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# Creating Alliances to Accelerate Commercially Viable Sanitation

## LESSONS LEARNED FROM THE TOILET BOARD COALITION AND ITS MARKET-BASED INITIATIVES



TOILET BOARD COALITION

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# Chairman's preface

For six years, the business of toilets and how people clean up their 'business' was my business. In my previous role at Unilever, I was responsible for the Domestos brand, our flagship toilet-cleaning product, sold around the world to people who have toilets in their homes and understand that keeping them hygienic is important.

It's clear why toilets are interesting for me, but access to safe, clean toilets must be important to everyone, not just those of us that make their living from them.

Inadequate sanitation has catastrophic impacts; the facts are stark and depressing. It causes death, disease and indignity. A child dies every 20 seconds from illnesses related to unhygienic sanitation. 443 million school days are lost every year to diarrhoea caused by inadequate access to clean water, sanitation and hygiene. Lack of sanitation also holds back economic growth. The World Bank estimates poor sanitation costs billions of Euros to many countries, amounting to the equivalent of 1.3% of GDP in Vietnam, 1.6% of GDP in Ghana, 6.4% of GDP in India, and 7.2% of GDP in Cambodia annually.

In 2014 I helped to launch the Toilet Board Coalition as its inaugural Chairman, leading a group of committed individuals from multinational businesses, NGOs, inter-governmental organisations, government agencies, academia and public utilities. Every member of our coalition has different backgrounds and skills, but we all share two things: a determination to develop innovative solutions to the sanitation crisis and an unequivocal belief that there is a clear role for businesses to play in creating these and taking them to scale.

Achieving scale is key. There are 2.4 billion people in the world who don't have access to adequate sanitation. The potential, both in terms of commercial and social impact, is colossal. This is a huge market opportunity and working out how to capitalise on it will result in sustainable, business-led solutions, which can make incomparable gains in public health.

The time is right for such an intervention. Our approach is aligned with the UN's Sustainable Development Goals, launched in September, which constitute the agenda for global development up to 2030. The Toilet Board Coalition is contributing directly to Goal 6: Ensuring availability and sustainable management of water and sanitation for all, by applying the principles of Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development, with an emphasis on market-based solutions.

I can't pretend that the Toilet Board Coalition has the answer to the sanitation crisis, but I do know that it is adding something new, different and necessary. Working with some of the best in this space, I can see how we can make a lasting impact. We hope others will find inspiration in the coalition's initiatives, see the potential of market-based

sanitation solutions for commercial and social gain, and join us in our mission to help the 2.4 billion people who don't have access to safe sanitation.

From an organisational perspective, this coalition has opened my eyes to the value of intelligent, inspiring people working together. Of course, it hasn't all be fun and games – this report details many of the challenges we have faced together over the past 12 months, some of which we have overcome and some of which we are still working on. For all the challenges, we are all still at the table with even more determination to make this work.

Thank you to everyone who has been involved in the story of the Toilet Board Coalition so far, from the Steering Committee and Partnership Council members to all the experts, academics, partners and agencies who have lent their knowledge and skills to help us experience that rare privilege of "being the change we want to see".

Jean-Laurent Ingles

Chairman of the Toilet Board Coalition

General Manager, Vietnam, Unilever

# Independent reviewer's foreword

When I was invited to review this report, I accepted immediately. For an academic who has spent years studying inter-firm alliances on the one hand and Base of the Pyramid (BoP) business initiatives on the other hand, this was a unique opportunity to make my two favourite research topics come together. Indeed, the Toilet Board Coalition (TBC) is an intriguing case of a global, multilateral alliance in which corporations, government agencies and civil society groups collaborate to develop innovative, market-based BoP solutions to alleviate poverty.

Moreover, the role I was offered entailed attending the TBC steering committee and thereby observing a fascinating assembly of women and men of good will who have set out to address one of the most blatant injustices at the BoP. That was the real thrill. Faced with the uncomfortable truth that two-fifths of the world population do not have access to the most basic toilet facilities, and that no significant progress can be expected if radical changes do not happen, these women and men of good will are staging a mutiny within their own organisations to create momentum and foster disruptive innovation.

While it is candid, their approach is not naïve. The individuals involved know only too well how difficult it is to come up with new ideas to solve old problems. If simple and economically viable solutions existed, they would be already implemented somewhere, at least in an embryonic way. As a consequence, the job of the TBC would be to spot and select these solutions, to find investors to fund them, and to help create businesses around them. In a nutshell, this would be tantamount to transforming an inefficient market into an efficient market. However, the realisation that such ready-made solutions are not available has led the TBC to engage on a much more difficult, but even more captivating route. The TBC is joining public and private forces to invent novel market-based solutions to the sanitation crisis, which requires innovating along multiple dimensions (technological, social, and economical) as well as convincing low-income clients to pay for something new. In a nutshell, the mission that the TBC has set for itself is to create a new market, nothing more, nothing less.

While creating markets can be viewed as the fundamental mission of business in society, this might actually be the most difficult endeavour that economic actors can engage in. Let's reflect in particular that companies seldom create markets. In most cases, they tend to create needs in existing markets (sometimes artificially), rather than trying to create markets out of unmet needs. In fact, traditional business strategies revolve around the idea that greater profits can be extracted from existing clients or from the competition's clients. Therefore, most strategies consist of crafting offerings that wealthy clients are already known to be willing to pay for. Creating a market out of unmet needs at the BoP poses a much more fundamental problem. Consistent with the

oldest and most basic rules of economics, a market for a product or a service will exist only if the supply and demand curves intersect, which means that providers are able to sell the product or service at a price that is both high enough to cover their costs and low enough to convince buyers to pay, given the value they perceive in the offering. Surprisingly, organisations that launch BoP initiatives sometimes tend to overlook this very basic logic. The true reason why so many obvious needs are unmet at the BoP is simply because the supply and demand curves do not intersect, and that no one has found a way to make them do so. While the size of the targeted population is actually huge, suggesting the potential for a large market, the actual market is unfortunately often non-existent and very hard to create. In fact, creating a BoP market requires working on both the supply and demand sides in a daunting context. On the supply side, radical innovation is called for to come up with a new attractive offer at an incredibly low price. On the demand side, a tremendous effort is needed to educate the potential clients in order to trigger their willingness to pay. The fact that sanitation is both a public and private good compounds the demand problem, because it raises the issue of how the burden must be shared between individual users and the society as a whole. This is a big issue indeed.

By examining the amazing effort the TBC is putting in to solving such a conundrum, this report breaks new grounds at the intersection of alliance management and BoP literatures. We learn in particular that a key success factor is to create a close collaboration mind-set between three types of actors: businesses, public authorities (especially government agencies) and civil society (especially charities and NGOs). In this respect, the report delivers great insights on how to make such collaboration work. Let's face it: in most cases, the three parties are prejudiced against each other and their mutual relations are plagued with stereotypes. Businesses are seen as short-term minded and exploitative, governments as inefficient and bureaucratic (when not corrupt), NGOs and charities as naïve, erratic and inefficient. One of the most remarkable merits of the TBC is to make these different players engage in a constructive conversation, building on their mutually recognised good will. The lessons on how to orchestrate such a conversation must be learned and circulated.

Furthermore, I would like to commend the authors for the honest and unbiased way in which they present the fieldwork initiatives that the TBC sponsors, as well as the challenges with which these initiatives meet. Generally speaking, the discussion of BoP initiatives, especially when such initiatives are developed by companies or foundations, is too often biased with self-serving and advertising considerations, which hinders critical thinking and the building of solid knowledge on the topic. Readers will appreciate the fair assessment of the TBC and the sanitation initiatives that this report provides. While conventional wisdom says that we learn more from failure than from success, this report shows that organisations learn from the way they overcome obstacles and failure, rather than from failure itself. In this respect, a lot is to be learned

from the problem-solving approach that the TBC has managed to develop. This approach is both effective and replicable.

The report also suggests some interesting insights on the governance and management of multi-partner alliances. While the TBC in itself is a non-equity joint venture among several partners, including multi-national companies and development agencies, each partner has the latitude to invest in the sponsored projects, no matter what the others partners do. Based on this principle, the TBC presents a relevant solution to the difficult challenge of maintaining both cohesion and flexibility in multi-partner alliances.

Finally, the report shows that the TBC is at a crossroads: a full-time executive director has been appointed, opening a new phase in the development of the alliance. As in all business alliances, the mission of this executive director is twofold: to manage the allied partners and to grow the alliance's business. This dichotomy is what makes alliances so difficult to manage. I will dare formulate a recommendation here: the priority should be to grow the business, i.e. to foster innovation and to develop the pipeline of sanitation projects on the field. I am convinced that, if the business grows, the partners will naturally be happy and collaborative, and the need to manage them will be limited, just because they are women and men of good will.

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The authors would like to thank the sponsors who coordinated this work and all the TBC members who made it possible by sharing their impressions of the past year building the alliance and initiatives. Integrating their different perspectives has been critical in shaping meaningful lessons for the sector. Similarly, we thank the representatives of the TBC initiatives for sharing their honest feedback on the distinctive value that the alliance and its members have brought so far, and the recommendations they expressed for the future. We also thank the representatives of other global alliances whose experience and critical views helped in reinforcing or nuancing our findings. We would like to give special thanks to Bernard Garrette who, in addition to his independent review, made precious contributions from his academic perspective. Finally, thanks to Richard Cox and Josh Eyre from salt communications who helped with editing and putting the finishing touches to this report.

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**Other alliances representatives:** Marc Van Ameringen (Global Alliance for Improved Nutrition), Agnès Biscaglia (French Development Agency, Cities Climate Finance Leadership Alliance), Leslie Cordes (UN Foundation, Global Alliance for Clean Cookstoves), Bernard Giraud (Livelihoods funds)

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# Executive Summary

**The past decades have seen a growing appreciation of the role of market-based approaches in driving global development. Many coalitions of public and private players have emerged to promote them. How best to trigger and support these market-based approaches? How to leverage the expertise and resources of diverse members in coalitions? This paper presents insights from the Toilet Board Coalition (TBC), a young alliance that catalyses and accelerates market-based sanitation initiatives.**

Poor sanitation remains one of our planet's greatest challenges. 2.4 billion people do not have access to a safe toilet. Almost one billion of these practice open defecation. The consequences range from public health to nutrition, loss of dignity, gender inequality, education, water quality, and broader economic development. As government action and traditional philanthropy are unlikely to solve the problem alone, initiatives have emerged that improve access to sanitation via market-based mechanisms. In theory, these allow much faster and broader scale up, by attracting commercial investments and motivating other private players to join. They offer products and services that people are willing to pay for, hence focus on aspirations not simply needs. However, most of these initiatives have remained small scale and unprofitable for lack of resources or expertise.

The TBC was started in 2014 to fill this gap. It is as a global alliance of corporations, government agencies, multilateral institutions, sanitation experts and non-profit organisations that aims to catalyse and accelerate scalable market-based initiatives by leveraging the best of the member's networks, assets, capabilities, and financial resources.

While members share the same vision, their individual motivations are different: developing new markets, learning from others, exploring models, attracting talent, communicating, or even contributing the transformation of their organisations.

This research piece began as a "12-month check-up" of the alliance, which enabled us to draw general lessons for the sector. The report first presents the TBC and its initiatives, then discusses two series of lessons: firstly on catalysing innovative, multi-partner, market-based initiatives, secondly on launching an alliance working towards social and business objectives.

## The Toilet Board Coalition initiatives

**The TBC is currently supporting four initiatives. While these are still at an early stage, they have the potential to be disruptive in a sector with no existing profitable business models. TBC members believe their support will help achieve scale and commercial sustainability.**

In 2014, the TBC carried out a landscaping exercise to identify promising initiatives. As no ready-to- invest opportunities were identified, the TBC started a process to co-create and accelerate them. TBC initiatives could still be considered as experiments: their size is currently smaller than many philanthropic "pilots". Yet, proving their sustainability at scale could unlock further innovations, replications, and investments to help solve the sanitation crisis. The TBC has so far focused on two models.

### 1/ Portable toilets service for dense urban areas

This model consists in the rental and servicing of self-contained toilets for homes, with waste collected 1-3 times per week. Households have proved ready to pay relatively high fees, provided toilets are aspirational products and service is flawless. The TBC tests both unregulated and concession models. The potential for scale is 20-50 million families globally.

**Clean Team in Ghana**

*History*: Social business started in the city of Kumasi in 2012, owned by the UK not-for-profit WSUP, historically funded by DFID, the Stone Family Foundation and Unilever

*Model*: Monthly fee of $10, including the rental of toilet unit and waste collection three times per week. Waste is then disposed at the municipal treatment centre

*Distinctiveness*: Households in dense urban areas without sewer or possibility to build septic tanks are willing to pay for the service, more aspirational than public toilets

*Challenges*: Need to accelerate scale up (1,000 toilets to date), current technology has some limitations and costs of operations limit the potential for sustainability

*TBC contribution*: LIXIL Corporation new toilet for improved experience and logistics, Firmenich malodour solutions, Unilever new marketing materials and overall guidance

**Laguna Water in the Philippines**

*History*: Joint venture between private utility and provincial government, which decided in 2014 to explore how to replicate a portable toilet service in its concession area

*Model*: Sustainability based on cross-subsidies between sludge removal of septic tanks (85% of households) or portable toilet service (15%), charged as top up on water bills

*Distinctiveness*: This model would leverage the assets of a large utility to rapidly and efficiently scale up portable toilets to 300,000 families in Laguna

*Challenges*: Laguna Water's ability to enforce the payment of an additional environmental fee on top of water bills, and to run operations at limited costs.

*TBC contribution*: Co-creation of the model with Manila Water and LIXIL Corporation designed a next generation toilet. Unilever helped run tests with Clean Team toilets

A Clean Team waste collector

Piloting Lixil Corporation's next generation toilet in Laguna, Philippines

A customer of Svadha and his toilet

**2/ Sustainable entrepreneurs' networks in rural and peri-urban areas**

This model combines sanitation marketing in villages with support to entrepreneurs who build latrine components, sell and install them. The sustainability relies on the sales of quality-manufactured products to entrepreneurs (up to $50 for a complete latrine and shelter package). The potential for scale is 100-200 million families globally.

**Svadha in India**

*History:* Sanitation business founded in 2013 as a subsidiary of eKutir, an Indian social business, and historically supported by Unilever

*Model:* Svadha identifies, trains, supports local entrepreneurs that manufacture latrine components, commercialise them and ensure installation and after-sales

*Distinctiveness:* Svadha is the first to promote comprehensive solutions in the range of $200 including manufactured products which it sells to entrepreneurs to cover its costs

*Challenges:* Svadha needs to confirm demand at scale, increase entrepreneurs' sales, maintain corporate discounts on manufactured products, and reduce marketing costs

*TBC contribution:* Unilever, Grand Challenges Canada, and Kimberly provide funding and technical assistance. Other partnerships triggered: Firmenich and Lafarge-Holcim

### Mass Produced Shelters in Bangladesh

*History:* Initiated with the NGO iDE, partnership under design with a large Bangladeshi manufacturer that would manufacture quality and affordable plastic shelters

*Model:* The margins generated on mass produced shelters would allow covering the costs of market activation, either through retail or village entrepreneurs

*Distinctiveness:* Shelters as a driver to sustainability and improved latrines adoption

*Challenges:* Partnership modalities and model still being designed

*TBC contribution:* Potential roles for Kimberly-Clark, Unilever and Grand Challenges Canada

## Five lessons on co-creating collaborative, sustainable initiatives

**The lessons learned from the TBC co-creating approach will be of interest to sectors beyond sanitation, where investors or development players are facing a similar situation characterised by a lack of sustainable, investable businesses in spite of immense needs.**

### #1: START BY LEARNING FROM BEST PRACTITIONERS

It is tempting to build models that are tailored to companies' expertise and resources. Whenever this was done, it did not really work. High potential models started by scanning the world for innovations, taking inspiration from best practices and filling gaps where needed.

### #2: INVOLVE PARTNERS IN CO-CREATION EARLY ON

The TBC observed the importance of involving key partners early on in an open and iterative process, ideally with in-person meetings. Also, expectations need to be managed carefully as many endeavours do not actually lead to opportunities immediately so.

### #3: DECIDE UPFRONT WHICH PARTNERSHIPS TO SUPPORT

Partnerships can bring a lot of value but building them is a complex and coordination-heavy process. Hence a formal decision is required upfront to invest sufficient resources into a long-term effort, which will not necessarily deliver immediate results.

### #4: ENGAGE WITH PUBLIC AUTHORITIES

The TBC shows that market-based initiatives are unlikely to scale up without systematic public authorities' support. Engaging these helps build the right ecosystem for success, whether political support, favourable regulations, leverage of funds or infrastructure.

### #5: THINK FUNDING AND GOVERNANCE BEYOND PILOT

To become commercially sustainable, initiatives must be designed as profitable businesses from the start. It does not mean they can't receive grants, but these should not be a feature of the long-term business plan. Similarly, the governance should anticipate potential success.

## Ten lessons on creating a public-private alliance for social change

**The TBC also accumulated experience on creating public-private alliances. The lessons below have been reviewed with representatives of other development coalitions including the Global Alliance for Clean Cookstoves, the Global Alliance for Improved Nutrition, the Cities Climate Finance Leadership Alliance, and the Livelihoods funds.**

| | |
|---|---|
| **#1: START WITH VISIONARY ORGANISATIONS AND PEOPLE**<br>Against a complex challenge and unproven approach, partners need a strong vision and appetite to buy into the risk and stretch on the long-term. These are also ideally sector leaders. | **#2: STATE THE CORE ALLIANCE VALUES EXPLICITLY**<br>The TBC shows that explicitly stated values help as a compass to address ambiguity, diverging agendas, multiple possibilities, and ensure members come with the right individual spirit. |
| **#3: INVEST IN TRUST-BUILDING AND VISION ALIGNMENT**<br>Members come with different and evolving agendas. Having dedicated, unstructured moments to discuss them and build trust around a shared vision have proven to be the basis for effective collaboration. | **#4: ACCEPT AND MANAGE AMBIGUITY**<br>Ambiguity in strategy, agendas and commitments cannot or even should not necessarily be resolved immediately, until confronted to concrete cases. The TBC shows the key role of the chairman. |
| **#5: DESIGN SOUND GOVERNANCE STRUCTURE AND ITERATE**<br>A diverse group is necessary by design. However, putting everyone into one room, hoping clear action would emerge, is illusory. Decision-making and advisory roles should be separated... and evolve. | **#6: ENSURE MEMBERS HAVE THE RIGHT LEVEL OF SENIORITY**<br>Decisions need to be made collaboratively and often on the spot. Hence members should be senior enough or have clear mandate from their organisations to signal commitments and follow through. |
| **#7: BALANCE SECRETARIAT RESOURCES CAREFULLY**<br>Quick wins on projects are required to fuel commitment and should be prioritised. However, Secretariats also need to ensure members are fully involved, to create ownership and commitment. | **#8: WORK IN SMALL GROUPS WITH CLEAR RESPONSIBILITIES**<br>The TBC experienced how large committees make agile decision making difficult. Getting people to collaborate in small groups is more efficient and creates opportunities for relationship building. |
| **#9: SUPPORT MEMBERS INTERNALLY WHILE STEPPING UP COMMS**<br>Members need to get support from the organisation behind them. Effective ways to generate engagement include involving top leadership, involving staff, and leveraging external communications. | **#10: DESIGN A SUSTAINABLE FUNDING STRATEGY**<br>Resources needed to run alliances should not be underestimated. While members' donations drive commitments, they may not be enough or have too many strings attached. Other ways should be explored. |

# Introduction

The Toilet Board Coalition (TBC) is a global alliance of corporations, government agencies, multilateral institutions, sanitation experts and non-profit organisations that aims to bring sanitation to millions of families by catalysing and accelerating scalable market-based initiatives that bring together the resources and skills of corporations, the know-how of the development sector, and the expertise of the non-profit sector.

The TBC was officially launched in November 2014: this report presents a "12-month check-up" of the alliance, drawing lessons for a wider audience in the development and business community. Two broad series of learnings are discussed: (1) catalysing innovative, multi-partner, market-based sanitation initiatives, and (2) launching an alliance bringing together public and private players working towards a combination of social and business objectives.

The first section of the report provides background on the TBC, its history, vision, strategy, governance and members, as well as the initiatives crafted so far in Ghana, the Philippines, and India. These initiatives – currently at an early stage - offer important lessons in their design and have the potential for valuable impact on the sanitation crisis.

The second section draws lessons from the TBC's initiative co-creation process. We discuss the process the TBC has developed to design and refine business models, identify implementers, craft partnerships, and run iterative tests in-field. The lessons from this approach will be interesting for development sectors beyond sanitation, where investors face similar situations characterised by the lack of sustainable, investable businesses in spite of the immense needs. For example, in the affordable housing sector in India, there were only an estimated 25 developers who were building or planning to build affordable housing as of mid-2010, aiming for 25-50,000 new homes annually in a country where 25 million households live in substandard housing[1].

[1] National Housing Bank (2010), *Building Housing, Financing Homes: A Study Report of India's Rapidly Growing Housing and Housing Finance Markets for the Low-income Customer*, Monitor Deloitte

The final section presents the TBC's learnings as a young public-private alliance. It will be useful to the members of other collaborative alliances working to tackle development issues.

**WHY THE TBC?**

One third of the global population does not have access to a safe, clean toilet. Addressing and resolving sanitation issues can improve health, quality of life, educational opportunities, environmental quality, and developmental progress.

Today, there is a range of projects seeking to improve access to sanitation via market-based mechanisms. While this is promising, many of them remain small scale and unprofitable for lack of resources, knowledge, and expertise.

While donors and foundations have tried to accelerate these efforts for decades, the private sector has an essential role to play to help refine models, bring new technologies, expertise and assets, and invest resources. This represents vast opportunities: opening new markets for hardware, consumables and services; exploring new business models; leveraging collaboration to drive innovation, and motivating employees around a social cause.

The complexity of the sanitation value chain and the diversity of expertise required also calls for collaboration: professional marketers to drive toilet adoption and usage, toilet makers and other hardware manufacturers to design and manufacture appropriate technologies, organisations with far-reaching geographical presence and efficient supply chains to deliver products and services in the field, and utilities or waste treatment specialists to manage the safe dispose of the waste.

With a combination of commercial and social interests, the TBC was created to bring together private, public, non-profit players and experts to cross-fertilise experiences and ideas, develop, support, and promote market-based sanitation initiatives. This approach focused on models and implementation is highly complementary to other efforts that have made significant contribution to the sector on the technology side, such as the Bill and Melinda Gates Foundation's Reinvent The Toilet Challenge.

As Bezanson and Isenman note: "Over the past two decades there has been an explosive growth in collective action for international development, much of

which has been based on establishing new global partnership organizations"[2]. We, however, recognise that there is no such thing as a good alliance *per se*, i.e. choices in governance, processes, personnel, style, can vary significantly with the vision and strategy of the alliance. Hence these lessons, primarily drawn from the TBC's experiences, may not apply to all young alliances, even from similar sectors. In an effort to extend the reach of these lessons, we have supplemented them with insights, experiences, and anecdotes from senior representatives of other global alliances, including the Cities Climate Finance Leadership Alliance, the Global Alliance for Clean Cookstoves, the Global Alliance for Improved Nutrition, and the Livelihoods funds.

This report ends with an afterword from the newly recruited Executive Director of the TBC, who shares her vision for the alliance over the coming years.

[2] Bezanson, K. A., and Isenman, P. (2015), "Governance of new global partnerships: Challenges weaknesses and lessons." *Center for Global Development Policy Paper 014*

# What is the Toilet Board Coalition?

## I. History

The history of the TBC starts in 2012 with Unilever's Household Care. Sean Gogarty, Senior VP of the category at the time, realised that many initiatives within Unilever were promoting improved access to sanitation – with a major motivation being that increasing access to toilets would drive more toilet cleaning product sales. Unilever had partnered with leading development organisations including UNICEF, WSUP, Oxfam and the World Toilet Organization, but these initiatives were uncoordinated and could better leverage Unilever's resources and assets.

Building from this, a group called the Toilet Board was established, comprising representatives from Unilever, development organisations and academia. The group aimed to design integrated sanitation solutions through which the private sector could make a difference to the sanitation crisis. The Toilet Board met three times a year and by 2013 it started to welcome new members including other corporates like Kimberly-Clark. While several work streams had been launched and research reports published – on demand creation for toilets, next generation technologies, and selection criteria for sanitation projects – all parties recognised that not enough impact had been made on the ground on the ground – not a single toilet had been built. As a former member expressed it, the Toilet Board had limited muscle to impact people lives. In addition, Unilever was the leading partner – the company realised the need to restructure the group's governance to drive more inclusive collaboration with additional corporations and development players.

The restructuring of the Toilet Board began at the end of 2013 under the leadership of the new Unilever Household Care Senior VP, Jean-Laurent Ingles. This led to the launch of a new organisation, the Toilet Board Coalition, in June 2014 with clearer vision and strategy. In its new structure, the TBC had become a coalition comprising a broader group of corporate and development organisations bringing distinctive capabilities (e.g. a leading toilet-maker or fragrance company), including members that would manage the alliance, its budget and agenda.

**WHAT ARE THE MEMBERS' MOTIVATIONS?**

The motivations of the corporates involved in the TBC range from developing new markets for products, equipment and services, to collaborating and learning from others, exploring innovative business models and BoP solutions, attracting young talent, providing content for their communications, or even contributing the transformation of their organisations.

Development players and experts share similar motivations for learning from the private sector: transforming their mandates, collaborating to build new models that can contribute to fulfilling their mandate, and may also be looking for potential future investments.

The decision-making and advisory roles were separated under two distinct bodies, and a third-party Secretariat was engaged to keep activities on track. One year later, the TBC launched has two urban initiatives in Ghana and the Philippines, and one rural initiative in India. A fourth one is being crafted in Bangladesh, and a collaborative R&D program has been initiated to support them all.

In 2015 the TBC recruited an Executive Director, already drawing on one key lesson of this report: collaboration does not happen organically by putting together complementary people and organisations in one room. It requires significant brokering and management for institutionalisation to happen, and a full-time ED is best placed to lead this.

## II. Vision and strategy

Poor sanitation remains one of our planet's greatest challenges. It holds back 2.4 billion citizens, the global economy and social development. There is an urgent need for *radical change at pace* if the world is to achieve Sustainable Development Goal 6 – universal access to sanitation – by the 2030 deadline. The TBC believes that there is a clear role for business to play.

The TBC aims to make a significant contribution to solving the sanitation crisis with innovative market-based approaches, triggering collaboration between leading companies, bilateral and multilateral finance institutions, experts and

non-profit organisations and leveraging the best of everyone's networks, assets, capabilities, and financial resources.

This vision is based on three core values: (1) "market-based solutions", i.e. solving the sanitation challenge needs sustainable and scalable approaches that do not depend on the limited resources of philanthropy; (2) "collaborative approach", i.e. sanitation initiatives requires a large set of skills and resources – from behaviour change to toilet technology, supply chain, marketing and sales, waste treatment operations, servicing and maintenance, funding at different stages, advocacy and lobbying, etc. – and no single player has the solution alone; and (3) "action-driven focus", i.e. the TBC is not a talking club or an advocacy body but a catalyst of collaborative initiatives.

**WHY WORK WITH BUSINESS?**

The TBC believes there are three fundamental reasons to engage business in the sanitation challenge:

1. The global crisis cannot be solved with purely philanthropic approaches - this would require tens of billions of grants every year (ref: WHO global costs estimates) - hence it requires sustainable models that will attract investments and motivate other private players to replicate.

2. Large corporations bring distinctive know-how and resources in a range of areas including R&D, marketing, and supply chain management.

3. The TBC expects that by tapping into customers' aspirations it will be able to drive longer-term adoption, usage, and maintenance behaviors than philanthropic programs, which treat them only as beneficiaries.

However, the TBC also learned that BoP sanitation initiatives cannot be business-as-usual. In most cases, markets do not exist yet, and creating them requires innovation, collaboration, and public authorities' support.

The TBC is focused on accelerating a few initiatives that demonstrate that sanitation can be delivered sustainably and at scale, ultimately catalysing a new business sector and creating traction for replication and investments in the sector. Hence, the initiatives promoted by the TBC take a radically different approach from traditional development efforts: they treat end-users as consumers, not beneficiaries. As such, the initiatives may offer premium solutions for those who are willing and able to pay; they try to answer what people want rather than what people need, e.g. promoting toilets as attractive

lifestyle solutions; and believe in focusing on user experience to drive behaviour change, e.g. eradicating malodour as a trigger to daily usage.

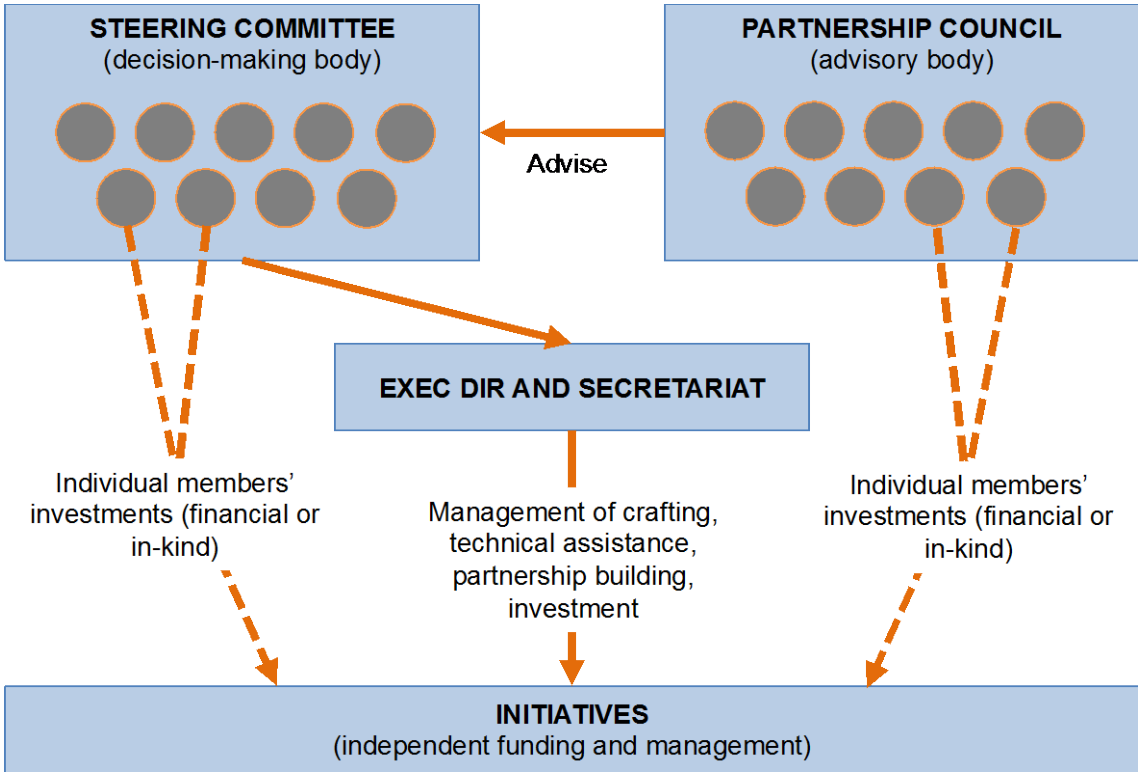
## III. Functioning

The vision and strategy, focused on crafting and supporting innovative market-based initiatives, have guided the choices of the TBC in structure, governance, processes, and staff.

The TBC is organised around three bodies that collaborate to identify high potential sanitation models, bring together the right set of partners, lead projects until they get the necessary level of corporate support and leadership, and finally maintain light-touch interactions to learn, share lessons, and communicate.

The Steering Committee is the core decision-making body, consisting of corporations and donors who have invested resources to further the TBC's agenda and are committed to launching ambitious sanitation initiatives, and sanitation specialists acting as independent directors. Hence the people at the decision making table are the ones that 'put their money where their mouth is', accompanied by some independent experts to keep things in check.

The Partnership Council is the advisory group of the TBC, made-up of sanitation experts and practitioners, governmental and non-governmental organisations, and corporates, who identify potential initiatives, act as a sounding board to the Steering Committee, and offer advice and support to the initiatives.




*TBC governance*

Finally, the Secretariat is made up of subcontracted consultancies that support the Steering Committee, Partnership Council and the initiatives with partnership development, knowledge management, communication and advocacy, and administrative support. The need for a flexible team was made apparent as the nature of the support to initiatives developed, varying significantly in nature and intensity (business modelling, partnership building, project management, support on specific issues, impact monitoring, etc.). Since September 2015, an in-house Executive Director has led the Secretariat.

While the core functioning functions of the TBC are covered by a common budget, initiatives are managed and funded independently. Each Steering Committee or Partnership Council member decides individually to get involved in one of the initiatives by providing funding, in-kind resources, commercial agreements, access and contacts, etc. The TBC corporates have a right of first refusal, which means that they are always asked as a priority to partner on the initiatives, but cannot prevent one of their direct competitors joining in if they choose not to.

## IV. Members

### STEERING COMMITTEE MEMBERS

**Jean-Laurent Ingles – TBC Chairman**

General Manager, Unilever Vietnam

**Barbara Evans – Independent Director**

Senior Lecturer and Associate Professor in Civil, Water and Environmental Engineering, University of Leeds

**Jon Lane – Independent Director**

Former Director of the Water Supply and Sanitation Collaborative Council

**Neil Macleod – Independent Director**

Former Head of Water and Sanitation of eThekwini Municipality, Durban, South Africa

**Perry Rivera – Independent Director**

Group Director, Strategy and Development, Manila Water Company

**Cécile Denormandie – French Development Agency (AFD)**

Program manager, Water and Sanitation

**Guy Howard – UK Department for International Development (DFID)**

Team Leader, WASH Policy Team

**Bérangère Magarinos-Ruchat – Firmenich**

VP for Sustainability Partnerships

| | |
|---|---|
| Grand Challenges Canada Grands Défis Canada | **Andrew Taylor – Grand Challenges Canada**<br>Vice President Investments |
| Kimberly-Clark | **Mauricio Troncoso – Kimberly-Clark**<br>Managing Director for Europe |
| LIXIL | **Vikki Bolam – LIXIL Corporation**<br>Global Head, BOP Market Innovation and Development |
| The Stone Family Foundation | **John Stone – Stone Family Foundation (SFF)**<br>Founder and Chairman |
| Unilever | **Charlie Beevor – Unilever**<br>Vice President Household Care, Russia, Africa & Middle East |

## PARTNERSHIP COUNCIL MEMBERS

| | |
|---|---|
| unicef | **Lizette Burgers – UNICEF**<br>Head of UNICEF Toilet Team |
| London School of Hygiene & Tropical Medicine | **Val Curtis – London School of Hygiene and Tropic Medicine**<br>Director of the Environmental Health Group at the London School of Hygiene & Tropical Medicine |
| Kimberly-Clark | **Pete Dulcamara – Kimberly-Clark**<br>Vice-President of Corporate Research & Engineering |

| | |
|---|---|
|  | **Jonathan Hague – Unilever and Partnership Council Chairman**<br>Vice President Open Innovation, Unilever Global Research and Development |
|  | **Erik Harvey – Water Aid**<br>Head of the Program Support Unit |
|  | **Guy Hutton – World Bank Water and Sanitation Program**<br>Senior Economist |
|  | **Neil Jeffery – WSUP**<br>CEO |
|  | **Lu Shen – Asian Development Bank (ADB)**<br>Senior Urban Development Specialist |
|  | **David Shimkus – Water Supply & Sanitation Collaborative Council (WSSCC)**<br>Global Sanitation Fund Program Director |
|  | **Katherine Sill – USAID**<br>Water and Sanitation Advisor |
|  | **Lewis Temple – BRAC**<br>CEO, BRAC UK |

## SECRETARIAT TEAM

**Cheryl Hicks – Executive Director**

| | |
|---|---|
| HYSTRA hybrid strategies consulting | **Hystra**<br>**(Inclusive business strategy consulting)**<br>Initiatives and strategy |
| salt | **salt**<br>**(Communications and PR agency)**<br>Communications and advocacy |
| the partnering initiative | **The Partnering Initiative**<br>**(Non-profit specialising in sustainability and development collaboration)**<br>Governance and administration |

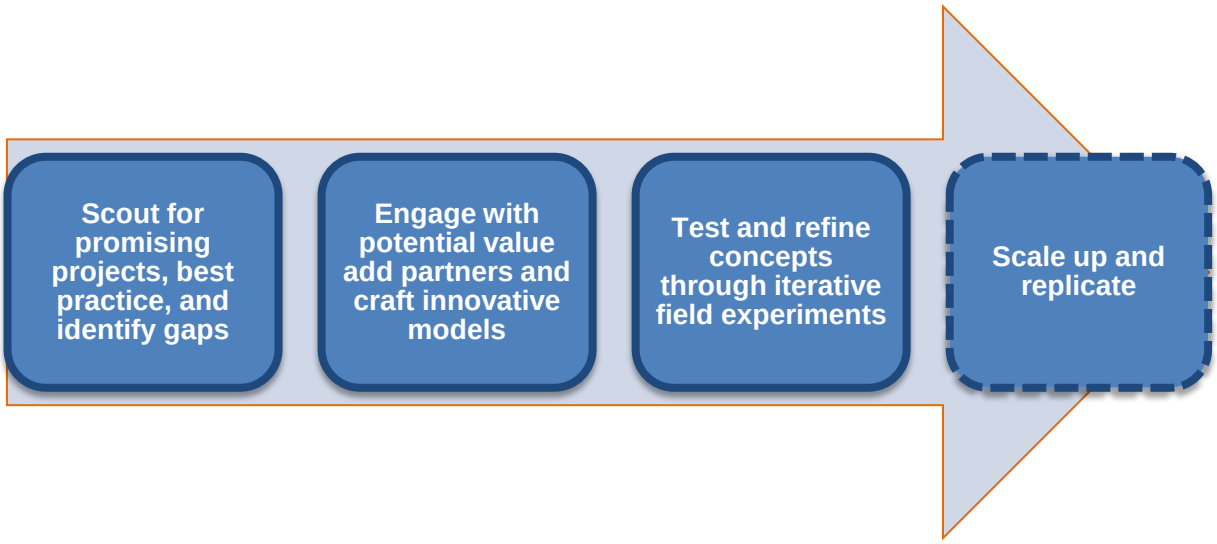
## V. Initiatives

This section describes the initiatives that the TBC has developed so far.

Following a sector-wide mapping process, in which no suitable existing initiatives were found, the TBC launched a process to co-create and catalyse them.

The initiatives described in the following pages are at an early stage; their scale is not currently comparable with existing philanthropic programs. The TBC is supporting these because they have the potential to be disruptive in a sector with no existing profitable business, and TBC members believe their support will help towards financial sustainability.

The process described in the chart below outlines the TBC's initiative development process:

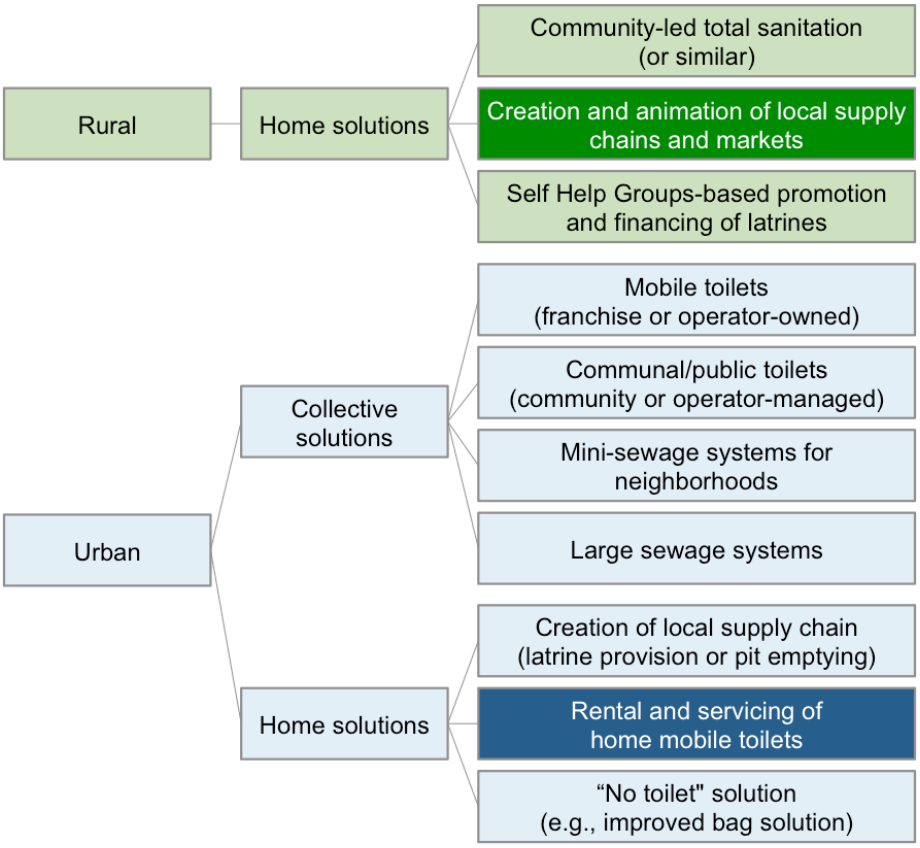



**TBC initiative-crafting methodology**

In 2013-2014, the TBC Secretariat identified around 100 pioneer projects implementing or testing market-based approaches to deliver sanitation to BoP consumers based on ten distinct models[3].

[3] Graf, J., Kayser, O., and Brossard, S. (2014), *Designing the Next Generation of Sanitation Businesses*, Hystra for the Toilet Board Coalition, Agence Française de Développement, UK Department for International Development, Stone Family Foundation, Kimberly-Clark, Unilever

Two models were prioritised by the TBC: accelerating portable toilets services for densely populated urban areas and developing supply chains for rural and peri-urban areas (i.e. entrepreneurs' networks). The TBC selected these based on the strong potential for financial sustainability, potential for added value from private-sector support, and the aspirational individual sanitation solutions for families on offer.




**Mapping market-based sanitation models**

To learn more about these two models, the Secretariat studied 15 projects and organisations promoting such approaches. In particular, the TBC sought to understand challenges to scale and replication, possible strategies to overcome them, and critical assets needed (e.g., in terms of marketing, service or product innovation, and operations).

| Model | Potential | TBC Initiative | Status |
|---|---|---|---|
| **Portable toilet service for dense urban areas** | 20-50 million households | Clean Team (Ghana) | Improvement of technology and model for scale up |
| | | Laguna Water (Philippines) | Ongoing technology test and pilot preparation |
| **Sustainable entrepreneurs' networks for rural and peri-urban areas** | 100-200 million households | Svadha (India) | Improvement of technology and model for scale up |
| | | Mass-produced shelters (Bangladesh) | Partnership building and business model design |

## PORTABLE TOILETS SERVICE FOR DENSE URBAN AREAS

Portable toilets are compact self-contained units - waste is stored in a container integrated into the hardware - in which are 'rented' by consumers to use in their homes, with a fee paid to the service provider, who operates a regular cleaning and collection service for the waste collected in the toilet.

Despite their novelty, portable toilets are increasingly well adopted in informal urban settlements, and the price that households are willing to pay would be sufficient for projects to become commercially viable. Indeed, households in Ghana and Peru have proved willing to pay US$8-15 per month, as long as the portable toilet is modern looking, odourless, hygienic and comfortable to use. Families, including children, use them more systematically than public toilets or 'emergency' solutions such as night pots or plastic bags ('flying toilets').

*(Credit: Unilever)*

The market potential for portable toilets is attractive, in the range of 20-50 million households globally[4], as they offer an improved sanitation solution for all urban families unable to purchase individual sanitation solutions such as pit latrines or septic tanks, before transitioning to sewer networks.

TBC analysis suggests that portable home toilet projects can be sustainable at scale, assuming they can charge the level of servicing fees observed in selected experiments, and reduce the frequency and costs of waste collection[5]. The main challenges faced by existing projects are improving the toilet technology for better user experience, reducing the cost of the cleaning service, improving sales and marketing to accelerate penetration, refining approaches for lower payment and collection costs, and alleviating cash flow constraints.

In 2015, the TBC started supporting Clean Team, a social business running a portable toilet service in Ghana, in improving its model – and supported Manila Water, a leading water utility in the Philippines, in adapting the Clean Team approach to a utility concession model. TBC corporates have launched an R&D effort to solve technological barriers to the uptake of portable toilets.

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[4] Graf, J., Kayser, O., and Brossard, S. (2014), *Designing the Next Generation of Sanitation Businesses*, Hystra for the Toilet Board Coalition, Agence Française de Développement, UK Department for International Development, Stone Family Foundation, Kimberly-Clark, Unilever

[5] Ibid

## INITIATIVE 1: CLEAN TEAM (URBAN GHANA)

**Lead:** Clean Team (social business)

**Date of creation:** 2012

**Status:**

- Service currently sold to 1,000 customers
- Required improvement in technology and model for scale up

**TBC members involved**: WSUP, SFF, DFID, Unilever, Firmenich, LIXIL Corporation

*A team of waste collectors and sales agents (Credit: WSUP)*

### History

Clean Team is a for-profit social business incorporated in urban Ghana since 2012, owned by WSUP, a UK-based not-for-profit business. It operates in a low-income area of Kumasi, a city of over a million people in South Ghana, where it started its present service provision with the installation of portable toilets in early 2013.

Clean Team pre-dates the TBC. Despite its small scale – approximately 1,000 customers by mid-2015 – Clean Team is one of the most sophisticated portable toilet businesses operational today. The business has long-term relationships with DFID, SFF and Unilever. Since 2014, TBC members have been providing targeted assistance to support Clean Team in enhancing its ability to respond to opportunities and solving challenges around achieving scale and commercial sustainability.

More specifically, SFF is funding technical assistance to help accelerate sales growth and consumer adoption of the service, and reduce customer churn. DFID has contributed to help Clean Team improve the commercial viability of its business model.

Unilever is advising Clean Team on company development and strategy through taking a seat on the company's Board, and offering support by refining and testing innovative marketing materials to accelerate customer acquisition.

TBC corporates have sought to pool together R&D capacities to solve some of Clean Team's technical issues including malodour, toilet design and waste treatment. This led to Firmenich's development of a bespoke malodour solution, and to the LIXIL Corporation's development of a next generation toilet that will be tested in Ghana, Kenya and Manila.

### Business model


| Design and manufacturing | Marketing and sales | Financing | Usage and maintenance | Treatment and disposal |
|---|---|---|---|---|
| Chemical toilet (IP owned by Unilever)<br>Now testing dry solutions<br>LIXIL Corporation next generation toilet (under development) | Clean Team sales staff visits households in areas of operations to trigger new users and monitor satisfaction<br>Cash collection by dedicated staff | Customers pay monthly fees<br>The toilet remains the property of Clean Team | No major installation work<br>Clean Team staff change toilet's integrated waste container three times per week | Clean Team staff clean the container in a dedicated station located at the local municipal public treatment centre<br>At a larger scale chemicals could be harmful, hence LIXIL Corporation new toilet does not use any chemicals |

Clean Team charges a monthly subscription fee of $10 on average for the portable toilet service, with waste collected three times per week. This allows families to avoid the high cost of investment in sanitation infrastructure or equipment, while having the convenience of a toilet at home. The toilets remain the property of Clean Team, which allows for removal in case of non-payment or improper use.

Clean Team's marketing approach relies on progressive adoption in each operating area, until full market penetration is reached. In these areas most residents have irregular, informal jobs (e.g. hairdressers, food stall owners, market traders, tailors), and pay rent for their residence. Given that landlords normally require five years rent payment upfront, there is little incentive on either side to improve the infrastructure inside or outside the property. An estimated 20-30% of customers live in one-room shacks, while 70-80% live in compounds with two rooms and a small space for storage or bathroom. Household monthly incomes range from $85 to $250.

Unilever is currently testing marketing approaches to accelerate toilet adoption. Consumer insights and barriers to purchase sanitation were first mapped by combining the knowledge of sanitation experts like Val Curtis from LSHTM and professional marketers. This led to the design of five marketing propositions, which have been tested with consumers in Ghana, assessing marketing criteria including purchase intent, relevance, value, or advantage. The top messages have now been identified and Unilever is developing materials that will be tested in the field over the coming months.

**Potential and challenges to sustainability and scale**

Clean Team offers a convenient sanitation service suited to households in dense, urban areas without a sewer connection, where the main alternatives are expensive and often poorly maintained public toilets. Clean Team's service-based model ensures stable cash flow for the business and avoids end-consumer financing. However, Clean Team has not reached break-even point yet and is still facing a number of challenges on its way to commercial viability and sustainability.

Sales: Clean Team needs to improve the efficiency of its sales operations, both for customer acquisition and retention. While Clean Team increased from 500 to 1,000 customers in about one year, it has invested significantly in sales and marketing to cope with customer churn. A higher density of customers will allow

the business to achieve greater efficiencies in waste collection operations. While Unilever's marketing support will play an important role in accelerating adoption, it will be critical for Clean Team to enhance and develop its service offering to reduce churn.

Product: Clean Team is exploring improving its toilet design. Some customer segments prefer replacing the liquid chemical component with sawdust or an equivalent. The ideal toilet solution should build on the aspects that appeal to customers, i.e. attractive, modern, safe, and odourless, with easy, efficient servicing and waste treatment potential. LIXIL Corporation's next generation toilet could make a significant, paradigm shifting contribution here.

Price: Clean Team needs to review its pricing strategy to reflect the steep inflation in Ghana, which has caused almost all household costs to increase. Clean Team's balance sheet is highly dependent on the price variations of the chemical in the toilet, which is currently imported and therefore impacted by fluctuations in foreign exchange rates. Clean Team has already increased its average service price by moving all the customers to a higher quality service offering (collecting waste three times a week as opposed to twice a week), achieved with limited customer churn or dropout. This has significantly contributed to an overall increase in revenue.

Once successful, the Clean Team model could be replicated in emerging market cities by other social businesses.

**Next steps**

The next steps for Clean Team will be the testing of the new toilet product prototyped by LIXIL Corporation, exploring implications for waste treatment at scale, and the improvement of sales and marketing strategy, leveraging Unilever's materials and further reviewing price points.

The results of these efforts and the potential for sustainably upscaling Clean Team will be assessed against KPIs designed with the TBC.

## INITIATIVE 2: LAGUNA WATER (URBAN PHILIPPINES)

**Lead:** Laguna Water (water and sanitation utility)

**Date of creation:** 2014

**Status**

- Feasibility study and preliminary technology test completed
- Adjustment of technology in process
- Preparation of fully-fledge business plan and pilot

**TBC members involved**: Manila Water, LIXIL Corporation, Unilever

***A typical open defecation site in Laguna***
***(Credit: Manila Water)***

### History

Laguna Water is a joint venture between the Provincial Government of Laguna and the private firm Manila Water. The two parties signed a 25-year concession agreement for water and sanitation.

In June 2014, following a TBC meeting were the Clean Team model was presented, Laguna Water decided to explore how it could replicate a portable toilet model under its concession agreement. It launched a feasibility study with LIXIL Corporation and Unilever providing further support.

After a promising feasibility study, Laguna Water ran a primary technology test with 15 families using Clean Team toilet units with the collaboration of Unilever (who owns the IP). This test confirmed that families were happy with the service, provided there was no malodour (hence a preference for sawdust over chemicals toilets, which can eliminate malodour when used in very large quantities). However, the test also showed that neither sawdust nor chemicals could be added to Laguna Water's waste treatment plant at a significant scale without damaging the facilities. As such, Clean Team toilet units could not be used further, and while Unilever may be involved in this project in the future it will likely be around the promotion of cleaning and hygiene products rather than in providing a chemical for the toilet.

In parallel, LIXIL Corporation's R&D team started to design a next generation toilet to improve customers' experience of portable toilets, reduce logistics costs, and enable waste treatment in regular facilities. LIXIL Corporation visited Laguna Water field operations multiple times this year to conduct customer testing and came up with a first prototype in August 2015. The technology doesn't use harmful chemicals (only a minimal amount of additives, in the range of 50 times less than Clean Team toilet) but relies on an innovative valve system. LIXIL Corporation and Manila Water are still under discussion regarding the business structure of their collaboration.

### Business model

| Design and manufacturing | Marketing and sales | Financing | Usage and maintenance | Treatment and disposal |
|---|---|---|---|---|
| LIXIL Corporation next generation toilet, no harmful chemicals but an innovative valve system | Marketing would piggyback on existing Laguna Water ops, and possibly use Unilever tools and expertise.<br>Payment and collection in water bills | A connection fee would be charged for the installation of the toilet, followed by a monthly service fee incorporated in water bills | A dedicated team would visit families 1-3 times per week | Disposal to Laguna Water's treatment plant. |

The sustainability of the model relies on cross-subsidies across water and sanitation services. Laguna Water would charge an environmental or sanitation fee to all of its customers in Laguna as an add-on to the water tariff. For the 85% of the families who have a septic tank, this fee would cover the pit emptying service performed every few years. While for the 15% of the families who don't, this would cover a portable toilet service. The costs of emptying a latrine are in the range of $10-15 per year, while the costs of providing the portable toilet service are estimated to be in the range of $100-150 per year.

Importantly, this initiative helped the TBC to define the spectrum of solutions that it is able to offer, and to consider leveraging regulated markets as an important part of the solution to the sanitation crisis.

The cost of the portable toilet itself has not yet been determined. However, the envisioned arrangement between LIXIL Corporation and Laguna Water is that of a vendor-vendee. LIXIL Corporation, as vendor, will sell the portable toilets to Laguna Water, as vendee. The latter will then roll this out as part of its concession service offering. Customers, on the other hand will pay a connection fee to get the service and partially pay for the portable toilet. This fee could be spread out for a period of one year to ensure affordability.

**Potential and challenges to sustainability and scale**

While the technologies are relatively similar, Laguna Water's revenue model differs from Clean Team's. Firstly, the cross-subsidy model allows serving all households in a given area versus only the ones who can pay for the full cost of the service.

Secondly, leveraging the assets and resources of a large utility should enable it to save on operational costs. For example, while cash collection is costly for Clean Team, the fee would only be added as a line on the water bill at virtually no marginal transaction cost. Laguna Water would further leverage its deep knowledge of the local communities and relationships with key opinion leaders. The sustainability of the model, however, relies on the ability of Laguna Water to enforce the payment of an additional environmental fee on top of the existing water bills for all households, as well as on its capacity to run operations at limited costs.

If the pilot of 30 households is successful, Laguna Water aims at extending the service to the 50,000+ households who need it in the province, and Manila Water could further replicate it in other cities in the coming years. This model

has strong potential for replication in other emerging market cities with other water and sanitation utilities.

**Next steps**

The first next step is for Laguna Water to ensure that the model and proposed pricing strategy could fit within its concession mandate. The initiative has gained traction locally, as demonstrated by a visit from the Governor of Laguna to the TBC in September 2015.

Secondly, LIXIL Corporation needs to test its prototype on the ground and finalise its product for manufacturing. Laguna Water and LIXIL Corporation intend to launch a 30 toilets pilot in March 2016 so a full service can be offered already by early 2017. The goal is to extend the service to more than 50,000 families in the Province of Laguna and replicate in similar markets globally.

### NEXT GENERATION TOILETS (GLOBAL)

Realising there were key technological barriers for portable toilet projects and that no company had the solution alone, the TBC brought together the R&D teams of LIXIL Corporation, Firmenich, Kimberly-Clark and Unilever at the end of 2014. This group initially focused on three work streams: (1) improving the current generation of portable toilet solutions, in particular for better malodour control; (2) developing the next generation of portable toilet solutions; and (3) exploring innovative technologies for small-scale waste treatment plants.

The group began in 2014 by addressing technical briefs from Clean Team, highlighting where technical contributions could be made. In practice, corporate R&D teams decided to work individually on the specific areas where they could bring distinctive skills and see a business interest.

Firmenich has developed and tested a chemical to reduce malodour adapted to the properties of Clean Team toilet. This could be retrofitted to the current chemical solution or used for a future dry additive solution. Its use with LIXIL Corporation’s toilet will also be explored.

As described previously in the Laguna Water initiative, LIXIL Corporation invested significant R&D resource in designing a next generation toilet and a prototype is currently being tested in the field. This could become a desirable solution to sanitation markets across the world requiring portable toilets.

*Piloting Lixil Corporation's next generation toilet in Laguna, Philippines (Credit: LIXIL Corporation)*

## SUSTAINABLE ENTREPRENEURS' NETWORK FOR RURAL AND PERI-URBAN AREAS

The following model was inspired by rural "market-activation" projects that have demonstrated there is a large untapped and solvable demand for improved sanitation. These projects work both on the demand side by increasing households' motivation to invest into sanitation, and on the supply side by identifying and supporting local entrepreneurs that manufacture and deliver sanitation equipment to local communities. They have contributed to the sales of hundreds of thousands of latrines to low-income families, in rural India and South East Asia in particular[6].

However, the organisations that run these programs, mostly NGOs, do not capture enough of the value they help create and are therefore dependent on grants. Their intervention is required for longer than initially anticipated. They therefore need to find ways to generate revenues in order to scale up without requiring large and sustained grant support.

To guide these programs towards commercial sustainability, the TBC is developing a model that includes the sale of complete latrine and shelter solutions. Indeed, experience in Cambodia, India, and Bangladesh shows that consumers desire an attractive shelter - the most visible part of a toilet - on top of the pit latrines usually provided by these programs. The margins generated by the commercialisation of manufactured shelters, which can reasonably target $15-30 out of a complete $150-300 solution, would cover the costs of marketing and developing entrepreneurs' networks.

The estimated market potential is in the range of 100-200 million households in rural and peri-urban areas, not including the significant market for upgrades to and replacement of existing facilities.

In June 2014, the TBC began testing this model with the most likely implementers, i.e. large manufacturers including housing, furniture, and cement companies. As this search was unsuccessful, the TBC decided to refocus on sanitation social businesses.

A few months later, the TBC received expressions of interest from leading sanitation players (including iDE, WaterSHED, Svadha and PSI) but no Steering

[6] Ibid

Committee members were ready to move forward with any of them. To find a way forwards, a subcommittee of TBC corporates was created to engage directly with these sanitation players, review the hypotheses of the proposed model, and assess alignment to move forward. The subcommittee came back to the TBC with the following conclusions:

- It is worth exploring. All practitioners believe this with different levels of optimism, whether there is a sustainable commercial opportunity to sell toilets in rural areas, even though the initial investments required to create the market are very unlikely to be recovered
- The offer to consumers should include the shelter, and the margins generated by the commercialisation of manufactured products are the key to sustainability. $200 is about the right price point to meet demand for an integrated offer with latrine and shelter, whether in South East Asia or India
- Availability of consumer loans is a must to reach a sufficient proportion of households. Government subsidies can also be leveraged to serve the poorest consumers
- Private sector involvement is critical in the development and provision of affordable high quality sanitation solutions, the design and implementation of an aspiration based branding and communications strategy, and supply chain management capabilities

In 2015, the TBC decided to move forward with the model. Some TBC members started to support the testing of this approach with Svadha, an Indian social business. Svadha works with one-stop-shop entrepreneurs to whom it sells manufactured products sourced from large national corporates like Tata. Some TBC members are also engaging with iDE Bangladesh and a leading Bangladeshi manufacturer to test the possible commercialisation of manufactured shelters using a similar approach.

## INITIATIVE 3: SVADHA (RURAL INDIA)

**Lead:** Svadha (social business)

**Date of creation:** 2013

**Status:**

- 7,000 toilets sold via 100+ entrepreneurs
- Improvement of technology and model for scale up
- Implementation of technical assistance, funding and partnerships support

**TBC members involved**: Kimberly-Clark, Unilever, Grand Challenges Canada, Firmenich

*A customer in front of his toilet*

*(Credit: Svadha)*

### History

Svadha is a sanitation business founded in 2013 as a subsidiary of eKutir, an Indian social business, launched in partnership with World Toilet Organization. Svadha has sold around 7,000 toilets through over 100 entrepreneurs using a

model that is not yet commercially sustainable. Since 2015, it has been working with TBC members to improve this model and accelerate growth.

In January 2015, Unilever, which had been funding the Svadha model through its Domex Toilet Academies Initiative since 2013, decided to allocate resources for the development of a business plan to take the approach to scale. In May, following a workshop with Unilever and Kimberly-Clark experts, Unilever, Kimberly-Clark, Grand Challenges Canada decided to invest around 250,000€ in funding towards the proposed plan (initially planned for as a combination of grants and equity), as well as technical assistance in marketing, finance, and supply chain (initially planned as a full-time secondment). In Svadha's plan, this funding covers the operational expenses gap, working capital needs, and start up and top-up capital for entrepreneurs, but does not cover the necessary refinancing of $1-3 million to extend loans to consumers through microfinance institutions.

The support was agreed in May 2015 but implementation revealed some challenges, including getting the right funding mechanisms for investment or identifying business people with enough bandwidth or willingness to second to Svadha full time at their offices in Bhubaneswar.

Further partnerships have been initiated by the TBC, including Bear Valley Ventures' tiger toilets technology, piloted with Svadha since August 2015 and commercially sold now, Lafarge Durabric solutions tested since October 2015, and Firmenich malodour solutions under development.

### Business model

| Design and manufacturing | Marketing and sales | Financing | Usage and maintenance | Treatment and disposal |
|---|---|---|---|---|
| Svadha offers a package to entrepreneurs incl. TA, loans, and quality manufactured products (roof, door, pipes, etc.) from large manufacturers (e.g. Tata)<br>Products like cement are sourced locally | Svadha runs marketing campaigns via field partners and trains entrepreneurs in managing their customer base | Svadha offers loans to entrepreneurs (a few thousand dollars) and facilitates access to financing for end consumers by partnering with local MFIs | Entrepreneurs ensure that their customers are satisfied with the equipment and provide product upgrades as needed<br>They may also sell hygiene and cleaning products | Bio-digester & water harvesting technology introduced in the offerings to ensure easy toilet usage and safe waste disposal |

Svadha identifies, trains, and supports local entrepreneurs that manufacture latrine components, market them in villages and offer installation and after-sales service. The novelty of the Svadha model comes from its design as a comprehensive solution including pit latrines and attractive shelters in the range of $200, including $40-50 worth of manufactured products.

Svadha negotiates dealer prices on insulated roofs with Tata, on doors with Visaka, and on pipes and pans with other Indian companies, which it then resells to village entrepreneurs with a margin. The deal for entrepreneurs is attractive: quality is guaranteed, price is competitive compared to local solutions, the package is delivered to their doorstep, and they receive Svadha's support in obtaining loans and technical assistance to manage their business.

Svadha earns around $8-15 gross margin on each package sold. At scale, this would be sufficient to cover the costs of supporting entrepreneurs by running marketing campaigns in villages, provided operations are managed efficiently. While the entrepreneurs are already profitable, making approximately 20% net margin on each toilet sold, Svadha expects to break even at around 40,000 toilets.

**Potential and challenges to sustainability and scale**

Svadha's management has prepared a business plan based on the extrapolation of its existing business model and product range, focusing on Odisha alone. This plan would result in a cumulative 200,000 toilets sold by 2018, 300 active entrepreneurs earning $7,000 a year (7 times the minimum wage for skilled workers), and $3-5m in sales for Svadha with a positive net margin.

The critical factors in achieving this plan will be confirming consumer demand at a larger scale, focusing on the best entrepreneurs and helping them to sell 300 toilets per year, maintaining or increasing corporate discounts on manufactured products, and reducing activation costs to <$10 per toilet via economies of scale.

The other outstanding challenges for Svadha will be designing a strategy to protect itself from competition that could threaten its business by proposing better deals to entrepreneurs, and to reduce the dependence on government subsidies that have boosted supported sales among poor households.

Svadha will expand beyond Odisha assuming it reaches breakeven in 2016. If the model is successful it could be replicated in other states of India where the policy environment is currently extremely supportive, and possibly in other countries.

**Next steps**

The immediate next step is for TBC members to implement the support they have committed to with Svadha, before re-evaluating its potential for sustainability and scale:

- Technical assistance: (a) since secondment has proven difficult to put in place so far, Kimberly-Clark proposed to design a formal "volunteer program" which could be implemented for Svadha and other initiatives. (b) Svadha already received branding support from Kimberly-Clark and will soon receive marketing materials and support from Unilever. These inputs will be translated into a coherent framework with practical next steps for sales and marketing operations, which the TBC will enable through workshops and mentoring
- Funding: Grand Challenges Canada, Unilever, and Kimberly-Clark will provide the funding they have committed to Svadha in a relevant form and with appropriate KPI monitoring. Svadha expressed the need for short and clear metrics to help monitor their operations and customer satisfaction in particular. This would also be a critical tool for TBC to follow their progress, benchmark with other initiatives, and identify opportunities to add value
- Additional partnerships: the TBC needs to continue to monitor relevant partnerships with Firmenich on malodour solutions, Lafarge on affordable easy-to-make brick solutions, and Bear Valley Ventures for innovative toilet technologies. It will also be key to initiate further partnerships on microfinance for consumers.

## INITIATIVE 4: MASS PRODUCED SHELTERS (BANGLADESH)

**Lead:** iDE Bangladesh

**Date of creation:** –

**Status:** Partnership building and business model design

**TBC members involved**: Kimberly-Clark, Unilever, Grand Challenges Canada

The TBC is considering a partnership with a large Bangladeshi manufacturer specialised in plastics that already manufactures some small sanitation equipment (<$5) and plans to expand to higher value components with stronger business potential. This could include mass-produced toilet shelters, which would represent an attractive business opportunity and could accelerate adoption of high quality, well-used latrines in Bangladesh.

This partner has key assets to make this work (manufacturing capabilities and distribution network of over 3k dealers throughout the country) and would benefit from collaboration with the TBC and iDE at multiple stages of the value chain: designing shelters, promoting and supporting latrine businesses, demand creation among families, making consumer finance available, etc.

The model is still in development; the go-to-market strategy in particular. Questions yet to be answered include: How to leverage existing local latrine businesses or entrepreneurs? Who will aggregate equipment (shelter, pan, slab, pipes) and construction materials (cement for rings) to offer and install solutions to families? The model will need to take into account several country-specific constraints in particular the political instability, which has led to difficulties in rolling out any field operations recently.

The success of this initiative also relies on some assumptions: that consumers will be willing to pay for mass-produced plastic shelters, that other latrine components are available in villages and can be aggregated easily, and that sufficient margins can be generated to pay for distribution and marketing costs.

With the facilitation support of the NGO iDE Bangladesh, this manufacturer and selected TBC members are currently planning a workshop that will aim at making a go/no-go decision to move forward, drafting a high-level business model with expected roles and benefits, and estimating the level of resources needed to take this forward with clear governance for the collaboration.

# Five lessons on co-creating collaborative and sustainable initiatives

This section draws lessons from the co-creation process used by the TBC to launch collaborative initiatives. The lessons learned from this approach will be of interest to other sectors where there are few sustainable, investable inclusive businesses in spite of immense needs (cf. Introduction).

## LESSON 1: START BY LEARNING FROM BEST PRACTITIONERS

**With the expertise and resources around the table, it tempting to build models tailored to TBC members. Whenever this was done, it did not really work. Learning from this experience, the TBC has built high potential models by scanning the world for on-going innovations, taking inspiration from existing best practices and filling gaps where a TBC contribution could be made. This process also enabled the identification of potential partners for initiatives.**

One of the motivations for Unilever's support of TBC initiatives is to open new markets for cleaning and hygiene products. So, when Unilever decided to support Svadha, it explored how it could bundle consumables to the value proposition. However, Svadha is not a servicing model but an equipment sales business, where entrepreneurs meet customers only once every few months and may be based hours away from them. FMCG sales cannot be achieved effectively through the entrepreneurs' channel.

This does not mean that there are no ways for a win-win partnership to happen. Svadha actually sees critical value in offering products that will ensure proper cleaning of toilets and hence consumer satisfaction, plus it needs Unilever' sales and marketing expertise to improve its own campaign effectiveness. They are now discussing what the best delivery model could be, but the lesson is that it had to start from Svadha's model, not Unilever's ambitions.

In that sense, the TBC's review of the existing market-based models (described in the previous section) was actually the necessary first step in identifying critical gaps where distinctive contributions could be made.

- In rural areas, the TBC learned how the development community had so far focused on toilet substructures (i.e. pit latrines and pans), which is

where most health benefits lie, and not superstructures (i.e., shelters), which is the part where users see most value. It saw an opportunity for business to develop and sell more integrated sanitary equipment, which could drive demand of families and commercial viability of initiatives. This is the model that has been promoted with Svadha in India and with a large manufacturer in Bangladesh.

- In portable toilets projects, the TBC identified key challenges in customer acquisition and servicing operations, and has sought to leverage the assets of a large utility such as Manila Water to make this model work better.

Finally, this process identified organisations that could become partners in initiatives, which is the case for Clean Team, Svadha, or iDE, who were all featured in the TBC's initial research in 2014.

## LESSON 2: INVOLVE PARTNERS IN CO-CREATION EARLY ON

**Co-creating initiatives requires involving key partners early on in an open and iterative process. In-person meetings are required to build the necessary trust for collaboration to happen. Many efforts may not actually lead to concrete opportunities immediately so expectations need to be managed carefully.**

Initially, the TBC tried to use a formal request-for-proposal process before realising this was not suitable for identifying practitioners, as such a process does not leave enough space to evolve the proposals and ideas on the table in an open and collaborative way. For example, originally Svadha was almost dismissed because it submitted a proposal that was not well aligned with TBC expectations. However, after working for four months with the Secretariat, the CEO of Svadha came to present a concept that was considered one of the highest potential opportunities.

Standard proposals are well suited to grant allocation but hardly fit the iterative process of partnership brokering. A co-creation process enabled Manila Water to evolve the design of Clean Team model, adapt it to local habits, and seek synergies with existing operations (e.g. using water bills for payment). Similarly, iDE evolved their concept many times after a series of meetings and workshops.

While co-creation is needed, it is important to recognise this requires significant trust between parties. In-person meetings are a must. For example, the collaboration with iDE did not move forward through at least 10 teleconference meetings – it took a meeting in London with TBC members and two senior iDE representatives to unlock the situation. Similarly, LIXIL Corporation's R&D team visited Laguna Water in the Philippines four times across 6 months. This was recognised on both sides as a key success factor in the collaboration, beyond the technical inputs generated.

Secondly, the rewards of co-creation are often not clear immediately but bear fruit over time. This requires careful management of expectations to avoid frustrations for organisations who collaborate:

> *I do think that a co-creation process is adding value and creates big opportunities for impact. However, contrary to a request-for-proposal process that an NGO like iDE is used to, it is very difficult to prepare for it. There is no timeframe or dollar amount against which we could allocate business development resources. Cordell Jacks, iDE*

If it is not through request-for-proposal, how to identify the right key partners? The TBC explored two different ways, and it is still early to say if one is better than the other. In both cases the fit with TBC was critical, e.g. quality of the team, alignment in values, commitment to developing a long-term partnership, opportunities to allocate TBC resources in the target geography. The scenarios are:

- "Brownfield" initiatives, with existing practitioners willing to adapt their current business model towards commercial sustainability with TBC support. This is the case of Clean Team or Svadha, which were included in the 15 practitioners identified in the initial screening
- "Greenfield" initiatives, with practitioners willing to try proposed models that could fit their assets and ambitions. This is the case with Manila Water's moving forward with the portable toilet model with the view to adapt it to its concession mandate

## LESSON 3: DECIDE UPFRONT WHICH PARTNERSHIPS TO SUPPORT

**Partnerships can bring a lot of value but building them is a complex, coordination-heavy process. Hence a formal decision of investing sufficient time and resources to do so is required upfront**

Setting up partnerships can bring a lot of value to initiatives. For example, TBC members have resources and assets that fill the gaps in many existing sanitation projects, e.g.:

- LIXIL Corporation, a global housing materials company and one of the largest sanitary equipment manufacturers worldwide, brings distinctive R&D capabilities to designing new toilet solutions.
- Unilever and Kimberly-Clark are world leaders in marketing and bring their knowledge to increasing consumer demand for sanitation
- Firmenich is a market leader in fragrance and scent technology and is able to develop tailored anti-malodour solutions
- The SFF and Grand Challenges Canada invest in innovative, early stage projects and follow them with progressive funding as they go to scale
- AFD and DFID have the resources to finance large scale projects and their ecosystems, for example microfinance institutions offering credit to families

However, the TBC quickly realised that the coordination efforts required to set up the initiatives are significant, including fostering understanding and alignment, securing commitments, and coordinating the collaboration.

> *"There are chicken-and-egg issues in starting partnerships. The process has been lengthy because iDE was trying to build a model fitting the strength of potential partners while TBC members were expecting iDE to say what we needed. If we had known from the start which TBC members were interested in collaboration we would have built a model leveraging their specific strengths." Cordell Jacks, iDE*

At all these stages, there is a need for coordination and project management, which requires strong commitment and involvement of the partner organisations, but also requires significant Secretariat support.

> *"Getting commitment from TBC corporates was great but converting it to an actual investment faced many roadblocks, the Secretariat provided helpful support with that" Garima Sahai, Svadha*

For example, Svadha needed to find a better brick technology. The TBC identified Lafarge's Durabric technology – strong bricks that don't require cooking and are hence advantageous for local construction, but also need special cement. Allowing Svadha to access this technology would improve its

profitability, make it less vulnerable to competition, and develop more versatile operations. A joint pilot should start by the end of 2015.

Due to the resources required for coordination, clarity is needed upfront around the partnerships that should be supported and how these efforts will be funded. This has proved particularly true for the TBC in situations where not all members want to support the same initiatives. This is why, in the case of Svadha for instance, partnership building has been funded by selected TBC supporters rather than by the common TBC budget.

## LESSON 4: ENGAGE WITH PUBLIC AUTHORITIES

**The TBC shows that business-led initiatives targeting the poor are unlikely to grow to scale without public authorities' support. Engaging these helps build the right ecosystem for success.**

> *"For a development innovation to be successful, engaging the local community and government is critical, particularly when it comes to sanitation. The TBC recognised this from day one" Andrew Taylor, Grand Challenges Canada*

For instance, Manila Water has access to a large customer base thanks to the concession it won from public authorities. Manila Water involved the other members of the TBC in their dialogue with the provincial government of Laguna and invited the Governor to one of the TBC meetings. Political support is also key as unfavourable regulations (e.g. regarding waste handling) could prevent the success of the model.

> *"The core of our strategy in Laguna is to bundle the portable toilet model, which has been developed in a fairly unregulated market with the utility model. Thanks to our mandate and local authority's support we could scale operations to 300,000 people in Laguna in a relatively short period of time" Perry Rivera, Independent Director and Group Director, Strategy and Development, Manila Water Company*

Clean Team launched operations in Kumasi, as it is able to work closely with the local municipal waste treatment solution. Clean Team has also worked to develop positive and favourable relations with regulatory authorities to help ensure the operations of its waste management activities.

Lastly, Svadha will benefit substantially from the Indian Government's financial support for households that cannot afford a complete toilet (Prime Minister

Modi's Swachh Bharat campaign). Without this, Svadha would be limited to households who can finance the hardware themselves, representing a mere 10% of families in Odisha.

## LESSON 5: THINK FUNDING AND GOVERNANCE BEYOND PILOT

**To become commercially sustainable, initiatives must be designed as profitable businesses from the start. This does not mean they can't receive grants initially, but these should not be a feature of the long-term business plan. Similarly, the governance should anticipate that initiatives will be turned into successful businesses, which raises important questions: Is the brand or technology protected by IP? Who has the right to replicate the model elsewhere?**

Financial sustainability is at the heart of the TBC DNA. Only if a sanitation model is profitable can it grow without grants and catch the attention of more and more businesses. Many projects claim they are sustainable when in fact they are not. This is why, for instance, the TBC does not promote traditional market-activation projects in rural areas, in which marketing activities will require grants forever.

The TBC learned that it is critical to think about exit from TBC in-kind support. This is true whether successful initiatives are ready to fly on their own, but this also means stopping support for the ones that do not show further potential after some time. Agreeing on criteria for both cases at the onset is key to building sound and transparent relationships with the practitioners pioneering these projects.

> *"We need to define clear measure of success for the initiatives but also be ready to kill a project if it does not meet its objectives" Perry Rivera, Independent Director and Group Director, Strategy and Development, Manila Water Company*

Second, the organisations that engage and invest in complex partnerships are ready to recognise that the outcomes are uncertain but want to make sure that they would be rewarded if these partnerships were successful.

> *"We don't know what the slice of the pie for iDE would be. We have a sense that global partnerships with large corporations could be strong, but it is difficult to justify putting resources there while there are a million grants that we could apply for" Cordell Jacks, iDE*

For example, LIXIL is developing a prototype portable toilet. In the Philippines this has been adapted to the Filipino market and logistics requirements of Manila Water. This represents a significant R&D investment into a new and untested market segment, while other competitors may also be developing and seeking to promote rival technologies and solutions.

A final question worth asking early is around the right to replicate. Svadha is investing substantially in designing and testing a model and would not want one of its current partners to launch a similar initiative in India independently. On the other hand, Svadha would encourage replication with other partners in different countries. For this eventuality, Svadha needs to design the appropriate agreement framework allowing for that with Kimberly-Clark, Unilever and Grand Challenges Canada.

# Ten lessons on creating a public-private alliance for social change

This section presents the TBC's learnings as a young public-private alliance. It will be useful to the members of the many other collaborative alliances seeking to tackle development issues (cf. Introduction).

## I. How to make collaboration possible?

### LESSON 1: START WITH VISIONARY ORGANISATIONS AND PEOPLE

**The TBC is tackling a complex challenge with an unproven approach.** 2.4 billion people around the world don't have access to improved sanitation – neither years of aid and philanthropy nor business-as-usual have found a solution. Collaborative approaches involving business, governments and non-profits are needed but they are also difficult to put together and risky. As Cordell Jacks from iDE states, it is very difficult to justify investing resources to build a project in collaboration with partners when you are unsure of the outcomes, and don't know what your organisation would get if the project is successful.

**However, the rewards could be great in terms of business, social impact, and new ways of working.** The TBC could make a real difference in solving the sanitation crisis while opening multibillion-dollar markets for services, equipment, and consumables. For example, a project like portable toilets in the Philippines could be scaled up to hundreds of thousands people just in a few years if Manila Water extends it to its concession area in Laguna, and replicated in many developing country cities reaching millions of people. Each new household represents an opportunity of $50-200 in equipment sales and hundreds of dollars in servicing. These longer term but distinctive results are key to member's motivations:

> *"We will have to demonstrate that initiatives we are supporting can be truly sustainable and scalable, and how the TBC brings a concrete difference. Otherwise we have no right to exist." Jon Hague, Unilever*

More broadly, the TBC generates learnings on successful public-private collaboration models that could be replicated in other sectors or for other causes.

*"The TBC is a formidable laboratory for new ways to do business, collaboratively and with a social purpose, which could eventually be promoted to the company level" Bérangère Magarinos-Ruchat, Firmenich*

**The right partners are organisations and individuals with a vision around development, an appetite to buy into the risk and long-term nature of the task, who are ready to stretch, and are ideally sector leaders.** First, the corporations that launched the TBC are all organisations with a strategic and visionary position on the role of business in global development. For example, the Unilever Sustainable Living Plan, refined under the leadership of Paul Polman, has been recognised as a leading-edge strategy in the corporate world. Second, beyond organisations, it is important that individuals are ready to stretch even further for initiatives like the TBC to flourish**.** The representatives of development institutions must have a personal belief that large corporations have a role to play in development and that win-win partnerships with business are possible. They must also be prepared to advocate for their positions within their organisations.

*"Bringing together all these different people with relatively limited resources and trying to tackle a global development issue was a big challenge. Yet we are still here, we pushed it forward, and we truly think it can be possible" Jean-Laurent Ingles, TBC Chairman*

*"What such alliances require are organisations with a common vision, and people with a touch of madness to dare what others would not"*

Bernard Giraud, President of Livelihoods Ventures, the organization managing investment funds in carbon credits and family farming, originally started by Danone but now counting 5 other corporate and public investors

Resource commitments may appear disproportionate when compared to the immediate results: How to justify getting the legal department of a leading FMCG company to spend days figuring out how to invest a few hundred thousand dollars into a small Indian venture? Or getting the R&D team of a global sanitary equipment manufacturer to design a toilet specifically adapted to a model that has not reached more than a few thousands families yet?

Finally, the need for sector leaders comes from the fact that in an alliance like the TBC no direct corporate competitors can sit around the table, hence the need to bring together the organisations with the strongest potential for impact.

## LESSON 2: STATE THE CORE ALLIANCE VALUES EXPLICITLY

**The TBC shows that explicitly stated values can act as a compass in a world of ambiguity, diverging agendas, and multiplying possibilities.** As stated by Albani and Henderson from McKinsey "collaboration should be anchored by an exciting, big idea and create a vision that others will mobilize behind"[7]. For the TBC this "exciting, big idea" lies in three core values: 'market-based solutions', 'action-driven focus', and 'collaborative approach'. It was important to state them explicitly as a basis of understanding between TBC members from radically different backgrounds.

> *"The Alliance includes more than 1,300 NGOs, private sector enterprises, national governments, research and academia partners and UN agencies involved in the field of clean cookstoves and fuels, who support the Alliance's core principles: market-based approach, commitment to scalability and fuel neutrality, focus on consumer needs…"*
>
> Leslie Cordes, Senior Director of Strategic Partnerships for the Global Alliance for Clean Cookstoves, which is working to promote a thriving market for clean cooking solutions

The TBC's experience shows a contrast before and after June 2014 when these values were made explicit, and have since guided the decision-making process across selecting initiatives, co-opting members or allocating the budget. Indeed, while these values are broad, concrete implications can be drawn from them. For instance, most of the resources committed before June 2014 were allocated to research and communications but did not lead to the actual launch or support of initiatives.

Recognising "action-driven focus" as a core value helped reallocate budget and resources in this direction. Explicitly stating the "market-based solutions" as the TBC's focus helped define the criteria for TBC initiatives: the priority is commercial sustainability, initiatives may have lower penetration among very poor households who are unable to pay, and need to be complemented with subsidy or micro-finance schemes to achieve broader coverage.

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[7] Albani, M., and Henderson, K. (2014), *Creating Partnerships for Sustainability*, McKinsey & Company Insights

**Explicit values help in the selection of members that come with the right individual spirit, while their organisations bring distinctive resources and knowledge.** Because of the social purpose of the alliance, members also join because of personal motivations, and these need to be aligned with the values of the alliance. This has proved a major driver to the dynamics of the alliance.

> *"Kimberly-Clark is doing it for several reasons but the most important is because proper and dignified sanitisation is essential for a better life and that is the essence of our company. Standing up for your principles in projects like this also help us attract the right talent to our company, reinforce CSR initiatives, and be on the lookout for new markets. On a personal note, having grown up in my beloved Mexico where poverty causes all sorts of issues, you can see first-hand the effects of improper sanitization. This makes me have a deep and personal commitment to the TBC. I believe this is the most rewarding project I've had the honour to participate in my 24 years of professional career" Mauricio Troncoso, Kimberly-Clark*

So while it is key to select organisations that bring the right assets to the alliance – networks, consumer knowledge, R&D, funding, etc. – it is as important to ensure that their representatives come for the right reasons.

## LESSON 3: INVEST IN TRUST-BUILDING AND VISION ALIGNMENT

**Experiences with the TBC show that while the overall vision may be shared, members come with very different and evolving agendas.** In a paper for the Harvard Kennedy School, Bekefi states, "though the ideas about the final outcomes are generally the same, each partner may have differing expectations and motivations"[8]. This is precisely the case for TBC members. The motivations of corporates range from developing new markets for products, equipment and services, collaborating and learning from others, exploring innovative models and solutions, attracting young talent via social purpose projects, or reinforcing their communications. Development players and experts may have similar motivations for learning from the private sector, collaborating to build new models that can contribute to their mandate, and may also be

[8] Bekefi, T. (2006), "Business as a partner in tackling micronutrient deficiency: Lessons in multisector partnership." *Corporate Social Responsibility Initiative Harvard University*

looking for potential future investments. Motivations and constraints may change, e.g. one TBC company recently underwent a major restructuring with implications on its strategic agenda. Also, members may change position within their organisation or be replaced by new representatives with different personal motivations.

> *"In any partnership, the key to success is ensuring 'alignment of values' with a focus on 'trust'. At first, the Chairman plays a critical role in helping to shape the culture of a partnership. You will know a partnership is on the right track when the established culture permeates through all members. First comes values and trust... everything else follows." Andrew Taylor, Grand Challenges Canada*

**Discussing organisational and personal agendas is a must.** The TBC has learned from its own mistakes – as it did not do it sufficiently in early days – that it is key to give the opportunity for members to voice their motivations and constraints in order to create understanding and alignment.

> *"We had an open session to discuss why we were here. Even if more questions were asked than conclusions reached, we could understand why we were here and this helped create a much more sound basis for collaboration" Sarah Hedley, SFF*

**This is better done in person and repeated on a regular basis.** While organising regular in-person meetings, assembling members from around the world, is costly, this is key to building the necessary trusting relationships and therefore worth the investment.

> *"Initially I thought that meeting in person three or four times per year was expensive and unnecessary. I realised that I was mistaken. The fact that we could meet face to face frequently was really good in building the collaboration" Jon Lane, Independent Director*

> *"Alignment is always very progressive, even if you spend a lot of time on it"*
> Bernard Giraud, President of Livelihood Ventures

**Trust is the basis for effective collaboration**. TBC members got to know each other better over the first year and recognise that building relationships has helped significantly in working together.

*"Everything just goes faster when people know each other. When people come as substitutes they need to be sufficiently invested otherwise it doesn't work." Cécile Denormandie, AFD*

## LESSON 4: ACCEPT AND MANAGE AMBIGUITY

**There can be ambiguity in strategy, agendas and commitments, which cannot and should not necessarily be resolved immediately.** For example, the TBC first worked with some ambiguity around what success should look like; at first it did not define clear progress indicators, such as "number of toilets sold by 2020", or "total funding leveraged". Yet, with the benefits of hindsight, it was opportune to wait at least until some initiatives were actually launched before defining indicators.

*"In the beginning there was ambiguity around the criteria to measure success which normally I would consider critical to success. But now I appreciate we could have 'thrown the baby out with the bathwater' and missed interesting opportunities by strictly limiting ourselves from the outset." Vikki Bolam, LIXIL Corporation*

**The only way to clarify ambiguity is often to apply it to concrete cases, and not theoretical discussions.** For example, the first initiatives helped define the scope of the projects that the TBC was willing to support. In the Philippines, Manila Water proposed to launch a venture where financial viability relies on an exclusive municipality contract. This allows Manila Water to charge all households in its concession area with a given tariff independently of the service they receive (portable toilet servicing or septic tank emptying). While this model would not be possible under free market conditions, the TBC decided that it should fully support it, like all initiatives relying on public sector support that have a potential for sustainability, scale and replication.

**From the TBC's experiences, it is the chairman's role to manage this ambiguity and make decisions on a case-by-case basis.** Indeed, this role requires not only a good understanding of members' agendas, but strong leadership in setting priorities under ambiguity. For example, the chairman strongly oriented the TBC towards prioritising delivery with initiatives in spite of some uncertainties in the TBC ambitions and structure.

*"The chairman pushed the Secretariat to move as fast as possible with initiatives rather than get all the governance and engagement right from the start. That was a brilliant decision." Mauricio Troncoso, Kimberly-Clark*

*"The early days of any alliance are fraught with conflicting interests and competition: multiple players will have to be satisfied, and some of them are revising their personal agendas every 6 months. It's the job of the chair to have the vision to identify a convergence point to move forward, the political acumen to refer to common values and build personal relationships, as well as the ability to entertain some ambiguity because of the uncertainty of success. You have to reinvent yourself all the time, otherwise you'll go out of business."*

Marc Van Ameringen, Executive Director of the Global Alliance for Improved Nutrition (GAIN), an alliance launched at the UN in 2002 to tackle the human suffering caused by malnutrition

Finally, the chairman needs a certain level of "independence" from the decisions being made. For this reason there is a Unilever representative in the Steering Committee, which enables the chairman not to represent his company during meetings.

## II. How to make collaboration efficient?

### LESSON 5: DESIGN SOUND GOVERNANCE STRUCTURE AND ITERATE

**The TBC illustrates that a diverse group of people is necessary by design.** The TBC was built on the basis that no player could solve the sanitation crisis alone. Its mix of corporations, government agencies, multilaterals, sanitation experts and non-profit organisations – from Asia, Africa, Europe and the Americas – is its key strength, provided collaboration can be done efficiently.

**However, putting everyone into one room without structure and clarity of roles, hoping clear action would emerge, is illusory.** As Garrette and Dussauge explain in a European Business Forum paper, "without specifying who is responsible for what tasks, alliance implementation becomes an almost random event, rather than an effective management activity"[9]. One essential step is to separate decision-making roles, advisory roles, and Secretariat responsibilities (management, administration, communications, etc.). The TBC

[9] Dussauge, P., Garrette, B., and Mitchell, W. (2000), "How to get the best results from alliances." *European Business Forum (3)*

governance and structure was formally established in June 2014. It organised the alliance into three distinct bodies: the Steering Committee, the Partnership Council and the Secretariat (see previous section for more details).

> *"Just throwing everyone in a room and hoping they will assemble when you haven't thought through complementarity is not effective. We moved forward when we made a different structure of the board to play to the strengths of each of the members." Jon Hague, Unilever*

> *"On a Board, you want people who have skin in the game: no conflicts of interest, but understand intimately the space, and the implications of the strategic choices before the organisation, whereas in an advisory role, members should have no fear of losing money or face and freedom to give the best advice possible."*
>
> Marc Van Ameringen, GAIN

**Finally, a certain amount of flexibility and fluidity is necessary, as opportunities emerge, commitments evolve, interests shift, etc.** For example the initial role of independent directors was restricted to discussing the strategy of the TBC. However, some of them wanted to contribute on initiative design and development, which they now do through involvement in Partnership Council meetings. Another example, which is still in development at the time of this report, is the role of the Partnership Council. The Partnership Council is a good platform to seek advice, expertise and explore synergies, as well as identify resources (donor funding, or expertise, or contacts). However its members do not have the bandwidth to propose solid new initiatives. To overcome this, the TBC is considering different options to improve its functioning and remove the imperative for creation of new initiatives.

## LESSON 6: ENSURE MEMBERS HAVE THE RIGHT LEVEL OF SENIORITY

**Decisions need to be made collaboratively and often on the spot.** If this were not the case, progress on initiatives would stall. It would be extremely inefficient, if not impossible, for complex decisions involving 10+ organisations to be made. Over the past year, these decisions have ranged from "Should we recruit an Executive Director?" to "How much resource can your organisation commit towards next year's budget?" or "Are you willing and able to invest in this project?"

**Members should be senior enough to signal commitments and be able to follow through within their own organisations.** Senior members can also leverage their organisations' resources more easily, and follow through on their commitments. For example, for the TBC Next Generation Toilet effort, LIXIL Corporation, Firmenich, and Unilever had members of their R&D teams dedicated to advancing on the technological issues confronted by the TBC initiatives.

> *"One key to the success of the TBC in the coming years is to sustain the level of leadership which we have today and ensure that commitments of partners are sustained over time" Perry Rivera, Independent Director and Group Director, Strategy and Development, Manila Water Company*

In another example, Unilever, Kimberly-Clark and Grand Challenges Canada committed funding and human resources to support Svadha. Providing these resources proved complex, as it fell outside the existing processes in these organisations, so the members mobilised legal and project management team internally to move forward and find a solution.

## LESSON 7: BALANCE SECRETARIAT RESOURCES CAREFULLY

**In the beginning the TBC Secretariat focused on settling governance and starting initiatives. Getting quick wins on this front was required to fuel commitment.** Ranjay Gulati, Professor at Harvard Business School, was invited to one of the first TBC meetings to share insights on alliance management. He gave a strong recommendation that the TBC focus on getting quick wins with initiatives. The TBC Secretariat initially dedicated its resource to settling the governance and supporting initiatives. In the first months, paperwork was heavy and somewhat frustrating: only after the first concrete achievements with initiatives did the group gain the momentum that validated the TBC vision. These quick wins consisted in endorsing Clean Team as the first TBC initiative, and launching a feasibility study in Manila.

> *"One of the most powerful things is showing Clean Team, with actual pictures and actual people. You should never underestimate how much that brings to life." Mauricio Troncoso, Kimberly-Clark*

**However, the Secretariat then had to leave room for members to "get their hands dirty", to create ownership and commitment.** The Secretariat was initially driving most of the work on initiatives at the expense of members' ownership. For example, the model that the Secretariat proposed for initiatives

in rural areas was strongly challenged by a few members. The chairman created a subcommittee of members to test the model hypotheses with practitioners directly. They did their own assessments, interviewed practitioners, and came back with recommendations to the group a few weeks later. This led to the emergence of a promising initiative in rural India, which was fully supported by the group.

> *"At the beginning of the TBC the Steering Committee was not fully functional, so it is normal that the Secretariat stepped into the vacuum. Now the Steering Committee is in the lead, things are clearer and better" Sarah Hedley, SFF*

The shape of TBC meeting agendas also illustrates the transfer of ownership from the Secretariat to TBC members. In the first meeting, 80% of the agenda was led by the Secretariat. While this enabled quick movement on which initiatives would be supported and who the TBC would partner with, this could never create the sense of ownership and commitment needed for success, nor fully leverage the benefits of collaboration. Today the Secretariat leads only 10% of the sessions, since TBC members lead the initiatives and work streams.

**Finally, there will always be a lot of coordination and behind-the-scenes follow-ups to ensure initiatives progress and meetings are fruitful.** There is still lot of coordination behind the scene for the Secretariat. In the above example of the subcommittee testing the rural model hypotheses, the Secretariat was needed to arrange interviews with practitioners and help synthesise them.

> *"To create ownership you need members to drive and a coordinator to facilitate. If you take too much of this on, members then become more passive. If you do too little then people just get consumed in their day jobs." Richard Cox, salt*

The need for this balance can also be observed in the initiatives: although Unilever, Kimberly-Clark and Grand Challenges Canada are committed to invest into Svadha, the Secretariat needs to play a hands-on role to make the investment happen, and design a viable financing mechanism.

## LESSON 8: WORK IN SMALL GROUPS WITH CLEAR RESPONSIBILITIES

**Since it was restructured in June 2014, the TBC has been careful in limiting meeting attendees, knowing that large committees make agile decision making difficult.** The creation of three different bodies for the TBC

was meant to reduce the number of people around the table, making the meetings more efficient. There are officially 12 Steering Committee members. However, between initiative representatives, special guests, and the Secretariat team, the minimum number of participants to an official Steering Committee meeting has been 20. If these participants did not have pre-defined roles and responsibilities, the meetings would be less productive, as the TBC learned early on.

**Getting people to collaborate in small workgroups is more efficient in regards to decision making, gets things done faster and creates opportunities for relationship building between members.** The TBC has prospered with small workgroups, whether focused on the initiatives, governance, or funding. These workgroups typically prepare recommendations to be presented during Steering Committee meetings. The need for strong preparation to shape decisions is emphasised by the TBC members meeting only 3-4 times per year and having many other priorities in between. As suggested by several members, one potential next step for the TBC would be to create small workgroups to support and monitor initiatives.

> *"Now we have seen it work, we could have a small committee for each initiative including an independent director for each of them." Jean-Laurent Ingles, TBC Chairman*

Today, representatives of Clean Team, Manila Water, and Svadha share updates with the Steering Committee during TBC meetings.

> *"A critical feature of the TBC is its ability to be entrepreneurial, both in identifying bold challenges and in bringing top minds to the table to help solve them. The true power of the TBC is its ability to leverage the knowledge and experience of its members to tackle grand challenges in sanitation. For this, a high level of rigour is required." Andrew Taylor, Grand Challenges Canada*

One proposition initially made by Neil Jeffery, CEO of WSUP and representative of Clean Team in the TBC, would be to create a workgroup of 3-5 TBC members that meets three or four times per year for longer working sessions, deep-diving into specific issues and scoping solutions.

*"We structured our project crafting process in mixed teams, led by 2 project leaders, reporting to an investment committee. We structure members' work and don't fully delegate taskforces in order to retain ownership."*

Bernard Giraud, President of Livelihood Ventures

## III. How to make collaboration impactful?

### LESSON 9: SUPPORT MEMBERS INTERNALLY WHILE STEPPING UP COMMUNICATIONS

**Members need to get support from the organisation behind them, so their efforts can be meaningful and powerful.** The TBC shows that internal support is key for members to obtain the necessary resources (financial and HR), follow through on initiatives, and progressively institutionalise the effort within the company, i.e. align processes, involve more staff, and reduce dependency on the leadership of a single individual. For example, Perry Rivera needed this support to start a feasibility study in Manila, Mauricio Troncoso to find volunteers to support Svadha, Charlie Beevor to invest into the development of marketing materials for Clean Team, etc. This can be contrasted with one of the TBC member companies that underwent a major restructuring of its governance during which it was difficult to get traction for the TBC, slowing progress on its work.

**One way to get internal traction, as discussed above, is to have senior members bring their organisations with them. Other ways that work are a) involve top leadership, b) involve staff, and c) leverage external communications to drive awareness internally.** Indeed, a) there is the potential for the TBC to leverage the CEOs of its member organisations when more success is demonstrated in the field. Then, b) getting staff involved in initiatives has already proved successful, e.g. Kimberly-Clark have sent staff to a workshop in India and proposed other executives get involved in supporting TBC initiatives - within a couple of weeks more than 40 senior expressed a willingness to volunteer their services! Vikki from LIXIL Corporation explains that managing to involve its R&D team was an initial challenge but also critical in driving commitment:

*"LIXIL has many long-term future-oriented R&D projects and was not looking to set up a new one at the time. But by presenting this as a concrete business opportunity rather than a CSR project enabled us to get commitment to develop the idea further", Vikki Bolam, LIXIL Corporation*

Finally, c) building a public profile for the TBC has helped gain traction within the member organisations. For example Shweta Shukla, Director of Communications and Government Affairs at Kimberly-Clark Asia, who is now coaching the Svadha initiative in India, first heard of her company's involvement with the TBC via an article published in the Guardian.

**Alliances like the TBC then need to progressively step up their external communications to attract resources, to influence policies, or to trigger replication**. External communications is a key element in the TBC theory of change, which relies on the success of a few breakthrough initiatives inspiring other corporates and governments to replicate them. As mentioned by one Steering Committee member in the quote below, in order to be powerful the external alliance communications should be differentiated from (and come on top of) members' corporate communications.

*"TBC communication should focus on the initiatives, not auto-promotion of companies – this will show the benefits of collaboration" Berangère Magarinos-Ruchat, Firmenich*

The consensus so far has been to keep communications low profile until there are concrete impact from the initiatives to report on. The TBC's profile will build naturally through transparency about progress and challenges - this will help members engage colleagues and rally others. As the communications agency of the Toilet Board rightly notes:

*"What we are trying to do is to solve a very difficult problem. Nobody has the solution yet but we must encourage the debate and leverage the amazing army of spokespeople that we have within the TBC." Richard Cox, salt*

## LESSON 10: DESIGN A SUSTAINABLE FUNDING STRATEGY

**The resources needed to run an alliance like the TBC should not be underestimated.** It takes time and money to develop collaborative initiatives and get these up and running. The TBC budget in its first year was in the range of 500-700,000 Euros. It will need to be increased now a solid structure with an

Executive Director is established, and should continue growing with the step up of activities, in particular in support initiatives.

> *"Getting the right level of support to the initiatives will require a lot of resource during the first two or three years for each of them at least." Cécile Denormandie, AFD*

**If the budget is paid by members' donations, split in relatively equal terms - organisations join the decision-making body when they put their money where their mouth is**. Initially, Unilever was the sole financial contributor to the TBC. Today, the alliance requires a contribution of 100-150,000 Euros per year from its Steering Committee members. This ensures that they are committed to driving the alliance.

> *"While originally it was mostly Unilever driven, we have now a real solid group of five funding members who are leading the Board dynamics in a collaborative manner." Jon Lane, Independent Director*

**However, donations often come with strings attached...** The TBC is questioning the implications of funding from public institutions, which often comes with strong reporting requirements and may limit the freedom of the alliance in shaping its own strategy.

> *"Combining donations and revenue-making activities is necessary but not obvious. On the one hand, there is a need to find new revenue streams that are not ear-marked grants; on the other hand, it is a challenge to sell these two sides that can seem contradictory, as people will ask: Is this more about business, or helping the world?"*
>
> Marc Van Ameringen, GAIN

**…And they may not be sufficient as the alliance grows. In the case of the TBC, funding for initiatives over years could be tricky, and may require other mechanisms.** So far, the funding of technical assistance has been organised on a case-by-case basis. For example, Unilever paid for an initiative workshop in India facilitated by the Secretariat that could not be funded by TBC budget. Over time, the TBC will need to find more consistent funding routes. One way would be to have initiatives and funders pay for part of the support they get from the TBC. This would also ensure that the TBC remains focused on delivering distinctive, high value added services to the initiatives, which would be treated as valuable "clients", and not as grateful beneficiaries.

# Executive director's afterword

I joined the Toilet Board Coalition as its inaugural Executive Director in autumn this year, having come from a background of experience in the coordination of cross-sector collaborations in the space where business and social impact intersect. Reading this report and its highlights of the inspiring progress already championed by the TBC, I feel more motivated than ever to be joining this important quest for change. I have been deeply impressed with the level of engagement and investment that has so far been leveraged by the Coalition's members who come from the business, development and social investment worlds. These organisations, leaders in their respective sectors, are demonstrating their deep commitment to supporting and accelerating commercially sustainable business models dedicated to sustainable and resilient sanitation systems - one of the world's greatest challenges today.

This Coalition could not have been formed at a more decisive time in the global development world. September saw the launch of the Sustainable Development Goals (SDGs), which follow the Millennium Development Goals (MDGs). Under the MDGs, the world has been alerted to the global sanitation crisis that we are facing today. While in the past two and a half decades since 1990, 2.1 billion people gained access to sanitation, an even greater number – 2.4 billion - still have nowhere safe to go to the toilet.

The issue is urgent. It is unacceptable to have anyone live without access to a safe and healthy toilet inclusive of a complete sanitation system that enables their safe and sustainable use. The latest report from the WHO/UNICEF JMP for Water Supply and Sanitation, states that to achieve SDG 6, universal access by 2030, current rates of reduction for open defecation must be doubled. New approaches to delivering sanitation to low income consumers at affordable prices will be integral to achieving this. We have all of the tools; we now need to accelerate solutions. The Coalition aims to demonstrate that sanitation can be delivered profitably to underserved communities. In doing so, we will catalyse a new business sector: market-based sanitation solutions tailored to the needs of low-income families and individuals. Building a coordinated sanitation ecosystem, one that aligns businesses, utilities, governments and civil society, will help achieve the impact we all want to see.

As this report shows, the Toilet Board Coalition has been bold in its approach, innovating at every step, since its launch last year. From its unique public

private partnership model, to its hands on approach to working with promising initiatives, it has sought to think differently about solutions to the global sanitation crisis. Over the past months I have had the opportunity to consult with our global sanitation community expert members who have been resounding in their optimism for increased private sector engagement on this important issue. From the perspective of the TBC's corporate members, producing this paper gave them the opportunity to reflect on the power of the Coalition, compounding their confidence, and demonstrating that the whole is a much greater force for change than the sum of its parts. Most importantly, the members unanimously expressed that now, equipped with lessons of the past year, we need to move faster to scale solutions. From our learning to date we recognise that not all initiatives will be successful, many may fail. But we need to fail fast, and build on all ideas as we move to next generation solutions.

As we move into 2016, I have proposed an "Accelerator" approach to the way we work. Our focus is on refining our process to amplify our support to innovative sanitation initiatives, that take a full system view, and that keep an eye on resilience into the future. Collaboration is at the heart of how we work in the TBC. The potential gains of closer interaction between businesses, NGOs, academia, investors and governments, shaping a strategic agenda for the delivery of sanitation across Asia, Africa and Latin America cannot be underestimated. We are already working to better harness the depth of expertise that exists within the leading organisations of our membership, to build our pipeline, and expand our reach through new networks. By this time next year, I expect our governance to have evolved further as we welcome more likeminded members from across the corporate, investment and development worlds to support a diverse array of innovative sanitation businesses.

If you've been reading this report and find that our vision strikes a chord with your own, please get in touch. For more information about the work of the Toilet Board Coalition, visit toiletboard.org, or contact me directly at hicks@toiletboard.org. I look forward to hearing from you.

Cheryl D. Hicks

Executive Director, Toilet Board Coalition

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# Appendix

This appendix provides short descriptions of the four other alliances cited in this report: the Global Alliance for Clean Cookstoves (GACC), the Global Alliance for Improved Nutrition (GAIN), the Cities Climate Finance Leadership Alliance (CCFLA), and the Livelihoods funds.

## I. Global Alliance for Clean Cookstoves (GACC)

### History and Vision

The Global Alliance for Clean Cookstoves (the Alliance) is a public-private partnership launched in 2010 at the Clinton Global Initiative to save lives, improve livelihoods, empower women, and protect the environment by creating a thriving global market for clean and efficient household cooking solutions. The ten-year initiative is working with a network of public, private and non-profit partners to accelerate the production, deployment, and use of clean cookstoves in developing countries.

A first phase from 2010 to 2014 was dedicated to launching global and in-country efforts to rapidly grow the sector, helping over 20 million households adopt cleaner and more efficient cookstoves and fuels. A second phase from 2015 to 2017 is focusing on driving investments, innovation, and operations to scale, with an ambitious goal of enabling 60 million households to adopt clean cooking solutions by 2017. The Alliance's "100 by '20" goal calls for 100 million households to adopt clean and efficient cookstoves and fuels by 2020.

### Strategy

The Alliance built its strategy from an unprecedented consultative process with the global cookstoves and fuels sector. As Leslie Cordes, Senior Director of Strategic Partnerships at the Alliance puts it*: "The first thing we did after we launched the Alliance was to gather 350 of the world's leading experts from a cross-section of related disciplines to serve on a range of Working Groups and Cross-Cutting Committees*[10] *to analyze and rank the various components of*

[10] Reaching Consumers, Technology & Fuels, Standards & Testing, Climate Research, Health, Finance & Investments, Carbon Finance, Monitoring & Evaluation, and Humanitarian Working Groups, and Gender and Manufacturing Cross-Cutting Committees.

*what a strategic intervention to foster a healthy market for clean cookstoves and fuels might look like. Led by co-chairs with expertise in specific subject areas, participants collaborated over six months to develop a suite of short- and long-term recommendations that detailed the key steps necessary to transform the global market for clean cookstoves and fuels and bring it to scale. The Working Group's recommendations formed the basis for Igniting Change: A Sector Strategy for the Adoption of Clean Cookstoves and Fuels."*

This sector strategy is developed along three priorities:

Enhance demand: the Alliance runs local campaigns to raise consumer awareness of cleaner cooking options and stimulate behavior change. It also conducts research to better understand consumer needs and purchasing power, and provides end-user finance to facilitate the accessibility of products.

Enhancing supply: the Alliance pools donors' resources to provide grants and technical assistance for clean cooking ventures, both early-stage projects (Boost, Pilot Innovation Fund, and Women's Empowerment Fund) and established enterprises (Spark Fund and Working Capital Fund). It invests in R&D to increase the range of clean cookstoves and fuels adapted to meet consumer needs, and helps enterprises increase access to carbon credits. The Alliance has a strong focus on gender and has developed specific programs and toolkits to train and provide grants to women entrepreneurs.

Foster the enabling environment: the Alliance issues grants for research demonstrating the benefits of clean cooking solutions, and is working with a range of global partners to develop international standards including methodology for testing performances of cookstoves and assessing social impact. The Alliance is also engaged in advocacy and policy crafting at the national and international level and supporting global research projects to build the evidence base for clean cooking solutions

To implement this strategy, the Alliance prioritized six initial focus countries during Phase I (2011–2014) including Bangladesh, China, Ghana, Kenya, Nigeria, and Uganda. It selected Guatemala and India as additional focus countries in 2014. The Alliance has worked with leading sector stakeholders in each focus country to develop country action plans which identify intervention options, detail partner commitments, and highlight areas for potential Alliance and stakeholder engagement. Additional focus countries may be named in the future as resources allow.

**Partners and Governance**

The Alliance has over 1300 partners: around 500 NGOs, 500 private sector enterprises, 150 national governments, 150 research and academia partners and UN agencies.

The Leadership Council provides guidance and includes 11 leading personalities: Hillary Rodham Clinton, Antonio Guterres, Friedrich Kitschelt, Gina McCarthy, Mary Robinson, Abubakar Bukola Saraki, Grant Shapps, Hanna S. Tetteh, Wang Shi, R. Venkataramanan and Xie Zhenhua.

The Advisory Council provides advice on strategic matters including decisions related to its mission, programmatic focus, growth, and development, and consists of 7 members.

The Secretariat handles day-to-day affairs, with 30 full-time staff.

**Impact**

The Alliance has strengthened close to 200 enterprises across the clean cooking sector, 28 of which have collectively increased cookstove production by more than 300% and have doubled their fuel production.

It has mobilized global investment in the clean cooking sector, stimulating more than $400 million in pledges to the sector (both grants and investments).

The Alliance has helped 28 million households access clean cooking solutions, beating its own projections, and is well under way to meet its goal of helping 100 million households adopt clean and efficient cookstoves and fuels by 2020.

**Sources**

Interview with Leslie Cordes, Senior Director of Strategic Partnerships for the Global Alliance for Clean Cookstoves

www.cleancookstoves.org

*Five Years of Impact: 2010-2015 report*

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## II. Global Alliance for Improved Nutrition (GAIN)

### History and Vision

GAIN is an international organization established as a multisector alliance headquartered in Geneva, Switzerland. It was launched in 2002 at the UN Special Session for Children with the objective of accelerating global efforts to end malnutrition. GAIN's program has focused on five key areas: Food Fortification, Maternal Infant and Young Child Nutrition, Agriculture-Nutrition, Business Partnerships and Monitoring, Learning and Research. These programs have been delivered in 50 countries around the world. Since its creation, GAIN has established a number of partnerships and platforms. One example is the Amsterdam Initiative Against Malnutrition started in 2009, with the Dutch Ministry of Foreign Affairs bringing together 30 partners such as Unilever and DSM, currently implementing 8 projects tackling malnutrition. In 2012, it co-chaired (alongside the World Food Program) the Scaling-Up Nutrition Business Network, a platform for collaboration, which gathers more than 2,000 organizations.

### Members and Governance

GAIN's Board is composed of two main structures, a Board of Directors and Partnership Council, which is an advisory body. The Board of Directors is the decision-making body, meeting twice a year. It has 11members consisting of representatives from different stakeholders and experts as well as from donor organizations

GAIN Partnership Council, comprising 15 members, which include GAIN's major partners and representatives from key constituency. The Council meets once a year with the Board and advises the Board on strategic priorities and investments. It also hosts a forum to review partnership opportunities and evaluates current successes from GAIN or its partners.

The secretariat consists of 170 staff in 18 different offices around the world. There are many different structures in the Secretariat, two of the most important are: the Executive Management Committee discusses strategy and seeks consensus, and the Operations Committee which ensures strategic priorities are followed and handles day-to-day management.

**Impact**

GAIN had defined several measurable targets, e.g. reaching 1 billion people with access to affordable and nutritious food by 2015, reducing micronutrient deficiency by up to 30% among women of childbearing age and children under 5 years of age in its country of operations, etc. As Marc Van Ameringen, Executive Director of GAIN, puts its "*we picked goals that could be measurable, deliver quick wins in the short term but set sufficiently high ambitions for the longer-term*."

By 2014, GAIN had helped almost 900 million people access affordable and nutritious food at a cost of $0.25 per person. Micronutrient deficiencies of women and children were reduced by 20-30 %. For this, GAIN had supported national food fortification programs in 40 countries.

**Sources**

Interview with Marc Van Ameringen, Executive Director of GAIN

www.gainhealth.org

## III. Cities Climate Finance Leadership Alliance (CCFLA)

### History and Vision

CCFLA was launched in September 2014 at the UN Secretary-General's Climate Summit, with the vision to drive the collaboration necessary for cities to tackle challenges posed by climate change. This collaboration will involve city networks and leaders, banks, national governments, development finance institutions, private sector, and civil society organisations.

CCFLA's mission is "to catalyze and accelerate additional capital flows to cities, maximize investment in low-carbon and climate-resilient infrastructure, and close the investment gap in urban areas over the next fifteen years". CCFLA has a specific focus on poor and vulnerable communities in cities. Today it brings together over 30 leading institutions that have committed to expanding their ongoing individual efforts, seeking collaboration for synergies, facilitating experience and best practices sharing, and advocating for a better enabling environment.

As Agnès Biscaglia, AFD representative at CCFLA, mentions: "*At the moment advocacy is at the core of CCFLA mission, for example we expect to make things move towards catalyzing additional low-carbon, resilient investments to cities through CCFLA's members initiatives that could be launched at the COP21 conference in 2015*."

### Strategy

CCFLA has agreed on three broad objectives, and is currently defining strategic targets and work plans:

- Increasing visibility: Analysing and highlighting the current flows, the existing solutions to scale, and the "investment gap" to mitigate the risks associated with climate change
- Increasing capacity: Identifying barriers and solutions, such as policy environment, institutional arrangements, skills and knowledge, that are necessary to increase investment in low-carbon climate-resilient infrastructure
- Increasing supply: Mobilising existing and new models of public and private investments that are scalable and replicable, working with public and private investors (e.g. through roundtables and workshops)

**Governance and members**

CCFLA is still new and has not settled its governance yet. The UN General Secretariat Climate Change Support Team currently operates the daily administration and facilitation.

Members include multilateral institutions (e.g. UN-Habitat, UN Secretary General's Climate Change Support Team), development banks (e.g. African Development Bank, Agence Française de Développement, KfW), private banks (e.g. Bank of America Merrill Lynch, Citi Group, Deutsche Bank), national governments (e.g. USA), foundations (e.g. Bloomberg Philanthropies, Gold Standard Foundations), universities (e.g. Johns Hopkins University School of Advanced International Studies), and other city collaborative initiatives (e.g. Cities Development Initiative for Asia, Climate and Clean Air Coalition).

**Impact**

The first two actions of CCFLA are the publication on the state of the sector, i.e. investment in low-carbon and climate-resilient infrastructure in cities, and a website constituting a platform to enable policy dialogue.

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Interview with Agnès Biscaglia, AFD Local Authorities and Urban Development Division in charge of CCFLA

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## IV. Livelihoods funds

### History and Vision

The Livelihoods funds are two investment funds that bring together large corporations to invest respectively into carbon programs and sustainable farming projects. While these are not alliances *per se*, these funds provide an interesting example of multi-partner private sector initiatives. Indeed, as Bernard Giraud, President of Livelihoods Ventures, puts it *"The core motivation for this coalition is that we ourselves don't have the answer to the challenges posed by an ever more complex world. Businesses need the entire chain and intermediaries to change".*

Danone, the Ramsar Convention on Wetlands, and the International Union for Conservation of Nature initiated the first fund in 2008. In 2011, it was renamed Livelihoods Carbon Fund after 10 large corporate investors joined. In 2014, the management team, now working under the name of Livelihoods Ventures, started a second fund named Livelihoods Fund for Family Farming. The latter, where Danone and Mars Inc are the first two investors, seeks to improve small farmers' incomes through sustainable farming practices.

### Strategy

First, the Livelihoods Carbon Fund invests into projects focused on ecosystem restoration in developing countries in order to generate carbon credits that are paid back to corporate investors. Three types of projects are targeted:

- Agroforestry, e.g. project supporting farmers in Andhra Pradesh to plant 3 million fruit trees, providing shade for coffee plants and increasing yields for 10,000 coffee farmers
- Mangroves restoration, e.g. project planting 16 million mangroves in the Sundarbans region in India to strengthen resilience to flooding
- Sustainable rural energy, e.g. project supporting local production and distribution of 60,000 improved cook stoves in Kenya

These are mostly NGO-led programs, which receive technical assistance coordinated by the Livelihoods Venture management team, e.g. on community engagement, project governance, or technical support.

Second, the recently created Livelihoods Fund for Family Farming aims at promoting sustainable agricultural practices for small farmers. Danone and Mars Inc would typically invest in projects where they could purchase the

outputs produced. This would encourage a deeper commitment of the companies in collaborating to success in the field.

The fund is still in the structuring phase of its first investment and the scope could typically include projects supporting dairy farmers or small cocoa products and generating positive environmental impact. For instance, tree plantation enabling watersheds restoration and generation of higher quantities of fodder for cows.

**Members and Governance**

Each fund has a Board of Directors with representatives of corporate investors, an Investment Committee, which also includes representatives of Livelihoods Venture, and an Advisory Board with members from academia and NGOs which provides advice on the selected projects.

The corporate investors of the Livelihoods Carbon Fund are Danone, Mars Inc, Schneider Electric, Credit Agricole, Michelin, Hermes, SAP, CDC Climat, La Poste, Firmenich, and Voyageurs du Monde. Danone and Mars Inc are also the first two investors of Livelihoods Fund for Family Farming.

The Livelihoods Venture team is in charge of handling daily operations, facilitating relationships between investors, proposing projects, conducting due diligence, and monitoring/supporting the ongoing investments.

**Impact**

In 2015, the Livelihoods Carbon Fund had invested in 9 active projects expected to offset 10 million tons of carbon over the next 20 years. It has has $45 million in capital and has planted 130 million trees. Projects are further expected to benefit 2 million people.

The Livelihoods Fund for Family Farming has raised plans to invest over $130 million so far.

**Sources**

Interview with Bernard Giraud, President of Livelihoods Ventures

www.livelihoods.eu

# Previous publications

| | |
|---|---|
| **Technical Reports n°1** | Panorama des inégalités hommes – femmes dans le monde (June 2015) |
| **Technical Reports n°2** | La Commission du Mékong face à un tournant – Quelle place pour l'aide française (September 2015) |
| **Technical Reports n°3** | Quelle efficacité environnementale de la certification pêche et aquaculture « durable » ? (September 2015) |
| **Technical Reports n°4** | Transport : vérité des prix ou socialisation de la couverture des coûts ? (October 2015) |
| **Technical Reports n°5** | Accompagnement technique et renforcement des capacités : leçons de l'expérience (October 2015) |
| **Technical Reports n°6** | Actors and networks of agroecology in the Greater Mekong Subregion (October 2015) |

# What is AFD?

Agence Française de Développement (AFD), a public financial institution that implements the policy defined by the French Government, works to combat poverty and promote sustainable development.

AFD operates on four continents via a network of 72 offices and finances and supports projects that improve living conditions for populations, boost economic growth and protect the planet.

In 2014, AFD earmarked EUR 8.1bn to finance projects in developing countries and for overseas France.

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