



Creating business value and development impact in the WASH sector

Drawing upon leadership perspectives from Diageo, IBM, Marks & Spencer, The Coca-Cola Company, and Unilever, this paper demonstrates the diverse ways in which multinational companies are striving to create business value and development impact in the water, sanitation and hygiene (WASH) sector. The paper is informed by a review of more than 20 company initiatives in total, seen to fall within three broad categories: increasing operational and agricultural water use efficiency; expanding consumer access to WASH; and improving water resources management at the watershed level. Our review produces four core observations:

- 1. The WASH sector is a source of business value and development impact that reaches across industries:** water, sanitation, and hygiene issues affect virtually all companies through channels including the marketplace, the workforce, manufacturing operations, supply chains, and the broader enabling environment in which they work.
- 2. The rationale for companies to take action is usually multidimensional:** it may include reducing risk, reducing cost, increasing sales, and enhancing reputation.
- 3. The financial returns vary and can be difficult to quantify:** for example, while operational and agricultural water use efficiency initiatives can be designed to generate positive returns in the short to medium term, initiatives to improve water resources management at the watershed level might only do so in the medium to long run—with reputational benefit and relationship-building helping to ‘make the case’ in the short run.
- 4. Other stakeholders play key roles in companies’ success:** WASH-related initiatives often involve partnership with organisations that have the ability to reach and influence target groups. Potential partners include governments, donors, investors, academics, consultants, civil society groups, religious institutions, schools, and even celebrities.

Given the potential for simultaneous business value creation and development impact offered by the WASH sector, WSUP and Business Fights Poverty would like to see the types of initiative included in this paper succeed at scale and inspire widespread replication. We conclude by outlining four priority areas that will be key to making this happen: results measurement, collaboration, cost-sharing and intrapreneurship.

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Introduction

Water, sanitation, and hygiene (WASH) are key determinants of health, productivity, earnings, and quality of life, and by extension play major roles in economic growth.

The imperative to provide universal water and sanitation and the challenges involved are well-documented, but nonetheless bear repeating to understand the scale of the problem. Although substantial progress has been made in recent decades, more than 750 million people still lack access to the clean drinking water they need at prices they can afford.¹ Inefficiencies are worsening the problem: it is not uncommon for urban water distribution networks to lose 50% of their water to leaks,² amounts that in megacities could fulfill the needs of 10-20 million more people.³ Agricultural water use, which accounts for 70% of all abstracted freshwater worldwide,⁴ also has scope for efficiency gains. As a result of usage patterns, population growth, and climate change, experts project that two thirds of the global population could experience severe water stress by 2025.⁵ This will exacerbate the challenge of providing clean, safe water for drinking and for agricultural and industrial uses. There are concerns that water stress will also cause conflict at local, national, and international levels, with examples already emerging.

Progress in the area of sanitation has been markedly slower. A staggering 2.5 billion people lack access to 'improved' sanitation: a sanitation system that hygienically separates waste from human contact.⁶ This includes approximately 1 in 4 city residents.⁷ Two million tons of human waste are released into watercourses each day.⁸ This has an enormous impact on human health, with more young people dying from diarrhoea every year than from HIV/AIDS, malaria and measles combined.⁹ Promoting good hygiene has been demonstrated to be the most cost-effective of all WASH-related strategies for reducing the disease burden,¹⁰ and handwashing with soap alone could prevent more than 600,000 under-five deaths a year.¹¹

For business, gaps in access to clean water, safe sanitation, and good hygiene are sources of risk and opportunity. Workers with limited access to WASH may need to take more time off work due to illness, be less productive on the job, and utilise company-sponsored health care or insurance more frequently. Consumers may experience reduced earnings and/or need to allocate greater shares of their discretionary spending to health care. Academic research indicates that lost working days due to poor sanitation cost the global economy approximately \$4 billion per year.¹² In addition, increasing water scarcity puts pressure on operations and supply chains and sets the stage for conflict with other water users, which poses reputational risk.

At the same time, some companies are turning risk into opportunity through action to fill WASH gaps. The benefits include increased sales of WASH-related products and services, better workforce productivity, reduced cost and greater resilience in their operations and supply chains, reputations for leadership, and/or strong relationships with governments and other key influencers.

This paper describes how mainstream multinational companies are managing risks and capturing opportunities associated with water, sanitation, and hygiene—creating business value and development impact at the same time. The paper aims to identify patterns in what such companies are doing, why, and how.

Our methodology was as follows:

- First, we reviewed the literature and major company websites to understand major categories of corporate action to create business value and development impact in the WASH sector. We looked at ways companies may be influencing access to WASH-related products and services both directly and indirectly, for example through activities that leave more water in watersheds.
- Next, we selected more than 20 initiatives of large multinational companies representing a range of industry sectors, objectives, and approaches for more in-depth research to understand their motivations, models, and results.
- Finally, we invited first-hand perspectives from five companies—Diageo, IBM, Marks & Spencer, The Coca-Cola Company, and Unilever—to illustrate our findings.

As a result of budget constraints, the bulk of our research was based on publicly available information, and the usual caveats apply. Such information is often incomplete and may be out-of-date, inaccurate, or at least overly promotional in nature.

Our findings do nevertheless allow us to make a useful framing of corporate action to create business value and development impact in the WASH sector: organising initiatives into four major categories by objective, summarizing cross-cutting themes about how and why large multinational companies undertake them, and identifying key priorities for further research and action to maximize their scale and impact.

Categories of Action to Create Business Value and Development Impact in the WASH Sector

Based on the literature and examples explored, multinational companies are taking action to create business value and development impact in the WASH sector with one of four primary objectives:

1. Increase operational water use efficiency: responding to increasing water scarcity by using less water in production and other operating processes.
2. Increase agricultural water use efficiency: responding to increasing water scarcity by using less water in agricultural production specifically, which currently uses 70% of abstracted freshwater globally.
3. Expand consumer access to water, sanitation, and hygiene: responding to unmet needs and in some cases untapped business opportunities by making WASH-related products, services, and knowledge available to those who currently lack safe, affordable access.
4. Improve water resources management at the watershed level: responding to shared water risk that the company cannot manage alone, for example by improving water governance, disseminating water efficiency best practices, and implementing joint conservation projects.

Our review focused on a selection of examples listed in Figure 1 (page 5). Importantly, most leading multinational companies are taking action in more than one category and have many WASH-related initiatives. For example, virtually all have operational water use efficiency initiatives and an increasing number are taking part in collective action to improve water resources management at the watershed level. Depending on industry sector, they may also have initiatives to increase agricultural water use efficiency and/or expand consumer access to WASH. The selection in Figure 1 was compiled for diversity in terms of industry sector, primary objective, and approach.

Figure 1. Categories of action to create business value and development impact in the WASH sector
Short descriptions of each initiative are provided in Appendix 1.

OBJECTIVE	INITIATIVE
Watershed-level management	Coca-Cola Water Funds Partnership
	Dow Chemical Ecosystem Services
	SABMiller Groundwater Management
Consumer access to WASH	American Standard SaTo Toilet
	Borealis Water for the World
	GSK PHASE
	Grundfos LifeLink
	Holcim Affordable Toilets
	IBM Water Watchers App
	Primark HERproject
	P&G Global PPP for Handwashing
	Unilever Domestos Toilet Academies
	Agricultural water use efficiency
Monsanto Water Efficient Maize	
Nestlé Paddy Club	
PepsiCo i-Crop	
Operational water use efficiency	Diageo GreenIQ
	Levi Strauss Supplier Water Recycling
	Marks & Spencer Waterless Packaging
	Nike ColorDry Waterless Dyeing
	Veolia Water Impact Index

Core observations

Analysis of publicly available information about the initiatives listed in Figure 1 allows us to make four core observations about corporate activity in the WASH sector.

1. The WASH sector is a source of business value and development impact that reaches across industries.

In our review of the literature and company websites, we identified a multitude of initiatives by companies spanning the agricultural, apparel, building materials, chemicals, consumer goods, consumer durables, food and beverage, industrial engineering, information technology, pharmaceutical, retail, and utilities industries. This underlines the fact that water, sanitation, and hygiene issues affect virtually all companies, albeit in different ways and through different channels, including the marketplace, the workforce, manufacturing operations, supply chains, and the broader enabling environment in which they work.

2. The rationale for companies to take action is usually multidimensional.

We found a number of different motives at play in the initiatives we explored, which can be grouped into four basic categories: reducing risk, reducing cost, increasing sales, and enhancing reputation.

In every initiative, it appeared that the full rationale involved a combination of these motives. There were some patterns by category:

- Operational and agricultural water use efficiency initiatives aimed primarily to reduce risk and cost, and some additional effort to leverage those efforts to enhance corporate reputation was evident.
- Watershed-level water resources management initiatives also aimed to reduce risk and cost, but with greater relative emphasis on enhancing corporate reputation and relationships than for operational or agricultural water use efficiency projects.
- Consumer access to WASH initiatives aimed primarily to enhance reputation and increase sales.

3. The financial returns vary and can be difficult to quantify.

Unsurprisingly, there was no publicly available information about the financial returns on investment of the initiatives we explored. But because return expectations help determine the sustainability and eventual scale of corporate initiatives—as well as their power to inspire replication among other companies—it is worth saying what we can about them.

Among the initiatives we explored, the prospects and timeframes for break-even seemed to vary. While initiatives vary dramatically in approach within categories—which are based on objective—it appears that operational and agricultural water use efficiency initiatives are mostly designed to cover their costs or generate positive returns in the short to medium term. In contrast, initiatives to expand consumer access to WASH and improve water resources management at the watershed level may be expected to cover their costs or generate positive returns, but only in the medium to long run—with reputational benefit and relationship-building helping to ‘make the case’ in the short run. Some initiatives to expand consumer access to WASH are philanthropic. Those that aim to increase sales tend to take long-term ‘market creation’ or ‘market development’ approaches, recognising that significant cultural and behaviour change is necessary and that there are financing, infrastructure, and other barriers to be overcome in communities that currently lack access to WASH. Initiatives to improve water resources management at the watershed level require broad-based collective action that takes significant time and effort to mobilize.

4. Other stakeholders play key roles in companies' success.

In all but the most internally-focused operational water use efficiency initiatives, success means changing the behaviour of stakeholders outside the company. These may include customers who need to alter their personal routines or their business processes to incorporate a new product or service; suppliers that need to invest in new workforce policies or production processes; and other water users, including competitors, that need to share the cost of activities that can benefit them all.

The initiatives we explored involve working to align these stakeholders' incentives and behaviours through awareness-raising and marketing, through enabling products and services such as data monitoring and financing, and through partnership with organisations that have the ability to reach and influence the target groups—such as governments, donors, investors, academics, consultants, civil society groups, religious institutions, schools, and even celebrities.

Leadership perspectives

Beyond CSR: developing sustainable business solutions for sanitation in India

Jean-Laurent Ingles, Senior Vice-President, Household Care, Unilever



As one of the world's fastest growing emerging economies, India presents a significant opportunity for future growth for companies like Unilever. At Unilever, we know that in order to grow responsibly we must extend our efforts beyond meeting the current needs of consumers, and also develop innovations that are rooted in ways to help health, wellbeing, livelihoods and environmental impact.

Unilever's leading toilet hygiene brand Domestos (Domex in India) plays an active role in sanitation. Provision of sanitation can have a range of health and societal impacts, from women's safety to childhood development.

At Unilever, we believe that business can and must be part of the solution to the global development problems that affect us all. The private sector can bring a wealth of experience and technical expertise, for example innovating in product design and service delivery; harnessing marketing expertise to raise awareness and change behaviours; and using employee and distribution networks to reach underserved communities.

This goes beyond simple CSR. There is a moral imperative for us to act, but there is also a business opportunity. Put simply, if there are more toilets in the world, Unilever has the opportunity to sell more toilet cleaners.

Unilever has a global commitment to help 25 million people gain improved access to a toilet by 2020 by promoting the benefits of using clean toilets and making toilets accessible. To achieve this target, we are working with partners across international civil society and non-government organisations. We believe that to achieve tangible progress in sanitation, and move closer to a world where everyone enjoys the benefits of a clean and safe toilet, we all must play our part—governments, civil society, academia, citizens—and, importantly, business.

Improving sanitation is about much more than building toilets. Sometimes toilets do not get used. Sometimes they are not maintained. We have concluded that for toilets to be used correctly, people need to want them—and in some cases buy them. Where there is demand and willingness to pay, our initiatives are sustainable and durable.

The Domex (Domestos) Toilet Academy programme, one of our programmes running in India and Vietnam, looks at sanitation from a perspective of entrepreneurship. For this programme we train entrepreneurs to promote and sell toilets in their communities. In time, these small enterprises may also sell Unilever products. We take a long-term view that by facilitating the creation of new toilets and sanitation businesses, we will be stimulating a market for cleaning products in the future. We judge the success of the programme through a number of key performance indicators, but principally we look at the commercial sustainability of the enterprises that are created by it. We need to know that this model is empowering entrepreneurs to go and make a living whilst improving the sanitation of the communities reached.

This work is in addition to our partnership with UNICEF. Over the past four years of partnership, 1,320,000 people have been reached with behaviour change sanitation programmes. Of these, 655,000 people are now living in open defecation free communities, benefiting from improved health, safety and dignity. We are also running schools programmes that improve sanitation facilities and teach healthy toilet practices in schools in South Africa, Indonesia and Vietnam.

We believe Domestos' sanitation programmes are a worthy investment, providing an opportunity to address a social issue and build a business out of it. We could wait for these markets to mature, but the need is pressing and the wait long. The Domex Toilet Academy programme is just one example of how to accelerate market development whilst sustainably improving social impacts and livelihoods as we do so.

Engaging employees to deliver on water and other sustainability goals

Michael Alexander, Head of Water, Environment, and Agriculture Sustainability, Diageo

In 2008, Diageo announced a slate of sustainability targets that cut across carbon emissions, energy use, waste and water. We have long recognised that we have to invest in sustainability across our business and reduce our overall impact on the environment.



However, many of our employees do not work at breweries or wineries or places where they can contribute directly to the large, operational projects that have a direct impact on our environmental footprint. We have recognised that we have to make our sustainability agenda relevant beyond our supply chain and into our business around the world—not just at sites where we can make direct capital investments into environmental projects.

GREENiQ was established in 2009 in response to this need, and as an acknowledgement that our employees are already engaged on and motivated by our commitments to sustainability. The programme encourages employees to drive improvements at their own offices and manufacturing sites, whether they are in developing or developed markets, and supports them by linking them to one another through an internal network.

To deepen their engagement we created a competitive element and a medal system, so that employees can receive bronze, silver and gold medals for achieving a range of criteria in each of our four target areas: water, waste, carbon and ways of working. At the end of each year we also give out an award of around £10,000 to the best of those medal winners to implement an environmental project of their choice at their site.

We track our employees' engagement through an annual value survey, and we refresh the content and goals of GREENiQ regularly. We're aware that we need to keep it ever-changing to maintain the level of employee engagement that we want to achieve.

Understanding the impact of the water aspect of the programme can be complex. With carbon and energy reduction there is a direct and obvious cost-saving, but, with the exception of offices or sites with metered water supplies, it is harder to monitor the direct economic benefit from reducing water usage. We are also working on water audits with our larger offices to better understand our water use.

In many emerging markets water concerns are present and complex—whether that's water shortages and drought or whether that is flooding. However, in developed markets it can sometimes be more challenging to really connect people with water issues. Part of our wider engagement under GREENiQ is to get employees worldwide to connect with our Water of Life programme, which runs water development projects in a number of African countries.

The success of these kinds of programmes often depends on the individuals involved. GREENiQ has support from the highest levels of Diageo, but maintaining buy-in across the business is critical. Naturally we monitor the physical water we save as a result of the programme, but we are also measuring the level of employee engagement over time.

The next level will be to build a more sophisticated online platform that will give us much better data on how people are contributing to the programme and on what motivates them. Although the return on investment of this kind of project is complicated, our own internal analysis shows that people who are engaged on environmental issues and programmes tend to be high performers more generally. We see a direct correlation, meaning that investing in employee engagement on water and other sustainability goals has a clear economic return.

Turning citizens into sensors: using Mobile Apps and "Big Data" to combat water losses in South Africa

Michael Sullivan, Global Leader, IBM Smarter Water

As social technology becomes more prevalent, governments are looking for ways to be far more interactive with their constituents, and leveraging these networks to help them solve problems. We know that social networks and social media are a great way to monitor the pulse of constituencies, but increasingly we are seeing governments going further, and using the power of the network to tackle issues.



Governments today see innovation about being more interactive with their constituents; better understanding what they're thinking, being more responsive to their needs and leveraging communities to source new solutions, and in some cases be part of the solution.

In South Africa, one of the problems that the government needs to tackle urgently is water availability and efficiency. The country loses a huge percentage of its piped water through leaks. IBM, in partnership with the utilities and local organisations, has built a platform that engages citizens on the issue of water, allowing them to identify and map leaks.

Citizens can use their cellphone to geolocate damaged infrastructure, feeding information back to a central database. As well as a mobile application for smartphones, the platform accepts SMS inputs for those with more basic handsets.

The water authority now has great visibility on where there are leaks and other issues with their systems. Citizens, in a sense, become sensors on the infrastructure, and this becomes a low-cost, immediate way for the government and the water authority to diagnose what is going on in their system, while simultaneously raising awareness within communities.

Human behaviour is a huge part of making sure that initiatives like this work. Bringing people into the system and using social technologies creates feedback loops—through their monitoring activities, communities begin to understand their own water use, and begin to improve it.

Because the programme is still very new it is hard to gauge its impact, but we will be able to monitor very closely the level of usage through the platform—its very nature allows us to see in real time where issues are being reported and how many people are using it.

While a lot of the work that we do is fairly experimental, and we are still learning a great deal as we implement and evolve these platforms, it is clear to us that these means of social engagement are here to stay. That is part of the commercial motivation for projects like these—learning what is possible, and collecting data. There are currently no user fees.

Using 'big data' to help governments find solutions to their ongoing social and economic issues is likely to be a huge growth area for IBM over the next decade, and proving the concept for them now may pay back in the future.

The Facebook and Twitter generation is here. They expect a voice; governments are under pressure to be much more transparent. While this kind of technology is still very new to the water sector, citizens' expectations have been awakened by the constant interactions and two-way flows of information that power their daily lives as consumers.

The best way forward, we see, is to create that dialogue and be more efficient, giving both consumers and governments the tools to interact with one another and solve social problems.

Water Funds Partnership: investing directly in water resource management

**Greg Koch, Managing Director, Global Water Stewardship,
The Coca-Cola Company**

Water is central to The Coca-Cola Company's business. Of course, water is the principal ingredient of most of our beverages; it is used in manufacturing processes; and we are a major buyer of agricultural ingredients, which have a large amount of embedded water from cultivation and processing.



More importantly, our business model is dependent on local bottling and distribution—we sell our products in the communities where we make them, so we are very sensitive to local concerns around water and sustainability. The health of the local water system has a direct impact on our business—we do not have the luxury of making a car in Mexico and shipping it to Detroit or making a phone in China and shipping it to London. We share water resources with surrounding communities and economies and have a business interest in their sustainability.

Managing water supplies and stress is a vital commercial consideration. The Company and our bottling partners undertake quantitative water risk assessments for our operations and have formulated a global strategy for conservation and management within manufacturing plants and along our supply chains.

Beyond the plant level, we have also acknowledged that we need to participate more holistically in preserving and improving water resources in the regions where we operate and to help conserve the ecosystem services that are critical for the sustainability of our business. Whenever water is stressed in the markets that we operate in, we are at the table and seek to be a part of the solution.

Everyone has some motivation and interest in the quality and the quantity of water, and there is little that we can do 'at the end of the pipe.' Even if we could control our own water sources for our plants, that would not be enough. Our localised business model means that we are embedded in the community—we are selling our product to our neighbours, so the health of local communities and ecosystems is very important to us.

Our commitment to the Latin American Water Funds Partnership emerged from this growing understanding that we needed to invest directly in water resources and ecosystem services.

The Coca-Cola Company Latin Center (the Coca-Cola business unit covering countries in Central America and Northern South America) and its local bottling partners, Arca Continental, BEPENSA, and Coca-Cola FEMSA, invested \$7.4 million to replenish 6.9 million cubic metres of water in seven Latin American countries. The funds, which are managed through a partnership between The Nature Conservancy, Fundación FEMSA, the Inter-American Development Bank and FMAM, back a range of conservation projects, from reforestation through to community and farmer education initiatives.

The Company's investments are large, and we expect results. We measure these in three distinct ways. The first is risk-based, tracking the extent to which environmental factors are managed within our operations.

The second is harder to quantify, but looks at the outputs, such as those of the Latin American Water Funds Partnership. Currently, this is a relatively straightforward comparison of costs and accomplishments—for example, the number of funds that have been established and their financial strength, critical source water areas preserved, the number of people with clean drinking water.

We hope that we will gradually be able to add a higher order of detail and look at the socio-economic outcomes in health and development that result from the water funds' and our other investments.

Finally, we look for impact at a policy level, which speaks to the long-term sustainability of the projects that we invest in around the world. Whenever a project is established, it is vital that it is sustained by the local community long after the end of our direct intervention.

The ultimate goal is policy change. Water is the most necessary shared resource; it is a common good. The scale at which water resources are needed and moved through an economy makes it something that governments ultimately have to control.

Our goal in the water funds and other engagements is often to demonstrate success, so that governments codify, protect, and amplify water conservation initiatives.

This requirement for sustainability beyond the end of the life of any individual programme is also the motivation for seeking out partnerships with governments and civil society. Although we have built our own internal capacity to understand and measure water resources and risk, when we step outside the four walls of our plants, we want and need to partner.

Ultimately, we believe that the most effective way to address water concerns and conservation is collaboration at all levels from private sector to civil society and governments—every user and beneficiary of water needs to be a part of the solution.

Understanding and addressing water and sanitation needs outside the factory gates

Fiona Sadler, Head of Ethical Training,
Marks & Spencer

Jo Daniels, Sustainable Communities Manager,
Marks & Spencer



Supporting suppliers with initiatives and programmes that improve their operations beyond auditing is important to Marks & Spencer. Part of this process is to understand the needs of the workers within our supply chain—beyond the factory gates.

We have good traceability throughout our supply chain and know the locations of all of the manufacturing sites where our products are made, and so this allows us to assess what programmes will help both our workers and their local communities.

Our motivation for doing this is two-fold. Firstly, our customers demand a high degree of integrity from us, and they expect and trust us to be working behind the scenes to make sure that our supply chain includes social investments. And secondly, corporate sustainability is a key factor to ensure we have a supply base that is fit for the future and we have security of supply. Our social responsibility, to do the right thing in the countries that we source from, is very important to us. We hope to achieve both direct and indirect benefits for factories that are M&S suppliers.

Over the past three years, we have been partnering with UNICEF to run a pilot community programme in Bangladesh's slums. It is a holistic multi-intervention model addressing the interconnected challenges for children at critical moments of their development, looking across healthcare, nutrition, education, protection, water and sanitation.

Improving water and sanitation in two locations close to our factories has been a significant part of the programme. UNICEF and its local partners have been building and improving latrines and water points, educating people on sanitation as well as setting up child care day centres, early learning schools and pre-primary classes, among many other activities.

Assessing the success of the programmes is complex. UNICEF uses a number of key performance indicators that measure the number of people reached directly by its projects. And although it is not known if any of those living in the slums actually work in our supply chain, as very few people would admit to living in informal settlements, we know there is a social benefit from the overall uplift in community health that results from better access to water and sanitation and other UNICEF provided services.

In terms of impact assessment, the short term KPIs look at the outputs of the programmes, but on a longer-term basis, UNICEF will measure some outcomes as well. In particular, we have seen that government policy has been influenced as a result of our interventions with UNICEF.

The government has already taken over the running of several water points, taking clear responsibility for providing clean water for the population.

UNICEF is now looking to scale its interventions in Bangladesh. The current three year pilot has reached over 30,000 residents and the ambition is to reach 200,000 by increasing the size of current programmes and extending to different locations. Collaboration is key to making an impact at scale and UNICEF is reaching out to additional brands and retailers so that together the wider garment sector can improve children's lives.

As UNICEF scale the programme, they will continue to partner with local and international delivery partners. From our perspective, it is the collective knowledge, expertise and local intelligence from this matrix of organisations that means we can make a difference on issues like water and sanitation.

An important element of all our factory and community-based programmes includes investing in local organisations and local delivery partners to build capacity and ensure they are able to sustain themselves going forward. We want to make sure the local organisations continue to build and grow, delivering impact well into the future.

Key priorities for enabling scale-up and replication

Given the potential for business value creation and development impact in the WASH sector, WSUP and Business Fights Poverty would like to see the kinds of initiatives studied for this paper succeed at scale and inspire widespread replication. Below we suggest four key areas for companies and their development partners to consider when catalyzing, designing, and implementing WASH initiatives.

- 1. Results measurement.** Great results data are available for some of the initiatives we explored for this paper. In just one example, factory absenteeism fell by 55% during the first six months of Primark's HERproject, and turnover has dropped from 50% to 12%. However, many of the initiatives disclose very limited results data. Some initiatives are simply new; others may keep results confidential for competitive or other reasons; still others may be struggling to measure results in meaningful ways. Measurement is particularly challenging for initiatives that tackle long-term, systemic challenges. What kinds of KPIs can be used? Can different KPIs be used at different stages, helping to manage resources effectively and keep people motivated for the long haul? How can results be attributed to specific initiatives given the many other influences that may come into play, and what level of attribution is really necessary?
- 2. Collaboration.** Many initiatives involve collaboration among companies and with government, donor, and civil society partners to share costs and increase the likelihood of success. For example, SABMiller's groundwater management initiative in Neemrana in the state of Rajasthan in India involves the state Central Ground Water Board, the Confederation of Indian Industry, Humana, an NGO, and local farmers. But there is little publicly available information about the operating, governance, or funding structures behind most of the partnerships explored. What can be shared in order to accelerate the partnership-building process for future initiatives and make them more effective? What structures work best for what purposes, and under what circumstances?
- 3. Cost-sharing.** It is worth calling out this form of collaboration specifically. Many WASH initiatives can be expected to generate financial returns for the companies involved in the long term only, and many generate positive externalities—that is, they create value for other stakeholders in addition to those directly involved. As a result, many initiatives appear to rely on cost-sharing, both internal (for example, between local operations and headquarters or between operating and CSR or sustainability departments) and external (for example, with other companies and with public and private donors). Grundfos' LifeLink project depends on contributions from multilateral donors and foundations to cover the up-front capital costs of the water systems it installs, which can then generate sufficient revenues to cover operating costs. For virtually all of the initiatives explored for this paper, it is impossible to identify the relevant funding breakdowns or the basis on which costs were shared. What are the funding models that work, and how?

4. Intrapreneurship. While they receive little visibility, we know that behind many of these initiatives are passionate, persistent individuals working to align the capabilities and resources of their companies behind innovative new ways of creating business value and development impact—sometimes at great personal cost and risk. How can companies identify and support these individuals better? What role can outside organisations such as donors, civil society organisations, and the media play?

Endnotes

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Appendix 1: Initiatives to create business value and development impact in the WASH sector

Below we provide short descriptions for each of the initiatives studied for this paper and featured in Figure 1 (page 5).

Category of action: Watershed-level management

Coca-Cola Water Funds Partnership

The Coca-Cola Company supports the Latin American Water Funds Partnership to help strengthen and expand an innovative market-based, multi-stakeholder initiative to finance watershed conservation.

Dow Chemical Ecosystem Services

Dow Chemical has engaged in a multi-year partnership with The Nature Conservancy to evaluate the benefits of ecosystem services for strategic decision-making and stakeholder engagement.

SABMiller Groundwater Management

SABMiller leads a groundwater replenishment partnership in Neemrana, India, that mitigates water risk for the company while strengthening community-based water management for smallholder farmers.

Category of action: Consumer access to WASH

American Standard SaTo Toilet

American Standard has designed an affordable, locally adapted toilet, SaTo, targeting low-income households, which is now being manufactured locally and distributed in partnership with NGOs.

Borealis Water for the World

Borealis is strengthening and expanding access to affordable and sustainable sources of water for underserved communities through the application of low-cost, highly durable polyethylene piping.

GSK PHASE

GSK and partners run a global school-based health education program to mitigate diseases caused by inadequate hygiene and sanitation.

Grundfos LifeLink

Grundfos LifeLink is a turnkey solution for sustainable water supply in underserved communities including novel product design, advanced monitoring and maintenance and mobile payment.

Holcim Affordable Toilets

Holcim is creating a new business line selling toilet facilities to households in rural India.

IBM Water Watchers App

IBM has deployed a mobile application that crowdsources data from citizens on water quality and leakage, in order to inform local government decision-making.

Primark HERproject

Primark's Health Enables Returns (HERproject) provides healthcare and health education to women working in factories that supply the company around the world.

P&G Global PPP for Handwashing

Procter & Gamble's Global Public-Private Partnership for Handwashing reaches out to schools in developing countries around the world to promote health and hygiene through handwashing.

Unilever Domestos Toilet Academies

Unilever supports a market-based approach to supplying, installing and maintaining hygienic toilet facilities for households in underserved communities by fostering self-sustaining microenterprises.

Category of action: Agricultural water use efficiency

General Mills Drip Irrigation Financing

General Mills is driving adoption of drip irrigation to secure sustainable supplies of raw materials, boost crop yields and respond to consumer concerns about the environment.

Monsanto Water Efficient Maize

Monsanto is partnering to deliver royalty-free drought tolerant seeds for smallholder farmers in Sub-Saharan Africa to mitigate water scarcity, achieve yield stability and promote food security.

Nestlé Paddy Club

Nestlé is driving adoption of sustainable rice cultivation practices in order to secure its supplies of raw materials as well as reduce water use and operational costs for the farmers in its supply chain.

PepsiCo i-Crop

PepsiCo has developed a web-based platform that enables farmers to reduce water wastage through real-time access to data on weather and soil conditions.

Category of action: Operational water use efficiency

Diageo GreenIQ

Diageo encourages and supports employees to design and implement environmental initiatives through information, incentives, and a community of practice to share lessons learned across the organization.

Levi Strauss Supplier Water Recycling

Levi Strauss and its suppliers have designed an innovative water recycling system to reduce water use and cost, and promote new industry-wide standards for water management.

Marks & Spencer Waterless Packaging

Marks & Spencer has developed a breakthrough packaging technology that eliminates the use of water to transport and store fresh cut flowers.

Nike ColorDry Waterless Dyeing

Nike has invested in a breakthrough dyeing technology that eliminates the use of water and process chemicals in coloring synthetic textiles by recycling CO₂.

Veolia Water Impact Index

Veolia has developed a water footprinting tool that identifies and quantifies the direct and indirect impacts of business activities and informs more effective water management.

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