

Is there a business case for companies to invest in access to clean water, sanitation and hygiene?

*First insights from pilot projects led in partnership with **Diageo, Gap Inc., HSBC and Unilever***

Session report

World Water Week, Stockholm

August 29 2019 - 7.30am – 8.45am



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Context: the ROI of WASH interventions

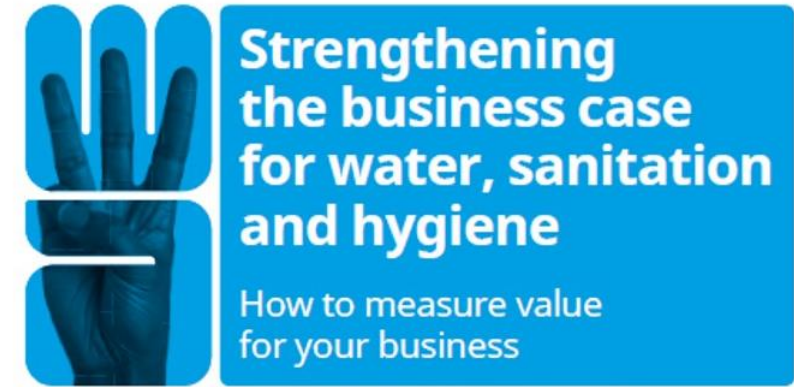
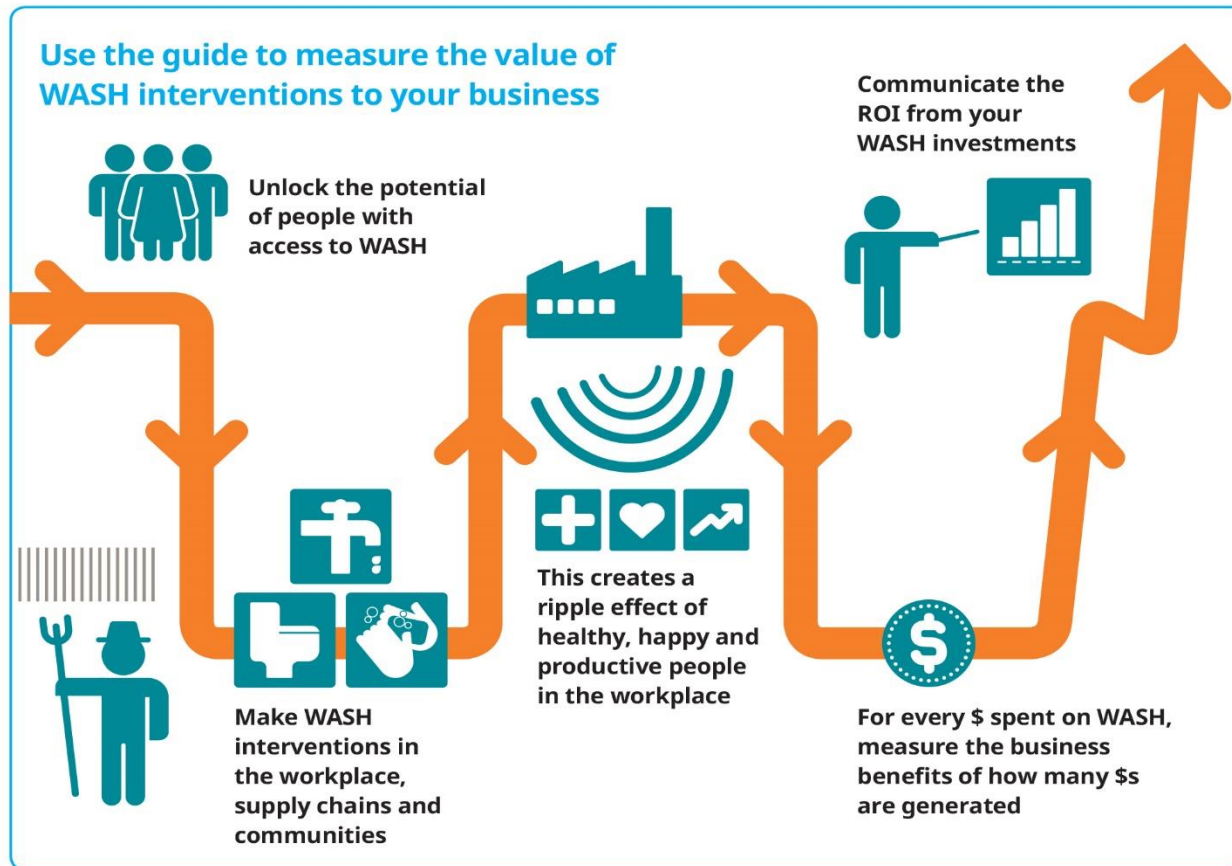
- 1 in 5 people are employed in supply chains globally and 80% of global trade passes through global supply chains each year¹
- Ensuring the provision of water, sanitation and hygiene (WASH) in the workplace, in supply chains and in the communities where businesses operate is key to achieve SDG 6
- However there is a lack of evidence supporting the business case for investing in WASH
- If we can identify the financial return of WASH interventions, we can provide a clear rationale for businesses to invest



1. <https://www.unglobalcompact.org/take-action/action-platforms/decent-work-supply-chains>

Context: our journey so far

- Strengthening the Business Case for WASH guide was launched in August 2018.



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Context: our journey so far

- In partnership with WaterAid, Companies from a wide range of sectors are pilot-testing the guide.
- We are now building a compendium of shareable insights on defining a return on investment (ROI) for WASH.



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Breakfast session: Objectives

- **Highlight the progress** (challenges and opportunities) made by companies in pilot-testing the guide and encourage discussions around the types of measurable impacts in different sectors, contexts and geographies.
- Initiate the dynamic of a **Community of Practice** that will foster knowledge exchange across projects and partners
- **Inspire** other companies to take action and use the guide to develop WASH projects in the workplace, their supply chains and the communities linked to their operations



Breakfast session: Speakers

Cecilia Chatterjee –Martinsen (facilitator)

Executive Director, WaterAid Sweden

Michael ALEXANDER	Global Head of Water, Environment, Agriculture Sustainability, Diageo
Sue ALEXANDER	Senior Manager, Environmental Programmes, HSBC
Librian ANGRAENI	Deputy Director for Stakeholder Engagement and Sustainability, APP
Mai-Lan HA	Senior Advisor - CEO Water Mandate
Guy HUTTON	Senior Advisor, UNICEF and Chair, WASH4work
Saswat RATH	CSR, Sustainability and M&E, Gap Inc.
VK MADHAVAN	Chief Executive Director, WaterAid India
Ruth ROMER	Sr. Private Sector Advisor, WaterAid UK



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Breakfast session: Speakers



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Breakfast session: Structure of the event

*Parts of the session were held under the **Chatham House Rule**: participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, is revealed.*

This session consisted of 3 parts:

1. The Business Case for WASH and your sustainability strategy
2. Strengthening the Business Case for WASH: Insights from pilot projects
3. Questions and comments



The Business Case for WASH and your sustainability strategy

In this section we asked company representatives why they were interested in the Business Case for WASH project proposed by WaterAid.



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Why are companies interested in supporting the business case for WASH?

“We need to get the numbers... Demonstrating the financial business case for WASH, not only will help us make the internal business case very strongly but, more importantly, we can persuade other companies to invest in WASH in their supply chain.”

“This tool can be leveraged to scale up corporate action and accelerate the progress we need to make on this issue.”



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Why are companies interested in supporting the business case for WASH?

- **Driving WASH action within the business and collectively:** Gap Inc. and Diageo acknowledged their role in driving sector change. The financial business case for WASH is needed to continue convince their own business and others to foster collective WASH action that will accelerate impact.
- **Understanding the financial impact in a variety of sectors:** HSBC are interested in understanding the financial impact of WASH interventions in the supply chains of major businesses. Many of these supply chains are dependent on water and at risk.
- **Measuring the value of reputational benefits:** for APP, implementing WASH interventions in the communities surrounding operations can help strengthen the license to operate and generate reputational benefits. They are interested in the financial valuation of these benefits to ensure longer-term financial support.
- **Leverage the guide for collective action:** the CEO Water Mandate stressed that the STBC guide can be pilot-tested by a larger number of organisations to create a robust piece of evidence. They are interested in using it as a tool to drive collective action.



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Strengthening the Business Case for WASH:

Insights from pilot projects

In this section, companies shared their experience in implementing the guide and the early insights from the projects.

WaterAid also shared their views on the main progress and lessons learned in implementing the guide.

3 of the 6 pilots were presented.

The main insights from this discussion are presented as follow:

- Apparel supply chain: The case of a cut and sew factory in India
- Agriculture supply chain: The case of a tea estate in Kenya
- Agriculture supply chain: The case of Barley farming
- Key insights from pilots to date
- Learnings for businesses



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Apparel supply chain: the case of a cut and sew factory in India

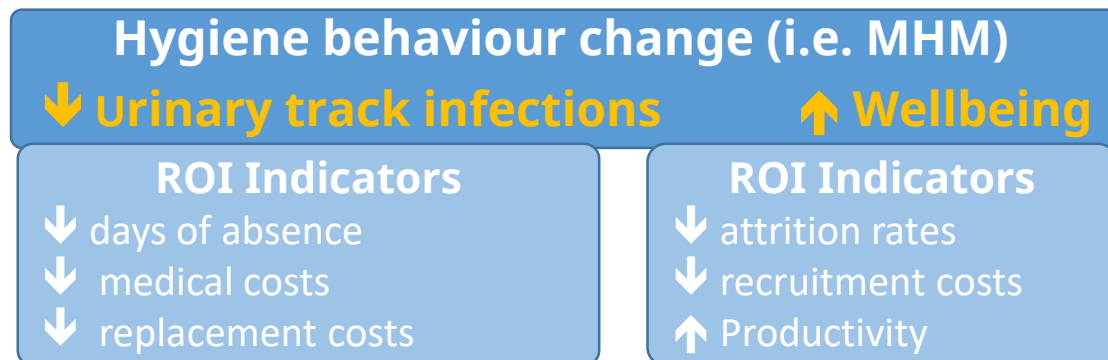
“Even if the WASH facilities are there: the maintenance is an issue, the use is an issue. Current audit procedures based on the provision of facilities do not take into account maintenance and usage.”

“Attrition is high and has a big impact on the business. Better WASH services can help us reduce the attrition rate, and result in reduced medical and recruitment costs.”



Apparel supply chain: the case of a cut and sew factory in India

- **Context:** women make up 80% of the workforce, conditions in factories are very hot and humid, large spaces and very noisy. Attrition is an important issue in the sector. The company is the main buyer from the factory and can help engage.
- **Main WASH issues observed**
 - Good level of WASH provision in the factory (legal obligation) but facilities are poorly maintained and workers don't always use them
 - Poor menstrual hygiene management (MHM) and handwashing practices
- **Challenges identified:** Factory context is difficult (e.g. noise, workers have limited time). There is a need for adapted HBC interventions.
- **Example of planned WASH interventions and ROI impact pathways:**



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Agriculture supply chain: the case of a tea estate in Kenya

"The impact of WASH on productivity is much more difficult to measure in a farming scenario. Productivity is also influenced by the sunlight, the rain, etc."

"It's quite cold in the tea estates: many people are absent from work because of pneumonia and common colds, which are spread because of poor hygiene."

There is a clinic on the tea estate and we can collect the information about the cost of absenteeism due to cold and flu."



Agriculture supply chain: the case of a tea estate in Kenya

- **Working conditions** : large fields, cold in altitude, tea plucking by hand all year-round and workers live on the estate. The company owns the tea estate and provides housing and WASH facilities. The company provides full rate pay for a set period of sick days.
- **Type of WASH issues identified:**
 - Water accessibility and quality
 - Poor hygiene (i.e. handwashing) can foster the spread of germs and diseases. Most common diseases are pneumonia, flu and common colds.
- **Challenges identified:**
 - Size of the fields makes the provision of accessible WASH facilities more challenging
 - Many factors influence productivity and quality in tea estates (e.g. weather, climate)
- **Example of planned WASH interventions and ROI impact pathways:**

Hygiene behaviour change
(e.g. handwashing at home
& work)



↓ cases of
sickness



ROI Indicators

↓ costs of full sick pay
↓ clinic costs



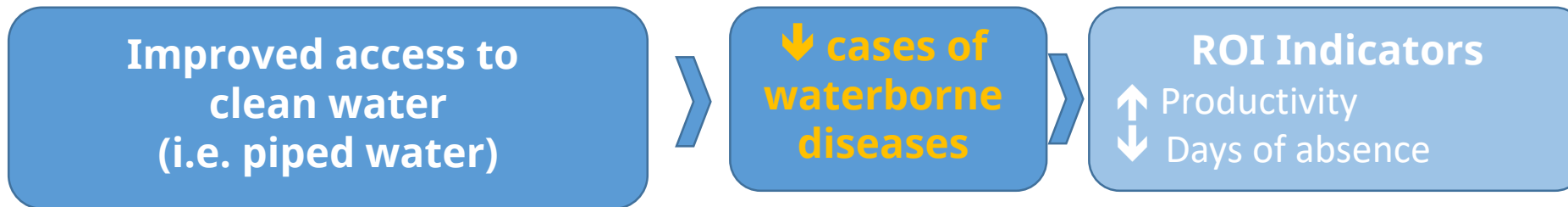
Agriculture supply chain: the case of barley farming

“If we can help the farmers have access to clean water, this will not only help them improve the community wellbeing, but it will also help us as a business: people will have more time to focus on the productivity of the farm.”



Agriculture supply chain: the case of barley farming

- **Context:** Size and scale of the farm. The global brand helped engage the suppliers.
- **Type of WASH issues identified:**
 - Water accessibility is an issue. Women and girls spend 3 hours/day fetching water
 - Water quality is poor causing cases of waterborne diseases
- **Challenges identified:**
 - Many factors influence productivity and quality in barley farming (e.g. weather, climate)
- **Example of planned WASH interventions and ROI impact pathways:**



Key insights from pilots to-date

In the factory (apparel supply chain)

- Taps and toilets are mostly in place (mandatory) but the main issues are around quantity, operational maintenance and behaviours (use of facilities, hand washing, drinking water etc.)
- MHM is an issue in the apparel sector (over 80% women) and the lack of appropriate WASH can be a cause of the high level of attrition (10% per month)
- Aim for decreased absence and therefore increased productivity (ROI can potentially be derived from production rates, quality produced, health costs, decreased attrition of workers)

In the field (agriculture supply chain)


- Provision of WASH facilities (taps and toilets) is much more challenging due to the scale and temporal work; providing facilities in communities could be the easiest avenue to pursue
- Aim for decreased illness; improved health and well-being; worker morale (resiliency in supply chain with cooperative farmers or seasonal workers). Productivity harder to measure due to other limitations and factors e.g. weather or climate.

Recurrent challenge

- Attribution – other factors influence workers productivity and profitability (e.g. management decisions in factories, weather in agriculture)




Learnings for businesses

"The beauty of the guide is that it can be adapted and applied in different contexts."




**Strengthening
the business case
for water, sanitation
and hygiene**

How to measure value
for your business



DIAGEO

Gap Inc.



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Learnings for businesses

- **Tailor made interventions:** the guide is adaptable and should take into account:
 - the nature of the WASH gaps identified and their influence on profitability
 - the nature of the workplace (factory, field, home workers, etc.)
 - the political and regulatory contexts
- **Business partner involvement** is key to ensure the success of the pilot:
 - The role of the partner brands has been instrumental in getting the suppliers buy-in and enable the development of the pilots. This is facilitated when the companies own the factories/farms or are one of the main buyers.
 - Collaboration with other stakeholders is key to scale up action (i.e. Bangladesh Garment Manufacturers and Exporters Association)
- **Hygiene behaviour change** is a recurrent issue across all the pilots: with their partners, businesses need to build capacity on HBC in field and factory contexts.
- **Time:** the impact of the WASH interventions will take time. Interventions can take up to 1 year to deliver a measurable impact on the workers' health, and the related business indicators such as absenteeism and productivity.



Questions from the audience

During the Q&A, the audience was interested in learning more about the impact of WASH interventions on the business' reputation and brand.

- The speakers acknowledged that the impact on the ROI can be complex to measure but that qualitative and quantitative (incl. financial) indicators exist and could be linked to the WASH interventions (e.g. number of positive/negative press articles, number of complaints)
- At the brand level, it's possible to leverage the WASH activity to engage the consumers. A company shared an example of Cause Related Marketing in Cameroon: by buying the product the consumer is contributing to supporting WASH projects in areas that are related to the raw material used in the product. This resulted in increased sales.
- At the company level, it can improve the social license to operate. Another company explained that the development of WASH interventions in the communities surrounding their operations helped improve the relationships with the community, reduce the number of protests and ensure a safer working environment for their employees.



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Looking forward

The speakers concluded the session by highlighting their key takeaways from the session.

- **The guide is a practical and adaptable tool** which can be used in a variety of contexts, sectors and geographies. It should not be limited to specific sectors (e.g. apparel and agriculture) and big and small companies can start using it.
- Demonstrating the ROI of WASH is generating sector-specific insights (e.g. in garment factories, farming) which will help replicate the projects in other geographies, within the same sector, and **drive sector change**. We need to continue sharing these insights.
- The project is also generating insights based on specific geographies (e.g. country or river basins) and will help build the case for **collective action at the local level**.
- Organisations from the WASH sector are invited to start using the guide with their corporate partners. WaterAid, WASH4Work and CEO Water Mandate can offer guidance and support.



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Download the guide on
WASHmatters.wateraid.org




Strengthening the Business Case for WASH'

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