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LESSON
SERIES

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SOCIAL FRANCHISING PARTNERSHIPS FOR O&M OF SANITATION & WATER SERVICES

Lessons and Experiences from an Eastern Cape Pilot



ACKNOWLEDGEMENT

This lesson is compiled from the Water Research Commission **Report No: TT564**, compiled by **Kevin Wall & Oliver Ive**.



To obtain the full report, contact:
Water Research Commission
Private Bag X03 GEZINA 0031. Tel: 012 3301340
Email: orders@wrc.org.za or download from www.wrc.org.za

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ACRONYMS

ADM	Amathole District Municipality
CSIR	Council for Scientific and Industrial Research
DoE	Department of Education
O&M	Operation and Maintenance
SAICE	South African Institution of Civil Engineering
WRC	Water Research Commission
WSA	Water Services Authority

1 INTRODUCTION

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 reduced sickness and improved school attendance¹. 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. The health and social problems arising from the lack of these basic water and sanitation 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.

The Council for Scientific and Industrial Research (CSIR), the Water Research Commission (WRC) and Amanz' abantu Services, working collaboratively, have undertaken studies of selected institutional options which could assist in the improvement of operation and maintenance (O&M) of water and sanitation services infrastructure.

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.

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

This lesson documents the lessons learnt from the Butterworth Schools Sanitation and Water Servicing Pilot Project.

¹ "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).

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BACKGROUND TO THE EASTERN CAPE SCHOOLS SANITATION SITUATION

The built infrastructure of many South African schools leaves a lot to be desired (SAICE 2011²). The South African Institution of Civil Engineering (SAICE) found that while infrastructure in the major urban areas is usually in the care of skilled professionals, other areas generally have little access to these skills levels.

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.

Many Water Services Authorities (WSAs) do not have staff or systems to deliver a reasonable service, and significant improvements would soon be seen if the generally under-qualified or under-resourced services staff of the municipalities and other WSAs outside the major urban areas could enjoy on-going support, mentoring and quality control – or if the WSAs could enter into partnerships with microenterprises which would, through franchising partnerships, enjoy the necessary on-going support, mentoring and quality control.

Two WRC studies, published in 2005 and 2010 respectively, found that franchising partnerships could alleviate and address many challenges in the management of sanitation

THE SOCIAL FRANCHISING PARTNERSHIP CONCEPT

The rapid rate of construction and commissioning of new sanitation and 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 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 sanitation and 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 sanitation and 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.

Social franchising partnerships for sanitation and 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 pyramid, 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.



Left: Learners' cubicles unusable, with no door, and overgrown. Right: No roof to toilet block



Toilets destroyed beyond repair.

and water services through a carefully designed and efficiently implemented set of WSA/franchisor/franchisee arrangements. At the same time, franchising offers opportunities to the microenterprise sector and to local economic development.

Though franchising might not always be ideal, it might in many situations offer the prospect of improved operation and maintenance of sanitation and water services.

As earlier mentioned, 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. Most schools in the Eastern Cape, and especially the rural schools in that province, are unable to operate and maintain

² 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).



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

The Eastern Cape, a province struggling to deliver many services, would therefore appear to be a prime market area for social franchising partnerships which would assist public sector authorities with their infrastructure operations and maintenance responsibilities.

A few large water services providers have for some years 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 assessed the potential market, approaching selected owners of public sector infrastructure in the province.

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, i.e., selected sanitation and 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 tasks. It was realised 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 already realized the extent to which they were unable to operate and maintain their infrastructure ; and
- existing public sector jobs would not be threatened.

Contrary to expectations that the public sector entity willing to pioneer a franchising partnership pilot would be a municipality, the Department of Education (DoE) of the Eastern Cape provincial government 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.

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BUTTERWORTH SCHOOLS SANITATION AND WATER SERVICING PILOT PROJECT.

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 social 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 social 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.

IMPLEMENTING THE PILOT

The pilot commenced in May 2009 with an exploration of the practicalities of managing the process and the allocation of tasks. 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 social franchisee microenterprise. These microenterprises, each of which had to have its home base within that service area, were required to operate under the same brand as the franchisor, this being “Impilo Yabantu³”.

Impilo Yabantu, using its experience and knowledge of the sector, drafted an operational plan, a training programme, operational and technological methodologies, and an occupational health and safety plan. These were 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.

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. 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 derelict condition, or absent altogether) and maintenance needs.

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.

Including the fairly minor modifications incorporated during the next two financial years, the servicing work undertaken by the franchisees 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, including remove excess vegetation
- Undertake the minor repair tasks, as approved in the agreed work schedule
- Educate SGB (the School's Governing Body, where this existed), teachers (educators) and learners on the health and hygiene matters appropriate to them.
- Compile Assessment and Maintenance Report for submission to DoE
- Plan and discuss next follow up visit.

³ The management of Amanz' abantu, having been so 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.

ACHIEVEMENTS OF THE PILOT

Significant achievements of the pilot project between 2009 and 2012 include:

- Water and sanitation facilities at 400 schools were serviced.
- Learners (especially the girl learners) at the 400 schools, who now have access to clean and hygienic toilets, have benefited tremendously.
- Six emergent franchisee micro-entrepreneurs were established and supported.
- A training programme was developed, consisting of: at the start of the pilot, a formal training course for all the prospective franchisees selected; 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 sanitation and water services infrastructure has been shown to work successfully in two different situations (that is, routine servicing of schools sanitation facilities and for Amatole District Municipality (ADM) , household sanitation facilities, the toilet type in both cases being VIPs).



Franchisees at work - digging holes for new 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 up-skilling rural people through facilitating

⁴ 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 subsequent appointment of the franchisees to undertake further work on household toilets, and its stated willingness to make further appointments.

workplace learning, in addition to improving school sanitation facilities.

Not only has the work been done efficiently and effectively⁴, 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, also, have been empowered – they are mostly rural women who have not previously benefited from any kind of job-related training. The suitability of the social franchising partnerships approach to the routine servicing of household toilets was 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.



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

4 LESSONS LEARNED

i. 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 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 to be paid by the DoE for the work which they had undertaken during the pilot enabled the franchisees to survive while waiting to be paid by the DoE for the work which they had undertaken.

ii. 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 with what precautions – must be stated without ambiguity.

A good example from the pilot is that the schools and households seldom have facilities for the disposal of solid waste (trash). As a result, most of this gets dumped into the toilets – in the pilot, of the order of around half of the contents of the pits was usually 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).

For the schools, if a more comprehensive service were possible and affordable, it should include some measure of maintenance of the water infrastructure.

iii. The client/owner

Four learning aspects are noted here:

- The need for acceptance by WSAs (and other public sector owners of infrastructure) of outsourcing the operation and maintenance of infrastructure that they, the WSAs, own. Thereafter outsourcing to franchising partnerships would be relatively much easier. There should also be acceptance that the institutions outsourced to could be microenterprises, and that these microenterprises could be franchisees.
- The need for constant attention to the billing and payment processes.
- The importance of educating users of infrastructure.
- The importance of stable leadership of all the parties to a servicing programme. Particularly, stable leadership of the entities owning the infrastructure, and committing their funding to its servicing.

iv. 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.

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.

v. Factors that affect servicing costs

Service providers, when pricing the service, have to be keenly aware of the importance of knowing all variables that affect servicing costs:

- 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, as well as the contents of the pit.
- 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 far more than longer production runs. If the work in an area is interrupted for whatever reason, this also pushes up costs.
- Continuity of work also ensures efficient usage of the capital assets of those undertaking the servicing. The more times each asset is used, the lower the amount that each toilet servicing must bear in order to pay for the 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 costs such as 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.

vii. Technology and Methodology



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.

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.

The training and mentoring of the franchisees in additional skills required for different situations that arise, such as use of new equipment, is also an important aspect of this.

vi. Contracts

The pilot reinforced the old lesson that, to facilitate rapid and dissension-free agreements that the work has been performed according to the contract and that payment can be authorised, tasks must be as standardised as possible, and assigned standard prices. Also, careful attention must be paid to resolving any procedural issues around the payment process.



Moving the 200 L drum filled with material taken out of the household pits in Dutywa (ADM), to the disposal site.

viii. Choosing franchisees

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, and must be team players. Additionally, they should literally “live the brand” and identify with the values of the franchise.

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 and sanitation 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.

ix. The Franchisor

The pilot has reiterated the importance of the following:

- 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.

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CONCLUSION

The social 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 that is 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.

The primary objective of the Butterworth Schools Sanitation and Water Servicing Pilot Project, i.e. to develop and test 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, has undoubtedly 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 four education districts, totaling approximately 1 400 schools.

Compiled by:

Juliet Mwale (WIN-SA)



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Address: 491 18th Avenue, Rietfontein, Pretoria

Postal Address: Private Bag X03, Gezina, 0031

Tel: (012) 330 0340 Fax: (012) 331 2565

E-mail: info@win-sa.org.za

Website: www.win-sa.org.za