

## Applying franchising principles to improving water and sanitation services reliability

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### ABSTRACT

CSIR research has found that franchising partnerships could alleviate and address many challenges in the operation and maintenance of water services infrastructure. Franchising brings appropriate training to those on-site, and also offers backup off-site skills together with the incentive to both call for those skills and to make them available. Findings indicate that many opportunities lie in the franchising of suitable elements in the water services value chain, and a selection of these has been modelled.

### THE RESEARCH QUESTIONS

How is it that in some parts of our country, confident that these products contain no contaminants, people can fill up their tanks at a petrol station while eating food purchased at the local KFC or McDonald's - but they cannot be sure that the water from a nearby tap is fit to drink, and that the local stream is not polluted by effluent from the sewers? This is astonishing, given that the oil from which the petrol is made has to be imported, whereas the 'raw material', so to speak, for the clean water can be sourced from relatively close by.

CSIR research has been addressing:

- What is it that makes the food outlet or petrol station work as well as it does - what are the operational principles?
- Will application of these principles to water services help to ensure consistent satisfactory quality?

### FRANCHISING PRINCIPLES

In South Africa, the food outlet and the petrol station are very often franchisees, participants in franchising partnerships. The franchise system firstly correlates and systematises the service, then it facilitates the setting up of the local business, whereafter it supports and disciplines the business. See **Figure 1**.

The key is the incentive, to franchisor and franchisee alike, to provide improved service consistency, reliability and quality control. (You know what you will be getting, whether you purchase the Shell or KFC product in Menlyn, Makhado, Mount Frere or Machadodorp.)

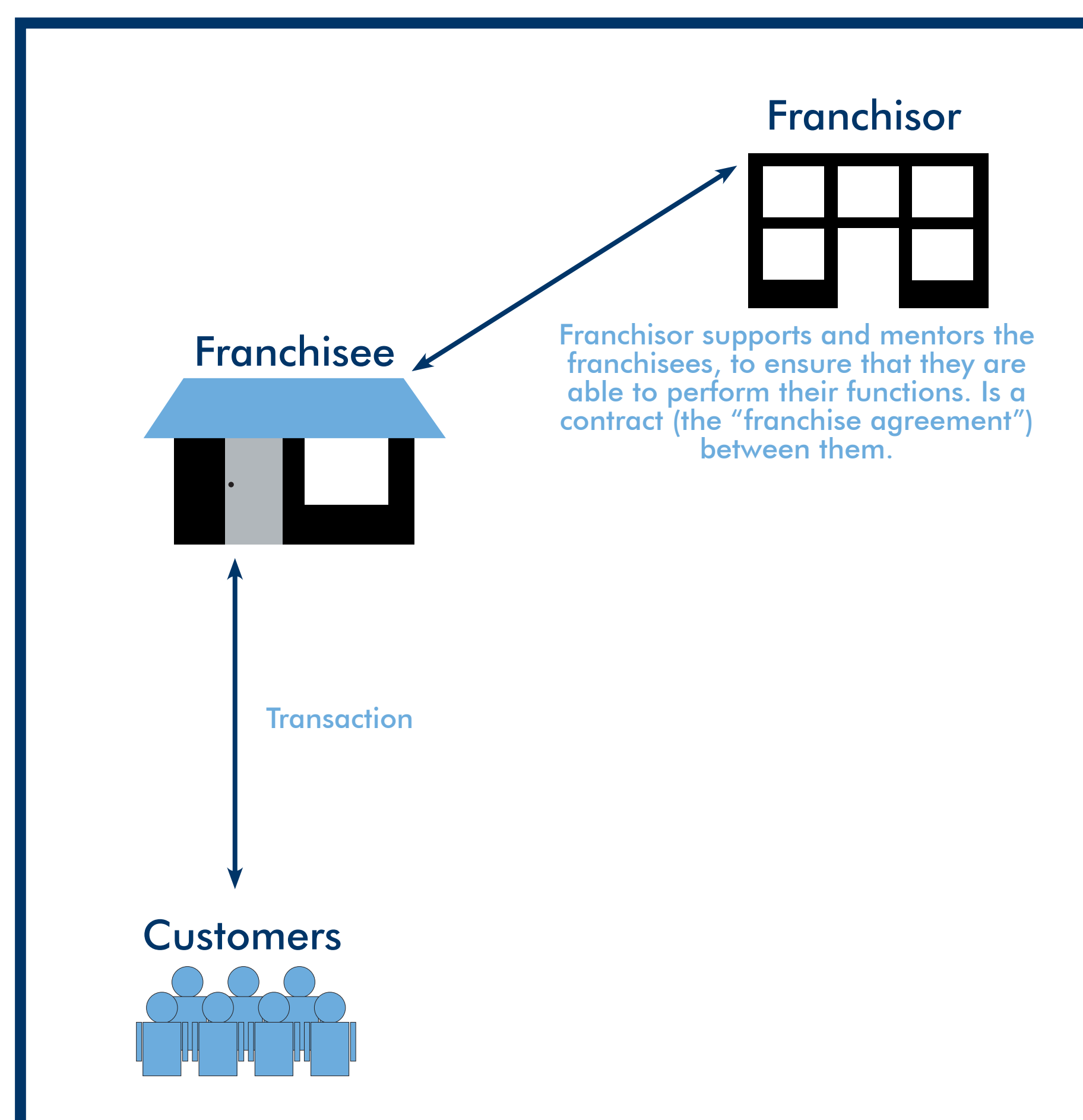


Figure 1: Conventional franchising partnership

### FRANCHISING PARTNERSHIP PRINCIPLES – AND WATER SERVICES

The CSIR, with financial assistance from the Water Research Commission (WRC), has researched the application of

franchising partnership principles to the operation and maintenance of water services infrastructure.

Significant improvements would soon be seen if the often underqualified or under-resourced water services staff of the municipalities and other water services authorities (WSAs) could enjoy ongoing support, mentoring and quality control - or if the WSAs could enter into partnerships with micro-enterprises which would, through franchising partnerships, enjoy the necessary ongoing support, mentoring and quality control, and would have quick access to skilled assistance when they needed it. (**Figure 2** illustrates this.)

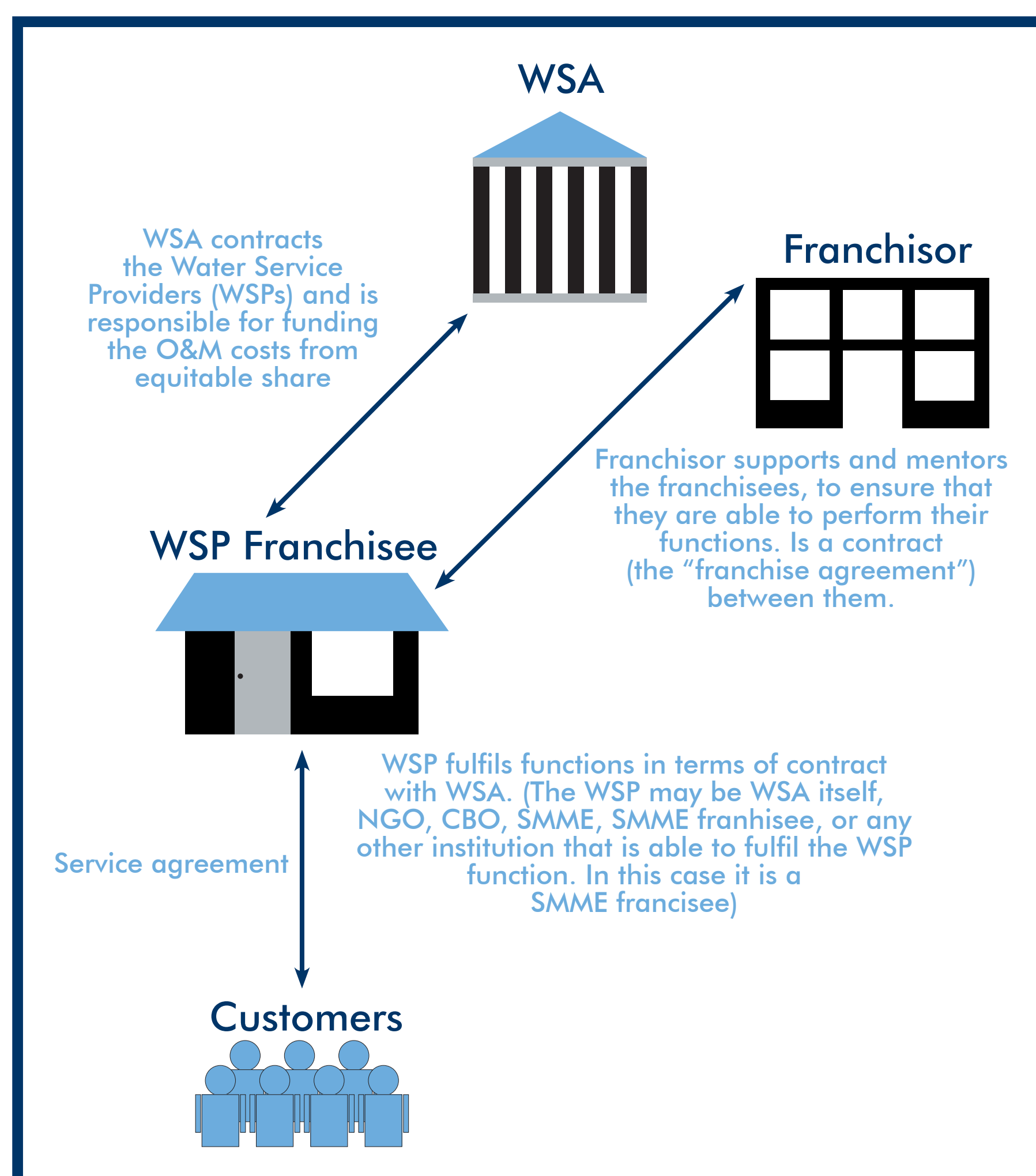


Figure 2: Franchising partnerships as applied to water services infrastructure operation and maintenance

The concept is very attractive for a number of reasons, but in particular that it would address the lack of higher-level expertise that has so often been identified as a key to improvement of service, especially outside major urban areas. The local staff would be trained up to be able to deal with day-to-day operational needs, and the franchisor would monitor quality of service. The essence of water services franchising partnerships is the creation, within the franchisor, of a pool of appropriate expertise upon which the local operators can draw whenever higher levels of skill would be required, a restructuring of the local responsibility for operating, 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 together with the incentive structures to ensure that it happens.

Many potential sites for water services franchising partnerships already exist, in the sense that much infrastructure is already in place, but is not being operated and maintained properly at the present time. Many of these sites fall under the jurisdiction of, or are owned by WSAs, while other sites belong to public sector institutions such as schools and clinics.

Water services operation and maintenance tasks with apparent potential for franchising include (but are not limited to) 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 these.

**CSIR research has found that franchising partnerships could address many challenges in the operation and maintenance of water services infrastructure. The key is the incentive to provide improved service consistency, reliability and quality control.**

