QUALITY SERVICE DELIVERY FOR THE COMMUNITY, BY THE COMMUNITY: AN INNOVATIVE EASTERN CAPE INFRASTRUCTURE AND JOB CREATION SUCCESS

Kevin Wall(1), Oliver Ives(2), Jay Bhagwan(3), Wayne Birkholtz(4), Nocawe Lupuwan(5), Esther Shaylor(6)

(1) CSIR, P.O. Box 395, Pretoria 0001, kwall@csir.co.za; (2) Amanz’abantu Services, East London; (3) Water Research Commission (WRC), Pretoria; (4) Impilo Yabantu, East London; (5) Franchisee sole proprietor, Butterworth; (6) Impilo Yabantu, East London.

ABSTRACT
A number of pilot projects in the Eastern Cape have demonstrated how the institutionally innovative and very practical social franchising partnership approach can successfully be used for the routine maintenance of low-technology water and sanitation infrastructure.

Whereas other approaches have built capacity and developed skills in attempts to improve service delivery, many of them have had limited success because they have not enjoyed sufficiently strong incentive structures and support systems. The social franchising partnership approach, in contrast, is built on a robust foundation of mutual support and incentives.

The paper describes how the franchise partners have been working with municipalities and provincial departments to address operational issues at a significant scale.

Many opportunities lie in applying the approach to further operation and/or maintenance (O&M) activities within the water and sanitation services delivery chain, and thereafter extending it to other types of infrastructure (e.g. roads and electricity reticulation).

The approach addresses national goals, particularly: job creation - and it creates these at the lowest economic levels of the pyramid, where unemployment is highest and possession of workplace skills lowest; transfer of workplace skills; micro-business creation and nurturing; BBBEE; and service delivery, through O&M activities that increase the availability and utility of infrastructure, and the quality and reliability of services.

1. INTRODUCTION
Year after year, the operation and maintenance of water and sanitation services (hereinafter “water services”) infrastructure in South Africa has in far too many cases been found to not comply with the required standards (SAICE 2011; DWA 2012a, 2012b). This research has also shown that the main problem is most likely to be shortfalls in the skills and management of the institution responsible for the services.

These operation and maintenance shortfalls are particularly manifest in “the quality and reliability of basic infrastructure serving the majority of our citizens [which] is poor and, in many places, getting worse. Urgent attention is required to stabilise and improve these.” (SAICE 2011: 5) The consequent service delivery failures are pointers of warning that serious turnaround strategies are required in South African municipal service delivery.

This paper describes the work to date on an innovative adaptation, to address quality and reliability of service delivery, of commercial franchising principles. In particular it reports on the findings of piloting this innovation in the Eastern Cape.

The Ministerial Sanitation Task Team last year found that the Eastern Cape needed over 800 000 toilets to ensure all households have access to sanitation, the second highest backlog in South Africa. It was also highlighted that the lack of skills and capacity to manage existing facilities is a contributing factor for infrastructure failures. The report concluded that ‘there is great potential for public and private investment on sanitation that could increase both benefits and cost effectiveness of public investment’ (Department of Human Settlements, 2012:70).

The Water Research Commission (WRC) has for a number of years, funded and undertaken studies of selected institutional options that could assist in the improvement of operation and maintenance. This research, led by the Council for Scientific and Industrial Research (CSIR) and a private sector water services provider, postulated that franchising partnership models, developed in the private sector for providing a wide range of services, could be adapted, and the resultant social franchising partnership concept could be a valuable and viable addition to the current range of institutional models for the operation and/or maintenance (O&M) of public sector sanitation and water services infrastructure. (Wall 2005; Bhagwan et al 2009; Wall and Ives 2010; Wall et al 2011)

This research, and interest shown by public sector owners of infrastructure, prompted the services provider in 2008 to establish a subsidiary to play the role of franchisor where needed. Whereas it was originally thought that municipalities would be the first to procure social franchising partnerships, and whereas many of the officials approached expressed interest, there was a reluctance to be the pioneer of this new and untested concept.

However, the first significant interest in utilising this innovative business approach came from key officials of the Eastern Cape provincial Department of Education (DoE), who saw its potential to assist them with one of their most intractable problems, namely the poor levels of maintenance of water and sanitation infrastructure at schools. Particularly, they saw its potential for rural schools, where harvested rainwater is generally the only water supply to the school, and the toilets are VIPs or similar.

The franchisor and its franchisees in less than three years greatly improved the condition of the school toilets in the Butterworth education district of the Eastern Cape. This paper describes the approach; describes the pilot programmes (reflecting on some of the key benefits and lessons learnt); and describes how this approach has already been replicated, and might be replicated even further.

2. THE 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-going basis, according to guidelines supplied, efficiently and profitably’ (Parker & 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 selected activities required to ensure sanitation and water facilities and systems are operating in a reliable manner and in accordance with the specified availability, quality, hygiene and environmental standards.

Since the 1950s, franchising has utilised the drive of entrepreneurship while reducing many of the risks to small business (Parker and Illetschko 2007:9). Both parties of a franchise have a vested interest in making sure the venture is a success while benefiting from mutual learning and shared experiences (Ahlert et al, 2008:16). 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 as an approach appropriate for use in sectors where the quality of the
service needs to be driven up and the cost of the service needs to be driven down through standardising on proven delivery mechanisms. McDonald’s is an enterprise which not only seeks to cover costs but to also make the franchisee and franchisor a significant profit. In contrast, social franchising seeks to develop an enterprise solution where community members contribute towards meeting their needs either with money or time (or both) (Norton, 2010). This approach, while still needing to cover costs and to allow franchisees to make a living, is motivated by addressing the needs of those most neglected and doing social good.

These social partnerships are especially 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 social franchising partnership concept provides opportunities for linking “local economic development” and job creation with the provision of basic municipal and community services.

This concept provides appropriate training, a quality management system (QMS) and procedures, and the backup of the off-site skills held by the franchisor. The franchisor identifies people with the skills and temperament appropriate to run the franchisee micro-enterprises, 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 success 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 micro-businesses to undertake the work under the guidance of the franchisor.

In the Butterworth pilot, trainee franchisees, all local people, with few exceptions first-time entrepreneurs, have been helped to set up micro-businesses which mostly employ women from the rural villages. Under the guidance of the franchisor, these teams are undertaking the initial cleaning and thereafter routine servicing of the water and sanitation facilities at the schools.

The primary objective of the Butterworth schools sanitation and water servicing pilot project was to develop and test an outsourcing concept which can be used for rolling out similar services to most of the more than 6 000 public schools across the 23 education districts of the province.

Research findings from the pilot indicate that many opportunities lie in applying the principles of social franchising partnerships to a range of suitable operation and/or maintenance activities within the water and sanitation services delivery chain - that is, of readily systematised repetitive operation and maintenance activities.

3. THE BUTTERWORTH PILOT PROJECT

The provision of infrastructure in South Africa’s 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 (not always the case), have been provided for at the barest minimum level with insufficient consideration of quality, durability and sustainability. Repair and maintenance issues have often been 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.

Over and above this, at local level the negative impact of poor sanitation and non-availability of clean water in schools deprives learners of 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 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.

In 2009 Irish Aid, the CSIR, the WRC, the DoE and Amanz’abantu Services signed a memorandum of understanding (“MoU”) to implement a three-year pilot for routine servicing (akin to the 15 000 km routine servicing of a motor vehicle) of water and sanitation facilities at the approximately 400 schools of the Butterworth education district.

During 2009, the scope of work was agreed with the DoE, and training and operation plans were developed. Advertisements called for parties interested in becoming “water services franchisees” to come forward. A condition was that they had to be resident in the Butterworth area for two reasons:

- to ensure that the work would be done by ‘local’ people drawn from the communities that would be served; and,
- in order to minimise travelling time and cost to Butterworth and to the schools that would be serviced.

Prospective franchisees were screened, and those shortlisted were interviewed in more depth. Those selected received initial training in East London. Thereafter the trainee franchisees and franchisor met with the DoE Butterworth District staff and school principals in order to plan their programme schedules, and for works orders to be agreed. These franchisees were required to operate under the franchise brand.

Franchisee (and co-author of this paper) Nocawe Lupuwane (the lady kneeling) with her team

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

The franchisor also developed and adopted a QMS which is compulsory for all work of the franchise, whether of the franchisor or the franchisees. It provides 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 are conducted by the franchisor on randomly selected schools to ensure standards of work are being maintained.

A key component of the service provided by the franchisees has been that of inspection and reporting on the serviceability and suitability of the facilities. Photographs taken have assisted the process of inspection and assessing schools future repair (in some cases, replacement, the toilets having been found in such a poor structural condition) and maintenance needs. Reports compiled from these inspections have been submitted to the district managers of the DoE at monthly meetings, and repair and maintenance lists then agreed for implementation over the next month. In this manner, ongoing service relationships have been developed between the franchisees, the school principals and the DoE’s district managers.

In terms of the MoU, the franchisees billed the schools (or the DoE on certain schools’ behalf) each time they did cleaning and maintenance. But all of the development costs – i.e. developing the concept, developing the training schemes, doing the training, preparing the operations manuals, and so on - were funded by Irish Aid, the WRC and also the in-kind contributions of the franchisor and the CSIR.

The franchisees themselves took out loans to fund the capital outlay for equipment and so on. Because banks much prefer lending to businesses which follow proven models, it was found that franchisees have a far better chance of securing bank loans than stand-alone small businesses do. Due to the burden of the start-up costs, as well as (as it turned
out) their fluctuating workload, franchisees were not expected to make net profits until their third year. Nor did they. Only continuity of work would resolve this.

During the pilot, the franchisor found it necessary to take direct responsibility for defining and securing the work orders, and it then instructed the franchisees-in-training to perform the work. In effect, each maintenance order was a small contract - for the first round of maintenance, each order was between R 2 000 and R 5 000. For administrative convenience during this start-up phase, the potential franchisees were managed as subcontractors, although they were treated as franchisees for all other aspects of the operation. The franchisor assisted 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 the franchisees no longer need the comfort and safety net of a subcontract arrangement, and the switch to a full franchising-like arrangement is taking place, with the franchisees being appointed directly by infrastructure owners. The franchisees have proven themselves capable of seeking new clients and generating new and repeat business, and managing their own interactions with 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. The franchisees have also been able to offer their services to clinics, other public authorities, and to private business and households.

The franchisor 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 was a common occurrence during the development of the process, with problems such as payment delays, failure of equipment and the logistics of schools “not existing” or “not having any latrines”.

The pilot over and over again proved the value of the franchise arrangement. Not only was this in respect of the anticipated advantages such as the training and mentoring, but it was demonstrated in the form of the protection that the franchisor provided against the inefficiencies of the DoE. For a particular example: when payments by the DoE were late, the franchisor followed up on behalf of all franchisees - it was not necessary for each individual franchisee to come in from the field, costing time and travel expenses, and losing production. Given the difficulties encountered with the DoE payment regime, it is unlikely that stand-alone micro-businesses would have survived for long.

4. THE MUNICIPAL PILOTS

As Ahlert et al (2008) point out, while many social franchising pilot projects are successfully carried out, without scaling up they fail to increase the social impact. The Butterworth pilot programme successfully proved that the social franchising partnership approach can address the condition of water and sanitation facilities in schools. However, given that the social franchising partnership concept had in the current context been developed with a view to providing operation and maintenance services for municipalities, it was always envisaged that significant municipal work would sooner or later be commenced.

The first significant appointment from a municipality was from the Amathole District Municipality (ADM), a largely rural municipality, which asked for all of the 400-plus household pit latrines in Govan Mbeki village, Dutywa, to be emptied. This the franchisees achieved in six weeks. The household work differed to that at the schools as the quantity of faecal sludge was significantly higher and there was no travel between sites. The village was located within a kilometre of the Waste Water Treatment Plant (WWTP) and so the franchisor fenced off a piece of land next to the WWTP and ploughed trenches into it to dispose of the sludge. As the work progressed the ADM granted the franchisor permission to dispose directly into the WWTP, saving time when disposing of the sludge.

Loading drums, filled with household faecal sludge, prior to their transport to the Dutywa WWTP.

ADM has since made several further appointments of the franchise to do the same kind of work in other areas. Currently, 2 400 household toilets are being serviced by three franchisees in a programme that will take several months to complete.

The franchisor has been developing methodologies for accessing household pits and disposing of waste, depending on the type of toilet, topography and geographical location in relation to certain infrastructure. These have been tested through work for the ADM in other villages in their jurisdiction. The adaptation from one approach to another for specific situations is a major advantage of the franchise approach. The franchisor develops the practical guidelines and strategies for the franchise to operate under, and if necessary the franchisor can be called on to develop new plans as needed, or address situation specific issues.

5. FACTORS AFFECTING VIABILITY AND COSTS

The pilots have 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.

Not unexpectedly, the amount of effort involved in undertaking the servicing of sanitation facilities - including time, training required, equipment required, and ingenuity - varied enormously from site to site. The main variables included the type of top structure, the nature of the pit contents, whether there was or was not broad consistency of type and contents in an area, distances (between pits, from home base to work site, from pits to disposal site, from location of specialised equipment to work site), logistical delays (e.g. non-arrival of equipment), and bureaucratic hold-ups (especially payment delays).

The biggest single influence on cost was continuity of work - or lack thereof. To illustrate - once the franchisees were able to get into a routine, they could each empty up to five household toilets each day, and dispose of the contents. Obviously, ability to work at this pace brought the cost per toilet down substantially. In the scaling up, therefore, a minimum three-year commitment from clients is preferred. While none of the above lists is unique to franchising partnerships, this serves to underline the point that service providers, when pricing the service, have to be keenly aware of all, because the cost of an effective service can vary between wide limits.

It would not be untrue to say that 90% of the worst problems on the Butterworth schools pilot related to DoE payment delays and slow decision-making. Payments to the franchisees had thus to be initially covered through partner funding and by the franchisor’s principal (the private sector water services provider owning the franchisor) – these costs being recovered much later from the DoE. In contrast, the franchise partnership’s performance of training, safety, efficiency and of course infrastructure operation and maintenance service delivery was excellent.

Establishing the franchisor as designated lead service provider independent of other responsibilities ensured that a focus was kept throughout the project on overcoming issues and challenges. It was accepted by the pilot project stakeholders (including the board of the franchisor’s principal) from the outset that the franchisor would not make a profit during the Butterworth schools pilot. Its purpose was to pioneer the franchise approach, and to overcome hurdles, ensuring that the project stayed afloat.

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 to stick to them, and in particular to pay service providers and suppliers on time and in full. Most importantly, changes are needed in order to better 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 were encountered (and overcome) during the pilot.

The franchisor and franchisees are mutually dependent in many ways, particularly in respect of financial viability. Thus, for example, if the franchisees cannot cover their costs, the franchisor will find it difficult to remain in business and provide them with a service.

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.

Franchisees are not unique in needing to be paid in order to stay alive. All types of outsourcing by public sector bodies is jeopardised if those bodies are unable to 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 them.

Franchising incentivises micro-entrepreneurs to follow a professional approach to business. Many subsidised programmes have enjoyed limited success that does not last beyond the periods of financial support and are not scalable models (Bramley and Breslin 2010). This re-structuring of the relationship between the user, client and service provider transforms a social service into an established business which is guaranteed through the support of the franchise arrangement. The driving force behind success is the franchisees’ ambition to succeed, as they have a clear incentive to achieve set standards, be paid when they achieve these standards, and grow their own business. Reinforcing this, the management systems of the franchise ensure quality control over the operations, sustainability through economically viable pricing systems, and responsible health and safety and environmental management systems.

The pilots have developed usable and replicable business plans with tried and tested operating procedures. This has been documented, and the information placed in the public domain (Note 1; Wall and Iwe 2013). It is hoped that other reputable, competent and ethical service providers will thereafter enter the market and create competition (Note 2). The management systems are vital to ensuring quality control over the operations, sustainability through economically viable pricing systems, and responsible health and safety and environmental management systems. These systems attract additional cost but on the other hand they ensure responsible business practice and governance and enhance efficiencies throughout the franchise.

Technical methodology also needs further development. The franchisor has been monitoring developments relating to the management of biological processes of the pit contents as well as developments relating to mechanical equipment and techniques for pit emptying and sludge handling and disposal.

It has also become involved in research, documenting and developing health and safety guidelines for those working with faecal sludge. This is important in maintaining healthy and safe practices in the sector and imparting on franchisees the responsibilities they have to their staff. Currently an immunisation and deworming programme is under review along with developing health and safety protocols for all aspects of work, such as operation, storage of tools and disposal of water used in washing items in contact with faecal sludge.

We live in a technologically society and the role of mobile communications is ever growing. The franchisor was launched to address the issues of service provision in rural areas. Around six billion people have access to a phone but less than three billion have access to toilets (Kalan, 2013). The growth of mobile technology lead to the recent ‘Sanitation Hackathon’ from the World Bank which encouraged mobile application developers to design applications to address the issues relating to sanitation provision.

Awareness of the issues facing the water sector, like that promoted by the Hackathon, has led to the creation of various applications with potential to aid a franchise in the water sector. For the franchisor, the amount of paperwork generated at each school is a serious concern for expansion of the programme. Currently there is investigation of how these applications could assist with information gathering and data collection.

Another way in which the applications can assist is in reporting. Both and schools and household level mobile phone users can report specific problems as they occur, generating reports to a central processing point who can inform the local franchisee. These are options under review as they need someone to be responsible for paying for services, and the risk of abuse of the service by users is high. However in the rural areas, where travel times are long and petrol costs high, a way of being able to remotely understand the exact needs of a situation is anticipated to be a big money saver in the long run.

Through continuous expansion and proof of the success of the franchise approach it is probable that competitors will appear to challenge the franchisor. Those involved in the franchise recognise the role competition plays in improving and refining businesses. As explained earlier, although the social franchise approach is not primarily profit driven, encouraging competition will provide incentive for entrepreneurial innovation to continually improve and drive down cost whilst offering opportunity for employment. Successful models will be replicated so other communities can benefit from the services offered by water service franchisees.

The earlier studies by the CSIR/WRC/franchisor team analysed the water services delivery value chain, and identified more than 40 types of opportunities for micro-businesses (Wall and Iwe, 2010). The social franchising partnerships concept is now set to expand beyond its current tried and tested paradigm of routine servicing of low-technology water and sanitation infrastructure.

Whereas the initial pilots have taken place in the water and sanitation sector, this is a reflection of both the expertise of the professionals responsible for concept development, and the opportunities presented by the interest shown by public sector owners of water and sanitation infrastructure. However there is great potential for social franchising partnerships to undertake operation and/or maintenance of other municipal infrastructure. Opportunities have been identified in, for example, the maintenance of electricity reticulation, in roads maintenance, in solid waste collection, in the maintenance of stormwater
At the time of writing, the programme is about to be expanded to cover four further education districts (three of them predominantly rural) within the Eastern Cape, viz. Dutywa, Butterworth, Coetmababa, and East London. The water and sanitation facilities at nearly 1 400 schools will be serviced regularly.

Undertaking this work will involve establishing a new base of operation in each of the districts, and developing new methodologies for working on the waterborne sanitation found in the peri-urban district of East London. The different sanitation systems will also require different skill sets for the franchise teams. Based on the lessons learnt from the pilot programme, an Implementing Agent (IA), advised by a consultant specialising in social franchising partnerships for water services infrastructure operation and maintenance, has been recruited to manage the programme and to ensure the accountability and management of the needs of the DoE. It is hoped that operating through an IA will address some of the issues relating to mismanagement and bureaucracy that were problematic during the pilot programme.

The franchisor is currently working with the ADM to help it further address its commitment to maintaining household latrines. This includes exploring how the concept could be further developed in order to optimise the participation of members of the local community so as to ensure timely emptying of pits, while furthering job creation and skills transfer. This approach would allow each franchisee to expand their area of work and would give them ‘eyes on the ground’, thereby allowing them to plan their work schedule better, more closely related to the demands of each locality. It would also give the franchisees long term maintenance contracts.

The franchisor is at the time of writing also in the process of expanding its operations to provide a wider range of services, initially by introducing additional services such as solid waste disposal, a natural extension to the on-site sanitation programmes, given that, without a collection service, pit toilets rapidly fill up with inorganic waste.

Buffalo City Metropolitan Municipality (BCMM), amongst others, has opened discussion about a series of projects that could be outsourced to franchised service providers. These include undertaking water and sanitation servicing in dense settlement areas and for communities living on the rural fringe, as well as solid waste collection, recycling and disposal.

In approaching the franchisee selection process for this expansion, there is much that has been learnt from the pilot programme and much excitement at expanding the franchise to be bigger and more competitive. However being competitive is still a challenge. By specifying that labour intensive methods be employed by the franchise, job creation is promoted. However when competitive tendering may be required for securing of work, the franchise may not always be the most competitive approach. The franchise approach will therefore require commitment from the client through inclusion in the terms of reference for the work. In return they get a guarantee of quality and efficiency from the franchisor, the community gets the service they need, and locally-based people become involved in a sustainable and profitable business of which they can be proud.

The franchise started with 10 trainee franchisees. Four years later, the best of these trainees are capable of working with minimal support from the franchisor, and are in the process of moving from being sole traders to establishing their own companies, giving their businesses a more robust structure with greater credibility. With the expansion of the DoE’s schools sanitation and water programme, as mentioned above, the recruitment of a further dozen franchisees is anticipated. The work identified by the ADM, and a possible programme with the BCMM for the management of their communal ablution facilities, will also require further franchisee service providers to be mobilised, trained and developed.

As demonstrated by the interest from the ADM and BCMM, there is great potential for the social franchising of the routine maintenance of municipal infrastructure. As part of the greater strategy there are plans to explore the potential for provision of water services to various government bodies and clinics. Current development of this concept includes exploring the role the franchise could play in solid waste management, closely linked to sanitation issues.

8. CONCLUSION
The franchise concept developed has proved to be very successful in incentivising a professional approach to a neglected area of operation. “Professionalising” 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 building care in sanitation that may otherwise carry 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 client is completed in a set time frame to an expected level of quality.

The restructuring of the relationship between the user, client and service provider transforms an essential service which is often neglected into a contracted service with an established business which is guaranteed through the support of the franchise arrangement. The driving force behind success is the franchisees’ ambition to succeed, as they have a clear incentive to achieve set standards. They only get paid when they achieve these standards, and grow their own business.

Reinforcing this arrangement are management systems which ensure quality control over the operations, sustainability through economically viable pricing systems, and responsible health and safety and environmental management systems.

In spite of administrative and political hurdles which have delayed progress, the pilots have been very successful in operation and maintenance of both institutional and household sanitation, and building small business. There is clear potential that, the delays, costs and frustrations of the pilots notwithstanding, there are benefits to social franchising partnerships’ operation and maintenance of sanitation infrastructure, and potentially other utility type services as well.

Being a successful franchisee operating at the bottom of the pyramid requires patience and perseverance, whilst at the same time insistence on compliance with predetermined standards. Unlike working with contractors, where there are clearcut conditions and contracts, working with franchisees requires nurturing, guidance and patience, to ensure that an environment conducive to stimulating learning and the growth of the franchisees is maintained.

Apart from providing essential operation and maintenance services to public sector authorities who are short of skills, the partnerships create jobs, provide training, and nurture micro-entrepreneurs. Future pilots must be structured so that when they come to an end, the franchisees employed on them would have been developed into sustainable micro-business entities, with the necessary skills and sufficient workload and income streams to continue as viable and profitable businesses.

9. KEY PRESENTATION TAKEAWAYS
The social franchising partnership approach is an adaptation, to address quality and reliability of service delivery, of commercial franchising principles. This marriage of unrelated concepts (i.e. commercial franchising principles (think of fast food outlets and video stores)) with
infrastructure service delivery), to create something innovative, displays South African thought leadership. Implementation has moreover been piloted in the Eastern Cape.

Social franchising partnerships are locally led and deliver services locally. Also they create jobs, transfer workplace skills, and retain income within the communities being served.

The social franchising partnership approach creates and nurtures micro-businesses.

The social franchising partnership approach, thanks to the inherent strengths of the franchising concept, guarantees predetermined quality of service.

REFERENCES


NOTES


2. The key role players in an expansion of the concept are: owners of infrastructure, who require operation and/or maintenance of this infrastructure; locally-based aspirant franchisees, people currently living in and familiar with the community to be served, and who have the required levels of entrepreneurship, energy, skills and leadership; and aspirant franchisors.

In respect of the last: no doubt there are quite a few organisations with the potential to undertake this role, but few of them have so far expressed interest. No doubt this is because the market is currently so small.

ACKNOWLEDGEMENT

The authors thank the Water Research Commission and Irish Aid for their support.