

Corporate Engagement in Sanitation

A Thematic Discussion Series hosted by India Sanitation Coalition and SuSanA

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1 Discussion Introduction

Under the umbrella of the SuSanA Indian Chapter, the [India Sanitation Coalition](#) in partnership with SuSanA, held a four-week thematic discussion on **exploring opportunities and challenges of corporate engagement in sanitation**.

The discussion not only focussed on corporate engagement via Corporate Social Responsibility (CSR), but also took different forms of engagement like Microfinancing opportunities and starting a business in sanitation into consideration. Since the Companies Act of Section 135 from 2013 was amended to make it compulsory for them to spend 2% of their net profits on corporate social responsibility, sanitation has been one of the areas of attention. See full online discussion here:

[SuSanA Forum Discussion Corporate Engagement in Sanitation](#)

Some of the barriers to corporate participation that were found include

- Lack of usable knowledge on best practices and scalable models across the WASH value chain
- Perception that it is difficult to find implementation partners, especially those with experience of behaviour change or community mobilization.
- Difficulties in quantifying and measuring impact, especially in terms of changing habits and attitudes
- Lack of clarity on what constitutes CSR as per Section 135, especially for companies whose products are aligned to WASH
- Difficulties in accessing government networks

A recent ISC-Samhita position paper says, “An analysis of the CSR efforts of 100 companies with the largest CSR

budgets was conducted by ISC and Samhita. This found that 75% companies were supporting programmes related to creating infrastructure, such as the construction of toilets while ignoring behaviour change, maintaining and operating toilets or solid and liquid waste management.” There are around 1600 eligible companies for CSR in India. However, only a few seem to have addressed the problems of construction and use of toilets due to several socio-cultural and economic issues in the communities.

Running for four weeks from **14 November to 10 December 2016** on the SuSanA online discussion forum, the discussion looked at **four key topics** which were lead from different experts each week:



[Sharing your experiences from India and abroad on corporate support to sanitation.](#)

Hosted by **Jayanti Shukla**, Executive director of **United Way**, a network from Mumbai that improves lives by mobilizing the caring power of communities to advance the common good.



[What are the challenges faced for companies that are starting to work in sanitation, and what assistance can be provided by a facilitator?](#)

Hosted by **Neeraj Jain** from **PATH**, an organization working to promote better health. By accelerating innovation, PATH is transforming the lives of the world's most vulnerable women and children.



[Apart from CSR, what are the possible ways a corporate can get engaged in the sector?](#)

Hosted by **Cheryl Hicks** from the **Toilet Board Coalition**, a business platform enabling private sector engagement and connecting different stakeholders to accelerate sanitation for all.



[How can companies incentivize sanitation and recognize good work to motivate others to excel?](#)

Hosted by **Sandhya Tenneti** from **Samhita Social Ventures** that collaborates with companies to develop impactful CSR initiatives.

The [Sustainable Sanitation Alliance \(SuSanA\)](#) is an open international alliance with members who share a common vision on sustainable sanitation and are dedicated to understanding viable and sustainable sanitation solutions.

It links on the ground experiences with an engaged community made up of practitioners, policy makers, researchers, and academics from different levels with the aim of promoting innovation and best practices in policy, programming and implementation.

sustainable
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alliance



2 Experiences from Corporates

Posts: 10

Running from 14th-20th November 2016

First, there was an urge to clarify the various ways in which a corporate can get active. Corporate engagement can either mean **CSR activities** from companies willing to spend money for projects, **microfinance-projects** by banks or other institutions, **internally supporting** the value of clean India and provide appropriate facilities, but it can reach as far as **sanitation start-ups** creating new innovations and business models around the full water cycle. Other SuSanA discussions about similar topics already have been held (see further reading section for more information).

Experiences shared from David Alan and Sidharth Bakrishna from Cairn India included the following observations:

- CSR as seen as a “tick-box-process”: It often means releasing money for a project without intrinsic longterm engagement
- Activities are not led by demand of the beneficiary but by the policy that was defined, which is a longterm sustainability problem, if people are not using built infrastructure
- Alongside, NGOs like to get funding for their activities, but probably should be more careful with where the money comes from
- Corporates active in sanitation usually focus on hardware (e.g. construction of toilets), but realize this is an expensive and often ineffective activity due to a lack of maintenance and behaviour change.

Cairn India executed a PPP project to provide sanitation facilities by making 20,000 household toilets in Barmer district of Rajasthan. Starting in February 2013, under the ‘Nirmal Bharat Abhiyan’ (NBA), Cairn adopted nine villages of the Beriwal Tala Gram Panchayat of Barmer district. A model was chosen where the Zila Parishad contributes INR 12,000 per toilet and Cairn an additional amount of INR 4,000 towards the construction of as many as 20,000 toilets. The beneficiary households would also contribute INR 1000 each to ensure their ownership of the facility constructed. The program resulted in the Panchayat becoming ODF status, one of the first such panchayats in Barmer to do so. It was extended to 19 more villages of the panchayats of Bhadkha and Mundhon ki Dhani. The project is being implemented by the RDO Society under the guidance of the Zila Parishad. After a review, the project was reoriented. Panchayats were picked based on availability of water, possibility of saturation to for ODF, making a bathroom along with the toilet, engagement of motivators, monitoring committees, deploying children as sanitation ambassadors, a call centre to contact beneficiaries, rewards for the best maintained toilets and planting sacred trees where people went for open defecation. The incentives were modified to encourage use rather than construction.

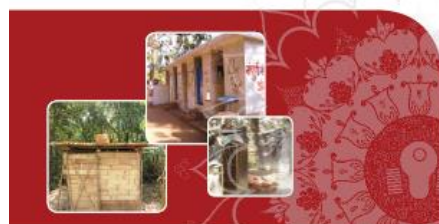
The results are demand for toilets, investments of as much as INR 30,000 by beneficiaries, better toilets, support from local leaders, and higher usage.

This example shows how an integrated approach built on behaviour change can work better than just making hardware.



From Dreams to Reality

Compendium of Best Practices in Rural Sanitation in India



MDWS 2010: From Dreams to Reality. Compendium of Best Practices in Rural Sanitation in India.



3 Challenges for companies

Posts: 11

Running from 21st to 27th November 2016

The biggest challenge is getting companies to focus on 'soft' activities such as skilling and behaviour change. Owing to their intangible nature, companies under an obligation to spend CSR funds on sanitation prefer to invest in hardware that they can count and label.

Making toilets seem to mean putting up a costly structure as companies are not well versed with the low-cost government designs. This does not always have to be the case since twin leach pit toilets can be made well in about Rs 12000 - 15000 depending on the type of soil and superstructure.

Key Challenges for companies starting CSR activities in sanitation were mentioned:

- **Companies want to gain good name of CSR and are goal-oriented**
- **CSR as forced social engagement might not incentivize companies in the right direction**
- **Focus on hardware like toilet construction which is easy to measure, but forget software and community engagement**
- **Companies are not used to low-cost models**
- **Behaviour change is as a soft goal is often not considered**

Other aspects of deciding where to place a toilet so it does not pollute water sources, a suitable type for the local geology and teaching people how to maintain it are also areas where companies face challenges. This applies to toilets for individuals, schools and other institutions.

There is also an expectation that hygiene- and sanitation-linked behaviour change will happen overnight and is measurable. Both are wrong since behaviour change takes time and cannot be measured by conventional metrics. Sustaining behaviour change is a bigger challenge as innumerable researches on sanitation have shown.

There are several ways a company can engage in sanitation. They can mentor local people to become sanitation entrepreneurs. By treating waste as raw material for other products, such as manure, people can think of a "circular economy" model for businesses. This can be an approach for companies to invest directly as well as mentoring. It can provide an impetus for companies to think out of the box and close the sanitation loop.

Interesting links:

- Pick a suitable [type of toilet for companies](#)
- Training guidelines for masons : [guidelines for training masons](#)
- Documents on behaviour change : [Sanitation and Hygiene Advocacy and Communication Strategy Framework 2012-2017](#)
- How to set up a sanitation business model : [Analysis](#)
- [SuSanA Forum Threat Sanitation as a business and business models](#) (Includes "sanitation as a business" programs, developing new business models for sanitation, providing improved sanitation products and services, and better faecal sludge management)
- [SuSanA Forum Post Innovations and Private Sector: Can They Solve the Sanitation Problem?](#) (Discussion from February 2016 with additional readings available)
- SuSanA Forum Post [Sanitation Market Models](#) (draft) 2016: Spuhler, Dorothee/ Zandee, Marijn

4 Engagement apart from CSR

Posts: 15

Running from 28th November to 4th December 2016

Business in the field of sanitation is much needed and offers opportunities to enter the low-income market, provides value added raw materials for supply chains e.g. bio energy and can function as a future source for health data information.

Companies can bring in innovation. Technology for data collection, decision-making and planning is one big area where they can engage. Companies can help develop business models for local entrepreneurs and mentor them. They can also develop new financial products for micro-loans, user tariffs and innovations in service delivery. This can make financial markets or banking more inclusive in addition to promoting sanitation. Companies can also train local people to become entrepreneurs by helping with budgeting, technical aspects, marketing, staff management, etc.

Business drivers – why engage in the sanitation sector:

- **Market building** - accessing a 2.4 billion person low-income market - toilets and sanitation systems for current and future customers & employees!
- **Innovation** - new product & service development opportunities that fit how future sanitation systems are evolving - for example, smart, sustainable, aspirational sanitation could mean water-less, chemical-less, and full waste or "toilet resources" recovery.

- **Supply chains** - what we put in our toilets could produce valuable raw materials for industrial supply chains such as energy, agricultural products, protein-based materials, water, and health information
- **Sustainability targets** - "toilet resources" (human waste) are part of the biocycle and up cycling these resources helps companies to meet sustainability targets to reduce waste and become carbon positive
- **Talent management** - today's executives and employees want to work for companies whose businesses help societies to succeed.

However, several challenges have also been mentioned as critical points for business engagement.

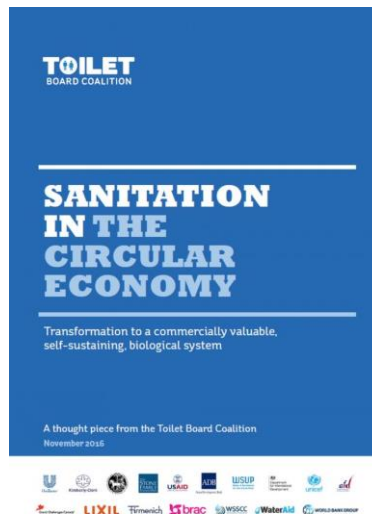
- One cannot expect to generate money from a sanitation business. Externalities need to be monetized e.g. fees/taxes/cross subsidizing need to be implemented
- Mining key health data from the toilet to obtain health information poses concerns about privacy. It needs to be assured that companies can be trusted with information and data given

Engagement from private sector should strongly be supported from the government in ways of funding as well as policy wise. Actions should be targeted at government as well as community level

Private entities can be engaged in financing of RDD&D which can then be channelled towards areas of acute needs like sanitation. The government could allow businesses to provide discounts on supplies for sanitation products and services to low-income settings.

Several examples were mentioned from Bangladesh, Peru, Tanzania and Indonesia where companies have engaged in sanitation. Companies have also co-invested, along with governments, in creating knowledge and research on sanitation. The government on its part can provide incentives to companies for investing in sanitation, beyond the mandated 2% CSR. The CSR aspect is unique to India, and the India Sanitation Coalition can help companies strategise better in this respect.

The interesting concept to come out of this theme was that of the "circular economy" with its emphasis on up-cycling. Sanitation products - human excreta, garbage, waste water - are not something to be discarded. Rather, they are inputs for other products and companies can invest in their manufacture and marketing. Companies can set up their own units or support local entrepreneurs with skills and finance to do so.



Hague J. (2016). Sanitation in the circular economy - Transformation to a commercially valuable, self-sustaining, biological system. The Toilet Board Coalition (TCB)

5 How companies can incentivize sanitation

Posts: 17
Running from 4th to 10th December 2016

Companies can incentive sanitation in several ways going beyond corporate social responsibility.

1. *Volunteering programmes*: Volunteering programs within companies can span across different departments and location. A success in one location and department could serve as an impetus for another department/location to excel in their volunteering programs.

Hindustan Unilever is running the swachta doot program for its employees where individual factory workers volunteer their time to spread the message of cleanliness armed with a mobile phone and software provided by the company.

2. *Crossfunctional expertise*: By ensuring cross functional engagement of departments within a company, successful implementation is more guaranteed.

3. *Reports/Case studies that focus on sanitation*: Reports that focus on sanitation calling out on leading companies that have implemented successful sanitation programs are ways of incentivization. The success and more importantly, the sustainability of such efforts, of a company can serve as a trigger for other companies within the same industry (or across industries) to develop, hone and excel in CSR activities focused on sanitation.



Why corporates engage

1. **Strategic interest:** companies whose products and services are aligned to the mission
2. **Impact orientation:** companies looking to drive impact across their stakeholder communities
3. **Catalytic interests:** publicity and social me who offer a service by virtues of their core competencies to drive change across key issues in sanitation

4. **Government level recognition:** For example, the Indian government's initiative of Swachh Bharat is an initiative that companies will find value in association and contribution.

5. **Industry Coalitions:** The ability to lead and be a member of a best-practise coalition builds recognition and visibility in expertise in the implementation of sanitation programs. Such coalitions will serve both as a template and a motivator for companies.

6. **National and international funding:** By pooling funds and collaborating with such funds, companies also provide a pathway to others to explore different implementation options. Micro-finance institutions can incentive sanitation by providing low interest rate loans and promoting sanitation entrepreneurs.

7. **Knowledge sharing:** Any success in program implementation or learning/insight by a company serves as resource for companies to display their expertise. It demonstrates to their peers and their competitors that they need to further exert themselves to meet standards set.

Challenges are the risk of slippage, up-scaling and sustainability issues as well as bringing corporate engagement to rural areas and integrate everyone in sanitation initiatives.

Projects like Svadha allow households to access attractive, quality sanitation products, in a way that is suitable. They use marketing material that influences both community dynamics and more aspirational messages for households (status and dignity). Without these interventions, households would have to purchase and transport the various materials needed themselves, and rely on local masons for assembly and construction. Thus, they would often end up with sub-standard structures for a fairly high price. In contrast, as a result of the above mentioned projects, customers can purchase quality latrines at their doorstep (with installation included) for a fraction of what they would pay otherwise (typically 30% less). On the supply side, these projects have efficaciously engaged construction entrepreneurs, helping them to expand their product range to toilets or toilet components.

Incentivisation can take myriad forms. Crucial to this is the aim of the company's initiative, a clear purpose. The structure and approach of the incentivization program will flow from that. Also, there is a demonstrated benefit in partnering with multiple stakeholders that bring to the table key competencies to accelerate the programs.

Recommendations

1 **Change to the social business** model, by generating revenue out of the sale of products or services

2 **Advance the relationship** with local hardware stores from that of a supported entrepreneur to a preferred supplier

3 **Enable household purchases** with a savings programme

4 **Deploy a full-time dedicated sales force** running sales events and leveraging village-based activities (CLTS events).

5 **Incentives for sanitation** work better in the long term than punitive measures. Recognitions and rewards for good work on sanitation can have a great impact on how it is perceived → stagger incentives over a period of several months or even years after the milestone to keep interest in sanitation alive. A one-time reward is unlikely to have the same effect

6 **Demand and motivation** for sanitation in communities is dependent on individual taste and preferences. Where several user friendly and affordable options are developed and tested, then the different market segments are able to choose products with marginal utility



Parekh, A., Prakash, P., Mukerjee, R., et al. 2016: CSR in Water, Sanitation and Hygiene (WASH)", Samhita and India Sanitation Coalition

CSR in Water, Sanitation and Hygiene (WASH)

What are India's top companies up to?



6 Case Studies and Further Readings

Svadha, an India social enterprise has been executing a pioneering model since 2013. They comprehended that people were more attracted by the visible shelter than the toilet itself and redesigned a more comprehensive package comprising an attractive shelter, which answers consumer wants (versus needs) and is sold at around \$200. Svadha sources materials from national manufacturers and resells them to entrepreneurs with a margin to cover its market activation costs. Svadha has distributed 10,000 toilets, proving that its entrepreneurs can be maintainable, and aims to breakeven by 2018.

Guardian MFI a spin-off of Gramalaya, is also one of the successful sanitation financing projects in India. Guardian was created in 2007 as a non-banking financial corporation, under a status that allows providing loans that are not income-generating. Thus far, Guardian has made more than 30,000 loans for toilets, with a 96% repayment rate. Cash-at-hand availability is often the main obstacle for households to actually invest in an improved latrine. Guardian manages to reach over 50% coverage in most villages in which it operates, owing to a blending of cash sales (5-10% of households), microcredit through a partner MFI and financing through SHGs.

Further Readings

GSMA 2016: Mobile for Development Utilities. Unlocking access to utility services: The transformational value of mobile UK Aid.

<http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/07/Mobile-for-Development-Utilities-Annual-Report.pdf>

WSP, IFC 2013. Tapping the Market: Opportunities for Domestic Investments in Sanitation for the Poor. International Finance Corporation, World Bank Water and Sanitation Program

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<http://www.susana.org/en/resources/case-studies/details/2099>



7 Contributors & Bibliography

The following contributors made one or more posts on the forum during the current TDS. The contributors are listed in alphabetical order.

NAME OF CONTRIBUTOR	ORGANIZATION	COUNTRY	BIBLIOGRAPHY
Anja von Falkenhausen	SuSanA India Chapter (GIZ)	India	<ul style="list-style-type: none"> • MDWS 2010: From Dreams to Reality. Compendium of Best Practices in Rural Sanitation in India. http://www.mdws.gov.in/sites/default/files/WSP_Compndium_Press_28Oct2010.pdf • Parekh, A., Prakash, P., Mukerjee, R., et al. 2016: CSR in Water, Sanitation and Hygiene (WASH)", Samhita and India Sanitation Coalition http://ficci.in/spdocument/20736/CSR-in-WASH.pdf • Toilet Board Coalition Secretariat .2016: The digitalisation of sanitation - Transformation to smart, scalable and aspirational sanitation for all. Toilet Board Coalition http://www.susana.org/en/resources/library/details/2691 • Hague J. 2016: Sanitation in the circular economy - Transformation to a commercially valuable, self-sustaining, biological system. The Toilet Board Coalition (TCB) http://www.susana.org/en/resources/library/details/2687
Cheryl Hicks	World Toilet Board	Switzerland	
David Crosweller	Sanitation First	India	
Diana Mulatya	Development Alternatives Inc.	Kenya	
Elisabeth von Münch	Independent Consultant	Germany	
Jayanti Shukla	United Way	India	
Magdalena Bauer	SuSanA India Chapter (GIZ)	India	
Marijn Zandee	WASH Consultant	Nepal	
Naina Kidwai	India Sanitation Coalition	India	
Nitya Jacob	Moderator of ISC-SuSanA India Chapter	India	
Neeraj Jain	PATH	India	
Pawan Jha	Foundation of Environment and Science	India	
Rashid Kidwai	India Sanitation Coalition	India	
Roel Blesgraaf	Public Affairs Officer WASH	Netherlands	
Sandeep Srivastava	Shohratgarh Environmental Society	India	
Sandhya Tenneti	Samhita	India	
Sanjay Banka	Banka Biolo	India	
Sanjay Gupta	Skat Consulting	Switzerland	
Selfina Naibobe	Bappeda Provinsi NTT	Indonesia	
Sidharth Balakrishna	Cairn India	India	
Simon Okoth	Water Services Trust Fund	Kenya	
Sophie Van Eetvel	UK Department of International Development	United Kingdom	
Srikanth Meesa	Vision Earthcare	India	
Sujoy Chaudhury	Appropriate Development Solutions	India	
Sunetra Lala	Unicef India	India	
Uday Prasad	Water Aid	India	
Vandana Nath	India Sanitation Coalition	India	

[SuSanA Forum Discussion Corporate Engagement in Sanitation](#)

Compiled and edited by: Nitya Jacob, Anja von Falkenhausen, Magdalena Bauer

Reviewed by: Annkathrin Tempel, Sandhya Tenneti

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