



CASE STUDY: SOUTH AFRICA

AMANZ' ABANTU: WATER FOR THE PEOPLE

Summary

Amanz' abantu means 'water for the people' in Xhosa, Ndebele and Zulu. Amanz' abantu Services, Ltd., established as a private South African company in 1997, aimed to provide water supply and sanitation for peri-urban and rural communities in the Eastern Cape, where a quarter of the population lacked potable water. The company pipes water meeting international quality standards to sites where individuals can access standpipes using smartcard technology.



Before the arrival of Amanz' abantu, villagers—mainly rural women—had to walk up to several hours to obtain water from the nearest river. And they were still vulnerable to waterborne diseases. Bringing a safe water supply within 200 metres of homes transformed the lives of rural residents, equipping villagers with skills in building and construction and making them employable in a country with 25 percent unemployment. The case details the contentious reception for private-sector involvement in water provision and how the company overcame the obstacles to address a social problem and earn a profit—\$67,000 in 2006.

Positive Outcomes for the Poor

- Access to a supply of purified, clean water for the first time.
- Improved health, hygiene and sanitation.
- Skills acquisition by rural residents (half of whom are women) employed in building the water scheme, including construction, plumbing, and conducting baseline surveys.
- Time saved for rural women who no longer have to walk for hours to the nearest water source.

Positive Outcomes for the Business

- The company's revenues have grown to over 34 million rand (\$4.85 million) in 2006.
- Net profits after tax continue to grow, rising almost 11 percent in 2004 compared to 2003.
- In 2006, the company officially earned a \$67,000 profit.

Key Constraints

- *Regulatory environment:* Lack of documentation and other requirements to set up service contracts.
- *Physical infrastructure:* Lack of piped water infrastructure.



- *Knowledge and skills:*
 - Rural communities lacked the capacity to operate their own water and sanitation installations.
 - Following legislation which made local government responsible for water supply and sanitation provision, local governments found themselves without the skills and training required.

Key Strategies

- *Adapt products and processes:*
 - Use of pre-paid cards instead of service contracts.
 - Provided infrastructure to groups via shared taps.
- *Invest in removing constraints:* Amanz'abantu provided the technical design, construction, commissioning and operation but also provided community development and skills training through a consultative process to the community.
- *Combine resources and capabilities:* Amanz' abantu developed a complex suite of programs designed to build capacity at the local government level to manage the projects which were entirely designed and delivered by the company.



Strategy Matrix

		Strategies					
		Amanz' abantu	Adapt Products and Processes	Invest in removing market constraints	Leverage the strengths of the poor	Combine resources and capabilities with others	Engage in policy dialogue with government
Constraints	Market information						
	Regulatory environment						
	Physical Infrastructure						
	Knowledge and skills						
	Access to financial services						

Opportunities and Challenges for Scaling Up

- Government-funded infrastructure projects are increasing.
- Rising demand for sanitation.
- Companies, including Amanz' abantu, could replicate the model in other provinces.
- Financial sustainability of the new free basic water policy is not assured.
- Working in the sector requires taking on bureaucratic arrangements with government.