

Corporates in Sanitation The value proposition

Background

The Government of India has set an ambitious target in its Swachh Bharat Mission (SBM) to create an India that is open defecation free by 2019, and has called for corporates, development partners, and all other relevant stakeholders to pool efforts for sustainable, scalable solutions. To achieve this, activities are focused around changing behaviors to encourage people to demand toilets, and of course constructing the toilets. The Government has created a conducive environment for sanitation by developing flexible yet comprehensive guidelines on sanitation, and a space for companies to engage.

1. Why Sanitation?

1.1. Social impact

The World Bank² has noted poor sanitation causes an economic loss of \$5.6 billion annually to the Indian economy. That is Rs 2200 per capita per year. Additionally, diseases caused by poor sanitation, diarrhoea, cholera, jaundice, dysentery, etc. lead to the deaths of about 150,000 people every year. These are two powerful economic and humanitarian reasons for companies to support sanitation.

1.2 Business Opportunities

There are sound business reasons as well. Cities produce about 40,000 million litres of sewage each day, of which only about 11,000 million litres are treated. The concept of waste-to-wealth is not new, but has been seldom applied to sanitation. The untreated sewage is a business

¹ Author's Affiliation: Shipra Saxena, Vandana Nath & Amri Shahpuri are currently engaged with the India Sanitation Coalition and Magdalena Bauer is engaged with SuSanA Secretariat currently interning with ISC.

² Water and Sanitation Program, 2006. *The Economic Impact of Inadequate Sanitation in India*. The World Bank

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AUTHORS

Shipra Saxena
Vandana Nath
Amri Shahpuri
Magdalena Bauer

India Sanitation Coalition Secretariat
FICCI Federation House, 1 Tansen Marg,
New Delhi – 110001
Ph: 011-23487266
Website: www.indiasanitationcoalition.org
&
Sustainable Sanitation Alliance
Dag-Hammarskjöld-Weg 1-5
65760 Eschborn, Germany
www.susana.org



opportunity waiting to be tapped that can generate products, energy and water for sale. The looming water scarcity in India has made many companies turn to using treated sewage in their factories. These business opportunities exist at all levels, from the bottom to the top of the pyramid.

Public-private partnerships (PPP) further support the business case by encouraging collaboration between government, companies, and development agencies. Companies can bring in money and expertise and in return are more insulated from political pressures than would be public service providers. There are several successful examples of PPPs in urban sanitation where companies have set up, run and maintained sanitation systems, sewage treatment and garbage management like Waste Ventures, Wabag, Green Power, A2Z Waste Management, Ramky Enviro Engineers etc. Companies with expertise in these areas can take up projects that are remunerative given the rapid growth of small and medium towns, and the extreme shortage of water in large parts of urban India.

The millions of toilets being built are an enormous construction opportunity for companies, as well as offering maintenance options for the long-term.

2. Defined Forms of Engagement

2.1 Corporate social responsibility

CSR remains the most sharply defined form of engagement, which is a mandatory 2% requirement for companies with a turnover

more than 100 crore annually. The CSR guidelines specify areas where companies can spend their money, that includes sanitation after the launch of Swacch Bharat Mission in 2014. The Government realized it could not meet the challenge of making 111 million toilets in five years alone. To encourage companies to invest in sanitation, the Government set up several channels. Companies could choose to work through their own foundations, NGOs or contractors. They could also donate to the Swacch Bharat Kosh that was set up in 2014 to support SBM³. Mata Amritanandamayi Math, with a contribution of INR 100 crore, remains the largest donor, followed by Larsen & Toubro (INR 60 crores). Other top contributors include Rural Electrification Corporation, Indian Railway Finance Corporation, IFFCO, ITC Ltd etc. Many corporates prefer to work on projects with direct accountability and project management rather than just contributing large sum into a single corpus

2.2 Mentorship and Management Support

Company engagement has started to extend beyond corporate social responsibility. Several companies such as ITC Limited, Tata Trusts, Mahindra and Mahindra, Godrej, Infosys and Wipro have worked in several broad areas with long-term commitments. Nearly all started with the benefactor model or providing services and hardware for free and have progressively moved to an empowerment model of training people to make or provide their own services. Entrepreneurship, skills training, behaviour change, supply chains and monitoring have been brought in. Kohler and Grohe have

³ http://sbm.gov.in/cfd/Document/Framework_of_Engagement_with_Corporates.pdf

started their own skill academies to support this ecosystem. Organizations like the School of Social Entrepreneurship (SSE), under the guidance of PwC, provides fellowship programs to build the capacity of potential entrepreneurs to develop, and nurture budding entrepreneurs.

Companies such as KPMG, PwC, Socio-Economic Development Foundation-FICCI (SEDF-FICCI) can support in data collection, decision-making, projectizing, monitoring and evaluation, impact assessment and aligning to CSR compliance in the sanitation value chain. They can help develop business models for local entrepreneurs and mentor them. They can bring in innovation by developing new financial products for micro-loans, and user tariffs in service deliver. This can make financial markets or banking more inclusive in addition to promoting sanitation.

2.3 Staff Engagement

Given the diversity of their human resources, companies can encourage staff from different sections/departments to volunteer time in the field. They can work directly with communities or with NGOs to multiply their impact. Trained and educated staff can help take grassroots activities to the next level if they volunteer their time strategically. For example, Hindustan Unilever has trained grassroots motivators as Swacchata Doots under its Swacch Bharat Swacch Adat programme. Other examples include media companies that use their competencies to accelerate change. In essence, companies can use their employees according to specific skill sets to drive change.

3. Investing Strategically into Sanitation

Looking at their engagement, and those of newer entrants, a few points emerge that can help companies invest strategically into sanitation.

- 3.1 First, they need to understand the **holistic picture** of water and sanitation to select the right projects. Sanitation entails more than constructing toilets. The sanitation value chain involves B-U-M-T: behavior change, use of toilets, maintenance of toilets, and treatment of toilets. Working to integrate these components is the only way forward for sustainability. Other verticals must also be considered such as health, nutrition, education, etc. to build in long-lasting change and impact.
- 3.2 Second, sanitation is a complex business that requires last mile connectivity for a basic service. It is dependent on many externalities such as the availability of water, competing development needs of a community, or the status of local leaders. While planning an intervention, the landscaping study must map these factors else the project risks tripping on one of them. For example, a community may need a road more urgently than toilets and a company should be prepared to assist in securing this by approaching the authorities along with the local people.
- 3.3 Third, districts and state governments often have unique approaches to sanitation. While designing a project, the company has to work with the government concerned to get their support and complement their activities. Many, such as RB, have signed MoUs with the district or state government that define areas of operation and types of activities the companies will undertake, for example, behaviour change or renovating of school toilets. There are also ways like Swach Portal or the Swach Andhra Nidhi Fund that enable

companies to select key programs, priority areas as defined by relevant government bodies like ULBs and funnel support to those. This will help align funding with needs and impact.

4. The Role of the India Sanitation Coalition

To support an enabling environment the India Sanitation Coalition has been created. This is an inclusive national forum facilitating partnerships, collaborations, and the sharing of good practices. Together, these factors present companies an opportunity to work on a national mission to make India Open Defecation Free (ODF). Already, several companies have responded to SBM by investing time, money, and human resources.

The India Sanitation Coalition is an ideal platform for providing this expertise through its wide network of partners and ability to facilitate multi-stakeholder dialogues. Since it was launched in June 2015, it has emerged as a leading platform to bring all stakeholders together. It has good ties with the

Government of India and state governments, the industry, NGOs and development partners. This mix of technical expertise, finance, management and policy is virtually unbeatable.

For knowledge on how to approach or design a sanitation project, the ISC is bringing out a toolkit that companies can use. Readymade materials are available on the website of the Ministry of Drinking Water and Sanitation and with the technical agencies that are part of the Coalition. These agencies can extend technical support to companies wanting to set up a sanitation project. The Coalition's marketplace can be another effective way to bring different parties together.

ISC can facilitate partnerships and convene stakeholders such as the government, companies and NGOs. Each brings different skills to the table that can help accelerate sanitation projects both in rural and urban India.

The key is sustainability that is ensuring people inculcate habits that keep them using toilets much after

This white paper was written based on the SuSanA Forum Discussion Corporate Engagement in Sanitation

Resources include:

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

http://www.mdws.gov.in/sites/default/files/WSP_Compendium_Press_28Oct2010.pdf

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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>

Reviewed by:

Priya Naik (Samhita Social Ventures) & Nitya Jacob (Coordinator, ISC-SuSanA India Chapter)

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