African Water Facility
Facilité africaine de l'eau
Mobilising Resources for Water in Africa
Mobiliser des ressources pour l'eau en Afrique

Project Appraisal Report

REPUBLIC OF SOUTH AFRICA

Social Franchising for Operations and Maintenance of School Sanitation Facilities and Demonstration of on-site Faecal Sludge Treatment in East London, Eastern Cape

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LIST OF ACRONYMS

AAS	Amanz' abantu Services (Pty) Ltd
ADB, AfDB	African Development Bank
ADM	Amathole District Municipality
AWF	African Water Facility
BCMM	Buffalo City Metropolitan Municipality
BBBEE	Broad-Based Black Economic Empowerment
CSIR	Council for Scientific and Industrial Research
DPME	Department of Monitoring and Evaluation
ELD	East London District
EWS	eThekwini Water and Sanitation
FSM	Faecal Sludge Management
GIS	Geographic Information System
DoE	Department of Education
DWAF	Department of Water Affairs and Forestry
IEC	Information Education and Communication
MHM	Menstrual Hygiene Management
MoU	Memorandum of Understanding
NEIMS	National Education Infrastructure Management System
NSPU	National Sanitation Programme Unit
OHS	Operational Health and Safety
O & M	Operations and Maintenance
PIT	Project Implementation Team
PSC	Project Steering Committee
PSS	Particle Separation Solutions (Pty)
QMS	Quality Management System
QCBS	Quality and Cost Based Selection
ToR	Terms of Reference
WRC	Water Research Commission
WWTPs	Wastewater treatment Works

CURRENCY

Local Currency:	South African Rand (R, ZAR)
1 Euro (EUR, €):	12 Rand

RESULT-BASED LOGICAL FRAMEWORK

South Africa: Social Franchising for Operations and Maintenance of School Sanitation Facilities and the Demonstration of on-site Faecal Sludge Treatment in East London.

Purpose of the project: To replicate and expand affordable and sustainable business models for operation and maintenance of school sanitation facilities and safe handling of faecal sludge in peri-urban areas of Amathole and Buffalo City Municipalities

	Results chain	Performance indicators Indicator (including CSI)	Baseline	Targets	Means of verification	Risks / mitigation measures
Impact	Impact Improved school attendance and performance through better operated and maintained sanitation facilities in Eastern Cape Province	1. Proportion of students in regular school attendance, % of which are female	1. No data available – (Baseline survey at inception will define the current figures)	1. 1100,000 by 2017 (at least 50% female)	NEIMS report from the Department of Education Final project report	Assumption: There is sufficient buy-in and commitment from the DoE in providing necessary school maintenance budgets to the programme. There is commitment to ring-fence 50% of the current school maintenance budgets for sanitation O & M.
Outcomes	Outcome 1 Usable and clean school sanitation facilities in the Amathole & Buffalo City Municipalities	1.1 Number of schools with access to improved containment, collection and disposal of human waste in the target	1.1 0 by 2014	1.1 300 schools by 2017	NEIMS report and project progress reports	Risk: The cultural attitudes towards sanitation might make it difficult to create ownership of communal facilities. Mitigation: Education component addresses hygiene awareness and attitude change. The establishment of the school sanitation clubs will offer targeted training and exposure on benefits of improved sanitation.
	Outcome 2 Improvement in learners hygiene practices and appropriate use of sanitation facilities	2.1 Students practicing hand washing with soap after visiting the toilet 2.2 Number of school sanitation clubs functioning 2.3 Schools with a MHM plan for high school	2.1 No data available -(Baseline survey at inception will define the current figures) 2.2 0 in 2013 2.3 0 schools in 2013	2.1 80% by 2017 2.3 300 by 2017 2.4 300 schools by 2017	Progress reports, school attendance register - number of menstruation age girls attending school	
	Outcome 3 Locally established and sustainable franchisees operating in the East London District (ELD)	3.1 Number of social franchisees operating sustainably (2/3 of which are women)	3.1 0 (nil) in East London District in 2013	3.1 5 in the East London District by 2017	Progress reports	Risk: Identified and trained individual WSPs unable to develop and maintain business drive to sustain the franchise activities. Mitigation: Establishment and operational support from Impilo Yabantu based on tested Systems from the Butterworth pilot initiative.

Results chain		Performance indicators			Means of verification	Risks / mitigation measures
		Indicator (including CSI)	Baseline	Targets		
	Outcome 4 Demonstrated faecal sludge management (FSM) through mobile treatment technology, safe handling and reuse	4.1 Lease agreement of mobile faecal sludge treatment technology. 4.2 No. of municipal and community-level demonstrations on safe handling , disposal and re-use for schools and local communities	4.1 Nil by 2014 (Government disposal policy is through incineration or WWTP) 4.2 Nil by 2014	4.1 FSM demonstration schedules for Amathole and in Buffalo City 4.2 1 Manual and guidelines for training on safe handling, disposal and re-use of faecal sludge	Procurement reports Project progress reports Training reports	Risk: The mobile faecal sludge treatment technology is not accepted by the local community due to socio-cultural setting. Mitigation: The target community will receive sensitisation on the benefits of safe handling and disposal and viewing waste as a resource. A capacity building component to provide learning through demonstrations in the target area is integrated into the intervention.
Outputs	Component 1: Improved School Sanitation Facilities and Practices 1.1 Baseline on school sanitation facilities and maintenance undertaken (Gender Sensitive) 1.2 Improvement of physical state of sanitation facilities undertaken 1.3 Inclusive increased hygiene awareness for pupils and teachers 1.4 Menstrual hygiene plan for girls developed and piloted	1.1 Procured consultancy services and Android based system 1.2 Schools in DoE district work-schedule receiving maintenance service (repairs and cleaning) 1.3 Proportion of schools with functioning sanitation clubs & in Best School Award scheme 1.4 Menstrual Hygiene Management (MHM) plan developed	1.1 NIL 1.2 0 by 2014 1.3 0 in 2014. 1.4 0 MHM plans developed in 2013	1.1 Baseline report, functioning and active Android system 1.2 300 by 2017 1.3 300 school sanitation clubs, each with hygiene education handbooks & set of IEC materials, by 2015 1.4 10 schools piloted MHM plan, by 2017	School visits, NEMIS report, Baseline survey report Project progress reports	Risk: Limited baseline data on school sanitation will cause challenges in monitoring of targets. Mitigation: Schools will be asked to help provide data using recording formats provided by Impilo Yabantu. An Android based mapping and monitoring tool is planned for this project. Municipal and Education officers will collaborate through the signed MoU between DoE and Amanz' abantu to support the data monitoring processes to ensure institutionalisation and sustainability.
Outputs	Component 2: Gender informed Business Model for School Sanitation Franchise 2.1 Sanitation Franchisees identified, trained and contracted 2.2 Equipment for franchisees operations procured and stocked in field offices 2.3 Operational procedures and QMS in place 2.4 Effective demand for sanitation Franchisee services generated	2.1 No. of trained franchisees with contracts and zones of operation. 2.2 Procurement records; and number of tool-boxes provided to franchisees and sanitation teams 2.3 Operational Health Safety (OHS) and QMS implemented 2.4 No. of scheduled school repairs and maintenance call jobs undertaken.	2.1 0 Franchisees in 2014 2.2 0 in 2014 2.3 N/A 2.4 NIL in 2014	2.1 5 Franchisees by 2017 (at least 50% female) 2.2 2 operational field offices by 2015 2.3 1 OHS and 1 QMS system 2.4 300 schools by 2017	Training reports, project progress reports, procurement records Invoices and monitoring forms submitted by franchisees Audits Project progress reports, invoices to DoE	Risk: Each toilet serviced generates around €20 to make the franchise business viable. Mitigation: Each franchisee will officially minimally service at least 14 schools a month to generate sufficient turnover to cover costs and make a profit themselves. In addition, similar services will be offered to households and businesses in the same area.

Results chain		Performance indicators			Means of verification	Risks / mitigation measures
		Indicator (including CSI)	Baseline	Targets		
	Component 3: PPP for Faecal Sludge Management 3.1 Operating procedures / mechanism for the LaDePa sludge drying / pasteurising technology developed. 3.2 Leasing agreement for LaDePa sludge technology in place 3.3 Site for demonstration of the faecal sludge and safe handling established and operational in selected schools in ELD 3.4 Operational system and training in safe handling and reuse developed and carried out	3.1 Rapid assessment report (with cost-benefit analysis, institutional framework) 3.2 Lease agreement and procurement 3.3 a) Volume of faecal sludge delivered and processed b) % of schools involved in demonstration in safe re-use in urban agriculture 3.4 a) No. of trainings undertaken for schools and Municipality b) % of schools utilising faecal sludge pellets for urban agriculture	3.1 N/A 3.2 NA 3.3 0 by 2014 3.4 a) N/A b) 0 in 2014	3.1 1 operating manual with guidelines for safe handling and re-use 3.2 Signed lease agreement 3.3 a) 3360m^3 by 2016 b) 50% of schools by 2015 3.4 a) 2 trainings for school principals and 2 for local government stakeholders b) 50% of schools	Procurement reports Project progress reports (with franchisees activities daily monitoring sheets) Training reports	Risk: Cooperation and acceptance of the technology by the local government counterparts and the target community (schools and local people). Mitigation: The DoE supports the establishment of a pit-emptying and disposal mechanism. As a demonstration, lessons will be learnt and necessary adjustments made to the approach.
Outputs	Component 4: Project and Knowledge Management *Project Management* 4.1 Project inception 4.2 Coordination 4.3 Procurement 4.4 Monitoring, evaluation and reporting	4.1 Partners mobilised and project launched 4.2 Project steering committee/project management unit established 4.3 Goods, works and services procured 4.4 Quarterly project progress reports, annual audits and evaluation reports	Not Applicable	4.1 1 Project launch conducted; Work Plan and Implementation schedule developed and approved 4.2 1 PSC established 4.3 Procurement plan developed 4.4 Relevant reports submitted in a timely manner	5.1 MoU between WRC, DoE and AAS, inception workshop report 5.2 ToR for PSC, committee meeting minutes 5.3 Physical goods and works receipts and related documentation 5.4 8 quarterly progress reports, 2 evaluation reports, 2 annual audits, 1 final project report	Risk: Effective collaboration of project partners and undertaking the project activities according to the Grant Agreement, and the agreed implementation schedule and plan. Mitigation: The WRC will bring its experience and influence to bear and assure support from national level partners.

Results chain	Performance indicators			Means of verification	Risks / mitigation measures
	Indicator (including CSI)	Baseline	Targets		
Knowledge Management 4.5 Baseline data on sample size collected and monitored through Android based application 4.6 Proven Social franchising business model for peri-urban areas documented and developed	4.5 1. Survey Android format developed and applied in selected schools 4.6.1 Functioning sanitation O and M business model developed 4.6.2 Number of associated case studies, briefs, thematic sanitation value chain research paper and study tours	4.5 0 in 2014 4.6.1 0 in 2014 4.6.2 Not applicable	4.5 1 Android based application developed and applied 4.6.1 1 functional sanitation business model in operation 4.6.2 1 documentary DVD case study, 2 project briefs, 2 thematic papers (MHM and Social franchising), 2 learning events	Updated GIS database Project progress reports, evolution reports, project monitoring, end of project report Project progress reports, meeting reports	

KEY ACTIVITIES

COMPONENTS	INPUTS IN EUROS	
Component 1 – Improved School sanitation Facilities and Practices for boys and girls – Setting up East London field offices & purchasing of franchisee start-up kits – Identifying & undertaking school sanitation facilities cleaning Services and minor repairs – Establishing and operationalizing gender sensitive school sanitation clubs – Planning and delivering gender sensitive school hygiene campaigns – Designing, developing and distributing gender sensitive sanitation IEC materials – Defining and developing MHM plan and purchasing associated resources	AWF Contribution Total Component 1:	324,358 1,104,167 1,442,525
Component 2 – Development and application of Business Model for School Sanitation Franchise in the ELD – Processing the applications of potential franchisees – Theory and practical training of franchisees/WSPs – Final selection and signing of contracts with franchisees – Procure equipment for franchisees – Develop OHS and QMS systems – Designing, development and application of administrative systems, circuits and on-going distribution and processing of franchisee work orders – Technical backstopping to franchisees	AWF Contribution Total Component 2:	119, 238 42,600 161,838
Component 3 – Demonstration of PPP for on-site mobile Faecal Sludge Management, safe handling and re-use – Rapid assessment on on-site low-cost technologies mobile for faecal sludge treatment. – Procurement of technology and setting up for demonstrations in the two municipalities – Undertaking laboratory tests on safe re-use of treated faecal sludge – Development of safe handling operating manual and guidelines – Training and sensitisation of school communities and local government partners on safe-re-use	AWF Contribution Total Component 3:	178,076 65,948 244,025
Component 4 – Project Management and Knowledge Management ***Project Management*** – Project launch – Development and application of work plan, implementation plan, detailed procurement plan – Establishing gender sensitive Project Steering Committee – On-going monitoring and reporting on the project – ***Knowledge Management*** – Procuring and conducting baseline surveys – Refinement of the peri-urban sanitation franchise business model – Development and production of case studies, sanitation research papers and briefs for publication – Organizing peer-learning/study tours/workshops	AWF Contribution Total Component 4: Contingencies **TOTAL** **AWF** **Contribution** **Project Cost:**	462,832 6,613 469,446 120,282 **1,192,956** **1,231,260** **2,424,216**
	TOTAL **AWF** **Contribution** **Project Cost:**	 **1,192,956** **1,231,260** **2,424,216**

EXECUTIVE SUMMARY

The rationale for this project is the need to dramatically improve the usability of existing school sanitation facilities through franchised operation and maintenance services and safe handling of faecal sludge for non-sewered urban and peri-urban areas of East London District. This is aimed to facilitate better learning and improve environmental sanitation.

The project will be implemented in the Eastern Cape Province, one of South Africa's poorest provinces, which suffers from a huge sanitation backlog, with high proportions (50%) of the population using ordinary pit latrines. It targets the Educational District of East London, one of 23 Educational Districts (predominantly peri-urban) within the Eastern Cape, with over 5,626 schools and 1.9 million enrolled children. These schools have no existing regular, structural or emergency operations or maintenance mechanism for servicing existing school sanitation facilities. The maintenance of clean school sanitation facilities by the franchisees will benefit about 100 000 learners.

The goal of the project is to replicate affordable and sustainable operation and maintenance of usable and clean school sanitation facilities and safe handling, treatment and re-use of faecal sludge in peri-urban areas of Amathole and Buffalo City Municipalities in East London Educational District (ELD). The project will expand on improved school sanitation and faecal sludge management in Eastern Cape Province.

Four outcomes are expected from the implementation of this project: 1) Improved school sanitation facilities in the Amathole & Buffalo City Municipalities; 2) Improved learners' hygiene practices and use of sanitation facilities; 3) Locally established and sustainable social franchise operation in ELD; and 4) Demonstrated PPP for faecal sludge management (FSM) through on-site treatment, safe handling and re-use. Each will be achieved through a gender sensitive component, giving particular attention to the needs of girls in schools as well as female franchisees.

The project offers an innovative social franchising business model which has been successfully piloted within Eastern Cape Province and has gained the interest and endorsement from local government partners within the Department of Education (DoE) and the Municipalities as a viable model for sanitation services. It offers strong capacity building elements through close partnership arrangements with both the municipal level partners and the local community. The project will thus benefit multiple stakeholders – creating business opportunities for trained franchisees operating as local entrepreneurs; job opportunities for local youth as part of the service team; school population; school community (households); municipalities, the DoE and the private sector.

The project will be targeting co-education schools in the East London Educational District which falls under the Department of Education (DoE, Eastern Cape) who will enter into a Memorandum of Agreement with the Water Research Commission as the Recipient and Executing Agency. The project will be conducted over a period of 30 months and is aimed to spend a total of **€ 2 424 216** for the purpose of executing the components under this project. The AWF contribution of **€ 1 192 956** (49% of total project cost) while the DoE and others will contribute at least **€ 1 231 260** (an

equivalent of ZAR 5 million per annum**,** 51**%** of total project costs) towards the maintenance services of the 300 target schools.

It is recommended that a grant not exceeding **€ 1 192 956** from the African Water Facility resources be extended to the Water Research Commission for the implementation of the project as described in this appraisal report.

1. BACKGROUND

1.1. Origin of the Project

1.1.1. Amanz' abantu Services (Pty) Ltd submitted the project request on *Social Franchising for Operation and Maintenance of Schools Sanitation Facilities* to the Africa Water Facility (AWF) in February 2012, following acceptance of their response to the AWF Call for Concept Notes launched in September 2011.

1.1.2. The project is based on the recognition that in South Africa there has been significant investment in new infrastructure aimed at addressing the government's target of providing basic services to all by 2014, but there is little focus ensuring the long term success of these investments through on-going operation and maintenance of systems. While grant funding for infrastructure capital works is available, the stringent processes required for planning and procurement provide a barrier to implementation. Very few municipalities have a maintenance programme for on-site dry sanitation systems and Eastern Cape, the target location, is one of the provinces identified as having the highest levels of infrastructure maintenance needs (DWAF, 2012).

1.1.3. The key financial instruments for funding operation and maintenance are the equitable share (an unconditional grant often not allocated for the purposes proposed in the formula) and municipal revenue from rates and tariffs (a very small proportion of the revenue, in most category B Local Municipalities and C District Municipalities). Local Municipalities cover the areas outside of the six Metropolitan Municipal Areas. There are a total of 231 of these and each Local Municipality consists of wards, represented by an elected Ward Councillor. Category C District Municipalities are made up of several Local Municipalities, usually between 4 and 6. They fall directly under the District Council and have no local council. The District Municipality has to co-ordinate development and delivery of services. While Metropolitan Municipalities are responsible for development and delivery all local services in the metropolitan area, Local Municipalities share that responsibility with District Municipalities. Especially in very rural areas, District Municipalities have more responsibility.

1.1.4. This project builds on lessons (as attached in the annex 10) from the Irish-Aid-funded Butterworth pilot initiative which successfully covered rural schools and focused on research training and business development[1]. Through the project 6 franchisee micro-entrepreneurs were identified, trained and contracted under the supervision of a franchisor – Amanz' abantu through the subsidiary partner Impilo Yabantu – which is providing both water and sanitation infrastructure services to schools and households in the area. The franchisees provided two services: i) cleaning existing sanitation facilities, hygiene education and awareness-raising

[1] In 2009 Irish Aid, the CSIR, the WRC, the DoE and Amanz' abantu signed a memorandum of understanding (MoU) to implement a three-year pilot for routine servicing of water and sanitation facilities at the approximately 400 schools in the Butterworth education district of the Eastern Cape.

among the pupils and staff; ii) emptying pits and septic tanks of faecal sludge/black water. Additionally for dilapidated latrines, the franchisor provided 5 emergency VIP pit toilets at no cost to the schools (see lessons learnt attached in the annex). One of the key impacts of this pilot is leveraging about 3 – 5 million Rand from the DoE and the Municipality.

1.1.5. A similar operational and management mechanism for urban and peri-urban schools, based on a public-private partnership arrangement and close collaboration with the public sector institutions at the municipal and community levels, shall be expanded to the Educational District of East London, which comprises of 23 Districts (predominantly peri-urban), with over 5,626 schools and 1.9 million enrolled children. These schools have no existing regular, structural or emergency operations or maintenance mechanism for servicing existing school sanitation facilities. The DoE employs 89,100 staff, of which 60,000 are school teachers. The maintenance of sanitation infrastructure is neglected, with many toilets having never been emptied despite serving over 500 pupils.

1.1.6. As part of the government's effort to address the sanitation backlog, the Department of Education has rolled out the Phase 1 of the Schools WASH programme in four selected educational districts in February 2013. This intervention paves the way for establishing the management arrangement within which this project will be implemented.

1.1.7. This project introduces the demonstration of an innovative mobile treatment of faecal sludge and builds capacities for safe handling and re-use for urban agriculture to contribute to reduced environmental pollution. The project will result in improved sanitation and will have direct social benefits of local business development, job creation and local economic development.

1.2. Sector Status and Priorities

1.2.1. Despite the attainment of the Millennium Development Goal for sanitation in South Africa by 2008, 28% of households have sanitation services which do not meet improved standards due to lack of maintenance, inadequate water supply, or lack of pit emptying services, particularly in the rural settlements of KwaZulu-Natal, North West and the Eastern Cape (DPME, 2012). The provision of adequate sanitation services and addressing existing basic sanitation services backlogs face many challenges including ensuring the quality of structures built, the maintenance of infrastructure, revenue collection to fund the on-going provision of services, community participation to ensure acceptability and responsibility, and the effective operation and management of the sanitation programme at all levels of government. The government views sanitation as a human right and development issue and set the target of 100% access by 2014.

1.2.2. The 2001 White Paper on Basic Household Sanitation explicitly acknowledges that "government has a constitutional responsibility to ensure that all South Africans have access to adequate sanitation." The Water Services Act 108 of 1997 (Water

Services Act) - the primary legislation relating to water and sanitation in South Africa – reinforces with its reference to a "right to basic sanitation." The White Paper called for universal access to basic sanitation by March 2010 emphasising provision of a basic level of household sanitation to areas of greatest need. It focuses on safe disposal of human waste, with appropriate health and hygiene practices. In line with the Municipal Systems Act 32 of 2000, section 73 of the Act ("right to basic municipal services"), the implementation of the White Paper is undertaken through national programmes in collaboration with Municipalities.

1.2.3. Institutionally, sanitation is the responsibility of diverse government actors at national, provincial and district levels as summarised in Table 1 below.

Table 1: Summary of sanitation institutional arrangements in South Africa

Institution	*Responsibility*
Department of Water Affairs (DWA)	Sets norms and standards / policy and ensures compliance with legislation and policy including monitoring the Ground Water Protocol
Department of Human settlements	Prescribes sanitation services per household (VIP latrine as a minimum or equivalent); Hosts the National Sanitation Programme Unit (NSPU)
Department of Basic Education	Develops curricula on health, hygiene and sanitation (in collaboration with the Department of Health) and sets standards and norms for provincial departments for public schools
Provincial Department of Public Works	Sanitation in public and government buildings / construction of sanitation facilities in schools and clinics
Department of Health	Undertakes health & hygiene awareness, education programmes, develops standards and norms and propositions of sanitation facilities for clinics, hospitals and other health institutions
Department of Environment and Tourism	Develops guidance, procedures, norms and standards relating to impact of sanitation systems and monitoring of the same
Local Authorities	Providing sanitation facilities within a geographical area (but are limited by lack of budgetary provisions for school sanitation)

1.2.4. Due to these diversely spread mandates for sanitation, fragmentation and the lack of a single national body taking the lead in the sector has resulted in particular challenges in terms of the coordination and upholding of norms and standards. The coordination is effected through the National Sanitation Task Team hosted in the National Sanitation Programme Unit (NSPU) of the Department of Human Settlements, with subsidiary teams established at the provincial level.

1.2.5. The national budget for sanitation is allocated by the National Treasury, while funding for sanitation improvements is available to local government under i) the Municipal Infrastructure Grant (MIG); and ii) Equitable Share Funding mechanisms; and iii) Local Authority revenue. Under the government's 'Free Basic Services' policy, the "Equitable Share" grants provide for the operation and maintenance of services, which is transferred to municipalities as an unconditional grant. Most of this

budget is, however, spent in funding internal staff salaries and other institutional costs resulting in insufficient funding to cover the direct operational costs for the free basic services.

1.3. Problem Definition and Opportunities

1.3.1. School sanitation infrastructure services in South Africa is faced with a huge sanitation backlog. The operation and maintenance (O & M) of most of the existing water and sanitation infrastructure do not comply with required national standards. As confirmed by the South Africa Institution of Civil Engineering (SAICE, 2011) national infrastructure report card, the condition of built infrastructure of public ordinary schools is at D+ (on a scale of A+ top-end to E- at the bottom). The full bi-annual audit assessment of the status of wastewater treatment works (WWTPs) by DWAF (the Green Drop Report) indicates a low rate of achievement of standards with only 40 out of 826 works assessed achieving Green Drop status and 20% of WWTPs running over their design capacity; while 90% of WWTPs are non-compliant on more than 3 effluent determinants. Eastern Cape Province is one of the areas where non-compliance challenges are greatest (67%).

1.3.2. The current learner-to-stance ratio of 50:1 is double the standard recommended by the DWAF, of 25:1. The government requires the current sanitation infrastructure backlog to be cleared and has allocated an approximate budget of 8 billion Rand for sanitation infrastructure in institutions.

1.3.3. A key limitation influencing the school sanitation situation is management and financing of O & M. The DoE receives funds for school maintenance of all school related services including sanitation; each province maintains its own budget for school maintenance which is allocated to schools (based on pupil population) for basic repairs to buildings and infrastructure, payment of water bills and operation and maintenance of sanitation facilities.

1.3.4. Currently the educational districts receive approximately R116 million for day to day maintenance per annum and approximately R120 million for municipal services in the 23 educational districts. However, this maintenance budget has not been effectively applied due to limited technical competence to manage sanitation. The rural District and Local Municipalities are not able to raise sufficient revenue to sufficiently cross subsidize the “free basic services” to their poor communities.

1.3.5. This project is a follow-up of a successful Irish-Aid funded *Butterworth Schools Sanitation and Water Servicing Pilot Project* (2009-2012) in the Butterworth Education District in the Province of Eastern Cape. The replication and expansion project will demonstrate affordable and sustainable O&M of pre-urban school sanitation facilities leading to improvements in hygiene, health and the general welfare of school and the school communities. Additionally, the project introduces an innovative on-site faecal sludge treatment for safe handling and re-uses mobile and containerised LaDePa (Latrine Sludge Dewatering and Pasteurisation) technology to

address the current gap in the disposal of faecal waste in un-sewered peri-urban areas.

1.3.6. This project will operate within a management framework for WASH servicing for schools as part of a roll-out programme to address service backlogs. The scope of the operations includes East London Educational District. The project therefore complements on-going government policy implementation.

1.4. Relevance for AWF Involvement

1.4.1. The project fits within the AWF mandate with links to the AWF strategic pillars windows 2 and 3 related to the following:

i) *Bankable investments projects – Strategic investment projects.* The project is based replication of a social franchising model, with active participation of the private sector, the community and support from the relevant government partners, to create business opportunities for trained franchisees operating as local entrepreneurs to render existing sanitation facilities in schools clean and usable. In South Africa, improved sanitation has significant economic benefits: every $1 invested in improved sanitation translates into a return of $9, (DWAF, 2012). The seed investments in sanitation offered through this project will provide a comprehensive service (effective O&M and appropriate health education) with significant benefits in terms of school attendance and performance, community well-being, and improved household productivity. The return on this investment is already quite significant given the level of co-financing from the DoE.

ii) *Promoting knowledge generation and management.* The project has a strong innovation aspect in the application of on-site faecal sludge treatment and promotion of safe handling and re-use of by-products in urban agriculture. Documentation of the processes, lessons and outcomes will generate knowledge products that will promote peer-learning in Eastern Cape Province and which will support scaling up processes.

1.4.2. The project offers both horizontal and vertical linkages with both public and private sector entities through which the local community benefits with strengthened capacities of local business development, creation of jobs within the localities and readily available skills which are beneficial to the house-holds as well. Through the training component and close interaction with project implementing partners through the Project Steering Committee, the capacities of local government departments will be enhanced.

1.4.3. The project responds to the DWAF (*Report on the Status of Sanitation Services in South Africa,* 2012) recommendations for a nation-wide effort to put in place appropriate organizational infrastructure to manage the implementation of the sanitation programme namely:

i) Map the location and condition of existing infrastructure;

ii) Develop a portfolio of projects (investment plan) for new infrastructure and upgrading, refurbishment or extension of existing infrastructure as well as a maintenance and operation plan for existing and new infrastructure;

iii) Build the capacity of the municipality to plan, operate and maintain infrastructure.

1.4.4. Given the current commitment and active participation of the Department of Education, this project has potential of influencing sanitation strategies and plans and in leveraging further financial support to address the sanitation infrastructure and services backlog in schools and in the poor communities who are not connected to the conventional sewerage system.

1.5. Beneficiaries and Stakeholders

1.5.1. ***Beneficiaries:*** The project will be implemented in the Eastern Cape Province, one of South Africa's poorest provinces, which suffers from a huge sanitation backlog, with high proportions (50%) of the population using ordinary pit latrines. Improved school attendance and performance will eventually impact on all 1.1 million learners.

1.5.2. The project targets 300 co-education schools in the peri-urban areas of the Municipal Districts of Buffalo City (266 schools) and Amathole (34 schools)[2]. The maintenance of sanitation facilities carried out by the franchisees in schools will benefit the pupils, this is estimated to be in the region of 100 000 learners. The project will further directly benefit the 5 (3 women, 2 men) franchisees successfully trained by Amanz' abantu who will establish and run their own small business. It is expected that at least 50 trained youth will gain employment working as a support team to the franchisees. Under the treatment for safe handling and re-use component, 1 contracted operator who will receive and treat faecal sludge is expected to provide further jobs for the local population.

1.6. Partnerships

1.6.1. The key partners involved in this project are the DoE, the Water Research Commission, Buffalo City Municipality, Amathole District Municipality and Amanz' abantu. These partners will collaborate through a public-private partnership arrangement elaborated in a signed and detailed Memorandum of Understanding (MoU) attached in the annex and as summarised in the table 2 below.

[2] While there are 302 schools in the East London Educational District the programme will target the schools that are in need of the O & M service. The privileged schools that co-finance their costs with school fees will not be serviced, but may be included for compassion of other elements of the programme. At the start of the programme a needs based assessment will be conducted to ascertain if the school fits into the programme.

Table 2: Roles and responsibilities of key partners

Institution	*Roles and responsibilities*
The Main Institutions	
Department of Education (DoE)	- Governmental Authority responsible for public schools infrastructure, schools governance and the education curriculum. Grant outcome beneficiary.- Provide co-funding which will be ring-fenced by the provincial office for school sanitation service and maintenance for the respective schools. - Preparation of terms of reference for Project Steering Committee (PSC). - Provide work-plans for the franchisees to determine the scope of work to be undertaken.
The Water Research Commission	- Grant Recipient and Executing Agency - Responsible for all project management activities including implementation, coordination, reporting, evaluation. - Will prepare an internal manual of implementation/Implementation schedule and procurement plans.
Amanz 'abantu Services	- Lead service provider for the project, and will (through its subsidiary, Impilo Yabantu), perform the role of franchisor - Provide in kind contribution estimated at **€ 83 650**
Supporting Institutions	
Amathole and Buffalo City Municipalities	Since schools fall within a Municipal District, the municipality is responsible for household sanitation which this project will try to create linkages with through Component 3. - Help identify schools and contribute to the preparation of sustainable maintenance plan for the schools and the school community. - Provide land for the LaDePa machine estimated at **€ 47 610**
Department of Public Works (Provincial Office)	Inspect work that has been done at the schools and establish other major infrastructure repairs needed in schools.

1.6.2. The DoE commits to allocate funding for the O & M of Water & Sanitation derived from the following allocations made to the schoolsof: i) the normal day to day maintenance budget; and ii) the Municipal Services Budget to allow the project to undertake the necessary repairs in the districts in a sustainable manner and to enable sufficient funding to start necessary rehabilitation in identified schools.

2. THE PROJECT

2.1. Goal

To replicate and expand affordable and sustainable business model operation and maintenance of school sanitation facilities and safe handling of faecal sludge in peri-urban areas of Amathole and Buffalo City Municipalities.

2.2. Impacts

The project will lead to improved school attendance (for boys and girls), and performance through better operated and maintained sanitation facilities and faecal sludge management in Eastern Cape Province.

2.3. Outcomes

Four outcomes are expected from the implementation of this project:

Outcome 1: Usable and clean school sanitation facilities
in the Amathole & Buffalo City Municipalities;

Outcome 2: Improved learners' hygiene practices and use of sanitation facilities for boys and girls as well as teachers;

Outcome 3: Locally established and sustainable franchisee operation in the ELD, including women franchisees;

Outcome 4: Demonstrated Faecal Sludge Management (FSM)
through mobile treatment technology, safe handling and re-use.

2.4. Components

This project will be implemented through four key components:

Component 1:Improved school sanitation facilities and practices for boys and girls;

Component 2:Development and application of social franchise model;

Component 3:Demonstration of PPP for faecal sludge management, and safe re-use;

Component 4: Project management and knowledge management.

2.5. Outputs and Activities

2.5.1. Component 1: usable and clean school sanitation facilities and practices

Outputs

a) Mapping and gender sensitive baseline data on the target schools undertaken

b) Inclusive improvements in the physical state of sanitation facilities carried out

c) *Increased hygiene education and promotion for pupils and teachers*

d) *Menstrual hygiene plan for girls developed and piloted*

Activities

a) Mapping and gender sensitive baseline data on the target schools undertaken: This will include the identification and mapping of the schools using an Android based geo-referencing information system (GIS) tool to establish gender segregated baseline data (school location, name, population, type of existing sanitation infrastructure, type and level of O & M services, available budget, sanitation services costs; supervision & monitoring mechanisms; emptying and disposal systems; knowledge levels on safe handling and re-use of treated faecal sludge). An Android based application loaded onto tablets with functionality to capture photos, signatures, GPS location, live tracking and other data inputs, will be procured and programmed for application in East London Educational District in the 302 targeted schools. Analysis of sanitation infrastructure situation in East London has so far broadly been based on the DWA Water Services Reference Framework data set (updated Dec 2011) as a basis for the analysis of the current situation, but this focuses on household sanitation.

It is recommended that a sample size of schools (30 co-education schools) will be selected for the baseline survey. Subsequently, the mapping of all the 302 schools shall be undertaken by franchisees during the servicing visits. The franchisees will be trained on data collection using the Android application and provided with necessary monitoring tools for data collection. The gender sensitive baseline survey will provide inputs into the refinement of the franchisee business model for the peri-urban target schools and shall be disseminated in a workshop of key partners from DoE, Buffalo City and Amathole Municipal education districts.

b) Improvements in the physical state of sanitation facilities carried out: All the 302 schools (268 and 34 schools in Buffalo City and Amathole Municipal Educational Districts respectively) will receive basic servicing and necessary repairs undertaken by trained and contracted franchisees. The cost implications for the repairs and replacements will be from the school maintenance budget & municipal budget to schools. Subsequent services of the school sanitation facilities will be done as follows:

i) Industrial deep clean of school facilities which will be undertaken twice a year. Amanz' abantu shall pre-finance initial equipment for all the cleaning services. Any required repairs and replacement of broken facilities shall be replaced as necessary and charged to the DoE school O and M budget.

ii) Pit/septic tank emptying. For these major services, the franchisee shall be responsible for securing the necessary equipment some of which are available for rent from Amanz' abantu.

c) Inclusive increased hygiene education and promotion for pupils and teachers: The activities supporting the realization of this output will be undertaken to address

the current lack of hygiene awareness and education in classroom teaching. Given the inadequate attention to social issues and health education resulting in lack of ownership, low levels of awareness of hygiene, user responsibilities and in some instances open defecation in schools and surrounding community this activity will offer a cost-effective measure that can reduce diarrhoea cases by up to 45%. The following activities will lead to better understanding for school children on how to use and keep sanitation facilities clean for improved hygiene and better health.

Hygiene behaviour change at school will be achieved through the establishment of active gender sensitive sanitation clubs in all the targeted schools which will be supported through hygiene campaigns through information, education and communication (IEC) materials (302 hygiene handbooks and other materials) will be distributed. As an incentive to keep school sanitation facilities clean and well maintained, a bi-annual Sanitation Award for the cleanest facilities will be organised and supported by Amanz' abantu through the DoE. The schools will be exposed to information on safe re-use of treated faecal material and encouraged to practice school agriculture (e.g. tree planting).

d) Menstrual hygiene plan for girls developed and piloted: To avert the menstrual sanitary waste being dropped into the sanitation facilities and to promote better hygiene practices in the girls' sanitation facilities, a Menstrual Hygiene Management (MHM) plan will be developed and piloted in 10 of the target schools which will be selected based on where there is most need. Sanitary disposal bins will be procured and distributed to the demonstration / control schools as minimum provision. In addition, the provision of washable sanitary pads, and the construction of incinerators will be investigated. Eastern Cape has the lowest metric level of education on girls' school completion data. This activity recognizes that girls at puberty lose about 4 days a month and hence start lagging behind and eventually some drop out. This component will provide control schools to develop a plan for the girl sanitation.

2.5.2. Component 2: Social Franchise Business Model developed and applied

Outputs

a) Local potential franchisees identified, trained and selected

b) Local Franchisees equipped and operational

c) *Operational Health and Safety procedures and Quality Management Systems*

d) Effective demand for franchisee services

Activities

a) *Local potential franchisees identified, trained and selected:* Identification of the trainee franchisees will be done from within the immediate local communities in the districts, ensuring gender-balance and establishing community skills and promoting livelihoods. These identified groups will receive theoretical and practical training sessions on sanitation operations and maintenance for schools. A 5-day

theory session facilitated by 10 trainers is planned in a selected venue in East London, covering information on the programme; the scope of work; how to undertake minor repairs; pit-emptying and water-based sanitation facilities emptying services; basic business development skills; Operational Health and Safety (OHS) and Quality Management Systems (QMS); basic first aid skills; health and hygiene including girl menstruation management plan; how to use basic assessments and data monitoring tools; contractual and legal obligations; quality controls; and administration of franchisee-franchisor operations.

A practical training of a further 5 days will be scheduled involving visits to sample schools in the district to provide orientation to the trainees on the processes involved in servicing and to put the theoretical training into practice. For this, 3 trainers will accompany the trainee franchisees to conduct actual work at selected schools.

The franchisees will be supervised by a franchisor – Amanz' abantu through its subsidiary organisation Impilo Yabantu – who will be responsible for providing the required training; quality management system and procedures; a backup of off-site skills; and pre-financing of basic tool boxes for basic repairs and maintenance. The DoE will delegate responsibility for routine servicing, and appointment of direct microbusinesses to the franchisor that will be supervised by the WRC in collaboration with the DoE district office.

b) Local Franchisees equipped and operational: Each trained franchisee will be allocated the zone and actual schools that they will be responsible to service. An operational manual and certificate of operation will be offered to trainees together with certificates of successful training, including copies of all presentations and forms referenced used during the training. Start-up tool- kits (spades, rakes, slashers, buckets, brooms, gloves, gum boots, overalls, facemasks, caps, disinfectant, soap, toilet brushes, camera, uniforms and vehicle label identification as Impilo Yabantu Franchisees) will be procured.

Initially, the ELD will be split into circuits for the 5 trained franchisees (at least 50% women) with 60 schools each. These will be defined on the geographical location of the schools with selected of trained franchisees in mind, in an attempt to reduce travel distance. Each franchisee will report to the ELD offices once a week to return forms and to receive the next school list. They will also receive work orders for any non-service related tasks such as repairs. There will be a dedicated administrator to process paperwork and photos and ensure a database is maintained and invoices collected.

c) Operational Health and Safety procedures and QMS: Impilo Yabantu already has a QMS and OHS system in place for the franchise activities which will be adapted to accommodate water borne sanitation. Franchisees will be aware of the OHS and QMS systems during the training. A field office will be established within the education district offices through which a Field Manager (FM) will assist the franchisees with day-to-day issues. Amanz' abantu will provide necessary field support during implementation in addition to regular audits and spot checks to ensure the procedures are in place and ensure franchisees use appropriate PPE and adhere to OHS and QMS requirements.

d) Effective demand for franchisee services will be realized through the DoE ring-fencing the O & M budget for schools at the districts.

2.5.3. Component 3: Demonstration of PPP for Faecal Sludge Management

Outputs

a) Operating procedures / mechanism for the LaDePa technology developed.

b) Leasing agreement for LaDePa in place

c) Demonstration of safe faecal sludge handling operational in selected schools

d) Operational system and training in safe handling and re-use developed

Activities

a) Operating mechanism for the LaDePa sludge drying and pasteurising technology developed. The key activities planned for achieving this output include undertaking a rapid assessment and a cost-benefit analysis on the application of a mobile, containerized technology that can convert pit latrine and other sludge into a usable, pasteurized, dry product, beneficial for all agricultural activities – the LaDePa. The LaDePa technology has been co-invented and piloted by eThekwini Water and Sanitation (EWS) and a private company Particle Separation Solutions (Pty) Ltd (PSS).

This LaDePa technology has been selected for this project giving consideration to the proliferation of VIP latrines being constructed to address the sanitation backlogs; and given the fact that Sewage sludge is considered infectious in terms of the Regulations promulgated under the Environmental Management Act and consequently can only be disposed to a hazardous landfill site. In addition, from an environmental perspective, disposal of sludge to landfill sites wastes phosphates, a scarce and diminishing resource, and other nutrients. The technology's mobility responds well to the current challenges of disposal of faecal sludge in the peri-urban schools and will drastically cut down transport cost while reducing health, social and environmental impacts of using trenches as a means of disposing emptied sludge.

The assessment and cost-benefit analysis will further define the mode of operation and level of institutionalization that would be required to operationalize and manage the application of the LaDePa in ELD. The rapid assessment will also result in the preparation of the application documents requesting use of technologies alternative to incineration for the handling of sanitary waste which will include detailed description of the proposed technology; processes and procedures used in the proposed technology; final products resulting from the proposed technology; classification, according to Minimum Requirements, as well as method of disposal of these final products; location where the final products will be disposed of, including detail regarding any legal obligations and constraints at that location; as well as specific *operational procedures* that must be followed by the Site Operator.

b) Leasing agreement for the LaDePa sludge drying and pasteurising technology in place: Based on the Results of the piloting of the proposed technology contractual

arrangements through a public-private partnership arrangement will be entered into with Municipal districts of Buffalo City and Amathole, Amanz' abantu and PSS, with detailed modalities of engagement. It is expected that the technology will be procured on rental basis since it will not be required throughout the 36 months of the project duration. The capital, operations and maintenance cost for running the LaDePa is estimated at € 8 674) per month. EWS and PSS shall provide a warranty for service for time frame that will be specified in the leasing contract. The Android system (detailed under section 2.5.1. above) will be utilized in identifying priority zones and in entering data related to the latrines and septic tanks that have been emptied to support the planning for the treatment 'emptying by sweep basis' in the zones assigned to the 5 franchisees. The work-plans of the franchisees and the LaDePa operator will be harmonised through the field office.

c) Site for demonstration of the faecal sludge and safe handling established and operational in East London District. This output will be achieved through the following activities: Identifying and securing site from the municipalities for the LaDePa plant possibly at the nearest wastewater treatment plant. This will be informed by the results of the rapid assessment and the necessary certification clearance from DWAF.

d) Operational system and training in safe handling and re-use developed and carried out: An operational and training manual with guidelines on effectively operating the LaDePa will be developed and available as a reference for training to the operator and the team. A safe handling training component with relevant aspects of health and safety will be also undertaken which will be applicable at the point of using the treated products intended to improve fruits and timber yields in regions if successfully demonstrated in this project. Amanz' abantu will collaborate with relevant government departments to provide capacity building and orientation workshops on safe re-use of treated sludge and provide demonstrations of its application which will be initially done within selected schools. All the franchisees will receive additional training on safe-re-use.

2.5.4. Component 4: Project Management and Knowledge Management

Outputs

Project management

a) Project Inception: Mobilisation, Work-plan and budgets prepared
b) Coordination
c) Procurement
d) Gender sensitive Monitoring, Evaluation and reporting

Knowledge management

e) An active gender informed school sanitation database
f) Assessment report with lessons from the social franchising business model
g) Documentary of selected schools; policy briefs for government partners
h) Organised learning events

Activities

a) Project Inception: Mobilisation, Work-plan (initial 18 months) and budgets prepared. During the inception phase, DoE, WRC and Amanz' abantu will finalize the detailed work-plan for the first 18 months, implementation schedule and a detailed procurement plan. The key project partners will hold mobilization meetings get familiar with the project and required inputs. Other activities will include identification and training of franchisees; securing necessary environmental permits and finalizing contractual agreements and MoUs with partners.

b) Project Implementation and Coordination: Project implementation will be undertaken in line with the agreed work-plan and the implementation schedule of all the key project components as laid out in this report.

A *Project Steering Committee* comprising of key stakeholders will be set up and the procedures for their operation defined in a clear terms of reference which will detail the activities and roles of the PSC members. To support the work of the franchisees a field office within the district educational offices shall be set up and equipped.

c*) Procurement:* This activity involves the procurement of goods, works and services as detailed under Annex 4 which shall be undertaken in accordance with the defined procurement plan and in line with both the Operations Manuel of AWF.

d) Monitoring, Evaluation and reporting: To enhance effectiveness and efficiency, monitoring and evaluation will be done at 2 levels; internally by the Steering Committee and externally by the AWF in accordance with the procedures of the Bank and as will be detailed in Grant agreement. It is expected that project progress reports, monitoring and evaluation reports (including annual audits) and a final workshop and project report will be generated in line with reporting requirements detailed under section 3.7.5.

e – h) The Knowledge Management activities will present a *proven social franchising business model for peri-urban areas documented and developed into knowledge products,* including:

- the documentation of processes,
- lessons and analysis of the social sanitation franchising in peri-urban schools and the application of MHM plans in schools,
- two (2) provincial level workshops for peer-learning on O & M and safe handling and re-use which will support further leveraging efforts of scaling to other schools in Eastern Cape. WRC has been proposed as a suitable research partner for this activity, mainly because of the existing partnership with DoE and Amanz' abantu in the implementation of the pilot project in the 400 schools in Butterworth.[3]

[3] CSIR was also commissioned in 2007 by DWA to conduct an audit of water and sanitation projects.

2.6. Risk Management

2.6.1. Inadequate political support from relevant government departments towards maintenance of existing school water & sanitation facilities may cause delays in processes of the intervention. The main assumption for this project is that the DoE will ring-fence the maintenance budgets for the district schools and the franchisee will be paid for services rendered through the educational district offices.

Mitigation: There is sufficient buy-in and commitment from the DoE in providing necessary school maintenance budgets to the programme. There is commitment to ring-fence 50% of the current school maintenance budgets for sanitation O & M at the provincial district for the 300 schools.

2.6.2. The cultural attitudes towards sanitation might make it difficult to create ownership of communal facilities and to understand the benefits of the on-site treatment, safe handling and potential re-use component.

Mitigation: By including an education component that addresses sanitation and hygiene awareness issues will be addressed and attitudes of individuals change when using sanitation facilities. At the school level, the establishment of the school sanitation clubs will offer targeted training and exposure on benefits of improved sanitation. The training and capacity building component for local community and government partners will help establish necessary linkages within districts for the benefits accruing from waste as a resource and re-use as it relates to cleaner environments and better health.

*2.*6.3. Identified and trained individual WSPs may prove unable to develop and maintain business drive to sustain the franchise activities.

Mitigation: The project funds their establishment and operational support from Impilo Yabantu based on tested Systems from the Butterworth pilot initiative.

2.6.4. The re-use of treatment products from mobile faecal sludge treatment technology is not accepted by the local community due to socio-cultural setting.

Mitigation: The target community, including local governments, will receive sensitisation on the benefits of safe handling and disposal and viewing waste as a resource. A capacity building component to provide learning through demonstrations in the target area is integrated into the intervention.

2.6.5. The project may face challenges in monitoring targets due to limited baseline data on school sanitation.

Mitigation: Schools will be asked to help provide data using recording formats provided by Impilo Yabantu. An Android based mapping and monitoring tool is planned for time and cost effective compilation and updates or database. Municipal and Education officers will collaborate through the signed MoU between DoE and Amanz' abantu to support the data monitoring processes to ensure institutionalisation and sustainability.

2.6.6. Each toilet serviced generates sufficient revenue (around € 20) to make the franchise business viable.

Mitigation: Each franchisee will at least service at least 14 schools a month to generate sufficient turnover to cover costs and make a profit themselves. In addition, similar services will be offered to households and businesses in the same area.

2.6.7. Cooperation and acceptance of the technology by the local government counterparts and the target community (schools and local people).

Mitigation: The DoE supports the establishment of a pit-emptying and disposal mechanism. As a demonstration, lessons will be learnt and necessary adjustments made to the approach.

2.7.8 Effective collaboration of project partners and undertaking the project activities according to the Grant Agreement, and the agreed implementation schedule and plan.

Mitigation: The WRC will bring its experience and influence to bear and assure support from national level partners.

2.7. Costs and Financing Plan

The estimated total cost of the project excluding taxes is € 2 424 216 which includes price escalation contingencies. The AWF grant financing amounts to € 1 192 956, covering 49% of the project costs. Co-funding will be mainly from the DoE, for continuation of O&M through franchisees. Additional contributions will come from AAS and Municipalities. Total amounts per component are shown in table 2 below, additional details in Annex 2.

Table 3: Project Cost Estimate by Component (€, excl. taxes)

Component		*AWF*	*Contributions*	*Total Costs*
1	School sanitation facilities and practices	324 358	1 104 167	1 428 525
2	Social Franchise Business Model	119 238	42 600	161 838
3	PPP for FSM, and safe re-use	178 076	65 948	244 025
4	Project and Knowledge Management	462 833	6 613	469 446
SUB-TOTAL		1 084 506	1 219 328	2 303 833
Contingencies (10%)		108 451	11 933	120 382
TOTAL		**1 192 956**	**1 231 260**	**2 424 216**

3. PROJECT IMPLEMENTATION

3.1. Recipient

3.1.1. The *Water Research Commission (WRC)* will be the Grant Recipient and the Executing Agency. The WRC will enter into a Memorandum of Understanding, with the *Department of Education (DoE)* in the Eastern Cape Province. The DoE through the MoU will undertake to support the outcomes of this project by:

i) allowing the WRC and its appointed implementation service providers, access to the schools in the district for implementation of services,

ii) budgeting and providing the necessary co-funding for the work through its schools sanitation programme which is being implemented by The Mvula Trust.

iii) to participate and co-operate with the WRC project team in order to achieve the common objectives of the project.

3.1.2. The DoE has appointed The Mvula Trust as its Implementing Agent for the "Appointment of a Franchisor Service Provider for the Implementation of Phase 1 of the Eastern Cape Schools' Water and Sanitation Operation and Maintenance Programme (Contract No. Ec Schs W&S O&M /1/2013)". In this appointment, The Mvula Trust has selected, through a public tender process, Amanz' abantu Services (Pty) Ltd (AAS)'s and its subsidiary company Impilo Yabantu as the service provider for this project in order to set up and manage the operational model. This contract is the vehicle by which the DoE has committed and will be channeling its funding as co-contributor for the AWF programme as described herein.

3.1.3. AAS is a registered service provider to the DoE and have been actively involved with water sanitation and schools facilities projects at the DoE in the Eastern Cape for the past 10 years and has elaborated particularly the Butterworth Pilot project which will be replicated and expanded in the current project. AAS will be procured by the WRC through direct contracting to provide the services to be funded by the AWF as described in this document. This is therefore in compliance with the Bank's Rules for use of consultants Edition 2008, Clause 3.10 and the AWF revised operational procedures of 2007 Clause 7.10.9, DoE has provided justifications on: (i) AAS as the sole source (*AAS is employed as there is the only consultant available and has experience of exceptional worth for this assignment*); (ii) the AAS performance evaluation for Butterworth pilot project is fully satisfactory and (iii) the unit prices of the service provider are reasonable, as shown in Annex 4c.

3.2. Project Organisation

3.2.1. *Project Management Team*: A dedicated team within the Executing Agency, as a Project Implementation Team (PIT) will be designated to implement the project.

This team will comprise a full time on-site Project Manager, supported by a Procurement Specialist, an accountant and office administration.

3.2.2. *A Project Steering Committee (PSC)* will be established by the WRC. The PSC will meet quarterly to review and manage the performance of the work against the agreed project outcomes. The PSC should comprise the following stakeholders:

- The WRC representative who will also act as chairperson;
- Two DoE representatives (provincial office, e.g. Director of Infrastructure, and East London Educational District);
- Buffalo City Municipality and the Amathole District Municipality;
- Amanz' abantu Services;
- The Mvula Trust;

The following stakeholders may be invited as observers in some or all PSC meetings:

- A representative from the Department of Water Affairs and Sanitation;
- Provincial Department of Public Works;
- Provincial Department of Health;
- Further members may be co-opted at the discretion of the PSC from time to time.

Representation must include a balanced gender ratio, as well adequate technical and social development skills.

3.3. Implementation Schedule

3.3.1. The project will be implemented for 30 months as detailed in the implementation schedule attached under Annex 3.

3.4. Procurement Arrangements

Table 4: Procurement Categories

Project Categories	Euros '000				
	QCBS	Others*	Individual Consultants	Non-Bank Funded	Total
1. Maintenance Works					
1.1 School sanitation facilities minor repairs		220.000 [220]			220.000 [220]
1.2 School sanitation facilities maintenance		1 100.000 [0]		1 100.000	1 100.000 [0]
2. Goods					
2.1 Equipment for franchise Operations		24.246 [24.246]			24.246 [24.246]
2.2 Handbooks, gender sensitive IEC materials		5.536 [5.536]			5.536 [5.536]

2.3 Procurement of Selected Tech and Software		3.437 [3.437]			3.437 [3.437]
2.4 Bins for 10 Schools		1.100 [1.100]			1.100 [1.100]
2.5 Sanitation prize fund		7.334 [7.334]			7.334 [7.334]
2.6 Office Costs (AAS, franchise)		30.030 [0]		30.030	30.030 [0]
2.7 Rent Equipment for sludge treatment demo		151.416 [151.416]			151.416 [151.416]
2.8 Provide accessories (container, packaging)		24.933 [0]		24.933	24.933 [0]
3. Consulting Services					
3.1 Cost-benefit analysis of Android applications (for survey by franchisees)		6.600 [6.600]			6.600 [6.600]
3.2 Gender sensitive Baseline Survey on school sanitation infrastructure; O & M budgets		68.750 [68.75]			68.750 [68.75]
3.3 Menstrual hygiene plans for 100 schools		1.402 [1.402]			1.402 [1.402]
3.4 OHS & QMS systems (develop, implement)		16.830 [16.83]			16.830 [16.83]
3.5 Rapid assessment and cost-benefit analysis of FS treatment options			4.849 [4.849]		4.849 [4.849]
3.6 Project manager		39.600 [39.6]			39.600 [39.6]
3.7 GIS data collection, analysis, reporting		6.930 [6.93]			6.930 [6.93]
3.8 Functional O&M business model scale-up		12.320 [12.32]			12.320 [12.32]
3.9 DVD documentation					1.375 [1.375]
3.10 Case studies, research papers, etc.	1.375 [1.375]		98.175 [98.175]		98.175 [98.175]
4. Non Consulting Services					
4.1 Laboratory tests on treated sludge		9.592 [9.592]			9.592 [9.592]
5. Training					
5.1 School sanitation clubs established		4.583 [4.583]			4.583 [4.583]
5.2 Hygiene campaigns delivered		4.583 [4.583]			4.583 [4.583]
5.3 Monitoring of pilot and control schools		22.880 [22.88]			22.880 [22.88]
5.4 Recruitment & final selection of franchisees		3.580 [3.58]			3.580 [3.58]
5.5 Operational business training, administrative systems established, processing work orders		18.008 [18.008]			18.008 [18.008]
5.6 Support of franchisees through field office		17.091 [17.091]			17.091 [17.091]
5.7 Techn. support to franchisees (incl. travel)		53.845 [53.845]			53.845 [53.845]
5.8 Installation & use of LaDePa (coordination)		9.698 [9.698]			9.698 [9.698]
5.9 GIS Training of franchisees		1.430 [1.430]			1.430 [1.430]
5.10 Training by LaDePa supplier		14.520 [14.520]			14.520 [14.520]
6. Operating costs					
6.1 Advertise consultancies		1.009 [1.009]			1.009 [1.009]
6.2 Manual and guidelines (safe FS handling)		4.950 [4.95]			4.950 [4.95]
6.3 Provide land for operation (in kind) 6.4 Procurement specialist		47.610 [0]66.000	198.000 [198]	47.610	198.000 [198] 47.610 [0]66.000
6.5 Accountant		[66]			[66]
6.6 Travel & subsistence (PM, WRC)		66.000 [66]			66.000 [66]
6.7 Travel to and from schools (AAS, franchise)		9.075 [9.075]			9.075 [9.075]
6.8 PSC established, quarterly meetings; monthly coordination meetings		6.613 [0]			6.613 [0]
6.9 PM office costs (rent, utilities, equipment)		13.750 [13.75]			13.750 [13.75]
6.10 Learning and dissemination (incl. events)		6.967 [6.967]			6.967 [6.967]

6.11 Knowledge sharing (local gvmts, safe reuse)		0.825 [0.825]			0.825 [0.825]
TOTAL	1.375 [1.375]	890.556 [890.556]	301.024 [301.024]	1 231.260 [0]	2 424.216 [1 192.956]

3.4.1. ***Procurement Plan:*** The WRC as the Executing Agency will submit to the Bank a consolidated Procurement Plan for approval before the disbursement of the first tranche. The Procurement Plan shall cover an initial period of at least 18 months. The WRC shall update the Procurement Plan on an annual basis or as needed always covering the next 18 months period of project implementation. Any revisions proposed to the procurement Plan shall be submitted to the Bank for its prior approval. The WRC shall implement the Procurement Plan in the manner in which it has been agreed with the Bank.

3.4.2. **Maintenance Works:**

Procurement of maintenance works contracts estimated at € 220 000 in aggregate will be carried out under Shopping procedures as the contracts involve simple maintenance works of small value (minor repairs within the municipalities) and they are scattered in various rural; communities. Amount per contract will not exceed 45 000 Euros. There are sufficient number of qualified local contractors or small local entities to ensure competition and the quality of the maintenance works. Procurement of such contracts will be based on the provisions of the Guidelines for Procurement under community based investment projects of 2000 will be used.

3.4.3. **Goods:**

The supply of equipment for the franchisees in estimated at € 24 246; supply of handbooks, IEC materials estimated at € 5 536; Android based system equipment and licensing amounting to € 3 437; sanitation prizes estimated at € 7 334; and sanitary bins estimated at € 1 100 will all be done through shopping procedure due to the small value of the contracts and the goods are readily available locally with enough suppliers to ensure competition.

3.4.4. **Consulting Services**:

The procurement of consulting services related to the development and implementation of the franchise business model valued in aggregate of € 96 003 and related trainings of an aggregate value of € 144 077 will be procured on the basis of Single Source Selection (SSS) method. The recipient of the grant has identified Amanz' abantu Services (AAS) as the consultant to set up and manage a franchise model for school sanitation. AAS was assessed to have an exceptional expertise in the area of school water and sanitation projects for the DoE in the Eastern Cape for 10 years. The concept of this assignment is a replication and expansion of the

Butterworth Pilot project where AAS was actively involved. Furthermore, AAS was evaluated to have submitted the only responsive offer following invitation of expression of interest for the assignment. . It has also been ascertained that the rates are aligned with the local market and offer a favourable cost-benefit ratio which is outlined in Annex 4b. Detailed scope of the assignment and accompanying costs for the assignment is in Annex 2a. The procurement of consulting services for undertaking a rapid assessment and cost-benefit analysis of the faecal sludge treatment and safe re-use; DVD documentary of project lessons; case studies and research papers; and the project manager valued in aggregate at € 302 399 will each be procured on the basis of short-listing, following the selection procedure of Quality and Cost Based Selection (QCBS) Method. The Project audit consulting services will be recruited by AWF in compliance with the Paragraph 8.3 of the AWF Revised operational Procedures of 2007.

3.4.5. The contracts for works and goods awarded following the Shopping procedures will be subject to post review by the Bank as indicated in the paragraph 7.11.3 of the AWF revised operational Procedures 2007. Procurement documents, including evaluation sheets and contract awards will be kept by the Executing Agency for periodic review by Bank/AWF supervision missions. The procurement post review audits to review the correctness of the procurement activities will be carried out during the first supervision mission after the procurement activities are completed. However, the Bank/AWF reserves the right to conduct its procurement audit at any time during the project implementation. This review will determine the need for modifications and improvements of the procurement arrangements. Information on procurement processing will be collected by the Executing Agency quarterly and shall be included in detail in the project Quarterly Progress Report.

3.4.6. **Non-Consulting Services:**

Procurement of non-consulting services related the laboratory testing of faecal sludge are estimated at € 8 720 and will be done through shopping.

3.4.7. The Project audit consulting services will be recruited by AWF in compliance with the Paragraph 8.3 of the AWF Revised operational Procedures of 2007.

3.4.8. The rental of the LaDePa faecal sludge treatment facility and its installation and maintenance estimated at € 151 416 will be done through direct negotiation. This is justified because the equipment is still under development, with a sole provider in the area and the project does not require the purchase of the equipment. The pricing is competitive with the legal alternatives, i.e. landfill charges.

3.5. Financial Management

3.5.1 The Executing Agency will be responsible for all required aspects of financial management, including (i) budgeting, (ii) financial reporting, and (iii) financial auditing and internal control. The financial management risks associated

with the Executing Agency were assessed during appraisal as low. The Financial Management Assessment Report is in Annex 6.

3.5.2 Budgeting: For the purpose of this project, the Executing Agency will prepare draft work and procurement plans for the entire project. AWF will approve such plans prior to being incorporated into the Executing Agency's internal rolling plans. Annual reports will include a project specific budget based on the projected annual work load and procurement plan. Annual budgets will be subject to normal approval processes at the Executing Agency.

3.5.3 Financial Reporting. The Executing Agency will submit financial information to AWF on a quarterly basis, including, inter alia: (i) sources and uses of funds, (ii) total expenditures classified by project component, (iii) total expenditures against quarterly budgets, and (iv) budget forecasts for the next quarter.

3.5.4 Financial Auditing. On an annual basis, the Executing Agency will prepare a single set of financial statements to be audited by the Auditor General of the RSA which should be submitted to AWF within 6 months from the end of the financial year. In addition, the Executing Agency will prepare a set of Special Purpose Financial Statements at mid-term (24 months after signing of the grant agreement) and at project closing to be audited separately by an independent external audit to be recruited and financed by AWF.

3.5.5. Disbursements will be made in accordance with the Bank's rules and procedures to a Special Account in Euros opened with an acceptable commercial bank. The Special Account will be opened and maintained by the WRC in accordance with its existing accounting policies and procedures.

3.5.6. Disbursement to the Special Account is scheduled in two tranches as shown in Table 5 below.

Table 5: Disbursement schedule

Category of Expenditure	*Tranche 1*	*Tranche 2*	*Total*
Goods	100 000	93 070	193 070
Works	100 000	120 000	220 000
Services	150 000	223 174	373 174
Operational costs	200 000	206 680	406 680
Total	**550 000**	**642 956**	**1 192 956**
Percentage	46%	54%	100%

3.7. Supervision, Monitoring and Reporting Arrangements

3.7.1. The AWF's supervision of the project will include regular communication and correspondence as well as the review of the Quarterly Progress Reports and other

project documents. One annual supervision mission is anticipated but AWF may undertake a field supervision mission at any time, as may be needed.

3.7.2. On-going monitoring of the project will be done by the Project Team and the key partners. In addition, the Steering Committee shall review progress during its regular meetings and provide strategic guidance.

3.7.3. The key indicators for monitoring project implementation progress and overall performance as identified in the LFAs will be further elaborated through participatory workshops during preparation of the Implementation Plan. A project-wide monitoring system will be developed before project start-up for the results based assessment for achieving project outputs and will be aligned with the existing sector monitoring systems of the DoE.

3.7.4. To enhance peer learning and eventual scaling up of the business model, a knowledge generation and sharing component is emphasized through tools development, research, documentation of lessons, training and workshops.

3.7.5. The Recipient shall submit to the AWF the reports/documents stated under Table 6 below. The project completion report shall include details on project activities and a comprehensive expenditure report on the utilization of the Grant. All documents shall be transmitted to the AWF by email, and through subsequent submission of hard copies.

Table 6: AWF Reporting Requirements

Documents to be submitted to the AWF	Reporting Schedule	AWF Action
Implementation and Procurement Plan	Upon completion of preparation	Review and approval
Procurement Documents	As noted in Procurement Section	Review and "no objection"
Quarterly Progress Report in AWF format (with report on expenditures)	Within two weeks of end of quarter	Review and comment
Project Completion Report in AWF format	3 months after the end of project	Review and acceptance
Minutes of Steering Committee Meetings	Within 7 days of meeting	Review and comment
Minutes of any other project meeting or workshop	Within 7 days of meeting	For information

4. PROJECT BENEFITS

4.1. Effectiveness and Efficiency

4.1.1. Through the Butterworth pilot project in 400 schools, the social franchising business model for improving O & M services in schools showed proven results through the established operational methodologies, appropriate training, a quality management system and procedures, and the backup of the off-site skills held by the franchisor. For more effective sanitation O & M delivery in peri-urban schools, the

project will, at its inception phase, define operational methodologies for water-borne O & M services which shall be integrated into the franchisee training.

4.1.2. The project will benefit multiple stakeholders through diverse partnerships – creating business opportunities for trained franchisees operating as local entrepreneurs; job opportunities for the local youth operating under the franchisees as part of the service team; school population; school community (households); municipalities, the DoE and the private sector.

4.1.3. This project will utilize an Android based monitoring tool for keeping records of the facilities that have been serviced which will be captured and stored on a central database to support follow up monitoring and provide data necessary for developing the work-plans for the franchisees. This will provide an effective mechanism for ensuring that the service of pit / septic tank emptying is harmonised. Additionally DoE will be availed with an active database on school sanitation that is currently lacking and will be a useful tool for budgeting for the O & M at the districts.

4.2. Project Viability

4.2.1. 28% of households have sanitation services which do not meet the standards due to lack of maintenance, inadequate water supply, or lack of pit emptying services, majority living in the rural settlements of KwaZulu-Natal, North West and the Eastern Cape (DPME, 2012). Many municipalities (especially those outside the metropolitan areas) do not have the capacity or the institutional culture to undertake the necessary maintenance.

4.2.2. The project offers an innovative business social franchising model which has been tested as a prototype within Eastern Cape Province and has gained the interest and endorsement from local government partners within DoE and the Municipalities as a viable model for sanitation infrastructure and services. It offers strong capacity building elements attained through the institutionalization of the structures through the close partnership arrangements with both the municipal level partners and the local community.

4.2.3. The LaDePa offers unmatched simplicity of operation allowing integration of the sludge treatment process with community needs, as it can be fed by simple pit emptying technology, which in turn provides jobs and up-skilling opportunities to the under skilled. Payment for service will be on volume of sludge delivered, which will ensure that the sludge is removed from the environment.

4.2.4. The Component 3 on treatment and re-use through the installation of the LaDePa plant provides the opportunity for recycling valuable nutrients from the sludge that would otherwise go to waste. At the same time this process is financially more feasible than disposal on approved landfill. It also supplies a number of permanent low skill jobs, and has the potential to create a number of secondary low skill jobs in the agricultural industry.

4.2.5. There are clear economic benefits of recycling the sludge cost savings in using a LaDePa to treat 2000 tons a year against disposal to a landfill site in

eThekwini. The pasteurization of pathogens improves the human health risks of the product and the reduction of the moisture content makes the material easily workable and also reduces both environmental and financial transport costs.

4.2.6. The attractiveness of schools and the performance of learners will be enhanced in the historically disadvantaged areas, together with improved environmental health.

4.3. Sustainability

4.3.1. A key factor to the successful implementation of this project is the already established commitment of the DoE and the municipal authorities owning the infrastructure to outsource its responsibility for routine servicing, and the ability of this authority to procure, appoint and direct microbusinesses to undertake the work under the guidance of the franchisor. In this project, with the direct involvement and financial contribution from DoE, the intervention is complementary to the current range of institutional models and policy and strategic plans for the operation and maintenance of public sector sanitation and water services infrastructure.

4.3.2. The project is complementary to the retro-fitting policy and interventions for household sanitation which Amanz' abantu has been commissioned by the Municipal Districts to undertake and presents many opportunities at both school and household level for applying the same approach to other O & M activities within the water and sanitation services delivery chain.

4.4. Gender

4.4.1. In line with past positive experience, the project will select at least 3 female franchisees. This supports the operationalization and management of the component 1 focus on MHM which will needs to be conducted effectively by female personnel.

4.4.2. The provision of clean and usable sanitation facilities, as well as the additional MHM activities, specifically aim at eliminating the disadvantages faced by female students to school attendance and performance.

4.4.3. All project activities, e.g. baseline survey, ICE materials and trainings, will be conducted in a gender sensitive way.

4.5. Environmental and Social Impact

4.5.1. The main environmental consideration of the project is the safe disposal of faecal sludge which has been effectively addressed through the application of an innovative mobile technology which promotes safe handling and re-use instead of the current disposal into trenches. Necessary valid certification and environmental impact assessments will be undertaken to ensure the project is in line with the

DWAF Ground Water Protocol and to avert any negative impacts to the environment and human health.

4.5.2. The project provides a business model and a mechanism of infrastructure services that reduces the level of the practice of moving the superstructure to relocate to new pits. This practice faces both space limitations especially in the urban areas but also contributes to pollution. In the schools where water-borne toilets have been adopted, these have poorly designed and suffer from leaks from the septic tanks. This project provides a plan for regular repairs to ensure effective hydraulic loading, safe pit-emptying, handling and disposing the sludge thus contributing to improved environmental sanitation.

4.5.3. The project will generate a minimum of 5 small businesses, each employing 5 – 10 individuals. This model develops sustainable employment which will continue beyond the scope of this programme. Socially, the project will improve the dignity of learners so that they are able to use safe, clean sanitation facilities motivating them to stay in school and achieve a higher education level. This project specifically focuses on a long term improvement in facilities for this neglected group of people including girls of menstruation age.

4.6. Climate change

4.6.1. The project will result in the preparation of the operating procedures on the technologies alternative to incineration for the handling of sanitary waste which will include definition of the impacts of the processes, procedures and final products as well as the final disposal methods on the environment and on human health. This will be done in close collaboration with DWAF and in line with environmental protocols as described under 4.5.1 above.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

5.1.1. The Project has aligned activities to support the Government's policy of free basic services and responds to national goals including: job creation; transfer of workplace skills; micro-enterprise creation and nurturing; broad-based black economic empowerment (BBBEE); and infrastructure and service delivery.

5.1.2. The contextual framework and justification are clear; the objectives, outputs and activities are logically laid out and proposed implementation arrangements are considered adequate and sustainable.

5.1.3. The positive elements of the project include:

i) Replication and expansion of successfully piloted business model for accelerating the O & M services in schools, significantly reducing the cost of service provision, which will also be offered to households in the communities and to the districts.

ii) The project will provide up-to-date data on sanitation in schools through an active Android database and monitoring mechanism which will facilitate effective work-planning for O & M in schools. Basic services and emptying will both benefit from this tool which will be institutionalised within DoE for wider application in Eastern Cape.

iii) The social franchising model for improving sanitation infrastructure and services in schools offers linkages with both public and private sector entities through which the local community benefits with strengthened capacities of local business development, creation of jobs within the localities and readily available skills which are beneficial to the households as well. The DoE has shown commitment and interest to utilize this sanitation O & M model for all schools in Eastern Cape since it provides a mechanism for servicing existing infrastructure which is currently lacking.

5.1.5. The project will be conducted over a period of 30 months and is aimed to spend a total of **€ 2 424 217** for the purpose of executing the components under this project. The AWF contribution of **€ 1 192 956** (49% of total project cost) will necessitate investments in the training of franchisees; undertaking baseline survey and rapid assessment; procurement of Goods including Android system; initial tool-kits for repairs and rehabilitation of school sanitation facilities; the leasing, operations and management of the on-site faecal sludge treatment facility; capacity strengthening of local government partners; and knowledge generation and management. The DoE will contribute – through its ongoing Schools' Water and Sanitation Operation and Maintenance Programme – at least **€ 1 100 000** (ZAR 5,000,000 per annum, 45% of total project costs) towards the maintenance services of the 300 target schools. Amanz' abantu will contribute 3.5% in kind, estimated € 83 650, while the two municipalities will contribute 2% in kind (i.e. land for the treatment component).

5.2. Recommendations

5.2.1. It is recommended that a grant not exceeding € 1 192 956 from the African Water Facility resources be extended to the Water Research Commission for the implementation of the project as described in this appraisal report.

5.2.2. Obligations of the AWF to make the first disbursement of the Grant shall be conditional upon the following:

i) Opening of a Euro Special Account in a commercial bank acceptable to AWF;

ii) Preparation of a revised detailed Procurement Plan;

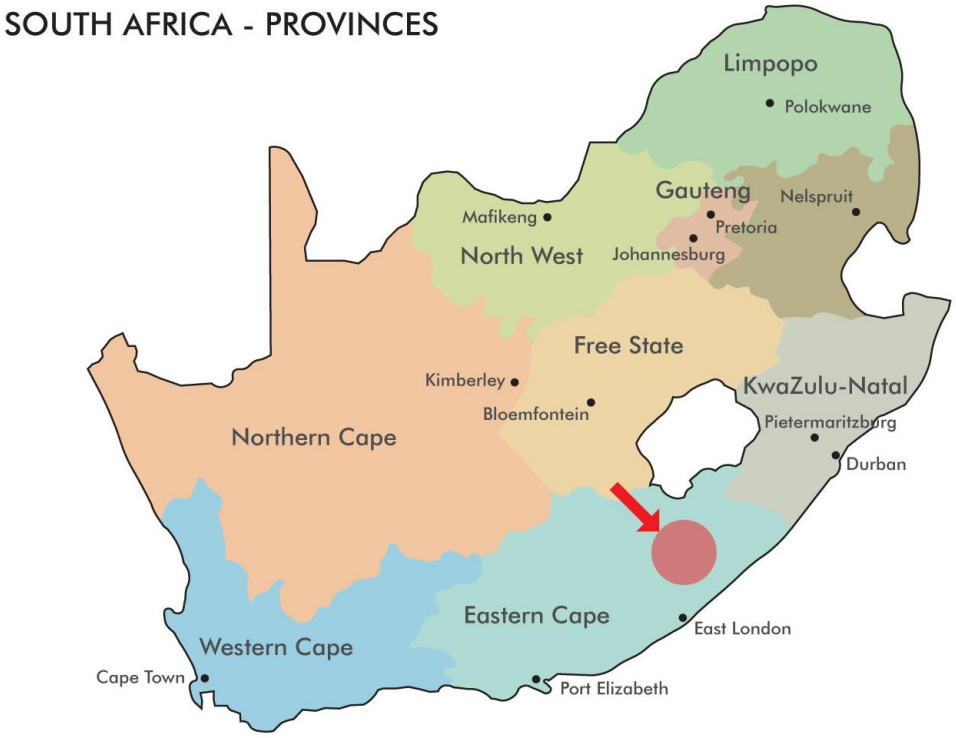
iii) Hiring of a Project Manager.

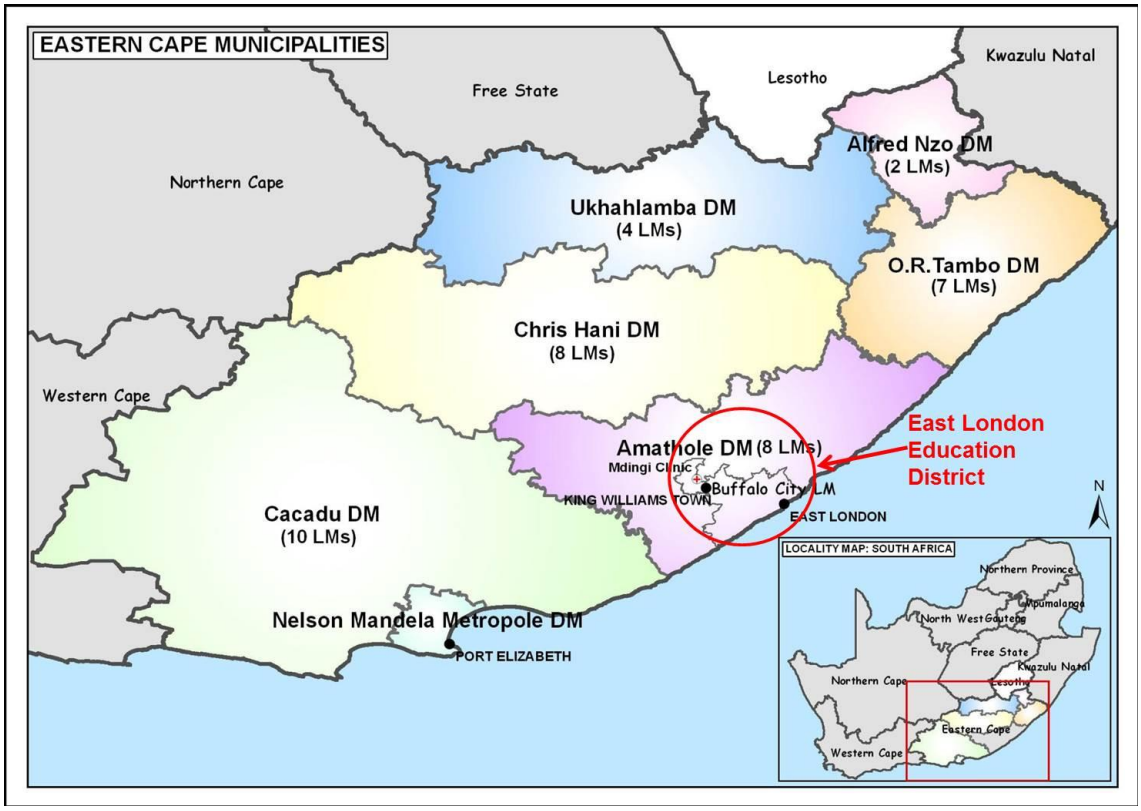
iv) Memorandum of Understanding between the Recipient and DoE, including the financing arrangements and budgetary allocation, in form and substance acceptable to the Bank.

v) Establishment of the PSC.

ANNEXES

Annex 1: Maps of target area



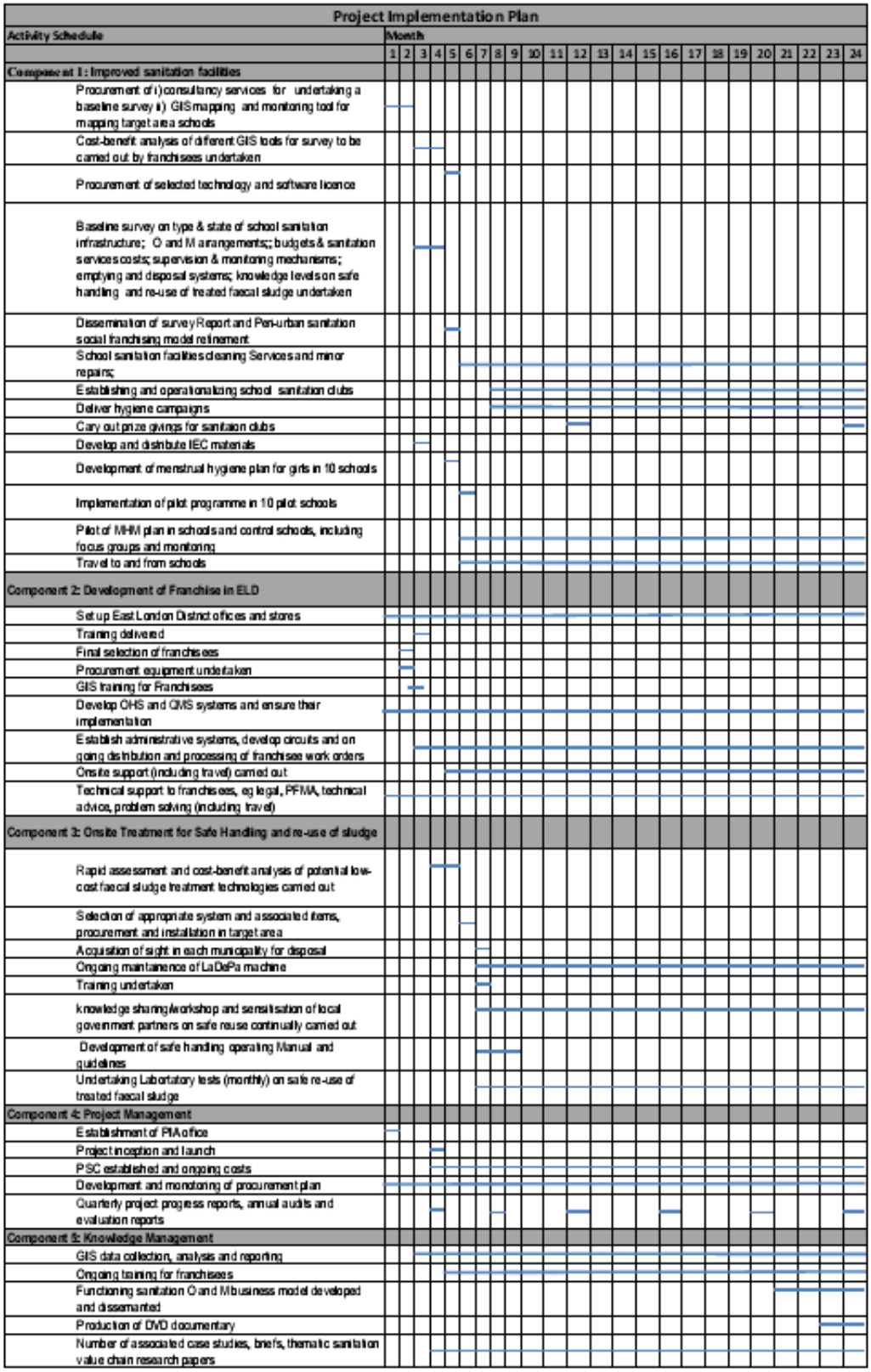

EASTERN CAPE MUNICIPALITIES
Free State
Lesotho
Kwazulu Natal
Northern Cape
Alfred Nzo DM
(2 LMs)
Ukhahlamba DM
(4 LMs)
O.R.Tambo DM
(7 LMs)
Chris Hani DM
(8 LMs)
Western Cape
Amathole DM (8 LMs)
Mdingi Clinic
Buffalo City LM
KING WILLIAMS TOWN
EAST LONDON
East London
Education
District
Cacadu DM
(10 LMs)
Nelson Mandela Metropole DM
PORT ELIZABETH
N
LOCALITY MAP: SOUTH AFRICA
Northern Province
Mpumalanga
North West
Gauteng
Free State
Kwazulu Natal
Northern Cape
Lesotho
Eastern Cape
Western Cape

Annex 2: Detailed budget

Components and Activities	Unit	Unit Costs (€) *	Qty	Total Cost	AWF	DoE	Amanz' Abantu	Municipality	Category
Component 1: Improved school sanitation facilities									
1.1. Improvement in the physical state of sanitation facilities									
1.1.1. Advertise consultancy services for Baseline survey, development of Android based application and monitoring tool for target schools	Adverts	458	2	917	917				OC
1.1.2. Cost-benefit analysis of different companies Android based applications (for survey to be carried out by franchisees)	hours	38	160	6 000	6 000				Consultancy
1.1.3. Procurement of selected technology and software licence	units	625	5	3 125	3 125				Goods
1.1.4. consultancy services for baseline survey on type & state of school sanitation infrastructure; O & M arrangements; budgets & sanitation services costs; for the duration of the programme.	LS	62 500	1	62 500	62 500				Consultancy
1.1.5. Dissemination of survey Report and Peri-urban sanitation social franchising model refinement	No.	458	1	458	458				OC
1.1.6. School sanitation facilities minor repairs (initial cleaning)	No.	667	300	200 000	200 000				Works
1.1.7. School sanitation facilities maintenance (ongoing cleaning)	No.	3 667	300	1 100 000	0	1 100 000			Works
				1 373 000	273 000	1 100 000	-	-	
1.2. Increased hygiene awareness for pupils and teachers									
1.2.1. Establishing and operationalizing school sanitation clubs	Visits	1 042	4	4 167	4 167				Consult. / AAS
1.2.2. Sanitation Prize Fund	Prize fund	1 667	4	6 667	6 667				Goods
1.2.3. Deliver hygiene campaigns	Meetings	1 042	8	8 333	4 167		4 167		Consult. / AAS
1.2.4. Develop and distribute IEC materials	Sets (posters, handbooks)	17	302	5 033	5 033				Goods
				24 200	20 033	-	4 167	-	
1.3. Menstrual hygiene plan for girls									
1.3.1. Development of menstrual hygiene plan for girls in 10 schools	Sets (posters, handbooks)	128	10	1 275	1 275				Goods
1.3.2. Purchase of bins for implementation of pilot programme in 10 schools	Sets	10	100	1 000	1 000				Goods
1.3.3. On-going monitoring of pilot in schools and control schools	Time hours	54	384	20 800	20 800				Consult. / AAS
1.3.4. Travel to and from schools	Km	0,38	22 000	8 250	8 250				OC
				31 325	31 325	-	-	-	
Sub-total Component 1				1 428 525	324 358	1 100 000	4 167	-	
Component 2: Business Model for School Sanitation									
2.1. Sanitation Franchisees identified, trained and selected									
2.1.1. Recruitment of suitable candidates to be franchisees	Man hours	54	45	2 438	2 438				Consult. / AAS
2.1.2. Operational and business training of franchisees	Training	14 221	1	14 221	14 221				Consult. / AAS
2.1.3. GIS Training for franchisees	Training	1 300	1	1 300	1 300				Consult. / AAS
2.1.4. Approval and final selection of franchisees	Hours	102	8	817	817				Consult. / AAS
				18 775	18 775	-	-	-	
2.2. Local Franchisees equipped and operational									
2.2.1. Procure equipment for franchisee operations	Set	4 408	5	22 042	22 042				Goods
				22 042	22 042				
2.3. Operational procedures and Quality Management Systems (QMS)									
2.2.2. Develop OHS and QMS systems and ensure their implementation	Hours	38	408	15 300	0		15 300		Consult. / AAS
				15 300		-	15 300	-	
2.3. Effective demand for Franchisee services									
2.3.1. Establish administrative systems, develop circuits and on going distribution and processing of franchisee work orders	Months	581	24	13 933	13 933				Consult. / AAS
2.3.2. Support through field office and relevant staff (including travel)	Months	706	22	15 538	15 538				Consult. / AAS
2.3.3. Technical support to franchisees (including travel)	Months	2 225	22	48 950	48 950				Consult. / AAS
				78 421	78 421	-	-	-	
2.4. Office costs									
2.4.1. Office chairs	No.	67	8	533	0		533		Goods
2.4.2. Desks	No.	208	2	417	0		417		Goods
2.4.3. Stationary	Lump sum	83	1	83	0		83		Goods
2.4.4. Computers (including licencing, software and tech support)	No.	1 250	2	2 500	0		2 500		Goods
2.4.5. Printer/fax/scanner	Months	71	24	1 700	0		1 700		Goods
2.4.6. Digital Camera	No.	167	1	167	0		167		Goods
2.4.7. Electricity	Monthly	21	24	500	0		500		Goods
2.4.8. Water	Monthly	21	24	500	0		500		Goods
2.4.9. Internet	Monthly	38	24	900	0		900		Goods
2.4.10. Rent	Monthly	833	24	20 000	0		20 000		Goods
				27 300	-	-	27 300	-	
Sub-total Component 2				161 838	119 238	-	42 600	-	

Component 3: PPP for Sludge Management									
3.1. Demonstrations in ADM and BCM									
3.1.1. Procurement of consultancy services for a rapid assessment and cost-benefit analysis of potential low-cost faecal sludge treatment technologies	Lump sum	4 408	1	4 408	4 408				Consultancy
3.1.2. Procurement and installation in target area (LaDePa)	Monthly	3 367	18	60 600	60 600				Goods
3.1.3. On-going maintenance	Monthly	1 010	18	18 180	18 180				Goods
3.1.4. Operational costs	Monthly	1 683	18	30 300	30 300				Goods
3.1.5. Container to keep the machine	No.	167	1	167	0		167		Goods
3.1.6. Bob cat for loading	No.	1 587	18	28 571	28 571				Goods
3.1.7. Additional material for packaging and storing pellets	Monthly	1 250	18	22 500	0		22 500		Goods
				164 726	142 060	-	22 667	-	
3.2. Demonstrations in ADM and BCM successfully undertaken									
3.2.1. Acquisition of site in each municipality for disposal	Month	2 405	18	43 282	0			43 282	
3.2.2. Knowledge sharing, sensitisation of local government on safe reuse	Meetings	42	18	750	750				OC
				44 032	750	-	-	43 282	
3.3. Operational system and training in safe handling and re-use									
3.3.1. Sensitisation, coordination, mobilisation (installation & use) of LaDePa	Lump sum	8 817	1	8 817	8 817				Consult. / AAS
3.3.2. Ongoing Training undertaken by LaDePa supplier	Training	733	18	13 200	13 200				Consultancy
3.3.3. Development of safe handling operating Manual and guidelines	Manual/ Guidelines	38	120	4 500	4 500				OC
3.3.4. Labortatory monthly tests on safe re-use of treated sludge	Month	417	21	8 750	8 750				Consultancy
				35 267	35 267	-	-	-	
Sub-total Component 3				244 025	178 076	-	22 667	43 282	
Component 4: Project Management and Knowledge Management									
4.1. Partners mobilised and project launch									
4.1.1. Project inception and launch	Launch event	0	0	0	0				OC
				0	0	-	-	-	
4.2. Coordination									
4.2.1. PM employed	months	6 000	30	180 000	180 000				OC
4.2.2. Procurment Specialist	months	3 000	12	36 000	36 000				OC
4.2.3. Accountant	months	4 000	15	60 000	60 000				OC
4.2.4 Travel and subsistence	months	2 000	30	60 000	60 000				OC
4.2.5. PSC established	meetings	441	1	441	0		441		OC
4.2.6. PSC quarterly meetings	meetings	441	8	3 527	0		3 527		OC
4.2.7. Monthly coordination meetings	meetings	110	24	2 645	0		2 645		OC
				342 613	336 000	-	6 613	-	
4.3. Procurement									
4.3.1. Development and application of procurement plan	Hours	38	0	0	0				OC
				0	0	-	-	-	
4.4. Monitoring, evaluation and reporting									
4.4.1. Contributional annual internal audit	No.	220	0	0	0				OC
4.4.2. Project evaluation (Mid term and End of project)	No.	220	0	0	0				OC
4.4.3. Quarterly project progress reports	No.	6 172	0	0	0				OC
				0	0	-	-	-	
4.5. Project Management office costs									
4.5.1. Office furniture (desk, chair)	Lump sum	500	1	500	500				OC
4.5.2. Office equipment (stationery, camera, computer, scanner/printer)	Lump sum	3 000	1	3 000	3 000				OC
4.5.3. Rent, water, eletricity, telephone and internet	months	300	30	9 000	9 000				OC
				12 500	12 500	-	-	-	
4.6. GIS data collection, analysis and reporting									
4.6.1. GIS data collection, analysis and reporting	Hours	13	504	6 300	6 300				Consult. / AAS
				6 300	6 300	-	-	-	
4.7. Social franchising business model in peri-urban areas documented									
4.7.1. Development of functional sanitation O & M business model (scale-up)	Hours	33	336	11 200	11 200				Consult. / AAS
4.7.2. Documentation of experience/lessons (DVD documentary)	Lump sum	1 250	1	1 250	1 250				Consultancy
4.7.3. Case studies, briefs, thematic sanitation value chain research papers	Hours	71	1 260	89 250	89 250				Consultancy
4.7.4. Learning and dissemination	copies	83	20	1 667	1 667				OC
4.7.5. Learning Events	No.	2 333	2	4 667	4 667				OC
				108 033	108 033	-	6 613	-	
Sub-toal Component 4				469 446	462 833	-	6 613	-	
Total				2 303 833	1 084 506	1 100 000	76 046	43 282	
Contingencies 10%					108 450		7 605	4 328	
Total project cost including contigency				2 424 216	1 192 956	1 100 000	83 650	47 610	
*** Based on budget in Rand (ZAR) - at Exchange Rate of**	**12**	**ZAR/€**							

Annex 3: Implementation schedule



Annex 4a: Procurement of goods, works, and consulting services

B.5.1 National Procedures and Regulations - Use of Country Procurement System

South Africa does not have a stand-alone procurement law that guides on all aspects of public procurement. Principles governing public procurement are contained in the Constitution, with a clause that provides that "organs of state" (Procuring Entities) must comply with principles of fairness, transparency, competitiveness and cost effectiveness. To give effect to the constitutional clause, four (4) procurement-related Acts regulate public procurement within the ambit of the Constitution. These Acts are: (i) Two Finance Acts: **Public Finance Management Act** (PFMA) of 1999, which regulates financial management and provides overarching framework for public procurement. The PFMA charges the National Treasury with responsibility to issue procurement regulations and instructions, and **the Municipal Financial Management Act** of 2003 which establishes Supply Chain Management (SCM) Policy and Office (SMCO) to regulate Supply Chain Management (or procurement of goods and services). (ii) **Construction Industry Development Board Act** (CIDB) of 2000 which regulates public procurement in the construction industry. (iii) The **Preferential Procurement Policy Framework Act (PPPFA)** of 2000 provides a framework for (a) the implementation of preferential policies and allows preferential treatment of empowering historically disadvantaged Individuals (HDI) in procurement activities by giving them preferential treatment in procurement activities, and (two) promulgation of Regulations. (iv) T**he Broad Based Black Economic Empowerment Act (BBBEEA) of 2003** which aims to bring about a significant increase in the numbers of black people that manage, own and control the country's economy, which includes their participation in public procurement. The Act allows a company to be evaluated and scored according to a generic scorecard with specified elements, like Ownership Skills, Development Enterprise, Management control, etc. These Acts apply to all organs of state except Parastatals, even though they are organs of state in terms of the constitution. Public Procurement is also governed by three sets of Regulations: i.e. (i) The National Treasury Regulations which regulate procurement of goods (supply chain management), (ii) Preferential Procurement Policy Framework Regulations (2001) which lay down procedures for operating preferential procurement and tax requirements; (iii) "Construction Industry Development Regulations" and "Standard for Uniformity in Construction Procurement of May, 2010" which deal with promotion, implementation and regulation of procurement processes in the construction industry (procurement of works). National Departments, Provincial and Local Governments are allowed to develop their policies, systems and structures within the ambit of the national regulatory framework.

In view of the above complexity and nature of prevailing procurement system in South African, the Bank undertook an **assessment of the National Procurement Procedures** (NPP) in 2011. The objective of the assessment was to provide the Bank with an assessment of the NPP in South Africa in order to determine the conditions

under which they will be used for awarding contracts under **NCB** in Bank-financed projects**.**

The assessment noted that South African public procurement system is made unduly complex by it being regulated by many Acts and Regulations. Also, the system has a lot of room for discretion and subjective award of contracts by application of preference and HDI schemes and as an example, use of the *Competitive negotiation procedure,* a procedure which reduces the number of bidders competing for the contract through a series of negotiation until the remaining bidders are invited to submit final offers. The main deviations identified in the NPP and as detailed in Annex B.5.9.4 are with respect to: (i) compliance with the Bank's fiduciary obligations; and (ii) compliance with internationally accepted best practice.

Therefore, all procurement of goods, works and acquisition of consulting services financed by the Bank (AWF) will be in accordance with the Bank's Rules and Procedures: "Rules and Procedures for Procurement of Goods and Works", dated May 2008 revised July 2012; and "Rules and Procedures for the Use of Consultants", dated May 2008 revised July 2012, using the relevant Bank Standard Bidding Documents, and the provisions stipulated in the AWF Revised operational procedures of December 2007.

B.5.2 Procurement Arrangements

Project Categories	Euros '000				
	QCBS	Others*	Individual Consultants	Non-Bank Funded	Total
1. Maintenance Works					
1.1 School sanitation facilities minor repairs		220.000 [220]			220.000 [220]
1.2 School sanitation facilities maintenance		1 100.000 [0]		1 100.000	1 100.000 [0]
2. Goods					
2.1 Equipment for franchise Operations		24.246 [24.246]			24.246 [24.246]
2.2 Handbooks, IEC materials		5.536 [5.536]			5.536 [5.536]
2.3 Procurement of Selected Tech and Software		3.437 [3.437]			3.437 [3.437]
2.4 Bins for 10 Schools		1.100 [1.100]			1.100 [1.100]
2.5 Sanitation prize fund		7.334 [7.334]			7.334 [7.334]
2.6 Office Costs (AAS, franchise)		30.030 [0]		30.030	30.030 [0]
2.7 Rent Equipment for sludge treatment demo		151.416 [151.416]			151.416 [151.416]
2.8 Provide land for operation (in kind)		47.610 [47.61]		47.610	47.610 [47.61]
2.9 Provide accessories (container, packaging)		24.933 [0]		24.933	24.933 [0]
3. Consulting Services					
3.1 Cost-benefit analysis of Android applications (for survey by franchisees)		6.600 [6.600]			6.600 [6.600]
3.2 Baseline survey on school sanitation infrastructure; O & M budgets		68.750 [68.75]			68.750 [68.75]

3.3 Menstrual hygiene plans for 100 schools		1.402 [1.402]			1.402 [1.402]
3.4 OHS & QMS systems (develop, implement)		16.830 [16.83]			16.830 [16.83]
3.5 Rapid assessment and cost-benefit analysis of FS treatment options			4.849 [4.849]		4.849 [4.849]
3.6 GIS data collection, analysis, reporting		6.930 [6.93]			6.930 [6.93]
3.7 Functional O&M business model scale-up		12.320 [12.32]			12.320 [12.32]
3.8 DVD documentation	1.375 [1.375]				1.375 [1.375]
3.9 Case studies, research papers, etc.			98.175 [98.175]		98.175 [98.175]
4. Non Consulting Services					
4.1 Laboratory tests on treated sludge		9.592 [9.592]			9.592 [9.592]
5. Training					
5.1 School sanitation clubs established		4.583 [4.583]			4.583 [4.583]
5.2 Hygiene campaigns delivered		4.583 [4.583]			4.583 [4.583]
5.3 Monitoring of pilot and control schools		22.880 [22.88]			22.880 [22.88]
5.4 Recruitment & final selection of franchisees		3.580 [3.58]			3.580 [3.58]
5.5 Operational business training, administrative systems established, processing work orders		18.008 [18.008]			18.008 [18.008]
5.6 Support of franchisees through field office		17.091 [17.091]			17.091 [17.091]
5.7 Techn. support to franchisees (incl. travel)		53.845 [53.845]			53.845 [53.845]
5.8 Installation & use of LaDePa (coordination)		9.698 [9.698]			9.698 [9.698]
5.9 GIS Training of franchisees		1.430 [1.430]			1.430 [1.430]
5.10 Training by LaDePa supplier		14.520 [14.520]			14.520 [14.520]
6. Operating costs					
6.1 Advertise consultancies		1.009 [1.009]			1.009 [1.009]
6.2 Manual and guidelines (safe FS handling)		4.950 [4.95]			4.950 [4.95]
6.3 Project manager			198.000 [198]		198.000 [198]
6.4 Procurement specialist		39.600 [39.6]			39.600 [39.6]
6.5 Accountant		66.000 [66]			66.000 [66]
6.6 Travel & subsistence (PM, WRC)		66.000 [66]			66.000 [66]
6.7 Travel to and from schools (AAS, franchise)		9.075 [9.075]			9.075 [9.075]
6.8 PSC established, quarterly meetings; monthly coordination meetings		6.613 [0]			6.613 [0]
6.9 PM office costs (rent, utilities, equipment)		13.750 [13.75]			13.750 [13.75]
6.10 Learning and dissemination (incl. events)		6.967 [6.967]			6.967 [6.967]
6.11 Knowledge sharing (local gvmts, safe reuse)		0.825 [0.825]			0.825 [0.825]
TOTAL	1.375 [1.375]	890.556 [890.556]	301.024 [301.024]	1 231.260 [0]	2 424.216 [1 192.956]

Figures in brackets are amounts financed by AWF; "Others" denote: Limited International Bidding, Shopping, Direct Negotiations, etc;

B.5.2.1 Maintenance Works

Procurement of maintenance works contracts estimated at € 220 000 in aggregate will be carried out under Shopping procedures as the contracts involve simple

maintenance works of small value (minor repairs within the municipalities) and they are scattered in various rural; communities. Amount per contract will not exceed 45 000 Euros. There are sufficient number of qualified local contractors or small local entities to ensure competition and the quality of the maintenance works. Procurement of such contracts will be based on the provisions of the Guidelines for Procurement under community based investment projects of 2000 will be used.

B.5.2.2 Goods

The supply of equipment for the franchisees in estimated at € 24 246; supply of handbooks, IEC materials estimated at € 5 536; Android based system equipment and licensing amounting to € 3 437; sanitation prizes estimated at € 7 334; and sanitary bins estimated at € 1 100 will all be done through shopping procedure due to the small value of the contracts and the goods are readily available locally with enough suppliers to ensure competition. The procurement of the LaDePa faecal sludge treatment facility and its installation and maintenance estimated at € 151 416 will be done through rental contract. The laboratory tests required for the safe handling and re-use of treated faecal sludge will be procured through shopping.

B.5.2.3 Consulting Services

The procurement of consulting services related to the development and implementation of the franchise business model valued in aggregate of € 96 003 and related trainings of an aggregate value of € 144 077 will be procured on the basis of Single Source Selection (SSS) method. The recipient of the grant has identified Amanz' abantu Services (AAS) as the consultant to set up and manage a franchise model for school sanitation. AAS was assessed to have an exceptional expertise in the area of school water and sanitation projects for the DoE in the Eastern Cape for 10 years. The concept of this assignment is a replication and expansion of the Butterworth Pilot project where AAS was actively involved. Furthermore, AAS was evaluated to have submitted the only responsive offer following invitation of expression of interest for the assignment. Detailed scope of the assignment and accompanying costs for the assignment is in Annex 2a. The procurement of consulting services for undertaking a rapid assessment and cost-benefit analysis of the faecal sludge treatment and safe re-use; DVD documentary of project lessons; case studies and research papers; and the project manager valued in aggregate at € 302 399 will each be procured on the basis of short-listing, following the selection procedure of Quality and Cost Based Selection (QCBS) Method. The Project audit consulting services will be recruited by AWF in compliance with the Paragraph 8.3 of the AWF Revised operational Procedures of 2007.

The Project audit consulting services will be recruited by AWF in compliance with the Paragraph 8.3 of the AWF Revised operational Procedures of 2007.

B.5.2.4 Non-Consulting Services

Procurement of non-consulting services related the laboratory testing of faecal sludge will be done through shopping as the total estimated amount is small (€ 9 592).

B.5.3 Assessment of the Executing Agency

Procurement Capacity Assessment

The *Water Research Commission [WRC],* the executing agency will coordinate the execution of the project. WRC has handled and managed various projects, water sanitation operations and maintenance programs including AWF financed Operationalizing Community-Driven Multiple-Use Water Services in South Africa. A dedicated team within the executing agency, as a Project Implementation Team (PIT) will be designated to implement the project. This team will comprise a Procurement individual consultant or a Quantity surveyor with a procurement background. Apart from the consultancy services contract for the franchise model where the service provider has been identified through Single Sour Selection method, the other procurement activities involve small value contracts that do not pose any significant risk.

B.5.4 General Procurement Notice

The text of a General Procurement Notice (GPN) will be agreed with the Executing agency and it will be issued for publication in UN Development Business online and on the Bank's web site, upon approval of the Financing Proposal [in compliance with the paragraph *7.5.3 Approval Responsibility/ AWF revised operational Procedures of 2007*].

B.5.5 Procurement Plan

The Borrower (Recipient) will submit to the Bank a consolidated procurement Plan before the negotiation of the Financing agreement. The Bank shall review the procurement arrangements proposed by the Borrower in the Procurement Plan for its conformity with the Financing agreement and its Rules. The Procurement Plan shall cover an initial period of at least 18 months. The Borrower shall update the Procurement Plan on an annual basis or as needed always covering the next 18 months period of project implementation. Any revisions proposed to the procurement Plan shall be submitted to the Bank for its prior approval. The Borrower shall implement the Procurement Plan in the manner in which it has been agreed with the Bank.

B.5.6 Review Procedures

All Consultancy services documents are subject to review and approval by the Bank/AWF before promulgation: ❍ General Procurement Notice, ❍ Express of Interest, ❍ Request for proposal from Consultants, ❍ Reports on Evaluation of Consultant's Proposals, including recommendations for contracts Award, ❍ Reports on Evaluation of Consultants' Financial Proposals, including recommendations for contract award, minutes of negotiations and duly initialled contracts documents.

B.5.7. Frequency of Procurement Post Review mission

The contracts for works and goods awarded following the Shopping procedures will be subject to post review by the Bank as indicated in the paragraph 7.11.3 of the AWF revised operational Procedures 2007. Procurement documents, including evaluation sheets and contract awards will be kept by the Executing agency for periodic review by Bank/AWF supervision missions. The procurement post review audits to review the correctness of the procurement activities will be carried out during the first supervision mission after the procurement activities are completed. However, the Bank/AWF reserves the right to conduct its procurement audit at any time during the project implementation. This review will determine the need for modifications and improvements of the procurement arrangements. Information on procurement processing will be collected by the Executing agency quarterly and shall be included in detail in the project Quarterly Progress Report to be submitted to the Bank.

Annex 4b: Justification for direct contracting

The project concept originated from a Call issued by the AWF. The purpose of the call was to identify, develop, replicate and upscale innovative solutions to improve sanitation services for the un-sewered urban poor in sub-Saharan Africa.

Approximately 130 concept notes have been received in response and 14 shortlisted. One was from Amanz' abantu, a private sector provider of sanitation services based in South Africa. After submission and screening of their bull proposal, in line with AWF Procedures, an appraisal mission was conducted.

Through the appraisal process, WRC was identified as the Recipient and Executing Agency, and the initial proponent as a Service Provider. After receiving an additional letter from the Superintendent-General of the Eastern Cape Provincial Department of Education, Mr. M L Ngonzo, the applicability for direct contracting in terms of the Bank's Rules are stated as follows:

a) ***Natural continuation of previous work*:**
   a. The proposed AWF project is dependent on continuity of the business model and systems developed on the Butterworth Pilot Project (2008-2012).
   b. The EC DoE, based on the success of the Butterworth Pilot decided to roll out a "Phase 1 Schools Sanitation Programme" to four education districts (of a total of 23 districts) including approximately 1300 schools.
   c. Following an open invitation for potential service providers to submit Expressions of Interest, a competitive procurement process was launched, in which Amanz' abantu Services was the only one respondent which met the tender functionality requirements.
   d. Following a further process of review and negotiation, Amanz' abantu Services was appointed to undertake this Phase 1 under a 3-year term services contract.

From the above, it is clear that this criterion **is applicable** the AWF project.

b) Only when one firm is qualified:
   a. This **is applicable** for this project, as based on the experience of the tender issued for the Phase 1 programme, only one company (i.e. Amanz' abantu Services through its subsidiary, Impilo Yabantu Services, which is a franchise) was qualified to do the work.

Concerning the adequate price, the following has been ascertained:

a) ***Cost of innovative social franchising versus conventional pit emptying*:** The Department of Education, its letter dated October 2013, has already stated that a correctly quoted cesspool emptier truck for a typical school should be substantially higher, due to involved transport distances, volume and tipping fees. If lower quotations are sometimes

received in practice, this is probably due to unauthorized dumping. This would lead to polluted environment and associated health risks, but schools lack the capacity to supervise.

b) ***Annual cost per pupil attending schools targeted by project*:** This will be in the range of 10 € per year for a defined service level of improved sanitation in primary schools which is easily justifiable in view of improved attendance, especially for girls and better performance (as researched by UNICEF, Harvard University, Water Aid and others, see attached mail from Amanz' abantu, http://scholar.harvard.edu/files/adukia/files/adukia_sanitation_and_education.pdf). This cost will mainly be funded by the School Districts and re-tendered regularly, after the franchise companies are set up.

c) ***Initial set-up cost per pupil attending schools targeted by project*:** The sole-sourced fraction of the project for training and equipping franchise companies will be in the range of 2 €. At approximately 2 months of sustained service, this appears very affordable and good value for money.

d) ***Benefits to be expected:*** While no published data could be identified for South Africa, research covering 100 000 primary schools in India shows that improved sanitation will increase enrolment by around 10%, lead to better results at state exams and increase the proportion of female teachers.

Annex 5: Partnership arrangements: roles and responsibilities of key partners

The Department of Education

The DoE will be the public institution benefitting from the services and outcomes that are funded by the AWF.

The Department of Education, Regional Office, will fund the schools latrine servicing programme from its existing maintenance budgets. The DOE will determine the scope of work that will be undertaken at the schools in the East London Educational district and will make necessary budgetary provisions necessary enforcement mechanisms for the project to be implemented. This will include the provision of a system that will allow the provincial office to ring-fence funds in the respective districts. The East London Educational District will inform the schools within the district about the project and administer the ring-fenced maintenance budget for school sanitation service and maintenance in the East London Educational District.

The DoE has appointed The Mvula Trust as its Implementing Agent for the *"Appointment of a Franchisor Service Provider for the Implementation of Phase 1 of the Eastern Cape Schools' Water and Sanitation Operation and Maintenance Programme (Contract No. Ec Schs W&S O&M /1/2013)"*. The funding for the East London Educational District under this programme is the DoE's co-funding referred to in this document.

The Department of Public Works - Provincial Office

The Department of Public Works has a role within the South African Government to maintain public buildings. There may be a requirement for the department to will inspect works that are done at the schools in the East London Educational District. The DPW will also evaluate work that needs to occur at schools that are not service or maintenance related, i.e. major repairs etc.

Water Research Commission

The WRC Trust will act as the Executing Agency for the DoE for the administration and management of its schools water and sanitation maintenance programme.

For the AWF funded project, WRC will act as both the Recipient and the Executing Authority on behalf of DoE in regard to management on oversight of the project as directed by the DoE, and also to manage the funding Special Account and procurement and payment mechanisms on behalf of the AWF and DoE.

Amanz' abantu Services – Service Provider

Amanz' abantu Services will undertake the role as lead service provider for the project, and will through its subsidiary, Impilo Yabantu, perform the role of franchisor.

Amanz' abantu will be a signatory of the partnership MoU for the AfDB funded project, and will enter into a contract as sole supplier for the implementation of water services franchising services as detailed in a contract to be drafted and agreed between the DoE (though its IA, The Mvula Trust) and Amanz' abantu Services.

Amathole District Municipality

The Amathole District Municipality will assist the schools if and when required with the provision of water connections. The ADM will also evaluate the requirements of provision and maintenance of the sanitation systems in the villages where the schools are situated.

Buffalo City Metropolitan Municipality

The Buffalo City Metropolitan Municipality will provide the schools within its municipal area with the provision of water connections, sewage connections and other municipal services as required. The BCMM will also work with the DoE and its designated representatives to evaluate the requirements for provision and maintenance of the sanitation systems in the areas where the schools are situated.

Impilo Yabantu Services – Franchisor

As the franchisor, Impilo Yabantu Services, will identify, procure, and appoint, train and support the locally based SMME's in order to become trainee franchisees to provide services for the operation and maintenance of sanitation and water systems for schools in the East London Educational District. The franchisor will also establish a franchise office and stores in the district with the necessary support staff. The franchisor will work with the partner franchisees to develop the methodologies and processes required for the provision of services that are required by the schools in the educational district.

Impilo Yabantu – Franchisees

The franchisees will enter into franchise agreements with Impilo Yabantu Services. These agreements will ensure the necessary clarity and legal framework to enable the franchisees to undertake the servicing of school sanitation and water systems in his or her designated circuits, in accordance with the scope of work as agreed from time to time with the DoE, their IA and the municipalities.

The Project Steering Committee

A project Steering Committee (PSC) will be formed to oversee the project.

The chairman of the PSC will be appointed by the DoE and it will meet at least quarterly to monitor and discuss the progress on the project. The membership of the PSC will include, but not be limited to representatives from the following stakeholders:

The DoE (chairperson)

The Department of Public Works

The Department of Human Settlements

The Department of Health

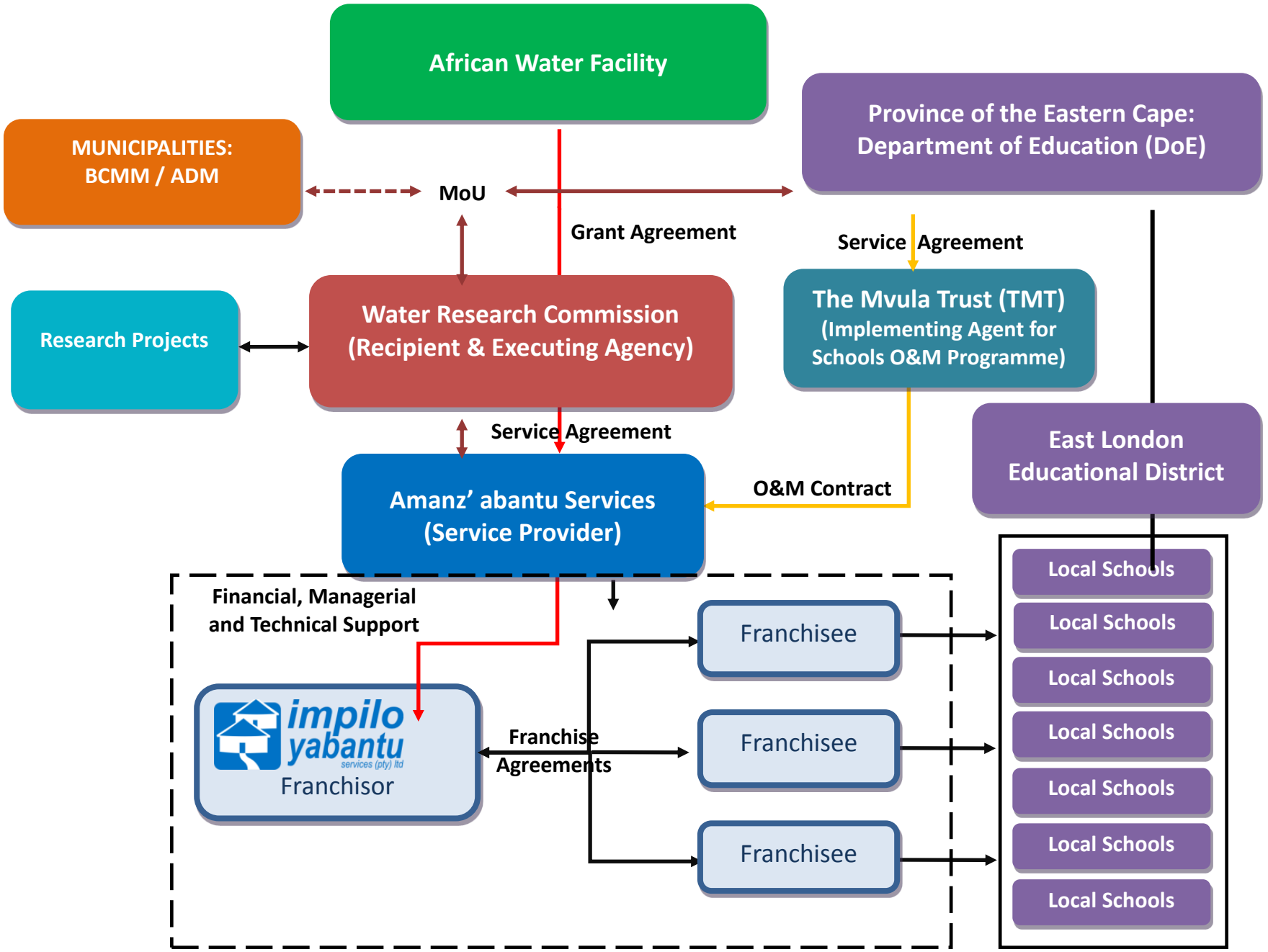
Buffalo City Metropolitan Municipality

Amathole District Municipality

WRC

Amanz’ abantu Services

Annex 5b: Project Implementation Arrangements: Organogram



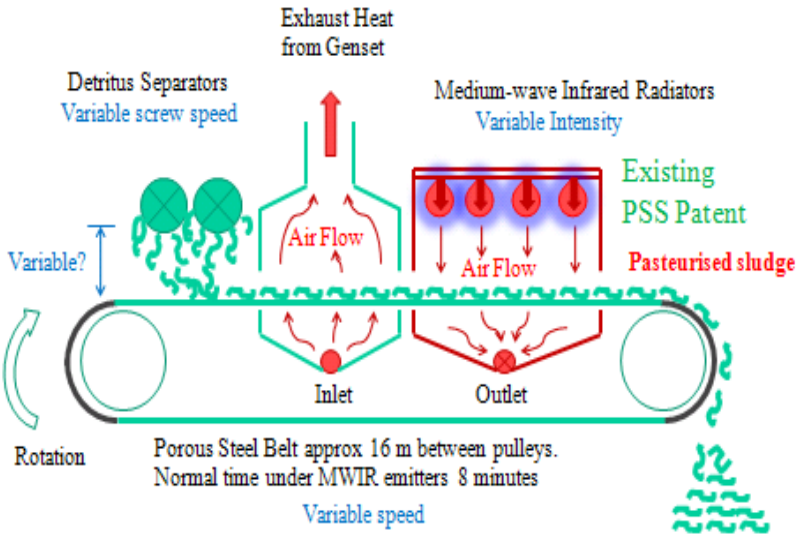
Annex 6: The faecal sludge treatment technology: the ladepa

The machine separates the detritus from the sludge by compressing the combination of sludge and its associated detritus in a screw compactor with lateral ports, through which the sludge is ejected, and is then deposited in a 25 to 40 mm thick layer of open pored matrix, onto a porous, continuous steel belt, while the detritus is ejected through the end of the screw conveyor. After pre-drying, using the waste heat from the internal combustion engine of the drive plant, the sludge on the belt, is conveyed through PSS's patented Parceps Dryer where it is subjected to pasteurisation, which also provides sufficient drying to take the sludge through the "sticky" phase making handling simple. PSS's Parseps Dryer technology uses Medium Wave Infrared Radiation and a vacuum to draw air through a porous material or one with an open matrix.

The end product is a low grade organic fertiliser, with about three percent active ingredients. It is free from gross detritus as the holes through which the sludge is extruded are 6 mm diameter, it is free of pathogens and is consequently suitable for all edible crops. When leaving the machine the moisture content is generally in the order of 60% solids, but is dependent on the influent moisture content. At this moisture content the material is friable, and is well past the sticky phase of sludge.

If further drying is required, the material is amenable to sun drying. At this point it is no longer regarded as waste or hazardous in terms of the Waste Management Act and therefore storage and sun drying do not require licensing provide basic house cleaning rules are applied.

The process can be containerized and powered by an internal combustion engine and generator for mobility. The technology employed is, in the main, straight-forward basic mechanical and electrical engineering, suitable for low skills operation and maintenance by artisans with basic qualifications. The energy consumed by the plant per person equivalent is approximately half that consumed on a conventional activated sludge plant.



Disposal cost savings

The following compares the costs savings using a LaDePa to treat 2000 tons a year against disposal to a landfill site in eThekwini. There is an economy of scale, and 2000 tons per year is a relatively small plant but has been chosen to show that even at the level at which licensing is not required there is still a saving.

2000 tons at R1012 /ton	R 2 259 000
Less 20% detritus	*R 404 800*
Income due to sale of product	
Input = 1600 cu m at 20% solids - 320 cu m solids	
Output = 320 cu m at 80% solids - 400 cu m (ton) product	
Income = 400 cu m at R 500 / cu m	R 200 000
Total Income and Savings	**R 2 054 000**
Additional Operating Costs (Annual)	
Foreman at R 10 000 per month	*R 120 000*
Labour 4 No. at R 135/day at 260 work days /annum	*R 140 000*
Diesel at 12 l/hr at 8 hrs/d at 260 work days/annum at R10/	*R 250 000*
Pickup Truck at R 450 / day at 260 days	*R 117 000*
Total Additional Operating Cost	**R 627 000**
LaDePa Annual Cost	
Annualised establishment cost	R 500 000
Maintenance and Royalty	R 600 000
Total Annualised LaDePa Costs	**R 1 100 000**

Annex 7: Letter of justification from doe for the direct contracting of amanz' abantu services (aas)

Province of the
EASTERN CAPE
EDUCATION

OFFICE OF THE HEAD OF DEPARTMENT
Steve Vukile Tshwete Complex, Zone 6 Zwelitsha, 5608, Private Bag X0032, Bhisho, 5605 REPUBLIC OF SOUTH AFRICA: **Website:** www.ecdoe.gov.za : Email: viwe.mkona@edu.ecprov.gov.za

Ref: WA 13
Tel: 040 608 4246

Enquiries: E. D Fray
Fax: 040 6084265

Date: 31/01/2013

African Water Facility (AWF)

African Development Bank (AfDB)

Tunis

Attention: Mrs Rose Alabaster

JUSTIFICATION FOR CONTRACTING OF AMANZ' ABANTU SERVICES FOR THE PROPOSED SCHOOL SANITATION PROGRAMME IN THE EASTERN CAPE, SOUTH AFRICA

Between 2009 and 2012, a pilot of a new approach for the creation and development of emergent small enterprises was undertaken.Thefocus of the business would be the routine servicing of sanitation facilities at all of the approximately 400 schools in the Butterworth education district, Eastern Cape province, South Africa.

For this pilot programme the DoE paid the majority of cost of the work undertaken in the schools. Amanz' abantu Services' role was to establish and operate the franchisor (Impilo Yabantu Services). This franchisor set up, trained and mentored the locally based and owned emergent small enterprises (franchisees) which serviced the schools facilities.

The success of this pilot was such as to attract the attention of municipalities in the area. The extent of the DoE's satisfaction with the performance of the franchisor and 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.

Pricing

To compare prices, one needs to focus on the desired outcome, and initially not look at methods.

The desired outcome is: the pits emptied, toilets cleaned, and so on, and the contents disposed of in an environmentally safe way.

The Amanz' abantu way 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.

We do not know of any other supplier which either empties the pits by hand/sludge pump, or disposes of the contents on the school property.

Amanz' abantu's direct competitors all operate differently. All those of which we know use a vacuum tanker to empty the pit, where after the tanker travels to the approved disposal site. Because the typical pit contents can fill a tanker several times over, the tanker has to make several trips.

Prices are typically as follows:

Vacuum tanker (4 000l capacity)

- Charges 240 EUR/day and 1.6 EUR/km
- To travel 100km to and from the school and then(5 trips needed to empty 20 000l) 100km return to and from the disposal site = 960 EUR
- Total: 1200 EUR.

The Amanz' abantu approach

- Charges 240 EUR for the 10 toilets and 50 EUR for one return trip to the school and back to home base
- Disposal is on site so thereis no cost of travel to disposal site
- Total: 290 EUR.

However the operators of vacuum tanker services frequently quote prices considerably below those given above. We cannot prove this, but we suspect that they are saving cost through not disposing of the contents at the approved disposal site. And indeed this is the problem with any method which promises disposal off-site. That is, the quality of delivery of service cannot be verified.

In our opinion, therefore, Amanz' abantu provides a very competitive service. Not only on the grounds of price, but also in that:

- 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.

Yours sincerely

M L NGONZO

HEAD OF DEPARTMENT

Annex 8: Amanz' Abantu letter of recommendation from the department of education (doe)

Province of the
EASTERN CAPE
EDUCATION

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23 October 2012

African Water Facility

Tunis

Attention: Mr Annoh

Dear Sir

The Department of Education would like to thank you for taking the time to meet with us during your busy visit to South Africa, we found the meeting very positive and informative. As a result of the meeting we would like to inform you that:-

1. The provincial Department of Education in the Eastern Cape is committed to the proposed programme to be partially funded and supported by the African Development Bank (AfDB)
2. The Provincial Department of Education will be ensuring the continuation of the pilot project that was implemented in the Butterworth Educational District by expanding the programme to Dutywa and East London Educational districts as part of Phase 1 of the roll-out.
3. The DoE recognises Amanz' abantu services to be the only service provider currently operating the social franchising model and therefore the company who can assist with the expansion of the pilot while still maintaining the key benefits of the model which include promoting local business and ensuring service delivery to an acceptable standard.

I would like to take this opportunity to thank you for assisting the Provincial Department of Education in reforming the Operation & Maintenance systems in schools and supporting an initiative in which we have found to be a sustainable solution. We look forward to working with you further.

Yours sincerely

M.L. Pgwhizi
Acting Head of Department

Annex 9: MOU for schools water and sanitation O&M programme

MEMORANDUM OF UNDERSTANDING

Between

EASTERN CAPE DEPARTMENT OF EDUCATION

A Provincial Department of the South African Government

And

WATER RESEARCH COMMISSION

A statutory council established in terms of the Water Research Act (Act 34 of 1971)

And

AMANZ'ABANTU SERVICES PTY LTD

A private company incorporated in South Africa (Co. Reg. No: 1997/06767/07)

On

IMPLEMENTATION OF SOCIAL FRANCHISING FOR OPERATIONS AND MAINTENANCE OF SCHOOL SANITATION FACILITIES AND THE DEMONSTRATION OF ON-SITE FAECAL SLUDGE TREATMENT IN EAST LONDON, EASTERN CAPE

THIS **MEMORANDUM OF UNDERSTANDING ("MOU")** is made on this _____ day of _____2014 **BETWEEN:**

1. **EASTERN CAPE DEPARTMENT OF EDUCATION ("ECDOE"),** the Provincial Government department responsible for education within the Eastern Cape Province of South Africa. ; and
2. **WATER RESEARCH COMMISSION ("WRC")**, a State Entity established under the Water Research Act (Act No. 34 of 1971) situated at …..; and
3. **AMANZ'ABANTU SERVICES PTY LTD ("AAS"),** a private company specialising in the development of water and sanitation schemes and services situated at 59 Beach Road, Nahoon, East London, Eastern Cape, South Africa, 4241.

WHEREAS

a) The African Water Facility (AWF) established by the African Development Bank (AfDB) has accepted a project proposal submitted by AAS in respect of **IMPLEMENTATION OF SOCIAL FRANCHISING FOR OPERATIONS AND MAINTENANCE OF SCHOOL SANITATION FACILITIES AND THE DEMONSTRATION OF ON-SITE FAECAL SLUDGE TREATMENT IN EAST LONDON, EASTERN CAPE**; called the '**PROJECT**' and

b) WRC is proposed to be the Grant Recipient and Executing Agency for this project while AAS is proposed to be the contractor for the project; and

c) ECDOE had, committed to provide the necessary funding and support for the execution of the PROJECT; and

d) The Aide Memoire agreed between the parties and AfDB requires the parties to enter into this MOU to facilitate the implementation of the PROJECT.

AGREEMENT IN PRINCIPLE

Article 1 – Purpose of the MoU

The objective of this MoU is to:

i) Provide for a framework by which the parties will co-operate to satisfy the pre-condition requirements for disbursement as provided for in the Aide Memoire,

ii) Provide a time-frame for the performance of the obligations expected from each party,

iii) Provide for a project implementation team to co-ordinate the pre-contract implementation activities.

Article 2 – Pre-contract implementation activities

The parties mutually agree to co-operate with each other to complete their respective pre-contract implementation activities as provided below:

i. ECDOE

a) To provide team which will be responsible supporting the PROJECT,

b) Avail to the Project counterpart funding of activities amounting to **EURO 1,100,000** as proposed and as detailed in the Project Appraisal report

c) To provide liaison persons at the local level to support activities and collaboration during project implementation.

d) Provide guidance to the Contractor on compliance with regulations;

e) Provide access to the Project to the existing schools and facilities during the Project timeframe if required.

ii. WRC

a) Provide financial management i.e. receive and administer the Project funds from ADB through a Special Account;

b) Provide overall management to the Project;

c) Prepare a project monitoring and evaluation plan for the project and submit to AWF quarterly Project Progress and Financial reports in accordance with ADB procedures;

d) Establish and Chair a Project Steering Committee (PSC) with representation from key stakeholders – project partners, relevant sector ministries, and target community representatives.

e) Submit to AWF for approval a revised Procurement Plan and Implementation schedule;

f) To liaise with ECDOE AND AAS to ensure the performance of their respective activities,

iii. AAS

a) To provide team from which will be responsible for undertaking the project in collaboration with the ECDOE AND WRC,

b) will collaborate in the Project as contractor with existing franchising sanitation services

c) Avail to the Project counterpart funding of activities amounting to **EURO 83,650** as proposed and as detailed in the Project Appraisal report

d) Secure the demonstration plants for safe re-use of treated faecal sludge;

e) Undertake business management of franchisees, prepare training toolkits for sanitation marketing and training of field managers to identify and support establishment of sanitation franchisees;

f) Collaborate with ECDOE and The Mvula Trust for effective implementation of the PROJECT.

g) Submit to WRC quarterly progress reports highlighting any challenges/risks and the mitigation measures.

h) Adhere to all the procurement and other requirements of the PROEJECT and provide detailed reports of each procurement within the PROJECT.

i) Shall be engaged under direct contracting with WRC for execution of the PROJECT.

AAS prepare and submit a work plan to the WRC for approval by the PMU.

Article 3 – Pre-contract implementation timeframe

The parties mutually agree to perform their respective activities within the timeframe set out in the Schedule hereto.

Article 4 – Pre-contract implementation team

The parties mutually agree to establish a pre-contract implementation team to as the liaison person within each party and to assist in the co-ordination of each party of their

Article 5 - Project pre-condition requirements report

The pre-contract implementation team shall prepare a Project Pre-Condition Requirements Report to AWF indicating the manner in which all the pre-condition requirement have been addressed.

Article 6 – Undertakings

Each party undertakes to the other that it shall:

i. In good faith, discharge any obligation reasonably expected of it under this MoU.

ii. In good faith consider, negotiate and/or enter into any discussions required or reasonably expected of it under this MoU.

iii. Provide such information and documents in its possession as may be required in the implementation of this MoU, provided always, that any confidential information that is disclosed to a party shall be held in confidence, be disclosed only to authorized persons or persons having need-to-know, and used only for the purposes of this MoU. This undertaking shall continue even after the termination of this MoU. It shall be the obligation of each party to advise and ensure that their employees and agents having access to confidential information do abide by this clause.

iv. In good faith negotiate the implementation agreement(s) contemplated by Article 8 below.

v. That the signatories hereunder are duly authorized to sign this MoU.

vi. That each party has the power and authority to perform this MoU.

Article 7 - Duration

The period of validity of this MOU shall be Three (3) year after the date of its execution unless the Parties agree to extend its validity.

Article 8 – Project implementation Agreements

i. WRC shall negotiate and enter into binding implementation agreements with AAS upon the signing of the Grant Agreement with AWF.
ii. The implementation agreements shall be substantially consistent with the parties' respective obligations as inferred from this MOU.

Article 9 - Effectiveness

This MoU shall become effective upon its execution by the duly authorized representatives of the Parties.

Article 10 – Binding nature

Save for the undertakings in Article 6 (iii) to (vi) both inclusive, this MoU shall not constitute legally binding commitments on the parties.

Article 11 – Termination

This MoU shall stand terminated upon the first occurrence of any of the following events:

i. The Parties agree in writing to terminate this MOU; or
ii. Any of the parties, upon giving thirty (30) days written notice, notifies the others of its intention to withdraw from this MoU; or
iii. The agreement(s) contemplated in Article 8 is signed by all the Parties; or
iv. On the occasion of an event of force majeure exceeding six (6) months.

Article 12 - Dispute Resolution

Should any dispute arise from or under this MoU which cannot be resolved within fourteen (14) days of the dispute arising by the liaison persons nominated by each institution in Article 4, the same shall be resolved by negotiation between the accounting officers of the parties, failing which this MoU shall stand terminated.

Article 13 - Amendment

i. This MOU may be varied and/or amended by agreement of the Parties.

ii. A party proposing an amendment shall write to the other specifying the purpose and wording of the proposed amendment for the concurrence or comments of that other party.

iii. The amendment shall become effective upon the concurrence of both parties.

SIGNED at..... on this the ..... day of .....20…
in the presence of the undersigned witnesses:
Witnesses:

1 _____

2 _____ _____

(*Signatures of witnesses*) (*On behalf of **WRC***)

Chief Executive Officer, or
authorized delegated official

SIGNED at..... on this the ..... day of.....200… in the presence of the undersigned witnesses:

Witnesses:

1 _____

2 _____ _____

(*Signatures of witnesses*) (*On behalf of **ECDOE**)*

Chief Executive Officer, or duly
authorized delegated official

SIGNED at..... on this the ..... day of.....200… in the presence of the undersigned witnesses:

Witnesses:

1 _____

2 _____ _____

(*Signatures of witnesses*) (*On behalf of **AAS**)*

Chief Executive Officer, or duly
authorized delegated official

Annex 10: Lessons learnt from the pilot butterworth project on franchised operation and maintenance of school sanitation facilities.

The Butterworth pilot project proved the value of the franchise arrangement, not only with respect to training and mentoring, but in franchisor`s key role in “firefighting” - addressing problems and issues as they arise during the development of the process – particularly dealing with payment delays, failure of equipment and the logistics of schools “not existing” or “not having any latrines”.

Lesson 1: Approach: Effectively, the potential franchisees were managed as subcontractors during this start-up phase, although they were treated as franchisees for all other aspects of the operations. Impilo Yabantu assisted the franchisees in the start-up phase, which included: basic business and administrative training, and the development and training of the operational methodology.

- In the post-pilot phase, it was hoped the franchisees would become full-fledged independent businesses managing their own contracts directly. This has however not happened but it is still in the pipeline.

- For the AWF programme it is hoped Impilo Yabantu can redesign the training and management of the franchises to attempt to get this process in place within three years, so the newly established franchises are better prepared to become independent.

Lesson 2: 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, 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 of O and M issues.

Lesson 3: Institutional arrangements and partnerships: It was also found that acceptance was needed by WSAs (and other public sector owners of infrastructure) of outsourcing the operation and maintenance of infrastructure that they, the WSAs, own. (This outsourcing need not necessarily be to the private sector – it could also be to NGOs and CBOs.)

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 manner. 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.

- 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.

- First-time users of infrastructure (young learners) may need to be taught how to use infrastructure. Service providers, such as franchises, must learn to navigate their way

through this type of obstacle course.

- The AWF pilot program will have a component relating to this with the school hygiene clubs.

- In franchising a growing reputation will undoubtedly lead directly to public sector owners of infrastructure calling for proposals from franchised enterprises. 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. Furthermore there are no guidelines available to owners of infrastructure, suggesting to them how they might evaluate franchisors and franchisees. 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.)

- A revised franchised model shall be prepared under the AWF project for this purpose.

Lesson 4: **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. 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.

Characteristics of franchisees have been summarised and described at some length in other 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.
- More potential franchisees must be chosen for training than will be needed to undertake the work – attrition during the training period will reduce numbers.
- They should 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.)

Lesson 5: Being a successful 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.

A franchisor operates at the bottom of the pyramid and unlike working with contractors, where there are clear-cut conditions and contracts, working with franchisees requires nurturing, guidance and most of all patience, to ensure that an environment conducive to stimulating learning and the growth of the franchisees is maintained.

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.