



Creating Alliances to Accelerate Commercially Viable Sanitation

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

Executive Summary



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Introduction

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 sanitation 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 includes rental of the 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 sewers or the potential 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’s new toilet for improved experience and logistics, Firmenich’s malodour solutions, Unilever’s 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). 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, 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-Clark 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, Grand Challenges Canada.

Five lessons on co-creating collaborative, sustainable initiatives

The lessons learned from the TBC's 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.

#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 support from public authorities. 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 has 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

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. The members will ideally be sector leaders.

#2: State the core alliance values explicitly

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

Members come with different and evolving agendas. Dedicating unstructured moments to discuss them and build trust around a shared vision has proven to be the best basis for effective collaboration.

#4: Accept and manage ambiguity

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

A diverse group is necessary by design. However, putting everyone into one room, hoping clear action will emerge, is illusory. Decision-making and advisory roles should be separated and evolve.

#6: Ensure members have the right level of seniority

Decisions need to be made collaboratively and often on the spot. Hence members should be senior enough or have a clear mandate from their organisations to signal commitments and follow through.

#7: Balance secretariat resources carefully

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

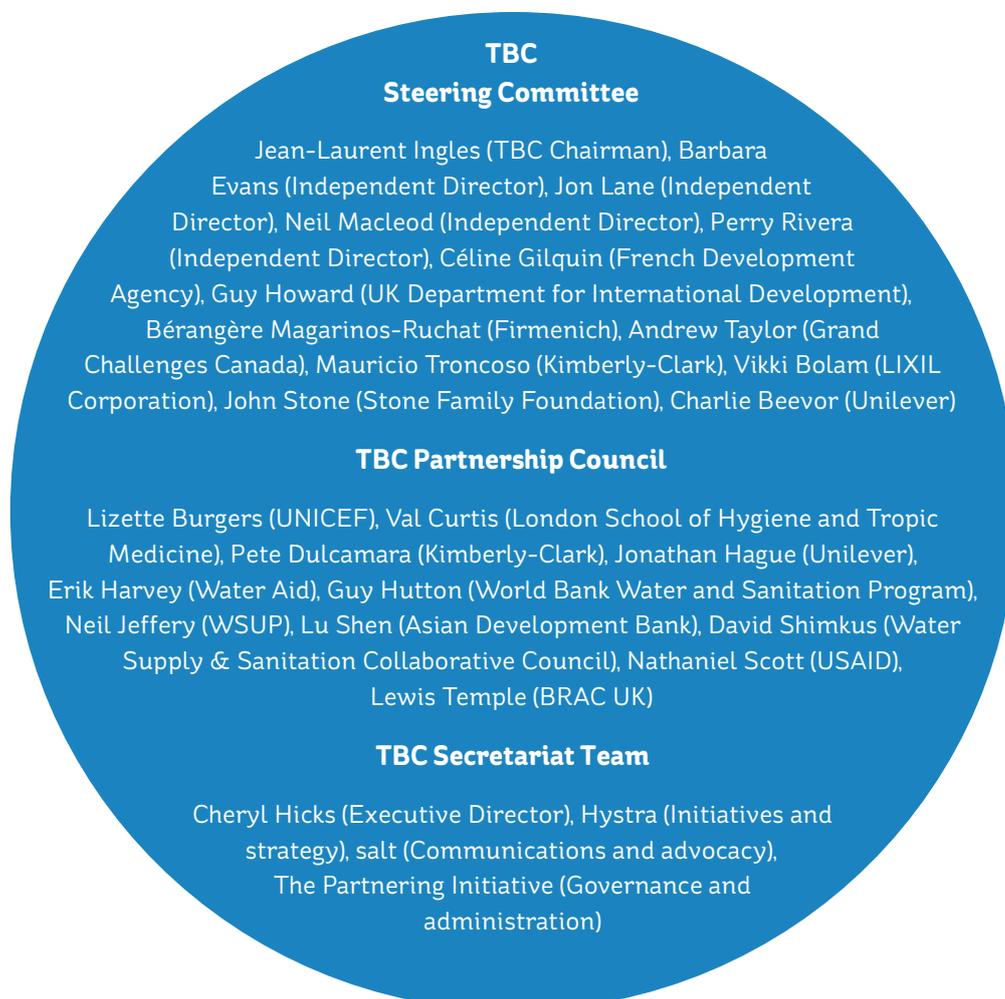
The TBC experienced how large committees make agile decision making difficult. Getting people to collaborate in small groups is more efficient and creates opportunities for relationship building.

#9: Support members internally while stepping up comms

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

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.





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or contact secretariat@toiletboard.org