Water, sanitation and hygiene: three essential ingredients to resilient agricultural supply chains.

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Introduction

Why is this booklet useful?

This booklet builds upon previous work and the knowledge that some of the most challenging WASH issues for corporates lie within supply chains, particularly in agricultural contexts. Although it is recognised that detailed practical guidance is necessary, there remains a significant lack of awareness by many corporations as to the importance for company action on WASH in agricultural contexts. This booklet will help provide a starting point for company action and explain why WASH management should already be business as usual (BAU) and integrated into existing processes. It will build the awareness for why companies should act on WASH and touch on some initial steps for how companies can practically approach WASH in supply chains within the broader context of being a water steward.

The booklet will be valuable for sustainability professionals working within a business whose responsibility is to manage environmental and social issues and embed them within existing management processes and procedures. The information provided will help demonstrate why WASH issues are important within agricultural supply chains, and why embedding WASH within a company’s existing management approaches makes good business sense. The booklet does not intend to provide detailed site-level guidance on WASH management, given the complexities involved by differing local contexts. The content is relevant to businesses that are reliant upon smallholder and commercial agricultural supply chains, such as the food and beverage, and apparel sectors.

This booklet will help fill this knowledge gap and present an opportunity for sectors that are reliant upon the agricultural supply chain to take leadership in protecting and improving WASH resources for the people and business in the regions in which they operate. Company insights and examples will be provided throughout this booklet to highlight these factors.

“Everyone recognises the need to address one of the biggest global challenges of the 21st century – providing access to safe drinking water and sanitation for all, the essence of Sustainable Development Goal (SDG) 6. While many companies have provided this for employees at their place of work – this is a bare minimum – the real opportunity lies across extensive supply chains, particularly agricultural supply chains where there is limited access to drinking water in many rural communities. This is where the big, scalable opportunity is and why this booklet is so important to ensuring companies recognise and include water, sanitation and hygiene (WASH) as an integral part of their corporate water stewardship strategy. Only then can we credibly say we are true advocates for SDG 6.”

Michael Alexander, Global Head of Water, Environment, Agriculture Sustainability at Diageo.
Access to water is critical for climate change adaptation

For many poor communities, building local resilience to the impacts of climate change depends upon access to water services and sustainable management of water resources. Whether we are talking about communities lacking WASH services, or small-holder farmers lacking water for irrigation, water plays a fundamental role.

To achieve climate resilience, we need investment in infrastructure, local programmes that help communities adapt to a more uncertain water future, and more critically, we need investment in resilient systems that provide essential services for poor and marginalised groups.

"Sustainable access to water is crucial for a resilient business and also for the hundreds of millions of people that lack access to safe, clean water, globally. This challenge of sustainable access to water will only intensify as water security is threatened by the impacts of climate change. Our sector can help drive innovative solutions."

Andre Fourie, Global Director of Water Sustainability at ABInBev.

Water underpins the global economy, and agriculture is by far the world’s largest water consumer, accounting for 70% of annual freshwater withdrawals. With global water demands projected to increase by a further 55% by 2050, companies reliant upon the agricultural supply chain have a massive role to play in the management of this scarce resource. Many agricultural supply chains often originate in countries where large proportions of the population have no access to safely managed WASH services, such as in Africa and Asia.

Women, who are disproportionately affected by poor WASH services, make up 43% of the global agricultural labour force – which should be considered a potential risk for companies if not addressed and managed correctly.

To meet SDG 6, and build greater local resilience, companies need to effectively manage water and sanitation issues and embed them into existing management approaches. The CDP Global Water Report 2018 identified the importance of companies embedding water security into their business, financial and policy decision making processes. Having an effective corporate water stewardship strategy is essential in helping a company to holistically manage the range of risks they often face, some of which may be related to WASH. Clean water, decent sanitation and hygiene is a basic human right and an integral part of a rounded water stewardship strategy, which can also promote a better and more resilient business. The importance of WASH was recently acknowledged in version 2.0 of the Alliance for Water Stewardship (AWS) Standard with its inclusion.

"Many Beverage Industry Environmental Roundtable (BIER) members are increasing their commitments to enhancing water stewardship and security inside and outside their facilities. Every BIER member company has publicly declared their commitment to achieving the United Nation’s aggressive SDG 6, which is centred on ensuring the availability and sustainable management of water and sanitation worldwide by 2030."

Nick Martin, Executive Director at BIER.

The best way to achieve water security that meets the needs of the business, the environment, the workers and the local communities, is through an integrated management approach. The need for an integrated approach to water security is made more urgent by the ever-increasing effects of climate change and its adverse impacts on the water cycle. Rapid changes in temperature and rainfall mean the occurrence of more droughts, floods, and storms – leading to more variable water availability during the year, as well as potential shocks to sanitation systems, which can impact the health and wellbeing of local communities. These shocks typically reveal underlying vulnerabilities in the management of water, with wider implications for the agricultural supply chain and its workers. The social aspect is particularly important, because those without access to basic WASH services cannot be resilient to anything. Moreover, when environmental and social aspects of water management are not fully considered the vulnerability to climate change related shocks is heightened, which in turn creates a vicious cycle of risk.
Why do companies with an agricultural supply chain need to invest in WASH?

To help achieve SDG 6 and build local water resilience, companies should be investing in WASH, especially within the agricultural supply chains where access to adequate WASH services remains a critical issue at every stage of the supply chain – and can be a source of risk and opportunity. The physical, financial, reputational and regulatory risks and opportunities need to be managed within an environmental and social lens to ensure long-term economic benefits. The CDP Global Water Report 2018 highlighted that water-related losses for companies are rising.

The availability of clean water and decent sanitation services helps ensure productivity and, ultimately, business growth through a happier, healthier and more productive workforce and supply chain. Heat stress is more common in agricultural supply chains due to the nature of the work. The ILO estimates global productivity losses equivalent to 80 million full-time jobs could occur by 2030 in the hottest countries, due to the projected impacts of climate change. This is equivalent to global economic losses of US $2,400 billion resulting from the negative impacts on worker productivity, which can be linked to WASH provisioning and working conditions.

**Physical** – More than 40% of the global population is projected to be living in areas of severe water stress by 2050. Figure 1 shows current areas of high water risk for agriculture. Physical access to water, as well as declining water quality issues, will exacerbate the challenges of water availability for the growing crops, as well as sustainable WASH solutions for communities. The lack of decent sanitation services for agricultural supply chain workers can also have a severely detrimental effect on the quality of local water resources. Application of the AWS Standard in stone fruit farms in the Western Cape of South Africa supplying retailers M&S and Woolworths highlighted that severe downstream water quality issues ultimately stemmed from inadequate sanitation and waste management for seasonal workers.

**Financial** – It is estimated, at the macro-economic level, that with every US $1 invested in WASH, US 4.30 $ is generated through increased productivity. An example of corporate financial, micro-economic cases for WASH investments can be demonstrated through projects like the HERProject by the Levis Strauss Foundation. Levi Strauss provided the women working in its factories with on-site health services, including WASH provision, for one of its factories – and in exchange saw a US $4.1 return on investment. Although this is a great example of the benefits of investments in WASH, there is much more work that needs to be done to support the micro-economic case for WASH, especially in the agricultural context. Work is currently underway, and being championed by WaterAid, in collaboration with some key corporate partners – Diageo, Gap Inc. HSRC, Twinings and Unilever – to identify the return on investment for business, and pilot test the Business Case for WASH guide.

**Reputation** – Responsible water management and adequate access to WASH for workers and the surrounding communities will not only be beneficial for the health and dignity of workers and farmers, but also for stakeholder relations and maintenance of a company’s social license to operate. Companies with a good reputation can reap business benefits and increased staff loyalty. In addition, poor WASH practices in agricultural contexts could negatively impact the quality of food products or in extreme cases, poor WASH can cause reputational risks related to the rights of workers. Investment in the provision of WASH infrastructure in agricultural supply chains also demonstrates a longer-term commitment and investment in the relationship between the business and the farming community. This can support supply chain resiliency by strengthening supplier relationships and fostering knowledge sharing. Some companies are currently exploring the reputational financial business case for investing in WASH by applying the return on investment (ROI) guidelines in their operations.

**Regulation and compliance** – In some instances, local, national or state level policy or regulation can support WASH services. The United Nations mandates clean water and decent sanitation as a basic human right – and it is a state’s obligation and a company’s responsibility to respect human rights. Internal corporate policy or HR policy, which incorporates WASH elements or global targets can also help drive internal compliance and alignment with business as usual practices. CEO commitments and endorsements can be very powerful. Company CEOs can be signatories to the World Business Council for Sustainable Development (WBCSD) WASH at the workplace pledge, which is for workers at their workplace. Commitments or global targets can help with uptake and support across the organisation. Investor mandates and requirements for increased transparency and reporting from CDP or UN Principles for Responsible Investors (PRI) are also driving performance. Companies that act now will have the ability to control the pace of their actions and be more strategically proactive rather than reactive.

Investing in WASH is good for business – it can increase productivity and reduce absenteeism by preventing WASH-related diseases; reducing
Business responsibility

operational costs and risks; and strengthening the social license to operate and address reputational risk. All these impacts can be good for a company’s bottom-line, and the business case for integration of WASH considerations is becoming more compelling – especially with the integration of WASH as the 5th outcome in version 2.0 of the AWS Standard.

Where do WASH issues intersect with the agricultural supply chain?

In both the smallholder and commercial agricultural supply chains there is a high intersection between people and WASH-related issues. The key areas for consideration are as follows and are also illustrated in Figure 2:

- **Farm owners and workers:** For members of the agricultural community, which includes farm owners and workers, having adequate access to clean water, sanitation provision (reducing occurrence of open defecation), washing facilities with soap and having good hygiene behaviours, are all crucial for ensuring workers’ health, wellbeing and productivity.

  Agricultural workers in the field are more frequently exposed to a range of weather-related and environmental factors, such as high heat and humidity, which can result in adverse health effects – heat stress, heat stroke, heat exhaustion, dehydration and heat rash – resulting in worker absences and other more detrimental health impacts. Excessive sweating and dehydration is directly linked to, and can result in, death from chronic kidney failure – which has been observed amongst young sugar cane harvesters in Central America.16

- **Competition for water by people and business:** Access to the necessary water quantity and quality for agricultural production is a priority for businesses, and competition for this resource needs to be carefully managed. Water priorities for business should be second to the domestic needs of people, particularly within the same water catchment area. Both business and people can impact water quality through polluting activities, poor water resource management, as well as sanitation waste management – this can impact downstream resources leading to the contamination of water resources for commercial or domestic purposes.

- **In workers’ communities:** WASH services in communities need to be accessible, affordable and resilient to shocks. Climate change is causing greater variability in rainfall and temperature, and lack of water storage during droughts, or poorly-constructed latrines leaking waste during a flood, are just a few examples of the shocks that expose the vulnerability of communities with inadequate WASH services. With these increasing challenges surrounding climate change, we need to work together to build and strengthen WASH services, to reduce the risk to health and business when climate related events occur.

“Acess to safe drinking water and decent sanitation is essential to achieving water security for our business and supply chains. Supporting agricultural communities with WASH provision clearly benefits the people we rely on to grow our ingredients and protects the watersheds where we produce.” Ulrike Sapiro, Senior Director, Water Stewardship & Sustainable Agriculture at The Coca-Cola Company.

Figure 2 – Good practice surrounding WASH provisioning in agricultural supply chains.
How can WASH fit within corporate water stewardship?

Traditionally water stewardship has been understood to mean the use of water that is socially equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that involves site- and catchment-based actions. Stewardship offers companies a way to build resiliency into their own operations – by managing their own local water use and consumption, making investments in local watersheds and ecosystem services, contributing to longer-term sustainable supply, or improving the wellbeing of workers via WASH programmes. These opportunities are particularly important in agricultural supply chains, where climate impacts will strike growing regions particularly hard and vulnerable populations may be the most at risk. Stewardship offers a pathway to respond and build long-term resiliency for both companies and local communities.

For many companies, the environmentally focused elements associated with physical access to water to produce the raw material, as well as water-use efficiency and discharge in processing, are often prioritised over the social elements. The AWS Standard provides a useful framework and approach which supports a more holistic management of the range of water-related environmental, social and regulatory issues that companies face. Building on the evidence of several implementations of the first iteration of the standard which highlighted that WASH can be a risk to social license to operate and production capabilities, WASH requirements are now fully embedded within the recently launched V2.0 of the AWS Standard. The importance of integrating WASH within a corporate water strategy is further grounded in recognition by the United Nations and their recognition of the human right to water and sanitation. The heart of an effective water stewardship plan extends 'beyond the fenceline' of operations, and integrates considerations of not only the workers, but also the broader supply chain and the communities in which the workers live. Potential business benefits for integrating WASH considerations into this broader water stewardship strategy include:

- Reduced staff turnover
- Reduced absence rates for male and female workers
- Increased productivity/efficiency
- Improved quality
- Supply chain resilience
- Employee loyalty
- Enhanced social licence to operate and reputation
- Decreased operational costs

The structure of the AWS International Water Stewardship Standard.
The AWS steps are as follows:

1. Gather and understand: Are there WASH risks in your local supply chain?

The objective of this step is for the company, or third-party, to conduct a WASH assessment to understand the shared potential water challenges, risks, impacts and opportunities at the local/site level.

Some potential challenges exist in gathering and understanding the context of WASH provision in agricultural supply chains – workers are often temporal or employed seasonally, the size and scale of the farms differ between contexts, geographies and commodities, and there is often no clear distinction between the living and working conditions for agricultural workers. For these reasons, building a full understanding of the WASH provision for the farmer owners, workers and communities can be challenging, but is an important foundation for the subsequent steps of WASH stewardship management.

To build an understanding about the WASH context and challenges, desk-top research is often an initial step. Global WASH data sets can be useful, such as the WHO/UNICEF Joint Monitoring Programme (JMP),22 however, local level WASH assessments will also be required. Local level data collection and stakeholder engagement, which is often facilitated by an NGO or implementing partner, is required to fully understand the findings from a local context and to complement any initial research. Access to WASH services, facilities and infrastructure in the agricultural supply chain should be assessed in both small and large-scale farming, and in the processing and manufacturing facilities. The workplace (field or factory) and local communities within the sphere of influence, or where workers live, should also be part of the assessment. The JMP23 provides further guidance on classification of WASH provision.

2. Commit and plan: Develop a WASH stewardship plan at the local level.

Based upon the outcomes of step 1, a company should assess and understand the WASH risks to local stakeholders and potential opportunities before developing a management plan. The plan could be called a ‘WASH stewardship plan’ and should be risk-focused, gender inclusive, and guided from a people-centric approach – resulting in any WASH implementation being targeted where it’s really needed. This is aligned with the approach laid out by the UN Guiding Principles on Business and Human Rights,24 which outlines the company’s responsibility to respect human rights.

There is an expectation that the company will already have WASH integrated into their corporate water stewardship plan, which might include corporate level commitments or global targets. The application of step 2 at the local level will therefore be easier to implement by developing specific site or operational level plans and targets that will be accepted. It is also important to leverage commitments from community members and local authorities where possible, to operate, maintain and expand access to WASH infrastructure over time to ensure long-term viability.

The locally specific plans, targets and indicators should be context specific and respond to specific WASH risks. Local plans and targets
Practical steps

can help drive local level improvements to manage ‘risk’. Actions could include ‘quick wins’ to ensure priority stakeholders have adequate access to WASH, for example, access to drinking or handwashing facilities in the field. The plan could also include longer-term actions, such as engagement with key stakeholders to advocate for policy or regulatory change, programmes to address gender imbalances that impact WASH outcomes, or alignment with a certification or standard leading to longstanding outcomes. The development of appropriate internal monitoring and evaluation frameworks and accountability structures to ensure that commitments and targets are implemented, and successes are evaluated, is important to ensure sustainability and overall achievement.

The success of the WASH stewardship plan is dependent upon buy-in from the whole workforce with top-down endorsement and bottom-up engagement. Once again this requires stakeholder engagement that involves both internal and external engagement to develop the buy-in and relevant policies to have the most impact.

The role of agriculture-centric sustainability standards WASH

The use of standards can provide a practical avenue for companies looking to engage their agricultural supply chains on water stewardship and WASH. One of the challenges associated with standards, is that at farm-level, producers may already be required to implement several different sustainability standards at the same time taking time, money and effort. Commonly referred to as ‘standard fatigue’, this is a frequent challenge which sustainability managers in businesses must overcome. They can do this by engaging in supplier companies, who are ultimately independent of the multinational corporate – seeking assurance against social and sustainability risks.

An understanding of the range of standards is important in helping decide which might be the most appropriate standard to use. The 2017 the World Wide Fund for Nature (WWF) and EDEKA joint report Water Risk in Agricultural Supply Chains examines the approach that diverse standards systems take to water stewardship, highlighting that in most cases there were significant gaps between the standards requirements and best practice water stewardship. A related 2017 report Corporate Action on Water Supply, Sanitation and Hygiene developed by WaterAid, CEO Water Mandate, Pacific Institute, the World Business Council for Sustainable Development (WBCSD) and Water Witness International looked at the same issue from a purely WASH perspective. This report found that to varying degrees, all agricultural standards stopped short of good practice as would be perceived by the NGO WASH community.

In response to the issue of ‘standard fatigue’ many of the owners of standards systems are pursuing a strategy of ‘standard interoperability’. This involves the mapping of two standards to ascertain commonalities and points of difference, and the creation of mutually recognising ‘add-ons’ that will allow a single grower to certify against both standards without having to repeat two very similar sets of tasks, but with different assessment requirements. The AWS Standard is the only standard to include WASH as an outcome. As AWS is not an agricultural commodity standard system, they are currently engaged in researching and developing ‘add-ons’ for several major agricultural standards, including with GlobalG.A.P., the most widely used agricultural standard in the world. Readers of this booklet who are interested in using agricultural standards to assess and leverage action on WASH in their supply chains could consider consulting directly with AWS and/or the standard system, or the systems being implemented by their suppliers.

“Access to safe water, sanitation and hygiene is a human right. The AWS Standard provides meaningful guidance on how companies can respect the right and contribute to positive WASH outcomes.”

Christian Vousvouras, Public Affairs Manager at Nestlé.
Practical steps

Take-aways and practical next steps

- Adequate WASH services is a critical issue at every stage of the agricultural supply chain and gaps in access to these services can be a source of risk and opportunity. The physical, financial, reputational and regulatory risks, and opportunities need to be managed with both an environmental and social lens to ensure long-lasting benefits.

- Potential business benefits for integrating WASH considerations into a company’s corporate water stewardship strategy include: reduced staff turnover, reduced absence rates, increased productivity/efficiency, improved quality, supply chain resilience, employee loyalty and decreased operational costs.

- The need for an integrated approach to water security, with inclusion of WASH in a water stewardship strategy, is grounded in the recognition of the United Nations’ human right to water and sanitation and is made more urgent by climate change and its impacts on the water cycle.

- If a company can embed WASH within existing company strategies or standards then local level application of WASH interventions, using AWS as a useful guiding framework can be a lot easier.

Next steps

1. Lead by example and champion the integration of WASH into your companies’ corporate water stewardship strategy.
2. Assess WASH needs at the local level to understand the shared potential water challenges, risks, impacts and opportunities at the local/site level (AWS step 1) - third-party support may be required.
3. Develop a local level WASH stewardship plan including targets (AWS step 2) - third-party support may be required.
4. Engage with a third-party provider to support practical action and implementation if in-house resources do not exist.
5. Engage with global initiatives, such as WASH4Work, Global Agribusiness Alliance, or others working on agriculture or WASH issues to learn from the experience of others.

"Partnering with credible expert third parties is absolutely essential to the successful implementation of WASH programmes and in turn the effectiveness of integrated corporate water stewardship strategies. Partnering with WaterAid and other experienced WASH providers is key to ensuring the efficient delivery of our WASH programme across multiple projects in multiple countries. Our aim is to support SDG 6 and we couldn’t do this without WaterAid and others who are so essential to our programme."

Michael Alexander, Global Head of Water, Environment, Agriculture Sustainability at Diageo.

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References


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Co-op

Diageo

Finlays

Global Agribusiness Alliance

Heineken

Mars

Nestlé

Oxfam

Primark

Sainsbury's

The Coca-Cola Company

The Toilet Board Coalition

UNICEF

Unilever

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WWF

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Juliette, 55, walking away from the water source at sunset, carrying a full water container on her shoulder, Ambonbimanatrika, Manjakandriana district, Madagascar, August 2019.
Help us reach everyone, everywhere with clean water, decent toilets and good hygiene by 2030.
Find out more at wateraid.org/uk/our-global-strategy

Clean water.
Decent toilets.
Good hygiene.