



# Southern Africa Trust

## “Proof of Concept” Project Report

January 2007

### Introduction:

The Southern Africa Trust provided Connect Africa with a grant of US\$20 000 for a 3 month Project with the following aim:

*“To develop a model for the sustainable, routine and effective delivery of public and private sector services to marginalized rural communities.”*

The objectives of the project were as follows:

1. To deploy, test, research and analyse the routine delivery of multiple ICT, Public, Business & Government services by means of a suitably equipped mobile service delivery vehicle
2. To demonstrate the CA service distribution channel’s ability to provide an efficient two-way channel for public & government services to be delivered directly to rural communities
3. To demonstrate the sustainability of such a service distribution channel and the wealth creation opportunities it creates for individual unit operators and their customers

The Grant was provided at the end of August 2006 and the project was run to November 2006.

### Results:

The results are set against the objectives above:

1. Connect Africa provided an Iveco “Daily” van equipped with 3 Vodacom Community Phones, network booster antenna, computer (HP nc6120 Laptop), copier, fax, scanner and various software products. This vehicle was deployed on a routine schedule visiting 11 villages in the Mogalakwena Municipality.

Other services provided included cellular banking (Wizzit), electricity services (Eskom) and municipal/government information services.

2. The response to CA's routine service clearly demonstrated the demand that there is for government services in rural areas and we experienced, head on, the frustrations that both the rural people and the government officials face in delivering these services to rural locations.

The infrequent nature of current government service delivery and the inefficient means used to informing communities of pending visits were two primary concerns voiced by communities.

These problems were attached to all departments (Home Affairs, Social Development, Economic Development, Labour Department and Eskom) but it was Home Affairs that took the brunt of all criticism. As one Home Affairs official put it, "Life in South Africa starts and ends with Home Affairs", and many rural people are wondering when their lives will start.

The essence of CA's service lies in the routine. By visiting communities at the same time in the same place a routine that people can understand and trust can be built and both the frequency and notification issues faced by rural people can be addressed.

The routine also offers time to satisfy demand. If people know the service will be back shortly a series of visits can be used to address an issue – it does not have to be done all in one day, as is the current expectation.

The bundling of multiple services has two key advantages. It significantly reduces costs for each service provider and offers significant communication and process efficiencies. The independent nature of CA's role also offers a welcome buffer for the dedicated, and not always appreciated, government officials in the field thereby giving them time to focus on delivery rather than dispute management.

The ultimate success of this project was the formal adoption of the Connect Africa Service by the Mogalakwena Municipality. This "buy in" by the Municipality has in turn enabled CA to secure a partnership with the Development Bank of Southern Africa to formally engage with up to 8 government departments, starting in Mogalakwena then moving to other regions in Limpopo Province and beyond.

The SA Trust Grant was timely and key in Connect Africa's expansion.

3. There are three primary revenue streams built into the Connect Africa service offering, namely, revenue from the delivery of ICT services, business services and government services.

*ICT:*

It quickly became apparent that there is limited demand for ICT services other than telephony, in the rural areas. The people are poor and often illiterate. This will change but it will take time in South Africa and until then, we cannot expect ICT services to be a major revenue earner.

There is however a great demand for service level agreements with organisations, both public and private, providing technology services and infrastructure to rural communities. They all have a problem maintaining and monitoring their equipment and services in deep rural regions.

This offers CA a unique and commercially attractive opportunity to partner with these organisations and provide a much needed monitoring and maintenance service in rural areas.

The project highlighted multiple of these opportunities (eg. Several NGO's. the Universal Service Agency, Vodacom & Eskom) and these service level agreements will form a primary business development objective for CA in January 2007 and onward.

*Business:*

Business services offer good business development opportunities, from banking, insurance, market research and advertising through to broadcasting, micro lending and SMME incubation.

Giving people access to services provides them with the tools they need to build their own businesses. To be able to partner with local businesses, routinely watch over them, guide them, and help their growth is a unique aspect offered by CA. It provides multi-level opportunities for all parties involved, from the mobile unit operator and his/her assistant to the CA community coordinator in the village through to the people of the villages themselves. An ideal scenario for example would be for CA to have a series of mobile units that are owned and operated by rural communities – not just by individuals.

*Government:*

Government services, as anticipated, will be key to CA's success in South Africa. These services will make up the primary revenue stream for CA as well as address the biggest service demand in the rural areas.

The South African government has poverty alleviation as one of its primary objectives and rural service delivery is a key component in this fight against poverty. This project has made it abundantly clear that CA has a role to play in this fight.

This is borne out by the Mogalakwena's formal adoption of the service and the formal engagement with 8 government departments due to commence in February 2007. These departments will include: Home Affairs, Social Development, Economic Development, Labour Department, Eskom, GCIS, Agriculture and Health. Education will be incorporated separately.

**General Observations Summary:**

- ICT services in rural communities did not generate the level of revenue anticipated. Most users of the community phones are elderly and make one call only.
- 90% of individual calls made on the Community Phones were for under R2.
- Although personal cell-phones are ubiquitous, even among the elderly, most have no air time and most require charging. Thus there is a demand for a phone charging facility in the vehicles.
- The ability to deliver government and government related services is essential to the future of CA both in terms of revenue generation and in satisfying rural demand. The delivery of ICT services alone is not currently sustainable.
- Weekday morning visits attract mainly the elderly – everyone else is either at work or school. Weekend schedules, particularly on Saturdays, should therefore be implemented.

- Young (teenage) rural kids today do not associate themselves with the elderly and will often avoid any gathering or traditional “Imbizo”. This is a modern day problem and CA, with its technology element (Web access), is well positioned to offer an attractive “hook” to involve these rural teenagers.
- The Vodacom trailers being deployed in January 2007 trial are designed to attract youngsters and results will be monitored.
- Informative/educational films, football and music broadcasts will attract all levels of rural society and a broadcast medium (TV or projector) should be incorporated in CA’s service offering. This will be particularly important for the 2010 World Cup and rural specific advertising will provide another revenue source.
- There is a clear demand for Eskom services in the rural areas and CA is well positioned to carry a recharge meter so that communities can buy electricity locally.
- Rural people know what they need and rural adolescents know what they want – we need to listen and act accordingly.
- Local knowledge is indispensable in determining service routes, particularly during the rainy season when alternative routes around flooded areas need to be found, often daily.
- Municipal field officials usually have a wealth of information on all the communities within their region – they are a valuable and an often underutilised resource.
- Municipal Councilors, Ward Committee members and Community Development Workers (CDW’s) should all be involved in the CA initiative. CDW’s would make ideal local CA Community Coordinators.
- “Promise fatigue” is a barrier to service provision – so many promises have been made to rural communities that an initial skepticism of any proposed service is universal and it is not easy to counter. We have to deliver exactly what we promise – nothing less!
- Traditional and cultural ways have to be genuinely respected and followed – lip service is not enough.
- Equally, formal government processes have also to be respected and adhered to.
- Traditional and government processes don’t always work together. CA operators need to know how to work with both – both separately and together.
- Rural people are patient – we don’t have to immediately offer all things. It is usually better to build service delivery gradually and in direct consultation with the local people.
- A common complaint is the lack of awareness that officials are due to visit a region or village. The CA concept of routine weekly visits and the appointment of CA employed local community coordinators in the villages will address this issue directly – routine awareness.
- There is often confusion as to which government service is visiting a village and CA’s presence was often mistaken for Home Affairs. This is a serious problem as people walk long distances to get to these collection points only to be disappointed. It is critical that communication and cooperation between CA and the various government departments is established. Again, the CA routine, once established, will address this problem.
- School children taking a leaflet or notice home is one of the more efficient ways to inform a community of an event or service schedule. Government currently uses a loud hailer to broadcast such information along with notices placed at community centers and government offices. CA’s routine visit will negate the need for loud hailers that not everyone hears.
- The original proposal to use schools as the stop point has proven not to be ideal. The schools are often outside the village itself meaning people must walk to the vehicle. CA’s presence at a school can be disruptive for classes.

- Photocopying was the most popular business service requirement – government departments require copies of all formal documents and expect the applicant to provide them.
- Home Affairs was both the most demanded and most vilified government service.
- Not one incidence of corruption was experienced throughout the whole of 2006.
- Vehicle maintenance, servicing, and daily running costs for vehicles in rural areas will be higher and often less efficient that in urban areas – allowances must be made for regular authorised dealer maintenance.
- A Vehicle’s effective lifespan on corrugated rural roads will be no more than 3 years – assuming it is an appropriately rugged vehicle. Urban vehicles will not last much longer than 18 months.
- 4x4 Capability is not always a requirement but a high floor clearance is a necessity.

## Grant Expenditure Breakdown:

Month 2006	Description	Amount (R)	Balance (R)
<b>August</b>	SA Trust grant		141320
	Payroll	57000	84320
<b>September</b>	Accountants	3534	80786
	Marketing	4674	76112
	Fuel & maintenance	3050	73062
	Travel	2400	70662
	Stationery	228	70434
	Payroll	33850	36584
<b>October</b>	IT Infrastructure	2220	34364
	Telephone & 3G charges	2000	32364
	Fuel & Maintenance	2600	29764
	Travel	800	28964
	Payroll	17950	11014
<b>November</b>	Fuel & Maintenance	1400	9614
	Payroll	9517	97
	Bank Charges	183	-86
	Credit interest	200	114
<b>December</b>	<b>Balance</b>		<b>114</b>

The grant was sufficient to cover the Project’s basic operational and overhead costs with the bulk being spent on Payroll, Fuel & Maintenance, and Field Travel costs. The infrastructure and related services for the project were provided by sponsors:

Vehicle:	Iveco
Computer Equipment:	HP
Community Phones & Network:	Vodacom
Branding:	Graffiti
Vehicle Fit-out:	African Outback & 4x4 Megaworld
Software:	Microsoft

## Success:

The Connect Africa “Proof of Concept” can without doubt be judged a success and the two key achievements coming out of this project, namely the adoption of the mobile service by the municipality and the “investment” by the DBSA, are directly attributable to the support Connect Africa received from the Southern Africa Trust.