



Signing of the first Impilo Yabantu franchisee on the 30 January 2014. Pictured from left are Oliver Iwe, MD of Amanz' abantu Services (wholly owns the franchisor, Impilo Yabantu), Nocawe Lupuwana, the franchisee, and co-director, Otto Delihlazo.

## Better sanitation services to schools, municipality, thanks to franchising

*It will take unconventional thinking to solve South Africa's obstinate sanitation challenge. Thanks to the persistence of one engineer, a private sector partner and the Water Research Commission (WRC), an award-winning alternative solution to effective water and sanitation service delivery is now available. Article by Debbie Besseling.*

When one considers the concept of franchising in South Africa, the first businesses that come to mind include those selling fast food and petrol. But, what about applying the franchising concept to water and sanitation? It can be done, says Dr Kevin Wall of the CSIR Built Environment, and he has proven it.

Dr Wall has explored the concept of water and sanitation services franchising with the WRC for a number of years, with one of the first reports published in 2005. This report, *Development of a framework for franchising in the water services sector in South Africa (Report No. KV 161/05)* identified the need for partnerships between public, private and civil institutions in order to achieve the objectives of water services delivery. At that time it was highlighted that a number of partnerships had been successfully implemented both internationally and in South Africa, however, they had been for larger scale contracts in which investment in new infrastructure had played a prominent role.

According to the report, franchising is "an alternate service delivery institutional concept that would be more suited for the on-going

operation and maintenance of water services systems, rather than investment for new infrastructure." The concept was recommended as it structures the operation, facilitates the setting up of the business, and provides the supporting structure thereafter.

This initial report investigated the concept of franchising, focusing on the legal, socio-economic and institutional context of the South African water services sector. It was highlighted that water services franchising had the potential to deliver water services as well as promote local economic development, small, medium and micro enterprises development and black economic empowerment. Overall, this first study of water services franchising partnerships indicated that there were opportunities in the water services delivery chain, and it was

recommended that these be further investigated.

Acting on these recommendations, the WRC funded follow-up studies. In 2010, Dr Wall, with private sector partner, Olive Ive of Amanz'abantu Service, published another series of reports, the main one titled: *Going with the franchising flow. An exploration of partnerships for the operation and maintenance of water services infrastructure (WRC Report No. TT 432/09)*.

Dr Wall notes in this report: "How is it that one can go to some parts of our country and buy clean petrol and clean (if, arguably, unrepresentative of good dietary practice) hamburgers, but cannot get clean water from a tap or hygienic and environmentally acceptable sanitation? Especially when the oil from which the petrol is made has to be imported from very far away, whereas the 'raw material', so to speak, for the clean water can be sourced from relatively close by?"

In this study, Wall and Ive examined what made the fast food outlet, or petrol station work as well it does and what the operational principals are behind this. The authors also explored how these principles can be applied to providing acceptable sanitation and clean water.

Among others, the report discusses the WRC's research of a partnership concept, which made use of the principles of franchising, for improved water services infrastructure operation and maintenance. In this concept, ownership of the water services infrastructure remains with the public sector (e.g. the water service authority). "The principle of water services franchising partnerships is the creation of a pool of appropriate expertise upon which the local operators can draw," explains Dr Wall.

Several key success factors for franchised water services partnerships were identified. These include:

- Franchisor has an existing successful business to study, model and systematise

- Clear definition and understanding of the product, the customers and the market
- Simplicity and replicability through systems (i.e. personality cannot be replicated, but systems can)
- Local applicability of the concept. (Some concepts cannot be exported for a variety of reasons, including cultural reasons)
- Training (and retraining) schemes
- Franchisee understands franchising and his roles and functions, and can manage his expectations
- Franchisee has some commercial background or a culture of trading
- Franchisee puts some equity into the business
- Franchisor invests in the franchisee
- The franchisor/franchisee relationship is sustained for the planned franchise period
- The local community accepts the franchise concept and this particular franchise
- The local community accepts the particular person of the franchisee
- Continuous franchisor support of the franchisee: including redesign, market research and quality and performance audits

### THE GENERIC PRINCIPLES OF FRANCHISING PARTNERSHIPS

- Franchises' success is based on replication of success, efficient logistics and a trained and capacitated workforce.
- Franchisee small businesses are relatively easy to establish.
- Franchising is robust, and able to ensure consistent quality products and services.
- Franchisees are obliged to adopt the tried and tested systems and procedures of the franchisor, and to accept the quality control of the franchisor – resulting in higher quality assurance and greater efficiencies.
- Franchises are able to innovate and develop constantly.

The concept of franchising in the water sector now well proven, it was time to pilot the concept. With additional funding from Irish Aid and in partnership with the Eastern Cape Department of Education, a three-year pilot project was rolled out in Butterworth, in the Eastern Cape. The project saw a number of emergent micro-entrepreneurs being trained and mentored, then taking up the routine servicing of water and sanitation facilities at 400 schools of the Butterworth Education District. The micro-entrepreneurs are franchisees in a social franchising partnership with Impilo Yabantu, a subsidiary of Amanz'abantu.



Drums, filled with sanitation waste from households in Dutywa, are loaded for safe disposal.



Trainee franchisees and their employees during the pilot in 2010.



The experiences of the project are captured in the latest franchising report of the WRC, *Social Franchising Partnerships for Operation and Maintenance of Water Services: Lessons and Experiences from an Eastern Cape Pilot (Report No. TT 564/13)*. According to Dr Wall, the report clearly illustrates the suitability of social franchising partnerships under these circumstances, and develops a model which can be used for rolling out similar services to the rest of the more than 4 000 rural schools across the Eastern Cape if not nationally.

In addition to the schools services, the pilot was extended to the pit-emptying of 400 household toilets for the Amathole District Municipality. This was also successfully completed.

An employee from Impilo Yabantu at work.



The report boasts some significant numbers. The learners at the 400 schools have benefited tremendously, especially the girl learners, who now have access to private, clean and hygienic toilets. According to Dr Wall, the sanitation improvements have seen an increase in attendance rates at schools which are being serviced.

Furthermore, six emergent franchisee micro-entrepreneurs have been established and supported. A training programme has also 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 (mostly taken up by rural women). 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, i.e. routine servicing of schools sanitation facilities and

household facilities, both with VIP toilets,” notes Dr Wall.

Introducing franchising to the South African water and sanitation sector has not ended with the pilot project. In January, a significant milestone was reached when Impilo Yabantu (the franchisor) signed up its first franchisee, Nocawe Lupuwana, who will trade under her own dedicated franchise company, IY East London (Pty) Ltd, trading as Impilo Yabantu East London. According to Dr Wall, four other micro entrepreneurs who have been working with the franchisor since 2010 will be following shortly.

“This is a significant step in increasing the quality and reliability of our services, as well as improving our water and sanitation infrastructure,” reports Dr Wall. “The social franchising partnerships for water services infrastructure operation and maintenance concept addresses the requirements of many of South Africa’s national goals, including: job creation, transfer of workplace skills, micro-enterprise creation and nurturing, broad-based black economic empowerment, and most important of all service delivery, through operation and maintenance activities that increase the availability and utility of infrastructure, and the quality and reliability of services.”

- To order the report, *Social Franchising Partnerships for Operation and Maintenance of Water Services: Lessons and Experiences from an Eastern Cape Pilot (Report No. TT 564/13)* or any other of the reports mentioned, contact Publications at Tel: (012) 330-0340; Fax: (012) 331-2565; Email: [orders@wrc.org.za](mailto:orders@wrc.org.za) or Visit: [www.wrc.org.za](http://www.wrc.org.za). □

