the franchisor.

The second group covers the learning on servicing costs, and on the factors which affect them. (Section 3.6.)

The next group covers the topic of payment for services. (Section 3.7.)

The fourth group covers the learning on procurement. (Section 3.8.)

Section 3.9 summarises the lessons learned.

3.5.2. About the benefits of the franchise approach

The pilot over and over again proved the value of the franchise arrangement. Not only has this been in respect of the planned advantages such as the training and mentoring, but it has been demonstrated in the form of the protection that the franchisor has provided against the inefficiencies of the DoE. For a particular example: when payments by the DoE are late, it is the franchisor that follows up on behalf of all franchisees -- it is not necessary for each individual franchisee to come in from the field, costing time and travel expenses, and losing production. Given the difficulties with the DoE payment regime, it is highly unlikely that stand-alone microbusinesses would have survived. The bridging finance provided by the franchisor during the pilot enabled the franchisees to survive while waiting for the payments from DoE due to them for the work which they had undertaken.

Establishing Impilo Yabantu as designated project manager, an independent structure, ensured a focus was kept throughout the pilot project on overcoming issues and challenges. It was accepted from the outset that Impilo Yabantu would not necessarily make a surplus during the pilot – indeed, it would be doing well if it could only cover costs. Its purpose for the duration of the pilot was to pioneer the franchise approach in the circumstances of the pilot, and to overcome hurdles, ensuring that the project stayed afloat.

As the franchisor, Impilo Yabantu has played a very intensive role, not only managing the administrative part of the process (checking and compiling invoices and ensuring payment from the DoE), but also being responsible for ensuring random checks on franchisees for quality control, and processing the vast array of 'before' and 'after' photos from each school. Another key role of the franchisor is that of "fire fighting" - addressing problems and issues as they arise, which during the development of the process, was a common occurrence with problems such as payment delays, failure of equipment and the logistics of schools "not existing" or "not having any latrines". A further key role of the franchisor was that of managing the shared equipment and materials store on behalf of all the franchisees.

Yet another key role lay in its leadership of the methodology development. That is, using the experience of its staff to work with and guide the franchisees in determining how the servicing needs of the different types of water and sanitation facilities could best be addressed. (In some cases, this involved developing, and experimenting with, different types of equipment.) And then capturing all of this in the continually evolving operations manual. (For the most recent version of which see Annexure D.)

Impilo Yabantu has on behalf of the franchisees been receiving the works orders from the DoE. However the intention after the pilot is that the franchisees will manage their own order books directly with the schools in their areas. In effect, each order is a small contract -- for the "A service" (described in a footnote within Section 3.5.2 "the first financial year"), each order was between R2000 and R5000²². During the pilot, Impilo Yabantu, as franchisor, has found it necessary to take direct responsibility for defining and securing the work orders, and it has then instructed the

²² See Section 3.6 for a commentary on both this price and the objective of the pilot to establish a market for outsourcing of small-scale water and sanitation services operation and maintenance.

franchisees to perform the work. Effectively the potential franchisees are managed as subcontractors during this start-up phase, although they are treated as franchisees for all other aspects of the operations. Impilo Yabantu is required to assist the franchisees through the setting-up phase, including the basic business and administrative training, and the development and training of the operational methodology.

Post-pilot, these franchisees will no longer need the comfort and safety net of a subcontract arrangement, and the switch will take place to a full franchising-like arrangement, with the franchisees being appointed directly by DoE. The franchisees should by then be capable of seeking new clients and generating new and repeat business, and will be expected to manage their own interactions with the DoE (and any other clients or potential clients). In particular, this means that they will have to manage their interactions with the DoE district officials and they will need to ensure the school principals and the school governing bodies are satisfied with the result and approve the work done.

Whereas the franchisees have up to now not been registered businesses, it is envisaged that, as their businesses grow, it will be necessary for them to establish themselves more formally in this way.

It is also envisaged that the franchisees will also be able to broaden their customer base, offering their services to clinics, other public authorities, and to private business and households.

3.5.3. About defining the scope of work

The scope of work must be defined clearly. For example, if the contents of pits need to be disposed of, the how, where, and why – and what precautions – must be stated without ambiguity.

The scope of work must be defined widely enough to address not just the symptoms but, if possible, also the cause. A good example from the pilot is that the schools and households have no facilities for the disposal of solid waste (trash). As a result, most of this gets dumped into the toilets – in most cases, in the pilot, of the order of around half of the contents of the pits was solid waste. An imaginative scope of work would either call for solid waste collection facilities (e.g. drums) to be provided (as in the school situation), or would seek to institute a complementary service (such as trash collection from households).

Referring again to the schools, if a more comprehensive service were possible and affordable, it should include some measure of maintenance of the water infrastructure. Most of the schools are not on a reticulated water supply system, and thus reliant on rainwater harvesting. When the schools were built, gutters were in place to collect roof water and channel it to storage tanks. The gutters at many schools are, however now broken -- therefore no collection, and no water in the tank. The tanks are in many instances broken or fouled, with taps often broken or missing. Many children have to bring water to school. Also, there is no water available for the children to wash their hands after using the toilet – thus they cannot practice even the most basic of hygiene measures.

3.5.4. About the client/owner

Four learning aspects are discussed here:

- the need for acceptance of outsourcing in the first instance, whereafter outsourcing to franchising partnerships would be relatively much easier;
- the need for constant attention to the billing and payment processes;
- the importance of educating users of infrastructure; and
- the importance of stable leadership.

Outsourcing

It was realised when the earlier research (WRC 2010) was undertaken, that public sector owners of infrastructure had no preconceived opinions on social franchising partnerships, and that there would be no particular obstacles to the procurement of such partnerships. However the likelihood of the services of franchises being procured stood or fell with the likelihood of **outsourcing** to the private sector of operation and/or maintenance, irrespective of the nature of that private sector.

It was noted that a “three-step breakthrough” is needed:

- The first step is the breakthrough to acceptance by WSAs (and other public sector owners of infrastructure) of outsourcing the operation and maintenance of infrastructure that they, the WSAs, own. (To emphasise: this outsourcing need not necessarily be to the private sector – it could also be to NGOs and CBOs.)²³
- The second is the acceptance that the institutions outsourced to could be microenterprises.
- The third step is the acceptance that these microenterprises could be franchisees. (This third step should not be a problem once the second level is in place. Franchised microenterprises should be a concept considerably easier to convince clients of the merits of than the idea of microenterprises that are stand-alone.) (WRC 2010: WRC TT432/09, page 10)

The experience of the pilot project confirmed this earlier opinion. In particular, potential clients (as represented by officials) did not express any reservations about franchise partnerships. For the most part, they immediately saw the advantages, to service delivery by their own institution, of the franchising route.

Billing and payment

The need for constant attention to the **billing and payment** processes and to cash flow is further discussed in Section 5.3 "The learning on payment for services". However, for now, it would not be untrue to say that **90% of the worst problems on the pilot project related to DoE payment delays and slow decision-making**. In contrast, the franchise partnership's performance of training, safety, efficiency and of course infrastructure operation and maintenance service delivery has been successful.

The key to any business is that the service providers are paid for their services otherwise they will have no interest in continuing the work, and rightly so. Due to the nature of government and how the public administration systems operate in South Africa there were issues with receiving payment for work completed in a timely

²³ Also see Section 3.6.2 concerning the establishment of a market for the maintenance of infrastructure.

manner. Payments to the franchisees had thus to be initially covered through partner funding and by Amanz' abantu, these costs being recovered much later from the DoE.

From this it has been learnt that government bureaucracy needs to greatly improve its efficiency, and also to be fairer in its treatment of the private sector, small and micro businesses in particular. Whereas the technical and practical problems (i.e. doing the work) have, in this pilot project at least, been resolved fairly easily, the majority of frustrations and pitfalls have come from structural issues of this nature.

The DoE has stated that it is keen to roll this programme out to other areas in the Eastern Cape. However there is a need for greatly improved willingness on the part of departmental officials to make commitments and stick to them, and in particular to pay suppliers (not by any means only franchisees or even only all water services providers) on time and in full. Most importantly, changes will be needed to support the development and partnership with small businesses so that contracts and payment can be facilitated in an effective manner without some of the pitfalls that have been encountered (and overcome) throughout the pilot scheme.

User education

First-time users of infrastructure may need to be **taught how to use** that infrastructure. For example: at the celebration event on 22 March 2012, the audience heard one of the franchisees describe how he found out that the young learners were genuinely ignorant of the purpose of the toilet bowl. "You'd find that they chose to relieve themselves on the floor [between the bowl and the wall] because that's what they were used to from using the bushes. We then have to teach them how to use the toilets properly." ("Daily Dispatch" 2012a)

One would have hoped that the teachers, the on-site representatives of the client/owner, would have taken it upon themselves to provide this kind of instruction, especially to newly-arrived learners. That they are also the educators, in the school syllabus sense, of these learners, would make it even more their responsibility.

Stable leadership

The importance of **stable leadership** of an entity is maybe obvious only when this stability is lacking. For example, during the course of the schools pilot, the DoE enjoyed no less than four acting SGs and one "permanent" SG²⁴, in addition to a lengthy period during which the department was under administration from Pretoria²⁵.

²⁴ In order, Messrs Ngonzo, Nengwekhulu (Professor), Swartz, Manny (the only SG) and Ngonzo again.

²⁵ "Minister for Basic Education Angie Motshekga has signed a memorandum of understanding with the Eastern Cape Education Department, setting out the administrative details of the intervention required to end the chronic dysfunction of the province's education system.

The Department of Basic Education intervention followed a Cabinet decision which invoked section 100(b) of the Constitution, allowing the National Executive to intervene in order to ensure Provinces are meeting the essential standards of their obligations, in this case the minimum standards required for the rendering the constitutional right to education." ("Business Day" 2011)

Below the level of SG, officials came and went – sometimes they were suspended, only to return in due course²⁶. One of the research team was staggered when, having approached a senior official for his signature to a key document, and he having promised to sign, a couple of months later, despite persistence on the part of the team member, he had still not signed, and declined to do so, citing "whenever I make a decision, I get suspended". Tongue-in-cheek the comment might have been, but delay in decision-making was a severe drag on progress throughout the pilot.

There is no ready antidote to this problem, which, sadly, is not unknown throughout the public service. It being fixed must be part of a wide reformation of the public service. Meantime, service providers, such as franchises, must learn to navigate their way through this type of obstacle course.

3.5.5. About comparing like service with like service

How to compare one service offer with another is a key element of the way in which service providers, including social franchising partnerships, should be procured. (For the learning on procurement specifically, see Section 5.4.)

Social franchising partnerships, as they are arranged and quality-controlled in terms of the rigorous procedures tested and refined by the research, are growing in reputation in the water sector. This growing reputation will undoubtedly lead directly to public sector owners of infrastructure calling for proposals from franchised enterprises.

Unfortunately, as matters now stand, there is absolutely nothing stopping any entrepreneur from calling himself/herself a franchisor or franchisee. Furthermore there are no guidelines available to owners of infrastructure, suggesting to them how they might evaluate franchisors and franchisees.

There currently being no mechanism for quality-controlling of "franchises" and "franchisees", there is a danger that less-than-competent entities calling themselves franchisors or franchisees will not be able to provide the same quality of service. As a result, the reputation for quality and reliability that is the basis of the franchising partnership concept – a reputation painstakingly built up over 10 years – could be at risk.

That is, unless a mechanism is derived – guidelines, or a framework – by which means owners of infrastructure can evaluate potential franchisors and franchisees before awarding them any operation or maintenance work. (Note that owners are already asking for this guidance.)

3.5.6. About factors that affect servicing costs

The learning on this topic, first drawn attention to in Section 3.4, is discussed in Section 3.6 below.

²⁶ Fortunately, a couple of key officials at lower level remained in place for the whole period. If it were not for them, the pilot would have suffered even more.

3.5.7. About the contracts

The plural "contracts" is used, because there would need to be several contracts, in particular the contract between the client/owner and the franchisor or franchisee (depending which arrangement is chosen) and the contract between the franchisor and franchisee.

The pilot did not reveal any surprises with respect to contracts, other than the major disappointment that, irrespective of the contract, the problem lay in enforcing its terms. The outstanding example of which was, as already discussed, getting paid in terms of the contract provisions.

The pilot reinforced the old lesson that, to facilitate rapid and dissension-free agreement that the work has been performed according to contract and that payment can be authorised, tasks must be as standardised as possible, and assigned standard prices. Also that careful attention must be paid to resolving any procedural issues around the payment process. (As noted above, the problem of delayed payments did not lie in any disputes that the work had not been done in terms of the contract.)

3.5.8. About technology and methodology

Successfully "getting the task done" – i.e. the "service delivery" aspect – in a sense the core of the project, proved to be one of the least problematic areas. When a problem was encountered, it was resolved. It might have turned out (and it did in a few instances) that when a new situation was encountered (e.g. a different type of toilet, or a site awkward in some way), the first methodology tried turned out to be less than optimum, and another methodology was tried – and proved to be better. However all of these "problems" encountered were overcome.

Once more, the value of the franchise partnership was demonstrated. The franchisees were not on their own, but could rely upon the experience and resources of Impilo Yabantu, which could in turn rely upon the depth of expertise at Amanz' abantu. All in a day's work.

This (the combination of development of technology and methodology in response to situations encountered on site) can be illustrated by the way in which the household toilets at Dutywa, for ADM, were approached. (See also Annexures C and D)

Key characteristics of this work situation included²⁷:

- access to the site: access to households required the franchisees to be sensitive to asking for permission as to when it would be possible for them to enter -- they could not just barge in;
- entry into the pit: ways had to be found to gain entry into the pit in order to remove the contents;
- removing the contents: variation in the type and consistency of contents required that different ways of removing the contents be attempted -- and variation in the type and consistency of contents proved to be a major factor in determining how long it took to service a toilet, and what the cost of that was;
- cleaning of the inside of the toilet, and tidying up on site;

²⁷ The effect of variables such as these on costs is discussed in Section 3.6.

- transport of the pit contents: on-site disposable was not an option for these household toilets, and thus ways had to be found to transport the contents to an acceptable off-site location -- also, transport across the household property had to be done with care (no spillages -- or, if there were, they had to be cleaned up or neutralised immediately);
- disposal of the pit contents: an acceptable site had to be found, the site had to be fenced to keep the public and animals out; the ground had to be prepared; and the pit contents, once arrived at the site, had to be appropriately worked on the site.

In short, it was a generally much more complex process than servicing of schools toilets. Particularly in respect of:

- access to the site;
- variation in the type and consistency of contents;
- disposal of the pit contents (in the first instance, because, unlike at rural schools, disposal of the contents on residential sites is not acceptable); and
- that, because of the off-site disposal, the contents must be transported.

A good example of the development of technology and methodology required relates to the way in which the contents were removed from the household property and lifted onto a vehicle for transporting to the disposal site. That is, moving the 200 L drum, full of material taken out of the household pits, from the household toilet at the back of the site, across the site and to the road, and finally lifting it onto the bakkie.

The photograph immediately below sets the scene. The drum, tightly sealed, has to be manoeuvred, on the wheeled trolley shown in the photograph, from the back of the site, to the road. It then has to be lifted on to the bakkie shown in the photograph. When fully loaded, the bakkie transports the drums to the disposal site for offloading. (The disposal site for Govan Mbeki is a fenced-off portion of the municipal waste water treatment works -- which is at the bottom of the hill, this side of the distant buildings shown in the photograph below.)

The training and mentoring of the franchisees for this same task and situation is described in the following section "About the training".



Safety considerations -- for the householders and the franchisees and their employees -- were always paramount. The trickiest part of the whole operation was lifting the full drum onto the bakkie. This had to be done in such a way that the workers could not be at risk of being injured by the drum falling onto them while it was being lifted. Indeed, it would also be catastrophic if the lid came loose and contents slopped onto a worker. Even spillage on to the street would not be acceptable.



Impilo Yabantu, drawing on the experience of their colleagues at Amanz' abantu, devised the bracket shown in the two photographs above. This would hold the drum securely while it was being lifted. (See also the photograph below.)

Once secured, the drum could be lifted by the sheerlegs to the height of the floor of the bakkie loading area. The bakkie could then be reversed up to the drum, and the drum pushed on board.



3.5.9. About the training

To illustrate the training and mentoring of the franchisees, the same example as in the section "about technology and methodology" above can be used, this time describing the training and mentoring for the work on household toilets in Govan Mbeki Village, rather than describing the technology and methodology. (See also Annexures C and D)

Bearing in mind that these franchisees and workers were already skilled in the work they had done at these schools, they now had to be trained in a number of new skills, including:

- the protocol to observe when entering and working in private property;
- moving the top structure, in order to gain entry into the pit;
- moving the 200 L drum, filled with the contents of pits, from adjacent to the toilet, across the private property, and to the street front;
- loading the drum onto a bakkie; and
- transporting half a dozen or so loaded drums to the disposal site, and emptying them there in an approved manner.

The workers were rigorously trained in how to use this equipment. The first trial runs used empty drums, and then drums filled with water. Only when the franchisor was satisfied that they were thoroughly familiar with the equipment, did the franchisees and their teams go on-site to households.

The franchisees and their workers learned the required skills with ease, and they proved to be adept at the task. So much so, that, once one of the franchisees and her team had mastered the necessary skills, they were able to empty five pit toilets

each day, an unexpectedly high number.

3.5.10. About the franchisees

Characteristics of franchisees have been summarised in Section 2.3 and described at some length in previous documentation (which was summarised in WRC 2010: WRC TT432/09, pages 15 and 19). To highlight a few points:

- Potential franchisees must be chosen on the basis of willingness to work hard and to commit to the business principles.
- They should be persons with a stake in the community of the area to which he or she provides the service.
- They must be team players.
- They should literally "live the brand" and identify with the values of the franchise.

The pilot has reiterated the importance of these.

In addition:

- More potential franchisees must be chosen for training than will be needed to undertake the work – attrition during the training period will reduce numbers.
- Because the water service is an essential service, provision must be made in the franchising agreement for prompt replacement of non-performing franchisees.
- It is essential that franchisees have an entrepreneurial bent, and be proactive in bringing in work for themselves and the franchise. (With a couple of exceptions, the current franchisees are not sufficiently proactive, even after three years of urging from the franchisor.)

Note that what is good or bad for microenterprises is good or bad for franchising partnerships. But the converse does not necessarily apply – or, putting it another way, a franchisee microenterprise, given the support it would receive from the franchisor, would in all likelihood find it easier to meet some regulatory and other requirements than would a stand-alone microenterprise, everything else being equal.

Finally, about **value add** (as it is referred to in the franchising sector): whereas a business based on a single element of the water services delivery value chain might not be viable, a franchisee might be able to make a viable business by offering several water-related services, thereby achieving dual objectives, viz:

- economy of scale; and
- lessening dependence on one or a limited number of clients.

3.5.11. About the franchisor

Characteristics of franchisors have been described at some length in previous documentation (which was summarised in WRC 2010: WRC TT432/09, pages 15 and 19). To highlight a few points:

- The franchisor has established a business in a clearly defined market.
- The franchisor has created a brand that enjoys some level of recognition and is well respected by suppliers and customers alike.

- The franchisor has fine-tuned the systems and procedures necessary to undertake the task – and develops new systems and procedures (technologies and methodologies) as necessary in order to tackle new tasks.

The pilot has reiterated the importance of these.

The pilot has also underlined that this systems and procedures development (for example the specifics of the business model, the training programme and the operations manuals) can be done only by a franchisor that know the details of performance of that task, based on first-hand experience in the same or a similar community. In this case, Impilo Yabantu, relatively newly established, did not have all of the skills needed, but was able to call upon the much greater resources in Amantz' abantu. Nonetheless, a “boer maak ‘n plan” (“farmer makes a plan”) practical frame of mind on the part of the franchisor employees proved to be a great asset.

In brief, the franchisor needs the following in order to be the leader, to the franchisees, on systems and procedures development:

- understanding of the task, and the ability to break it down into its components;
- the ability to cost these components;
- the ability to draw on experience, or to research, in order to discover, and trial, less-cost and/or higher-value methods;
- knowledge of regulations and procedures (e.g. occupational health and safety regulations and procedures; regulations and procedures pertaining to the disposal of human waste (faecal sludge in particular); quality management procedures), and how to apply them to the work in hand.

Being a successful franchisor operating at the bottom of the pyramid requires patience and benevolence, whilst at the same time adhering to high standards. Unlike working with contractors, where there are clear-cut conditions and contracts, working with franchisees requires nurturing, guidance and most of all (again) patience, to ensure that an environment conducive to stimulating learning and the growth of the franchisees is maintained.

Finally, and regrettably, the pilot has shown that, when dealing with the South African public sector, the franchisor has to have deep pockets in order to bridge finance his own activities as well as the activities of the franchisees while waiting for due payments to be made. It needs also patience, and persistence. Also, the franchisor has to have the ability to be able to sense when to withdraw before putting its business at too much risk. Being well-connected would be a big advantage – that is, to have someone with substantial political clout who can be turned to for assistance in unblocking obstacles in the public sector.

3.6. The learning on servicing costs, and on the factors which affect them

3.6.1. The importance of variables – and especially of continuity of work

Volume (i.e. of the production run) and continuity of work is, after the nature of the work, the single factor with the greatest influence on actual servicing costs. This sometimes only appreciated when there is little continuity and reduced production run – for example if a production run is interrupted, and the franchisees have to choose

between withdrawing from site and returning later, or incurring costs while waiting on site for an unpredictable length of time.

Whereas, as described above, the schools pilot was plagued with interruptions, the household work for the ADM provided the only opportunity during the pilot to explore to what extent servicing costs could steadily be brought down during the course of a sizeable production run.

It emerged from the household pilot that the servicing cost (including safe disposal off-site) on a sizeable production run could towards the end of the run be brought down to as low as approximately R1200 per toilet excluding VAT (2012 prices). This is an important finding.

The cost per toilet of the pilot was of course very much higher, for a variety of reasons. Some (only some) of these reasons are:

- The franchisor and the franchisees began the pilot with only limited (if any -- most of the franchisees had previously only worked on schools sanitation servicing) experience of servicing household toilets. Various methods of working were tried and developed, or discarded, constituting a learning process for franchisor and franchisees alike.
- Items of capital equipment were hired or purchased, and had to be paid for on this pilot, even though some were found to be of limited value for the types of toilet encountered.
- As the pilot progressed, and more cost-effective methods were found, the less cost-effective methods were discarded.
- A disposal site was found and fenced off, and the ground prepared.
- The number of toilets serviced (250) constituted a short run, and the per toilet cost of servicing under these circumstances cannot be compared with the per toilet cost when production runs are much longer.

The pilot's estimated average cost of servicing a toilet (R2000) was very much what should be expected, considering factors such as those listed above. However the marginal cost of each of the last few units came in at less than R1000. Thus the servicing cost under similar circumstances (e.g. access to pits, and pit contents; and allowing for site establishment costs, including recruitment and training of local labour) on a sizeable production run would be not much more than R1200 per toilet (2012 prices, and excluding VAT).

Even more important, the pilot highlighted the importance of variables as those listed immediately below on costs. It was found that:

- Methods of servicing (and hence costs) are highly dependent on the type of top structure and the type of pit and ease of access to it.
- Methods of servicing (and hence costs) are also highly dependent on the contents of the pit (for example, how much can be pumped out and how much has to be taken out by hand).
- Costs are highly dependent on continuity of work. Short production runs, carrying with them the need for teams to discover the most effective ways of working, and to build teamwork and routine, inevitably cost more than longer production runs. If the work in an area is interrupted for unexpected reasons, this also pushes up costs.
- Continuity of work also ensures most efficient usage of capital assets -- the more times each asset is used, the lower the amount that each toilet servicing must bear in order to pay for the capital assets.

- The cost of disposal of pit contents is a significant item. Disposal on-site is invariably by far the cheapest option. Off-site disposal may carry with it one or more of the following: cost of acquisition of site, cost of fencing, cost of site preparation, cost of security, cost of transport to and fro, and cost of standing time while the on-site team waits for the disposal site transport to return.

While none of the above list is unique to franchising partnerships, the list serves to underline the point that service providers, when pricing the service, have to be keenly aware of all of the above, because the cost of an effective service can vary between wide limits.

Finally, the list serves to reiterate:

- ***The crucial importance of continuity of work – for the financial viability of the franchise, and, to the direct benefit of the client, the ability of the franchise to hold costs down.***
- ***Which goes to emphasise the advantages, to client and franchise alike, of funding for maintenance year by year, allocated in the form of budgets which can be relied upon (e.g. they will not be reduced, with little warning), and of decision-making and procurement processes which enable those budgets to be spent on the maintenance intended.***

3.6.2. The need to develop a market and establish "market" prices

It is extremely important to note that the "market" in maintenance of infrastructure, particularly maintenance of small-scale water and sanitation infrastructure, and even more so in the rural districts, is not well developed in South Africa. The first reason for this is the limited extent, compared to the need, to which maintenance is budgeted for by owners of infrastructure (with a few exceptions). The second reason is that the majority of the work which is done is performed by in-house teams, with comparatively little being offered to the private sector. Not surprisingly, therefore, there are not that many private sector suppliers.

Thus an important objective of the research programme of WRC has from the outset²⁸ been to help establish this "market" (as that word is normally understood) for the outsourcing of the routine maintenance and also of operation of the water and sanitation infrastructure owned by public sector authorities. This help includes:

- assisting with the improvement and facilitation of procedures for the authorities to outsource the work, and
- improving delivery – in particular strengthening control of the quality of delivery.

Another difficulty with establishing "market" prices is that even something as straightforward as removing faecal sludge from pit latrines can be performed to different levels of quality. Some owners of infrastructure do not seem to grasp this, as demonstrated by their willingness sometimes to award contracts even when they (the owners) are aware they do not have the resources to check if the contractor undertakes the work to specified standards. The one result of this is that price differences between contractors might be:

²⁸ In other words, not just an objective of the Eastern Cape pilot, but an objective from the start of the research work on social franchising partnerships for operation and/or maintenance. And this is an objective which must continue beyond the pilot, until the market is strongly established and working efficiently.

- more the result of different interpretations of the specification, and variations (which can be significant) in quality of delivery,
- than they are of relative efficiencies of the contractors, keenness to get the work, and the other more usual causes of tender price differences.

Indeed, these different interpretations and variations can lead to the price offered by one service provider being two or even three times more than the price offered by another.

3.6.3. Price comparison

A comment on the prices which the DoE was charged during the course of the pilot, and whether these were in line with then current market prices, is appropriate at this point. Bearing in mind that, as noted in Section 5.2.2, a "market" for the services of the franchisees and any others offering an even broadly similar service has not truly been established.

Take a school with, typically, 10 toilets depositing into a pit which has to be emptied, the school is 50 km from the base of operations of the supplier, and the nearest approved disposal site is 50 km away in a different direction, and across rough roads.

To compare prices, one needs to focus on the desired outcome, and initially not look at methods. In this instance, the desired outcome is: pits emptied, toilets cleaned, and so on, and the contents disposed of in an environmentally safe way.

The Impilo Yabantu franchisee method is to empty the pit by hand or using a sludge pump, and to safely dispose of the contents on the school property in a pit dug for that purpose.

The WRC and CSIR are not aware of any other supplier (certainly not in the Eastern Cape) which either empties the pits by hand/sludge pump, or disposes of the contents on the school property.

Those with whom Impilo Yabantu's franchisees generally find themselves being compared to by clients operate differently. All those of which WRC and CSIR are aware use a vacuum tanker to empty the pit, whereafter the tanker travels to a disposal site (not necessarily an approved one). Because the typical pit contents can fill a tanker several times over, the tanker has to make several trips.

Prices are typically (2012) as follows²⁹:

Vacuum tanker (4 000 L capacity)

- Charges R2650 /day and R18 /km
- To travel 100 km to and from the school and then (5 trips needed to empty 20 000 L) 100 km return to and from the disposal site = R10,800
- Total: R13,450.

The Impilo Yabantu franchisee approach

²⁹ Section 3.5.2 stated that each order received by the franchisees during the pilot was typically between R2000 and R5000. The conditions varied significantly however, particularly in the number of toilets at each school, and their state.

- Charges R2650 for the 10 toilets and R550 for one return trip to the school and return to home base
- Disposal is on site so there is no cost of travel to disposal site
- Total: R3200.

However the operators of vacuum tanker services frequently quote prices considerably below those given above. WRC and CSIR suspect, although it cannot be proven conclusively, that they are saving cost through not disposing of the contents at the approved disposal site. And indeed the problem with any method which promises disposal off-site is that the quality of service delivery cannot be verified.

Therefore the franchisees have been providing a very competitive service. Not only on the grounds of price, but also in that:

- if their approach is followed, it can with little effort be verified by the school management that the pit contents are disposed of safely and in a way that is considerate of the environment; and
- labour-intensive measures are used, creating jobs and transferring skills to local people.

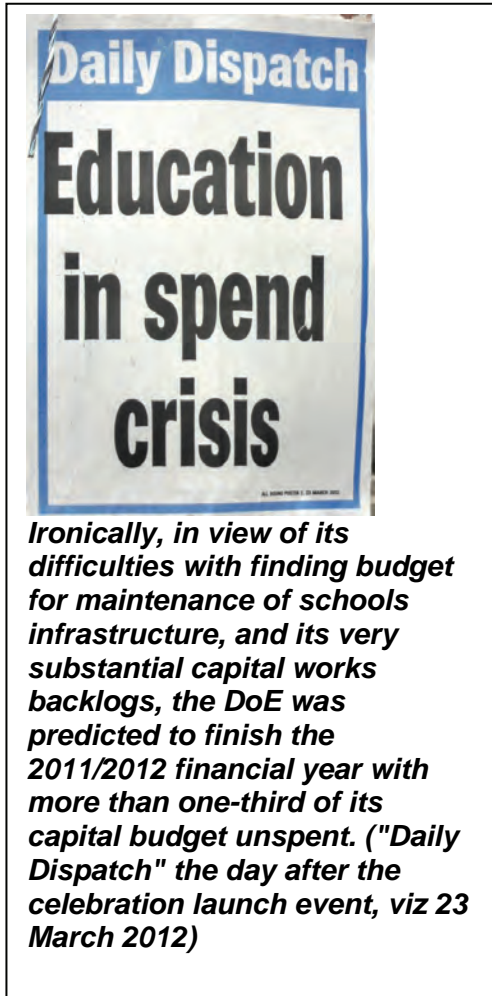
It must at this point again be emphasised that the franchisees can only offer these prices if the continuity of workload described in Section 5.2.1 is there.

3.7. The learning on payment for services

In terms of the MoU, four of the MoU partners have, as was agreed, carried all research and development costs (it was never intended that DoE could carry any part of these costs). DoE, for its part, undertook to pay in full and on time, according to pre-agreed standard tariffs, for the operation and maintenance services rendered. However, as described above, the DoE has in practice been extremely slow to pay, and Amanz'abantu has in effect bridge-financed the work of the franchisees. This is not the way it should be -- franchisees, being small businesses, must be paid within 30 days of tendering invoices. If they are not paid timeously, cash flow problems will drive them under.

In short: by far the most intractable difficulty, in carrying out the pilot, related to getting the DoE to pay for the services undertaken by the franchisees.

This is a severe threat to the sustainability of the social franchising partnership concept, when applied to the operation and/or maintenance of public sector infrastructure. If the owner of the infrastructure does not pay its bills, in full and on time, its contractors and suppliers will struggle financially. For small businesses, payments taking anything more than 30 days to arrive, especially if the client is responsible for a significant proportion of their workload, could well be their death sentence.



This threat is not peculiar to franchisee small businesses. All outsourcing by public sector bodies is jeopardised if those bodies do not pay according to contractual requirements -- everything else being equal, stand-alone microenterprises will go under first, followed by franchisee microenterprises, thereafter by larger businesses. Alternatively, the public sector bodies will find no takers when they try to outsource, or bidders will load their prices in order to cover themselves against the unknown.

As already mentioned in this report, one of the advantages of being a franchised small business is the likelihood that the franchisor will take up the cudgels on behalf of yourself and your fellow franchisees, and will represent your interests in this regard to the client. Another is the possibility that the franchisor could bridge finance your operation in anticipation that the client will eventually pay. Stand-alone small businesses do not have these advantages, and must cope with this threat of delayed payment as best they can.

On the other hand, if the franchisees cannot cover their costs, the franchisor will find it difficult to remain in business, and provide them with a service, for very long.

Even large businesses go under from time to time because their public sector clients do not pay in terms of the contract requirements. A case in point is the mid-sized civil engineering contractor Sanyati, which during July 2012 was forced into bankruptcy because its major public sector clients had, after several months, not paid the millions owed to it³⁰. ("Business Day" 2012)

Related to this is the budget hiccup of one sort or another that public sector departments seem to be prone to. A case in point is the embargo that was placed on payments to all suppliers of infrastructure-related services to the DoE during the second year of the pilot. (Because of over-expenditure in the previous financial year, and the measures taken by the provincial Treasury to recover some of that from the budgets for the new financial year.) This, as will be recalled, led to the franchisor

³⁰ "Malcolm Lobban, former CEO of soon-to-be-liquidated civil engineering and construction company Sanyati Holdings ... said that by the end of last May, Sanyati had an 18-month outstanding claim of R43m from the Free State roads department.....

The listed company, employing about 2500 permanent and temporary staff, has been forced out of business rescue over the nonpayment of contracts by departments in ... three provinces. ...

He said contractors had been reduced to fighting "tooth and nail" to get paid, including by "appealing to morality". ("Business Day" 2012)

withdrawing the franchisees until budget was once again in place, which of course meant that the franchisees did not receive income for many months. Discouraged, two of them dropped out.

Another problem is the time that it sometimes seems to take for budgets to be loaded at the beginning of each financial year. These are supposed to be loaded within the first week, whereafter suppliers can be paid. However it can take up to two months for this to happen – again a period during which suppliers (franchisees included) would not receive income. They could undertake work, in anticipation of being paid once the budgets are in place, but there is a risk associated with that.

How to resolve this? The one answer is that public sector departments have to be much better managed. That is a big topic that cannot be addressed in this report.

What advice, then, for franchises?

The glib answer is that they should choose their clients more carefully. They should only do work for those owners of infrastructure which have a better track record of payment.

The other way would be to attempt to structure the budgets, and in some way to ensure that the necessary budgets are ring-fenced well in advance of work being undertaken. It is in order to address this that the measures described in Section 7.2 (briefly, ring-fencing part of the schools' allocations, from the DoE, for maintenance of their infrastructure) have been proposed. This will not necessarily guarantee that the budgets will be intact and available, but it will greatly improve the chances that they will be. It will also not necessarily guarantee that payments for work done will be on time, but, again, it will greatly improve the chances of this. It is certainly worth a try and, if events go according to plan, it will be tried out over the course of the next three years.

To conclude: the importance of the interrelated issues of viability and costs was understood before the pilot was commenced. However the pilot has underlined that rolling out of the programme will sink or swim on financial viability -- and costs of undertaking the servicing, while not the main contributor, have a significant bearing on that.

All of this is crucial to any post-pilot phase. Rolling out the programme to further education districts in the Eastern Cape cannot be contemplated unless the DoE becomes a more reliable payer of its bills. This finding can be readily transposed outside the education sector -- owners of infrastructure must pay on time and in full for services rendered.

3.8. The learning on procurement

A problem, already touched on in Sections 5.1.5 and 5.2.2, which will soon need to be faced can be stated as follows:

- The big advantage claimed by the franchising approach is the quality and reliability of service that is built into the franchising business model.
- How can public sector owners of infrastructure, under great pressure to cut costs, and (by reputation) being more sensitive to lowest price in tenders than to quality, be persuaded that it is worth paying more for the higher quality and reliability, and that their specifications should set the bar high enough to

- require this quality and reliability?
- Whereas it is relatively easy to judge the quality of capital goods offered by tenderers, and to award contracts accordingly, it is more difficult to judge the "quality" and "reliability" that is promised will be provided over a, say, three-year period in the future, and to on that basis award a contract now.

There can be only one answer to this, and that is: the reputation of the quality/reliability providers, and of their way of working, must be built and reinforced, which of course will take time.

Owners of infrastructure will, it is trusted, come to realise that these providers are their allies in service delivery, which is not to say that the first of the quality providers in the field (e.g. Impilo Yabantu) should enjoy the monopoly on certain types of operation and maintenance work. Those who can offer the same quality and reliability should also get their chance at winning contracts – anything else would be anti-competitive, and a violation of the supply chain management regulations that bind the public sector.

The dangers are:

- the owners of infrastructure will be insensitive to quality and reliability, and will award operation and maintenance contracts on the basis of lowest price; and/or
- while the social franchising partnership way of working has earned a good reputation among the so-for small circle of clients and potential clients that have been exposed to it, there is a danger that the good name of franchising will be harmed, most likely by some less-competent contractors calling themselves franchises and, through ineptitude or unethical practice, delivering below-par service.

The pilot has come up with some ideas as to how the quality and reliability bar can, through the specifications, be set, and these will be tried out in the next phase of work for the DoE (described in Section 7.3).

How the good name of franchising can be protected from harm has yet to be explored. A proposal in this regard is made in Section 5.1.5, under the heading of "Comparing like service with like service".

3.9. Chapter 3 summary

Briefly, those areas of the pilot dealing with delivering a service, nurturing small business, and imparting skills, proved to be relatively easy to accomplish. Difficulties there were, but, with the will, they could be resolved – and they were.

On the other hand, the biggest obstacles were:

- about the client/owner;
- about comparing like service with like service.

Of these, the first is the more intractable, bound up as it is with the need to turn much of the public sector around, refocusing on service delivery, and performing its basic functions (including paying invoices for work completed and approved) more efficiently and with less delay.

From the piloting of water services franchising partnership in poor communities, it

has become clear that government has a major role to play in facilitating the micro-economic environment which will lead to the growth of business at the “bottom of the pyramid”. C K Prahalad identified this need to develop what he calls “an ecosystem for wealth creation” (Prahalad 2006). Whilst government should not be the active participant in this entrepreneurial activity, it can stimulate the activities by placing certain public service responsibilities into the hands of small businesses. By stimulating economic activity for small business in these poor and rural areas, the environment will become more conducive to value creation even beyond the provision of public services.

4. Conclusions

The franchising partnerships concept, as it has been applied in the Eastern Cape pilot, has been an unqualified success in terms of the quality and reliability of service delivered.

Apart from the business modelling, training and nurturing support, and other advantages inherent in the franchising partnership concept, the financial muscle of the franchise is a strength not to be underestimated. In the light of the inability of the DoE to reliably commit to on-time payment for services provided, it is thanks solely to the franchise arrangement that the franchisee microenterprises have survived. Standalone microenterprises without this kind of support would have gone out of business.

Significant achievements of the pilot project include:

- Water and sanitation facilities at 400 schools have been serviced.
- Six emergent franchisee micro-entrepreneurs have been established and supported.
- A training programme has been developed, consisting of formal training, on-site mentoring, regular get-togethers, report backs and sharing of experience, and ad hoc training.
- Operational methodologies for school and household situations have been developed.
- More than 20 sustainable jobs and more than 50 part-time informal employment opportunities have been created.
- A public-private partnership, supporting job creation and the establishment and nurturing of emergent micro-entrepreneurs, has been created.
- The concept of social franchising partnerships for the operation and/or maintenance of water services infrastructure has been shown to work successfully in two different situations (viz routine servicing of schools sanitation facilities and household facilities, both with VIP toilets).

Furthermore, the programme continues to establish and support locally-based small enterprises for the provision of appropriate and locally-based service solutions. It is creating jobs and entrepreneurial opportunities, and upskilling rural people through facilitating workplace learning, in addition to improving school sanitation facilities.

Not only has the work been done efficiently and effectively, but the social franchising system utilised has ensured quality and reliability of service, peer learning, skills transfer and health and safety training. In addition, the franchisees' employees are also empowered – they are mostly rural women who have not previously benefited from any kind of job-related training.

The learners (especially the girl learners) at the 400 schools, who now have access to clean and hygienic toilets, have benefited tremendously.

Whereas the primary objective of the Butterworth schools sanitation and water servicing pilot project was the development of a model which can be used for rolling out similar services to the rest of the more than 4000 rural schools across the Eastern Cape, undoubtedly **this objective has been achieved**. The state of the sanitation facilities at the pilot schools has improved so much that the DoE has requested for the programme to be rolled out to a further three education districts, totalling 1 000 schools, during the 2013/2014 financial year.

The success of the social franchising partnerships approach to the routine servicing of household toilets has been demonstrated by the pilot undertaken for ADM. Within a period of two months, the franchisees emptied more than 400 household VIPs and disposed of the contents to a designated safe area.

This service delivery success is being noticed by municipalities in the area that have responsibilities for water services facilities at household level, and it is therefore currently being explored how the franchise can provide services to these municipalities.

The earlier (prior to the pilots) studies (Wall, 2005; WRC 2010) by the team analysed the water services delivery value chain, and identified 40-something types of opportunities for microbusinesses. The time is now ripe for the social franchising partnerships concept to expand beyond its current comfort zone of routine servicing of low-technology water and sanitation infrastructure in rural areas. **The concept needs to be developed further, so that it can move up the technology ladder, expanding its range of competencies beyond its current comfort zone.**

Finally, it is important to note that the social franchising partnerships for water services infrastructure operation and maintenance concept addresses the requirements of many of South Africa's national goals, particularly:

- **job creation** -- and it creates them **at the lowest levels of the pyramid**, where joblessness is highest and possession of workplace skills is lowest;
- **transfer of workplace skills**;
- **microenterprise creation and nurturing**;
- **broad-based black economic empowerment**; and
- last but not most important of all, **infrastructure and service delivery**, through infrastructure maintenance activities that increase the quality and reliability of services, and the availability and utility of infrastructure.

5. The way forward

5.1. Chapter 3 introduction

This report describes a pilot of a collaborative social partnership concept which uses franchising-like principles for greatly improved operation and/or maintenance of infrastructure, together with job creation and transfer of workplace skills at the bottom of the pyramid.

The WRC and its partners have over the years developed an institutional alternative for collaboration with public sector institutions (such as municipalities) for the operation and/or maintenance of their built infrastructure. This concept has now, with

the assistance of funding from Irish Aid, been demonstrated, with great success, on rural and peri-urban schools and household water and sanitation facilities in the Eastern Cape.

Many opportunities lie in applying the same approach to other operation and/or maintenance activities within the water and sanitation services delivery chain. The time is now ripe to further develop the concept so that it can move up the technology ladder, expanding its range of competencies beyond its current comfort zone.

The concept has considerable potential to address national skills- and delivery-related challenges.

5.2. The benefits

Franchising incentivises a professional approach to business on the part of microentrepreneurs. Many subsidised programmes have been seen to have limited success that does not last beyond the periods of financial support and are not scalable models (Bramley and Breslin, 2010) “Professionalizing” these services not only creates job opportunities and encourages small business ventures to move into this sector, but it gives individuals a reason to take pride in having a career in sanitation that may have the stigma of being undignified and unrewarded. Instead of entering into a partnership with people who simply leave if alternative employment is offered, the contract between franchisee and franchisor provides a more stable relationship to ensure that the work commissioned by the customer is completed in a set time frame to an expected level of quality.

This redevelopment of the relationship between the user, customer and service provider encourages an ongoing association and provision of service. It transforms a social service into an established business that is guaranteed through the support of the franchise arrangement. The driving force behind this is the franchisees’ ambition to succeed, as they have a clear incentive to make an income and run and grow their own business.

The franchising partnership model addresses one of the more neglected areas of service provision, viz. the ongoing operation and maintenance of infrastructure. A continuity of service can be ensured through the investment in and development of the franchisees.

5.3. The potential in South Africa

Year after year, the operation and maintenance of too much of South Africa’s water services infrastructure has been found to not comply with the required standards. Breakdown of service delivery is too often the result of this.

The WRC has undertaken studies of selected institutional options that could assist in the improvement of operation and maintenance. This research postulated that franchising-like partnership models, developed in the private sector for providing a wide range of services, could be adapted, and the resultant collaborative social franchising partnership model could be a valuable and viable addition to the current range of institutional models for the operation and maintenance of public sector sanitation and water services infrastructure. It utilises the strength of the franchising

approach, but without any profiteering.

The franchising partnerships concept, as it has been applied in the Eastern Cape pilot, has been an unqualified success in terms of the quality and reliability of service delivered. However, that the franchisees have survived financially is however entirely due to the backing of Amanz' abantu. The lengthy delays in reaching agreement with the clients/owners of infrastructure, the DoE in particular, and then the even lengthier delays in receiving payment for the work done, would have driven any small business under. This issue, viz the too-frequent inability of many public sector clients (the Eastern Cape DoE is not alone in this) to pay service providers on time for the work they have done, has got to be addressed. Without it having been addressed, no programme of outsourcing to small service providers (franchises or not) can be financially sustainable.

The primary objective of the Butterworth schools sanitation and water servicing pilot project was the development of a model which can be used for rolling out similar services to the rest of the more than 4000 rural schools across the Eastern Cape. This objective has been achieved.

There is now a need to extend the social franchising partnership approach, applying it to the routine operation and/or maintenance of other water and/or sanitation services infrastructure -- indeed, also extending it to other elements of public sector infrastructure, including electricity and public buildings.

Many opportunities lie in applying the same principles to other suitable operation and/or maintenance tasks within the water and sanitation services delivery chain -- that is, of readily systematised repetitive operation and maintenance activities.

Expanding outside of the schools environment, the tasks for local government, for example, could include servicing of household level sanitation, solid waste management, and water loss management. Several Eastern Cape municipalities have indicated their interest in franchised service providers undertaking water and sanitation servicing in dense informal settlement areas and communities living on the rural fringe, as well as solid waste collection and recycling and/or disposal -- to give only two examples. A pilot pit-emptying of 400 household toilets for the Amathole District Municipality has already been successfully completed by the Impilo Yabantu franchise.

The earlier (prior to the pilots) studies (Wall, 2005; WRC 2010) by the team analysed the water services delivery value chain, and identified 40-something types of opportunities for microbusinesses. The time is now ripe for the social franchising partnerships concept to expand beyond its current comfort zone of routine servicing of low-technology water and sanitation infrastructure in rural areas. **The concept needs to be developed further, so that it can move up the technology ladder, expanding its range of competencies beyond its current comfort zone.**

Annexure E discusses the generic requirements and criteria for social franchising partnerships -- that is, the ingredients that must always be present, irrespective of the situation. Without these ingredients, and without them fulfilling certain minimum criteria, social franchising partnerships for the operation and/or maintenance of water services infrastructure will not likely get off the ground, let alone succeed in the long term.

Annexure F is the research team's prognosis for social franchising partnerships to

undertake the operation and maintenance of water and sanitation (and other) infrastructure in South Africa.

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- WRC 1610/1/10: "Overview of the concept of franchising and its relevance to water services".
- WRC 1610/2/10: "Review of policy, regulation and legal aspects".
- WRC 1610/3/10: "Modelling of selected water services operational elements".
- WRC 1610/4/10: "Institutional review for the application of franchising".
- WRC 1610/5/10: "Establishing criteria for the selection of water service franchisors, partnerships and franchisees".
- WRC 1610/6/10: "Business analysis case study: schools sanitation O&M".
- WRC TT432/09 (1610): "“Going with the franchising flow”: An exploration of franchising partnerships for the operation and maintenance of water services infrastructure".

Annexures

Annexure A: Franchisees' description of the work, and of the condition in which they found the toilets

Daily Dispatch, Friday, March 23, 2012

Hygienic loos at last for 400 schools

By VUVU VENA

FOR the first time, 400 schools in the Butterworth education district have access to clean and hygienic toilets.

World Water Day, celebrated yesterday, marked the completion of a three-year sanitation and water pilot project by the Water Research Commission, in partnership with Irish Aid, Impilo Yabantu Services, the Council for Scientific and Industrial Research (CSIR) and the Eastern Cape department of education.

Through the project, six franchisee micro-entrepreneurs were established and they now service water and sanitation facilities at all schools in the area.

Water services franchiser Impilo Yabantu's Nocawe Luphuwana said the situation in most of the rural and township schools had been dire before they intervened. Impilo Yabantu builds toilets and services existing structures. For this project, the franchiser dealt only with pit toilets.

Luphuwana said they provided the schools with two services. One was cleaning the structures that already existed and teaching pupils and educators about cleanliness and hygiene. The other service involved sucking the "black water" that fills up some of the toilets, making them unusable.

When toilets become unusable, the franchiser provides schools with a maximum of five "emergency ventilated improved" pit toilets, at no cost to schools. Impilo Yabantu then submits an assessment form to the department which recommends a need for new structures where necessary.

Luphuwana's colleague, Gary

Sixaso, recalled a school in Cennane where there had been no toilets before the emergency pit toilets were erected.

"One of the teachers who used to study at the school, and now teaches there, said it was the first time she'd ever seen toilets being built in that school. In previous years, they used to ask to use the toilets in their neighbours' yards," he said.

Luphuwana said in some villages they found that people did not even know how to use the structures, even though they were right there.

"You'd find that they chose to relieve themselves on the floor because that's what they were used to from using the bushes. We then have to teach them how to use the toilets properly."

Sixaso said most of the structures assessed were made of corrugated iron and were at risk of collapsing at any time.

Luphuwana said that due to the project's success, the Amathole district municipality (ADM), made up mainly of rural and township areas, has requested that they service toilets in households within ADM.

In a period of two months the franchiser has emptied 250 toilets and is set to tackle another 160. More than 25 sustainable jobs were created through this project, with the social franchising model ensuring peer learning and skills transfer to the community.

Kevin Wall, senior researcher at the CSIR, said: "The learners at the 400 schools have benefited tremendously, especially the girl learners, who now have access to private, clean and hygienic toilets." — vuyiswav@dispatch.co.za

Annexure B: Provision of new sanitation facilities

45 schools received five new toilets each (usually two for boys, two for girls and one for teachers).

- 27 of these schools received the toilets because the existing structures were beyond repair.
- 10 of these schools received the toilets because they did not have any toilets (!).
- Eight schools received the toilets because they were deemed to have an insufficient number of toilets.

If toilets could be cleaned, even if only with the greatest difficulty, they were, in preference to supplying new toilets.

Certain repairs and replacements were undertaken to the infrastructure for rainwater harvesting. For example:

- for many schools which had previously water tanks (and thus already have tank stands), but the tanks have broken or have disappeared, putting in one or two 2500 L JoJo tanks per school.

Hardware suppliers or their delivery contractors delivered the tanks and toilets to the schools. The franchisees then installed the tanks/toilets -- whichever appropriate to each school. They did not build stands for the tanks. Even though a significant number of schools did not have either tanks or tank stands, the DoE decided to at this stage pass over those schools that did not have stands.

To illustrate the kind of work involved, the next four photographs were taken at one school, deep in rural Transkei, during January 2012.



(Left) A single toilet served the whole school.

(Right) No provision was made for trash. Furthermore, the largest pile of trash seemed at this school to consist of school books, including guidebooks for learners and teachers. Papers were dumped on the grass, and left to blow in the wind.




Franchisee Gary Sixaso's brother (in slouch hat, photograph left) supervising his brother's team digging holes for toilets.



Brand-new toilets, installed by the franchisees, at two other schools.

Annexure C: Franchisee training course

	WORK INSTRUCTION			
	Impilo Yabantu – Franchisee Training Course			
	Date Approved	12 May 2009	Reference No.	WI 025
	Originator	W. Birkholtz		
	Approved By	O Ive		
	Revision No.	000	Page	53 of 97

Abbreviations ADM -- Amathole District Municipality; SP – Service Provider (franchisee or Amanz’ abantu); PPE – Personal Protective Equipment; SWP – Safe Working Procedure.

Training of the franchisees covered the topics set out below through a range of experts in each topic. Those selected for the training were nominated from the Department of Education (DoE) supply database, of which 45 were interviewed and reduced to 20 for secondary interviews. From these 10 were selected to attend the training. The training was coordinated by Otto Delihlazo from Amanz’ abantu Services.

Overview of Project

After a brief welcome, the speaker delivered an overview of franchising. He covered the aims and objectives of the programme so that all the trainee franchisees had an understanding of what the programme intended to achieve.

Contractual and Legal

This session, conducted by an attorney, explained the contractual obligations of the franchisees. The attorney explained that franchisees were not employees of Impilo Yabantu, but trainee franchisees and sub-contractors used by Impilo Yabantu and would trade as such. He clarified the legal expectations from franchisees. At the end there was a Q & A session which also explained the difference between a CC, small enterprise and private company.

First Aid

A one day accredited first aid course focused on basic first aid relevant to the work to be carried out by franchisees. The areas covered included; CPR, breaks and sprains, slips trips and falls, bleeding and bandaging, and lifting and carrying.

Banking

This session was designed to explain to franchisees about personal finance and any potential assistance banks might be able to offer. It was suggested to franchisees that they use the same bank as they would have access to greater financial assistance as a collective, however this was a decision only the franchisees could make and so was left with them to consider.

Health and Hygiene

The speaker explained about good health and hygiene practices and why they are important. He explained the expectation for the standards that franchisees should work to. These sessions were based on the Amanz abantu health and hygiene booklet that covers; The importance of water, personal hygiene, household hygiene and community hygiene.

The trainee franchisees were then taught how to educate principals, teachers and learners on hygiene practices using the booklet.

Scope of Work

This session explained what was required of franchisees and how it should be done. The scope of work for the franchisees consists of the following tasks:

- Clean the area within the ablution facility
- Empty the excess liquid in the pit area
- Remove the 'foreign' material in the pit area
- Ensure that information posters are present
- Educate SGB , teachers and pupils
- Do minor repairs when necessary
- Do necessary conversions where needed* (Conversions will be done after consultations with DoE officials)

The session covered what to do at the school and what Impilo Yabantu would and wouldn't provide in relation to materials and support. Photographs were shown illustrating what franchisees should expect when they get to the schools and how to carry out servicing. Specialist equipment was demonstrated, and inventories provided of equipment provided by Impilo Yabantu.

Franchisees were told that their initial work was intended to build up partnerships and so they were expected to invest in a long term commitment to the project. It was made clear that the franchisees were expected to work with their teams and not just manage them – they had to be on site at all times.

Assessments

The assessment process was explained and what information was needed. The process of contacting schools and what information to gather during assessments and servicing was explained in detail. The speaker went through the assessment forms question by question to clarify that all understood what was required. He explained

that detailed before and after photos were needed to support invoices, as well as recording for future use any repairs that may be needed at each site.

Quality Controls

This session explained the importance of Quality Control and how the franchise approach relies on the quality of the work carried out. The speaker explained how this applied to the franchisees in carrying out services and the level of work expected from them. He explained that as the franchisor Impilo Yabantu would carry out checks on their work to ensure they met minimum standards and the control plan and systems were working.

It was explained that the QMS was a working document and that it would change as the programme progressed and Impilo Yabantu learnt more about the nature of the work and how the franchisees operated. It was explained that the documents was based on Amanz abantu's QMS but that this did not cover experience of this type of work, and how it is important that the document adapts to the specific methods of operation and work involved in operation and maintenance.

Operational Health and Safety (OHS)

Throughout the day four sessions covering the OHS plan were delivered, detailing the OHS plan that had been developed and the franchisees responsibility to adhere to it for both themselves and their staff. This session included how to secure the area being worked on, health and safety considerations for staff, proper use of tools, handling material, Personal Protective Equipment (PPE), accident reporting and daily safety talks for staff. At the end of the day franchisees were tested on what they had learnt and issued certificates to show they had successfully completed the OHS training.

Site visit

On the last day of the training course the trainees were taken to nine schools so they could understand what to expect. Each school was different and demonstrated the spectrum of facilities they could expect. The schools visited covered all age ranges from pre-primary through to high school.

This visit gave the franchisees the opportunity to interact with principles and try to understand how facilities have reached such a state of disrepair. They could ask about funding issues, government support and the schools personal priorities and why sanitation had been neglected. They were able to discuss the SA schools act and how this affected school budgets for the maintenance of facilities and understand how the programme would change the school experience to thousands of learners.

The Impilo Yabantu team then assisted with a demonstration of how to service toilets for the franchisees to see and fully understand the work involved.

Questions


During this last session franchisees had the opportunity to ask questions of all the trainers. These largely centred on the income they could expect to earn and what their

long term commitment to the project would be. After answering all questions a meeting was arranged to issue equipment.

Closing

Everyone was thanked for their attendance and contributions. The training course was then ended with a preview of what it would be like for the franchisees when they started work on site.

Annexure D: Operational methodologies

	WORK INSTRUCTION			
	Impilo Yabantu – Operations Manual			
	Date Approved	12 February 2012	Reference No.	WI 025
	Originator	W. Birkholtz		
	Approved By	O Ive		
Revision No.	000	Page	57 of 18	

Abbreviations ADM -- Amathole District Municipality; SP – Service Provider (franchisee or Amanz' abantu); PPE – Personal Protective Equipment; SWP – Safe Working Procedure.

In this document can be found the franchisees' operations manuals for:

- ***schools***
- ***generic household service***
- ***Govan Mbeki Village***
- ***moving top structures with Impilo Yabantu tools.***

FRANCHISEES' OPERATIONS MANUAL FOR SCHOOLS

School “A” service

Contact School

Contact the school to introduce yourself and when you intend to start work.

Introduction

On arrival, present your accreditation and explain the project and what a service A will involve. The Franchisees / Service Provider will go to the Principal and explain:

- Who they are and why they are there
- What they will be doing to the toilets
- How long the work will take
- That the learners and staff will not be able to use the toilet while they are working on it.

Also discuss the payment method and what you need from the Principal.

Operational tasks:

Assess

The Franchisee must:

- Assess the toilets
- Look at the access to the toilet and decide if the vehicle can be brought closer to the toilet
- How many toilets seats are there, how many urinals?
- Are the toilet superstructures in a good condition?
- What are the walls, doors, roof and floor made of, what condition are they in?
- What type of Pedestal is there, is the pedestal in good condition?
- Are there vent pipes, are there flies do the toilets smell?

Assess the Pits

- How many pits are there, how many seats per pit?
- What is the dimension of the pit, how is it accessed?
- What depth is the liquid/sludge?
- What is the majority of the contents; liquid/sludge/solid waste?

Detailed photographs need to be taken to document all assessments

Approval

Explain to the principal the scope of work to be carried out, based on the assessment conducted. The Principal needs to accept the Service A. Get the Principal to sign the agreement form, accepting that this work will be done in their school.

Operational Plan

Develop a plan of action, what work is to be carried out on this visit for the Service A. This should include; washing pans, disinfect area, remove solid waste, and education of learners. This should be a specific plan for the school you are at and should take into consideration where solid waste can be disposed of and access routes.

Issue Equipment

Ensure all personnel have Personal Protection Equipment (PPE), know how to use it and wear it at all times during servicing. All employees should wear overalls, gum boots, gloves, facemasks and protective eyewear at all times.

Explain how Equipment works

Deliver Tool box safety talk before work starts. The guidelines for these can be found in the Health and Safety manual, topics include; how to behave onsite, safe operation of equipment and general site rules.

Delegate

Delegate tasks for the team based on your assessment of the facilities, make sure everyone understands what they should be doing. Make it clear who will be cleaning the toilets, who will empty the pits, who does the heavy lifting and how.

Start Servicing

Secure Area

Use perimeter tape to section off the work area. It is easier to work in an area free of trip hazards and obstacles. The franchisee should clean up around the toilet area where they are going to work.

Clean the toilets

Remove solid waste

- Clean toilet pans using washing liquid
- scrub pans and walls
- Sanitize area once toilets have been washed with disinfectant

Disposal of solid waste

If solid waste has been removed from the toilets or surrounding area it should be buried in a waste pit. This should be located away from learners, teachers and animals. This is normally the furthest corner of the school grounds away from the school. A pit 1.5m x 1.5m should be dug to a depth of 1.5m (water table permitting). Once all the waste has been placed inside it should be covered and marked with a 'No Entry' sign. The principle should be informed of the importance of keeping learners away from the area.

Inspect Pit area

Check all liquid and waste has been covered and disposed of away from learners and staff. Any solid waste removed needs to be safely buried and covered away from people, clearly marked and sectioned off. Ensure that in the process of cleaning no area has been exposed or missed.

Tidy Up Area

Close waste pits and remove barrier tape, return the area to how it was found. Load ALL your tools and equipment into the vehicle and clean up any mess that you have made.

It is important to photograph all work done, both before and after the work has been carried out. This is part of the assessment form used by Impilo Yabantu to ensure the level of the work carried out.

Hand over and educate

Hand over toilets to principal. Show them what was done. Then educate pupils and teachers on health and hygiene issues and how to use their toilets properly. Remember to leave the Health and Hygiene book with the school for reference.

Administration

The Principal needs to sign the quotation form and stamp it with their stamp. This then needs to be returned to the Impilo Yabantu office.

Invoice

Present invoice for payment for Service depending on the type of school or the service agreement.

Next Visit

Agree on next visit / work required

Contract administration

Return photographs to Impilo Yabantu, return assessment form with requisition to Impilo Yabantu

School “B” service

Contact School

Contact the school to introduce yourself and when you intend to start work.

Introduction

On arrival, present your accreditation and explain the project and what a service B will involve. The Franchisees / Service Provider will go to the Principal and explain:

- Who they are and why they are there
- What they will be doing to the toilets
- How long the work will take
- That the learners and staff will not be able to use the toilet while they are working on it.

Also discuss the payment method and what you need from the Principal.

Operational tasks

Assess

The Franchisee must:

Assess the toilets

- Look at the access to the toilet and decide if the vehicle can be brought closer to the toilet
- How many toilets seats are there, how many urinals?
- Are the toilet superstructures in a good condition?
- What are the walls, doors, roof and floor made of, what condition are they in?
- What type of Pedestal is there, is the pedestal in good condition?
- Are there vent pipes, are there flies do the toilets smell?

Assess the Pits

- How many pits are there, how many seats per pit?
- What is the dimension of the pit, how is it accessed?
- What depth is the liquid/sludge?
- What is the majority of the contents; liquid/sludge/solid waste?

Detailed photographs need to be taken to document all assessments

Approval

Explain to the principal the scope of work to be carried out, based on the assessment conducted. The Principal needs to accept the Service B. Get the Principal to sign the agreement form where they accept that this work will be done in their school.

Operational Plan

Develop a plan of action, what work is to be carried out on this visit for the Service B. This should include; washing pans, disinfect area, remove solid waste, emptying of pits, safe disposal of sludge and education of learners. This should be a specific plan for the school you are at and should take into consideration where solid waste can be disposed of and access routes.

Issue Equipment

Ensure all personnel have Personal Protection Equipment (PPE), know how to use it and wear it at all times during servicing. All employees should wear overalls, gum boots, gloves, facemasks and protective eyewear at all times.

Explain how Equipment works

Deliver Tool box safety talk before work starts. The guidelines for these can be found in the Health and Safety manual, topics include; how to behave onsite, safe operation of equipment and general site rules.

Delegate

Delegate tasks for the team based on your assessment of the facilities, make sure everyone understands what they should be doing. Make it clear who will be cleaning the toilets, who will empty the pits, who does the heavy lifting and how.

Start Servicing

Secure Area

Use perimeter tape to section off the work area. It is easier to work in an area free of trip hazards and obstacles. The franchisee should clean up around the toilet area where they are going to work.

Clean the toilets

- Remove solid waste
- Clean toilet pans using washing liquid
- scrub pans and walls
- Sanitize area once toilets have been washed with disinfectant

Pumping and disposal of sludge from pits

Clear and mark the area dedicated to the disposal of the sludge, fence it off with danger tape and dig a trench to along one side to ensure runoff is kept to a minimum. Set up the sludge pump and the inlet/outlet pipes. One person should always be holding the inlet pipe, another holding the outlet pipe over the prepared area.

Prime the pump with water and place the inlet pipe into the pit. During pumping the

inlet pipe should be moved up and down to stop it clogging and to move beyond blockages. The outlet pipe should be moved around the prepared area to ensure an even spread of sludge.

When pumping is finished, tidy pipes away and cover the disposal area and any spillages with lime. Clean the facilities as with an A service.

Disposal of solid waste

Solid waste from the toilets or surrounding area it should be buried in a waste pit. This should be located away from learners, teachers and animals. This is normally the furthest corner of the school grounds away from the school. A pit 1.5m x 1.5m should be dug to a depth of 1.5m (water table permitting). Once all the waste has been placed inside it should be covered and marked with a 'No Entry' sign. The principle should be informed of the importance of keeping learners away from the area.

Inspect Pit area

Check all liquid and waste has been covered and disposed of away from learners and staff. Any solid waste removed needs to be safely buried and covered away from people, clearly marked and sectioned off. Ensure that in the process of cleaning no area has been exposed or missed.

Tidy Up Area

Close waste pits and remove barrier tape, return the area to how it was found. Load ALL your tools and equipment into the vehicle and clean up any mess that you have made.

It is important to photograph all work done, both before and after the work has been carried out. This is part of the assessment form used by Impilo Yabantu to ensure the level of the work carried out.

Hand over and educate

Hand over toilets to principal. Show them what was done. Then educate pupils and teachers on health and hygiene issues and how to use their toilets properly. Remember to leave the Health and Hygiene book with the school for reference.

Administration

The Principal needs to sign the quotation form and stamp it with their stamp. This then needs to be returned to the Impilo Yabantu office.

Invoice

Present invoice for payment for Service depending on the type of school or the service agreement.

Next Visit

Agree on next visit / work required

Contract administration

Return photographs to Impilo Yabantu, return assessment form with requisition to Impilo Yabantu

FRANCHISEES' OPERATIONS MANUAL FOR GENERIC HOUSEHOLD SERVICE

Contact home owner

Contact the home owner to introduce yourself and when you intend to start work.

Introduction

On arrival, present your accreditation and explain the project and what a service will involve. The Franchisees will go to the home owner and explain:

- Who they are and why they are there
- What they will be doing to the toilets
- How long the work will take
- That the householder and other members of the family will not be able to use the toilet while they are working on it.

Approval

The home owner needs to accept the service. Get the home owner to sign the agreement form where they accept that this work will be done in their home.

Scope of Work

Explain to home owner work that will be done

Operational tasks

Assess

The Service Provider must:

- Look at the access to the toilet and decide if the vehicle can be brought closer to the toilet
- Are the toilet superstructures in a good condition?
- What are the walls, doors, roof and floor made of, what condition are they in?
- What type of pedestal is there, is the pedestal in good condition?
- Are there vent pipes, are there flies do the toilets smell?

Assess the Pits

- What is the dimension of the pit, how is it accessed?
- What depth is the liquid/sludge?
- What is the majority of the contents; liquid/sludge/solid waste?

Detailed photographs need to be taken to document all assessments

Operational Plan

Having located the access panel to the pit, clear a path to the latrine and make sure all trip hazards have been removed. Ensure tools are kept in a tidy manner to reduce

hazards. When removing waste by hand, make sure the pit area does not become congested with people.

Using buckets remove the sludge and inorganic material to drums. Once the drums are full move them on the trolley to the road where they can be lifted on to a bakkie to be taken to the disposal area.

The inside of the toilet top-structure and toilet pedestal should be cleaned using disinfectant. Lime should be place over any spillages.

Load and secure the drums onto the truck to be taken to the disposal area once the home owner has approved the work done.

Issue Equipment

Ensure all personnel have Personal Protection Equipment (PPE), know how to use it, and wear it at all times during servicing.

Explain how Equipment works

Deliver Tool box safety talk

Delegate

Delegate tasks for team, make sure everyone understands what they should be doing.

Start Servicing

Secure Area

Use perimeter tape to section off the work area. It is easier to work in an area free of trip hazards and obstacles. The franchisee should clean up around the toilet area where they are going to work.

Inspect Pit area

Check all liquid and waste has been covered and disposed of away from households.

Tidy Up Area

Remove barrier tape, return the area to how it was found. Load ALL your tools and equipment into the vehicle and clean up any mess that you have made.

Hand over

Hand over toilets to home owner

Administration

Home owner to sign assessment documents

Disposal of pit content

Once the waste is secured into the drums, get the vehicle into position ready to place the drums in. Set up the lifting gantry ensuring it is on a level surface and that the drum is placed centrally to the hook. Only lift the drum when you are ready to move it onto the truck. Once the truck is loaded (do not overload the vehicle as this could damage it and cause injury) drive the drums to the disposal area.

Management of trench disposal area

The disposal area should be fenced with a single controlled access gate. Once the disposal trenches have been dug start by emptying into the trench furthest from the access gate. Ensure PPE is worn at all times during disposal. Back the truck up to the edge of the trench and pour the waste into the trench.

The disposal site should have two full time workers responsible for raking away inorganic waste and burying it into a pit. Once the trenches are full these workers will cover over the trenches, to prevent the disposal area becoming a health hazard.

Contract administration

Return photographs to Impilo Yabantu, Return assessment form with requisition to Impilo Yabantu

FRANCHISEES' OPERATIONS MANUAL FOR GOVAN MBEKI VILLAGE

It is important to introduce yourself to the homeowner so that they are aware you are carrying out work on their property. If the home owner is present introduce yourself and explain what work is intended to be carried out.

Introduction

On arrival, present your accreditation and explain the project and what a service will involve. The Trainee Franchisees will go to the home owner and explain:

- Who they are and why they are there
- What they will be doing to the toilets
- How long the work will take
- That the householder and other members of the family will not be able to use the toilet while they are working on it.

Approval

The home owner needs to accept the service.

Scope of Work

Explain to home owner work that will be done, that the toilet will be emptied and cleaned.

Operational tasks

Assess

The Service Provider must:

- Look at the access to the toilet and decide if the vehicle can be brought closer to the toilet
- Are the toilet superstructures in a good condition?
- What are the walls, doors, roof and floor made of, what condition are they in?
- What type of Pedestal is there, is the pedestal in good condition?
- Are there vent pipes, are there flies do the toilets smell?

Assess the Pits

- What is the dimension of the pit, how is it accessed?
- What depth is the liquid/sludge?
- What is the majority of the contents; liquid/sludge/solid waste?

Detailed photographs both before and after need to be taken to document all assessments

Issue Equipment

Ensure all personnel have Personal Protection Equipment (PPE), know how to use it and wear it at all times while working. Keep records of those using PPE, if anyone is not wearing the correct PPE as it is designed to be used, they should be removed immediately from site until they are properly attired.

Explain how Equipment works

Deliver Tool box safety talk at the start of each day to all workers, record this on a register.

Delegate

Delegate tasks for the team, make sure everyone understands what they should be doing and how.

Start Servicing

Secure Area

Use perimeter tape to section off the work area. It is easier to work in an area free of trip hazards and obstacles. The franchisee should clean up around the toilet area where they are going to work. This may involve cutting back grass, clearing debris and rubbish.

Emptying the Pit

Remove the contents of the pits using tools provided (long handled spades, buckets on rope, rakes) to remove the contents into the drums.

The inside of the toilet top-structure and toilet pedestal should be cleaned. Ensure the area around the toilet is cleaned up and lime placed over any areas where sludge from the pit has fallen.

Operational Plan for lifting the Concrete toilets in Govan Mbeki (if required)

Decide which direction is the easiest way to move the structure, remembering that you are going to put the sludge into drums and the drums will have to be removed from the yard.

Clean up around the toilet and remove any rubble or bushes that may be in your way. Prepare the area that the top structure will be moved to and ensure it is flat and sectioned off.

Reverse the truck up to the unit to be emptied, and then attach the lifting tool to the top structure using the holes on the outside of the unit.

Ensure the area is clear of all public and that it has been taped off. Lift the top structure, making sure none stands underneath the unit at any point while it is being

lifted. Lift the unit and guide it onto the prepared, flat, area. Once the top structure is safely put down, remove the pedestal and empty the contents of the pits into the drums provided and seal the drums. Clean the pit and pedestal and replace it. Then carefully move the top structure back onto the unit and secure it in place. Once completed, the pedestal should be made secure over the hole in the base slab. (See “Lifting Rocla toilets in Govan Mbeki Village”.)

The inside of the toilet top-structure and toilet pedestal should be cleaned using disinfectant. Lime should be place over any spillages.

Load the secure the drums onto the truck to be taken to the disposal area once the home owner has approved the work done.

Empty the pit using Sludge pumps

Tidy Up Area

Remove barrier tape, return the area to how it was found. Load ALL your tools and equipment into the vehicle and clean up any mess that you have made.

Hand over

Hand over toilets to home owner

Administration

Home owner to sign assessment documents

Disposal of pit content

Once the waste is secured into the drums, get the vehicle into position ready to place the drums in. Set up the lifting gantry ensuring it is on a level surface and that the drum is placed centrally to the hook. Only lift the drum when you are ready to move it onto the truck. Once the truck is loaded (do not overload the vehicle as this could damage it and cause injury) drive the drums to the disposal area.

Management of trench disposal area

The disposal area should be fenced with a single controlled access gate. Once the disposal trenches have been dug start by emptying into the trench furthest from the access gate. Ensure PPE is worn at all times during disposal. Back the truck up to the edge of the trench and pour the waste into the trench.

The disposal site should have two full time workers responsible for raking away inorganic waste and burying it into a pit. Once the trenches are full these workers will cover over the trenches, to prevent the disposal area becoming a health hazard.

Disposing into the Waste Treatment plant

For this location permission has been granted to dispose directly into the Waste Water

Treatment Plant (WWTP) nearby. For disposal of the sludge collected into the tractor mounted trailer place a pipe over the outlet pipe on the tank and put in into the manhole located just inside the WWTP, allow the sludge to flow into this manhole only.

Inspect Pit area

Check all liquid and waste has been covered and disposed of away from the households. Any areas where sludge has fallen should be covered in lime.

Contract administration

Return photographs to Impilo Yabantu, along with assessment forms and any requisitions needed.

FRANCHISEES' OPERATIONS MANUAL FOR MOVING TOP STRUCTURES WITH IMPILO YABANTU TOOLS

It is important to introduce yourself to the homeowner so that they are aware you are carrying out work on their property. If the home owner is present introduce yourself and explain what work is intended to be carried out.

Introduction

On arrival, present your accreditation and explain the project and what a service will involve. The Trainee Franchisees will go to the home owner and explain:

- Who they are and why they are there
- What they will be doing to the toilets
- How long the work will take
- That the householder and other members of the family will not be able to use the toilet while they are working on it.

Approval

The home owner needs to accept the service.

Scope of Work

Explain to home owner work that will be done, that the toilet will be emptied and cleaned.

Operational tasks

Assess

The Service Provider must:

- Look at the access to the toilet and decide if the vehicle can be brought closer to the toilet
- Are the toilet superstructures in a good condition?
- What are the walls, doors, roof and floor made of, what condition are they in?
- What type of Pedestal is there, is the pedestal in good condition?
- Are there vent pipes, are there flies, do the toilets smell?

Assess the Pits

- What is the dimension of the pit, how is it accessed?
- What depth is the liquid/sludge?
- What is the majority of the contents; liquid/sludge/solid waste?

Detailed photographs both before and after need to be taken to document all assessments

Issue Equipment

Ensure all personnel have Personal Protection Equipment (PPE), know how to use it and wear it at all times while working. Keep records of those using PPE, if anyone is not wearing the correct PPE as it is designed to be used, they should be removed immediately from site until they are properly attired.

Explain how Equipment works

Deliver Tool box safety talk at the start of each day to all workers, record this on a register.

Delegate

Delegate tasks for the team, make sure everyone understands what they should be doing and how.

Start Servicing

Secure Area

Use perimeter tape to section off the work area. It is easier to work in an area free of trip hazards and obstacles. The franchisee should clean up around the toilet area where they are going to work. This may involve cutting back grass, clearing debris and rubbish.

Emptying the pit using Impilo Yabantu moving tool

Decide which direction is the easiest way to move the structure, remembering that you are going to put the sludge into drums and the drums will have to be removed from the yard.

Clean up around the toilet and remove any rubble or bushes that may be in your way. Prepare the area around the base of the toilet and cut 2 spade width furrows either side of the toilet and at the back, make sure soil is cut to the depth as that it is flat in the area where the frame will be laid.

Lay the frame in the furrows, the long sides go parallel to the toilet and the shortest pieces go across. Pin the frame in place.

Check around the toilet BEFORE lifting to make sure all staff are clear of the area, put the lifting tool in place to lift the back of the slab just high enough to get the support beam in place. Put the slab onto the support beam by putting the wheels onto the tracks and the support beam under the slab. Keep fingers and feet clear. Move the tool and place it at the front of the toilet ready to lift the slab. Check around the toilet BEFORE lifting to make sure all staff are clear of the area. Once the area is clear lift the front of the slab, put the wheels onto the tracks then place the support beam under the slab, it should not go further than 500mm under the front of the slab. Keep fingers and feet clear.

Move the toilet forward by pushing the toilet from the back forwards to get access to the pit. Make sure the slab does not shift on the beams. Empty the pit being careful around the edge of the pit if it is not lined as soil collapse will prevent the slab going back on properly. DO NOT stand on the slab while it is on the support beams.

Roll the toilet back into position over the pit, before lowering the toilet into place ensure staff are clear of the slab. Using the lifting tool lift the toilet and remove the support beam under the front of the toilet. Slowly lower the front into position. Lift the toilet and remove the support beam under the back of the toilet. Slowly lower the back into position ensuring it is covering the pit properly.

The inside of the toilet top-structure and toilet pedestal should be cleaned using disinfectant. Lime should be place over any spillages.

Load the secure the drums onto the truck to be taken to the disposal area once the home owner has approved the work done.

Tidy Up Area

Remove barrier tape, return the area to how it was found. Load ALL your tools and equipment into the vehicle and clean up any mess that you have made.

Hand over

Hand over toilets to home owner

Administration

Home owner to sign assessment documents

Disposal of pit content

Once the waste is secured into the drums, get the vehicle into position ready to place the drums in. Set up the lifting gantry ensuring it is on a level surface and that the drum is placed centrally to the hook. Only lift the drum when you are ready to move it onto the truck. Once the truck is loaded (do not overload the vehicle as this could damage it and cause injury) drive the drums to the disposal area.

Management of trench disposal area

The disposal area should be fenced with a single controlled access gate. Once the disposal trenches have been dug start by emptying into the trench furthest from the access gate. Ensure PPE is worn at all times during disposal. Back the truck up to the edge of the trench and pour the waste into the trench.

The disposal site should have two full time workers responsible for raking away inorganic waste and burying it into a pit. Once the trenches are full these workers will cover over the trenches, to prevent the disposal area becoming a health hazard.

Disposing into the Waste Treatment plant
Inspect Pit area

Check all liquid and waste has been covered and disposed of away from the households. Any areas where sludge has fallen should be covered in lime.

Contract administration

Return photographs to Impilo Yabantu, along with assessment forms and any requisitions needed.

Lifting "Brand A" toilet top structures in Govan Mbeki Village

Step 1



Clear the area of debris and rope of the area

Step 2



Clear the area around the toilet and level the ground where the unit will be placed while being cleaned.

Step 3



Remove vent pipe and place on the ground gently away from the direct work area.

Step 4



Move the back cover using a pick and carefully lift it (watching your fingers) and place it out of the way with the vent pipe.

Step 5



Prepare the area for the top structure. Once flat place the blocks for the unit to rest on down and ensure it is level using a spirit level.

Step 6



Place lifting tool into the central holes and ensure pins stay in place while the crane takes up the strain.

Step 7



Stand well away from the structure while it is being moved. Carefully guide it onto the blocks when it is above the pre-prepared area. **DO NOT** at any time stand under the structure or place fingers or feet under it.

Step 8



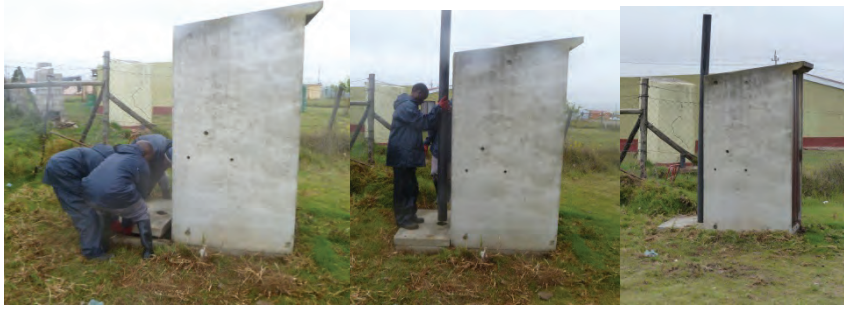
Empty and clean the pit, placing contents into drums for disposal.

Step 9



When replacing top structure stay clear while it is being lifted. Carefully guide the structure into place over the pit. As it is put onto the pit make sure it is flush with the pit.

Step 10



When the top structure is in place, replace the back panel and vent pipe. Then return the area to how you found it, replacing grass around the structure and removing tape. Take all rubbish with you.

Annexure E: Generic requirements and criteria for getting a social franchising partnership going

Introduction

This annexure discusses the generic requirements and criteria for social franchising partnerships – that is, the ingredients that must always be present, irrespective of the situation. Without these ingredients, and without them fulfilling certain minimum criteria, social franchising partnerships for the operation and/or maintenance of water services infrastructure will not likely get off the ground, let alone succeed in the long term.

Getting a water services franchising project or programme underway requires participants and tasks that separately and also collectively must meet certain criteria. For the project or programme to be viable requires that further criteria be met.

The discussion in this section is generic, and not situation-specific, although the occasional reference is, to illustrate a point, made to an area or a potential project.

Of course every situation is very much specific. Therefore, if a project or programme is contemplated in a particular area, to provide an identified service, a comprehensive analysis of that situation, including drawing up a business plan, will be needed. The discussion in this section could provide the basis of a checklist for that analysis.

Section 7.2 discusses, in the following order:

- the main participants;
- the tasks;
- this viability.

These are not matters that need to be, or even could be, addressed in sequence (in series). They all need to be addressed at a broad level, more or less simultaneously (in parallel). Periodic iteration would be necessary.

Initially, the commitment from participants could be nominal ("seems interesting – worth looking at, but we are not committing ourselves"). However the commitment from participants must become firmer and firmer, as the detail of the analysis increases.

Note that "working" implies not just getting the project or programme started, but that it succeeds (however "succeed" is defined in each instance) and proves sustainable.

Note also that this section has tried, where possible, to avoid using franchising terminology, for the reason that much of the argument applies whether the institutions are franchised or not – indeed whether they are private sector, NGO, CBO or any other sector.

The main participants

The principal question is: could all the necessary main participants agree on what needs to be done (including making firm commitments where necessary) and on who has what responsibilities?

These main participants would usually comprise:

- the owner of the infrastructure;
- any significant agent of the infrastructure (e.g. a WSP, whereas the owner is the WSA);
- any party that is currently responsible for operating or maintaining the infrastructure (or, for that matter, even thinks that it is, or that it ought to be);
- the regulator of the service (if any);
- the franchisor; and
- franchisees, including aspirant franchisees.

Comments about some of these, in no particular order:

Owner of the infrastructure: apart from the obvious, particularly that the owner must have responsibility for infrastructure suitable for "tasks" as described below, and that the owner must be sufficiently financially and institutionally stable to be able to pay for the infrastructure operation and maintenance services rendered to it, the owner must also show proof of commitment to the project. This proof of commitment must be shown at different stages of project preparation, each time with a firmer and more detailed level of commitment.

Describing this as briefly as possible:

- at an early stage of project preparation, the owner must make a commitment in principle; whereas
- at a more detailed stage of project preparation, when a task or tasks have been identified, and the size of the required budget calculated, the owner must make the commitment to go the franchising partnership route, with the budget, checks and balances, quality expectations (and control) which that implies;
- thereafter, when a contract is entered into (even if, depending on the appropriateness of this under the circumstances, this is a matter of employing them indirectly rather than directly), the owners commitments must be strictly in terms of the contract: e.g. a commitment to pay the franchisees in accordance with contract requirements (i.e. on time, in full, and so on).

The form of the commitment at each stage would depend upon project-specific requirements. For example, in the context of a proposed municipal infrastructure franchising partnership project that is at the time of writing the subject of a mooted CSIR-led proposal to a (non-Irish) European funding agency, a desirable form of commitment at the time that the CSIR presents the funding agency with a shortlist of four or so potential projects would be a signed memorandum of understanding between the owner (in this instance, a municipality) and the CSIR.

About any party currently responsible for the operation or maintenance task:

- Sadly, there is often no one currently responsible -- and/or there might in theory be some element of responsibility, but no one is actually doing the operation/maintenance work (e.g. routine maintenance of schools toilets in the Butterworth district).

- Even if someone is currently responsible, it could be that they are overcommitted, and would be willing to allow someone else (e.g. the franchisees) take over that responsibility. An example of that is the standpipes in informal settlements in BCM. The head of the water and sanitation department stated that maintenance of these is a nuisance, because he has to use qualified plumbers who he would rather focus on higher-level infrastructure that they simply are not getting to given their present workload. If franchisees were to take over maintenance of the standpipes, this would release qualified plumbers for work elsewhere.
- It could however also be that someone (e.g. some workers) have the responsibility. The question then arises -- are they doing it adequately, or not? And, either way, could they, and should they, be assigned to other duties for the owner of the infrastructure, or could/should they be employed by the franchisees? It is difficult to debate this in the abstract -- only a situation-specific context can be discussed.

Franchisor: Fortunately, there is a highly competent and committed franchisor in the Eastern Cape (Impilo Yabantu). However there are no others elsewhere in South Africa, although several firms have the resources, skills and experience, and have in the past shown interest.

The pilot has demonstrated the broad principles and methodologies, and how they need to be tailored to specific local contexts. This information is in the course of being documented, and will be placed in the public domain by the WRC. It is hoped that other reputable, competent and ethical service providers will thereafter enter the market and create competition for Impilo Yabantu.

A mechanism for management of franchising in the water sector is needed in order to assist public sector clients to ensure responsible governance: particularly quality control over the operations of the franchises, sustainability through economically viable pricing systems, and responsible health and safety and environmental management systems.

Franchisees: Certainly at the smaller scale and the lower level of technology, there has not been and is not likely to be any great difficulty in finding sufficient people who, with the right assistance, could become competent franchisees. This despite what is likely to be a very high attrition rate between the number of people indicating interest in becoming franchisees, and the number of franchisees that do eventually "graduate" and thereafter survive as businesses.

The tasks

The principal question is: can tasks be identified, and in sufficient volume, for the project to succeed? (Leaving aside for the moment whether performance of that task would or would not be interrupted, thereby hampering viability.)

The CSIR experience is that it is not difficult to find, for each infrastructure owner, a number of tasks that need the kind of assistance that competent franchises could provide. However the question then becomes one of: is it worthwhile for a franchise to get involved? For more on this, see "About viability", below.

Continuing, however, to consider the nature of possible tasks: These could be of a variety of types, on a variety of infrastructure, at a variety of levels of complexity,

requiring different types of skills and different skills levels. The third report of the seven-report series on franchising partnerships, written by the CSIR for the WRC and completed in 2010³¹, goes through the process of dissecting the water and sanitation service value chain and compiling first a long list and then a shortlist (just over a dozen candidates³²) of tasks that could be done by franchisees.

Technical methodology also needs further development. For example, Impilo Yabantu and the pilot study research team have been actively monitoring the technical research and developments relating to the management of biological processes relating to the pit contents as well as the developments relating to mechanical equipment and techniques for pit emptying and faecal sludge management (sludge handling and disposal).

Impilo Yabantu is currently in the process of expanding its operations to provide a wider range of services. By broadening this range of services, this franchisor is seeking to increase its ability to generate turnover base, thereby enabling the franchisees to become more cost-effective and therefore more competitive.

The "service broadening" would see the social franchising partnerships concept expanding beyond its existing comfort zone of routine servicing of low-technology water and sanitation infrastructure. This broadening process entails expanding the school sanitation programme by introducing additional services such as solid waste disposal. Venturing outside of the schools environment, the services to local government, for example, could include servicing of a household level sanitation, solid waste management and water loss management. Buffalo City Municipality, amongst others, has opened discussion about a series of projects that could be outsourced to franchised service providers, and these include undertaking water and sanitation servicing in dense settlement and areas and communities living on the rural fringe, as well as solid waste collection, recycling and disposal. The solid waste service is a natural extension to the on-site sanitation programmes -- without a solid waste service, toilets rapidly fill up with inorganic waste.

Finally on the topic of tasks: there is a need for a much greater number of job opportunities for especially the lowest-skilled members of our population than

³¹ "Report WRC 1610/3/10: Modelling of selected water services operational elements". CSIR 2010. Pages 15-20.)

³² Listed are:

- leak detection
- caretaker management
- borehole management
- management of municipal treatment package plants
- management of treatment plants
- water demand management, and aspects thereof, such as pressure control management
- meter reading
- general plumbing services, including train-cleaning
- pit-emptying services
- laboratory services
- data management
- site and property management
- vehicle management
- schools sanitation.

currently exist. It need not be a dominant factor in determining the shape and place of a project, but franchising partnerships do have significant potential to uplift the skills of the lowest-skilled and to provide job opportunities for a number of people who are currently unemployed. Much routine infrastructure maintenance work, especially on the kind of infrastructure envisaged when the concept of franchising partnerships was first formulated, does not require skills levels higher than basic levels³³. Thus this potential for upliftment of the lowest-skilled members of our population could and should often be realised.

Viability

The principal question is: could franchisees make a living out of performing the tasks identified?

An affirmative answer to that question does not necessarily mean that franchisees would make a living out of performing the tasks identified. That is also dependent on a multitude of factors not addressed in this chapter -- factors including, for example, aptitude of franchisees, training, business and technological support, the state of the economy, the physical and mental health of the franchisee -- and many others. But whether franchisees would make a living is also dependent on a number of factors bound up with the answer to the question addressed under "the main participants", above -- e.g. what actions, and particularly what commitments and what levels of performance, would be required from themselves and others if they are to make this living?

Viability is very much bound up with (i) the rate (Rands) paid per task and (ii) the amount of work (i.e. numbers of times that each task can be performed in any given period). Together, these determine a franchise's turnover.

Going into this in more detail:

For the sake of this analysis, classify "service rendering" (for present purposes defined as any kind of operation or maintenance task³⁴) according to:

- the frequency (at regular but infrequent intervals, as opposed to every day or every week); and
- the level of training of the workers and the sophistication and/or specialisation of the tools.

The discussion throughout Section 7.2.4 is in the context of businesses whose sole source of income is the work described here. No cognizance is taken of those businesses having other streams of income.³⁵

³³ The massive job creation potential of infrastructure maintenance has been pointed out (Wall 2011). Especially the job creation potential for the lowest skilled in South Africa – much maintenance work does not require high levels of education or intensive training.

³⁴ Only for the purposes of this analysis on "viability", the words "servicing" or "service rendering" are used to refer to any kind of operation and maintenance task. They are not associated only with, for example, the 15,000 km service of a motorcar, or the 300-hour service of a pump.

³⁵ For example, that the village pump person also prepares and sells food and grows crops for cash. He or she might not be able to make a living from only rendering services to village pumps, but it could be a financially helpful supplement to his or her main source of income.

As follows:

- Type A1: routine service rendering which is needed at regular but infrequent intervals, and which needs to be done with relatively well-trained workers and sophisticated/specialist tools. For examples:
 - of motor car, the 15,000 km service;
 - of petrol station, of petrol pumps at the specified intervals;
 - of WWTW pump, the 200-hour service (or whatever the specified interval might be);
 - Type A2: like A1, also routine service rendering which is needed at regular though infrequent intervals, but needs less-trained workers and less sophisticated/specialist tools than A1. For examples:
 - of village pump, annual overhaul;
 - of fast food outlet, "spring cleaning" of cooking equipment;
 - of pit latrines, regular emptying.
 - Type B: routine service rendering which is needed every day or every week. For examples:
 - of motorcar: put in petrol, check tyres, drive sensibly, prevent/avoid abuse, monitor levels of petrol and oil;
 - of village pump: making sure no blockages, keeping the diesel (or electricity) topped up;
 - of petrol station: having the tanks filled, keeping the forecourt clean;
 - of fast food outlet: cooking food, serving customers, sweeping floor and clearing trash.
-
- Type A1: needs relatively well trained workers and sophisticated/specialist tools.
 - Type B: needs workers with relatively much lower levels of training and simpler tools.
 - Type A2: needs workers with training and tools that are intermediate.

Now consider what determines viability.

- Institutions (whether they be businesses, NGOs, or whatever) that provide Type A1 services earn their income from --
 - being able to render services to several installations in the course of a week or a day, AND
 - the fee from each servicing of an each installation is significant.
- Given that the fee income for rendering service to each installation is quite small, the income of institutions that do Type A2 and B work is heavily dependent on volume (e.g. the number of customers visiting to purchase petrol or food) each day. Thus:
 - a lot of customers must come to them every day (e.g. fast food outlet), or
 - they must have a lot of customers within a small area that they can visit (e.g. (higher skills examples) plumber or electrician; (lower skills examples) meter reading or grounds maintenance), or
 - they must be allowed to range over a wide area, seeking customers (e.g. the Butterworth schools toilets franchisees³⁶).

³⁶ The following financial outline (courtesy of Impilo Yabantu) of a business model not dissimilar to the Butterworth franchisees could be of interest, even though it is very situation-specific, and therefore might not be of that much value to the general reader.

Irrespective of whether A1, A2 or B-type, volume is the most important single factor determining turnover. Even as far as Type A1 is concerned: skills required can be high, and payment per servicing can be high, but it would not be a viable institution without the volume -- for example an exclusively Harley Davidson garage in an area where there are only three Harley Davidsons.

The lower the fee per service rendering, the higher the volume (i.e. daily throughput) must be in order to achieve sustainable turnover.

A further consideration is that institutions can be viable from doing exactly the same tasks, and in very similar areas (e.g. areas of the same low-density) if they can increase the volume by not being place-bound -- i.e. they are able to move from area to area (for example, as the Butterworth schools toilets franchisees are able to do).

The moment the institution is confined to a too-small catchment area, this will restrict its income potential. Income potential being restricted below the point of viability would explain why locally-confined institutions of any sort (and CBOs, particularly, are prone to being confined locally) cannot be viable if they depend on their servicing work alone.

Obviously, density -- that is density of installation or customers that require, or potentially require, servicing -- goes hand-in-hand with the geographical size of the catchment.

To take two very different examples: fast food outlets in an urban area can be viable businesses, but a business servicing village pumps in a rural area cannot be³⁷, even though the work of both is Type B. Consider the workers in each case: there is not much difference between the level of training required in the fast food outlet and that for the water and sanitation work required in the village. And in both cases low payments are received for each rendering of service. However there is a big difference in what they each can earn --

In order to service the necessary loan (typically R400,000 per franchisee -- a bakkie, tools, and working capital for 2-3 months) and pay himself or herself R15,000 per month, a franchisee would need to be making a minimum turnover of R120,000 per month. (R15,000 per month self-payment is not excessive, especially bearing in mind the likely substantial variations in workload each month and the not unlikely unreliability that the franchisee will be paid on time or paid at all.)

A typical breakdown of expenditure against that R120,000 per month would be:

- servicing the loan: R7000;
- materials, protective clothing and consumables (including fuel): R12,000;
- franchisee own "wages": R15,000;
- wages to staff (including temporary staff needed from time to time): R80,000.
- Total: R114,000 (the balance being profit – or, more prudently, paid to reserves).

Banks have indicated willingness to make the necessary loan under these circumstances provided that the franchisees can show them a guaranteed pipeline of work for a minimum of three years.

The threat posed to small businesses by the client's slow payment of what many local authority clients would probably regard as quite small amounts is apparent. Thus payments must be made within 30 days, and in full, or the franchisees will not survive. (Nor will any other small business.).

³⁷ Nor, for that matter, could a fast food outlet in a rural area be viable.

- the urban fast food outlet can survive on its earnings (and its workers can also survive if the owner pays them a fair share of these earnings) because the volume of demand is continuous through the day -- it is rendering service to many "installations" in one day; whereas
- the rural village pump worker cannot live off his/her earnings because the volume of demand is so small -- he is rendering service to so few "installations" (maybe one or two pumps in and around a village) in a typical week.

A viable business cannot be built in the latter kind of situation, where the work is both so low-level (and bringing in low income per servicing task) and the volume of servicing tasks per day or per week is so low. If the income per servicing task is low, it will not be possible for the business to be viable unless the volume of work is sufficiently large.

One consequence is that the village pump worker cannot make a living just from looking after the pump -- he/she has to have an alternative source of income (e.g. farmworker, pensioner, itinerant worker). Of course it could also be that he/she does not have much else in the way of income, and therefore takes on work such as the village pump job on the basis that some income is better than none at all.

Another consequence is that it is worthwhile to train the fast food worker (i.e. the cost of giving the training and mentoring is commercially recoupable), but the cost of training the village pump worker is not recoupable. Hence the only way the village pump worker is going to get trained would be if the cost of training is subsidised.

We therefore cannot see how an institution that is confined (i.e. is geographically place-bound) to a low-density rural area, with few "installations" to service in a day or in a month, all of them of low value (i.e. low income per servicing), can be viable. (This reasoning would be very pertinent to any proposal to franchise locally-based (and invariably locally-confined) CBOs.)

The smaller the area within which the institution is confined, and the lower the density of installations or customers that require servicing, the less chance it has of achieving the volume turnover (and financial turnover) it needs if it is to be viable. Hence institutions so confined are generally forced, by circumstances, to be part-timers -- or they have to be subsidised.

Viability in this type of situation can be improved by multiple tasking. For example, if servicing meters (say) requires only 40% of the time during the working week, is there the possibility of the meter-servicing institution taking on board other work -- for example, general plumbing, leak detection or the reading of meters?

Regarding, for the purposes of the discussion, that the rate (payment) per task is fixed, viability can also be improved by reducing costs. These costs would comprise fixed costs (i.e. costs that do not vary with volume of work) and variable costs (i.e. direct cost of doing each task). It would be difficult in this chapter to add value to any discussion on reducing variable costs without getting into situation-specific examples.

Fixed costs, which are often related to time (rental of premises is a good example) can broadly be reduced in a number of ways, such as:

- By increasing the number of tasks completed per time period, and thereby reducing the fixed cost per task. Freedom from being place-bound, and higher density in the area, both improve the potential for reducing the fixed cost per

task.

- By sharing selected tasks with others – and/or (taking this further) by collaborating with others in such a way that each to some or another extent specialises.
- (Taking the above point yet further.) One of the "others", taking advantage of the economies of scale, provides a service to all. (For example: when Impilo Yabantu follows up with the DoE on its slow payment for the work done at the schools by the franchisees, it is providing this kind of service. One person from Impilo Yabantu follows up on a batch of invoices collected from the franchisees, rather than each franchisee having to leave his or her team unsupervised in the field, travel to the DoE, and follow up³⁸.)

³⁸ For a franchisee to travel in from Butterworth or beyond, spend a couple of hours (at least) at DoE, and travel back, will take them away from their team for at least a full day.

Annexure F: Prognosis for the approach in South Africa

Annexure H is the prognosis of the research team for social franchising partnerships to undertake the operation and maintenance of water and sanitation (and other) infrastructure in South Africa.

In spite of governance and administrative hurdles which have delayed progress, the pilot has been successful in performing routine servicing of specific water and sanitation infrastructure, while building micro-businesses. The replication of such a model outside of the low technology involved in servicing VIPs and in maintaining rainwater harvesting infrastructure is yet to be explored, but there is clear indication that, the delays, costs and frustrations of the pilot notwithstanding, there are significant benefits to the operation and maintenance of water and sanitation infrastructure, and potentially other utility type infrastructure as well, by social franchising partnership.

The young franchise

The priority, at least from the point of view of both Impilo Yabantu (and of course Amanz' abantu) and the pilot, is to ensure that the young franchise grows and prospers.

As far as the CSIR is concerned, so much effort has been put, by the CSIR and others, into creating this franchise, and nurturing it over more than three years, that it would be senseless not to remain involved, and to do whatever is possible to help. Besides which, it represents the fledgling reality of an idea, born more than 10 years ago, and it would not be possible to even contemplate the thought of abandoning it.

Impilo Yabantu and its principal shareholder, Amanz' abantu, have put enormous effort into building the reputation of the social franchising partnerships concept, and into building the current set of franchisees, so they are not about to let go. However they have also put the effort in, not just because they subscribed to the concept, but because they see the franchise business becoming financially self-sustaining.

Beyond that, however, they feel responsible for the franchisees that have persevered³⁹. So they want to help them find new work, and also to grow.

The aim, therefore, is to ensure that there is a pipeline of work for which franchises (initially only Impilo Yabantu, but, as the concept hopefully takes off, other franchises as well) can bid.

Obvious clients

Considering the Eastern Cape footprint of Impilo Yabantu, the presence of (a small number of) trained franchisees, the good track record of franchising partnerships in the Eastern Cape, and the couple of recent clients, obvious clients for further work

³⁹ To the extent that franchisees, in those times when there is a dearth of franchising work, have been contracted by Amanz' abantu or Impilo Yabantu to do construction work, for example toilet construction at schools, and meter installation at Fort Beaufort.

are:

- Eastern Cape DoE;
- Eastern Cape provincial Department of Health (e.g. for water and sanitation facilities at clinics);
- Amathole District Municipality (ADM);
- Buffalo City Metropolitan Municipality (BCM); and
- Chris Hani District Municipality;
- followed by the other water services authorities (district municipalities and local municipalities) in the arc around ADM and CHDM.

At the time of writing (end of July 2012), the best prospects for further work were:

- Eastern Cape DoE;
- ADM; and
- BCM.

DoE

By far the most ambitious prospect was that under discussion with DoE. In brief, The Infrastructure Directorate of the DoE, encouraged by the Acting Superintendent General, Mr Ngonzo, had stated that it planned to roll out a service plan for schools water and sanitation facilities, until it covered all of the education district. The first phase of this would be three school districts, with around 1000 schools – the education districts of Butterworth, Dutywa and East London, a mix of (mostly) rural schools with VIPs, and urban schools, some with VIPs, some with waterborne sanitation, and some with other technologies.

The essence of the approach agreed to at the MoU partners meeting of 24 July 2012 is:

- whereas every school receives, from the DoE, budget for infrastructure operation and maintenance, a portion of that will not be paid to it, but will be held back in order to pay for operation and maintenance of the water and sanitation facility at their school;
- that "operation and maintenance" will comprise:
 - a comprehensive servicing (as was done for the Butterworth schools in the pilot); and
 - a permanent caretaker at each school (maybe part-time, depending on the size of the school and other characteristics of possible need), whose duties would principally include keeping the water and sanitation facility clean on a day by day basis, and doing small repairs.

There is a precedent in the Eastern Cape for the budget not being paid out to the schools. In July 2012 it was announced that the Acting Superintendent General, Mr Ngonzo, would be holding back the budgets ordinarily allocated to schools for the purchase of textbooks. Mr Ngonzo was quoted as saying that the purchase of textbooks (and the budget that goes with) is among the "delegated functions" to schools, and "I have a legal right to withdraw these functions". ("Daily Dispatch" 2012b) The reason given was that many schools were not spending these budgets on textbooks⁴⁰, and/or were ordering them too late to ensure delivery by the

⁴⁰ He was quoted as saying that many schools were given money "but did not spend the funds on what they were meant for". ("Daily Dispatch" 2012b)

beginning of the school year. Therefore the DoE would be doing this on their behalf.⁴¹

A number of objections to this were voiced, but it was reported in the press that the chairman of the provincial education portfolio committee had said Mr Ngonzo had the powers to do what he proposed. ("Daily Dispatch" 2012b)

Municipal work on other parts of the water services value chain

The project team have all along been looking at tackling other parts of the water services value chain. That is, modelling and then (if the modelling is positive) piloting social franchising partnerships to undertake the operation and/or maintenance of elements of the value chain other than school and household toilets. Municipalities, recognising the quality and reliability of service inherent in the franchising concept, have expressed interest. A number of possibilities have been identified.

As follows:

- In rural districts and villages, operation and maintenance of local water supply infrastructure -- e.g. boreholes, springs, small-scale treatment facilities, pumps, short pipelines, standpipes, and the like.
- In formal housing and informal settlement areas of towns and villages in an urban area:
 - Emptying of VIPs, plus maintenance of communal standpipes, plus (possibly) local solid waste collection. (Given the number of VIPs anticipated by 2017, the research team calculated that at minimum 15-20 franchisees would have viable businesses -- more if trash collection is included.)
- In respect of approximately 100 small water supply schemes, covering formal housing and informal settlement areas of towns and villages in a district municipality:
 - A "caretaker model". Franchisees would take responsibility for the operation and maintenance of, among other infrastructure, small-scale treatment facilities, pumps, short pipelines, standpipes, and water management devices. (Plus, possibly, boreholes and springs.) (A portion of this, covering only the 25% densest areas, could provide viable businesses for 20-25 franchisees.)
- In a dense informal settlement within an urban area:
 - The operation and maintenance of communal ablution blocks, plus the communal standpipes, plus the solid waste neighbourhood collection enclosures. (If all of these, together with some other bits and pieces of work, were divided among five or six franchisees, each franchisee would have a viable business.)
- In a formal urban residential area:
 - Retrofitting of plumbing fittings on the household side of the meter, then managing this. (Upwards of a dozen viable businesses.)

⁴¹ Also that the "Section 21 schools, which buy their own books with funds provided by the department..... It is alleged that despite receiving funds, the schools did not pay the service providers." ("Daily Dispatch" 2012c)

- In an urban area:
 - At municipal sites (e.g. depots, treatment works): site management and maintenance. (Number of viable businesses was not quantified.)

This is an encouraging number of possibilities.