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SAFE DRINKING WATER ALLIANCE

Over 1 billion people lack access to an improved water source. Even for those who do have access to water, unsanitary handling and storage means that household water for drinking and food preparation is often unsafe. Unsafe water, sanitation, and hygiene practices are responsible for the vast majority of the burden of diarrheal diseases, a leading killer of children under five and a cause of nearly 2 million deaths of children every year. Water-borne infections such as cholera, typhoid fever, and dysentery also burden the public health system and can impose significant economic losses. Increasing access to improved sources of safe water is clearly needed in the longer term, but enormous public health benefits are possible now with solutions that improve water quality at the household level.

The **Safe Drinking Water Alliance** represents USAID's latest effort to enlist private sector support for programmatic interventions in safe water. Through Procter & Gamble's corporate capabilities of product development, marketing and distribution, the alliance seeks new and more effective methods for advancing public health.

The alliance applies three distinct models for the marketing and distribution of the PuR Water treatment technology. In Pakistan, Procter & Gamble (P&G) employs existing marketing and distribution capabilities to implement a commercial model in tandem with a broad-based public health campaign led by Johns Hopkins Center for Communications Programs (CCP). In Haiti, Population Services International (PSI) leads a social marketing model to overcome the economic and infrastructure restraints that limit commercial participation. Finally, in Ethiopia, CARE will implement an emergency relief model to ensure temporary access to safe water in a humanitarian crisis situation that will also test product effectiveness.

However, access to new water treatment technologies alone does not ensure their use by those most in need. A major barrier to facilitating water treatment at the household level is failure to engender the behavior change necessary to inculcate the desired behavior into the daily routine of an individual or family. The Safe Drinking Water Alliance is thus both a technological and behavioral intervention – introducing a new technology in water purification and conducting outreach and training to populations in the behavioral changes needed to successfully adopt it.

Working together, alliance partners deliver experience in strategic program design, behavior change, social and commercial marketing and distribution, community participation, and emergency relief service delivery. All of these measures are but the latest front in USAID's battle to reduce child deaths through inadequate water supply, sanitation, and hygiene in the world's poorest countries.



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PRODUCT DEVELOPMENT

Multinational corporations such as P&G are well aware that the overwhelming majority of new consumers live in the developing world. “If you look at where the bulk of our sales come from, it’s people that on the world scheme would be considered wealthy,” said Greg Allgood, Associate Director for Corporate Sustainable Development at P&G. “But we’re experimenting with new business models, trying to develop markets at the base of the pyramid in the developing world – people that we don’t generally serve now¹.”

Cultivating markets at the base of the pyramid requires developing products designed to serve those markets. In the last few decades, P&G has developed Nutristar, a micronutrient fortification additive, Tide Rinse, which greatly reduces the amount of time women in the developing world typically spend rinsing clothing, and PUR Purifier of Water, a small sachet containing a water purification technology for household use.

In the case of the PUR sachets, product development and market-based learning required an investment of \$20 million over six years. The PUR product – a packet of crystals that, when dissolved in ten liters of water, introduces timed-release and residual chlorine disinfection as well as a flocculent to reduce turbidity – was superior to the Safe Water System (sidebar) in that the product could address the issue of dirty water through flocculation and coagulation of contaminants. The Safe Water System disinfected water without reducing turbidity, and market studies indicated that the visceral display of coagulation of dirt and heavy metals produced a positive psychological response associated with the cleaning action of the product.

However, P&G’s initial efforts to reach markets for PUR in Guatemala and the Philippines failed. Tests indicated that failure to effect sustained behavior change with respect to the technology

Point of use water treatment

The household water quality intervention presently implemented on the largest programmatic scale is the Safe Water System developed by Centers for Disease Control and Prevention (CDC). It consists of locally produced chlorine-based disinfectant coupled with safe water storage containers. Delivery is through social marketing and emergency relief, while hygiene promotion engenders sustained behavior change.

First piloted in 1992, the Safe Water System proved an effective intervention as an emergency response tool for earthquakes and flooding in Bolivia in 1997 and 1998, cholera epidemics in Zambia in 1999 and Madagascar in 2000, and widespread flooding in Kenya and Malawi in 2002.

“The Safe Water System intervention has become both widespread where USAID is operating, and adopted by other donors in many other countries without USAID support,” said John Borrazzo, Environmental Health Team Leader for USAID’s Global Health Bureau. “It was and is a successful intervention.”

¹ See ‘The Fortune at the Bottom of the Pyramid’ for a discussion of corporate outreach to low-income markets. C.K. Prahalad and Stuart Hart. *Security + Business* (2002), 26: 54-67.



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resulted in an insufficient repurchase rate necessary to sustain a functioning market². It was a potent lesson for P&G.

“In reaching down to the base of the pyramid, what we learned is that consumer habit change and awareness raising efforts are essential to creating market demand,” Allgood said. “They are also very expensive to conduct and essentially what we would be doing is public health education.

“Whether it’s raising awareness of the need for micronutrients – for Nutristar – or raising the awareness of the need to treat water – in the case of PUR – those all require significant consumer habit change, and in many respects that is the work of the public sector.”

This realization that public health efforts were needed to gain market share for its products was significant for P&G. By identifying a need for action that was consonant with a public health agenda, a private sector resource partner was to some degree jointly defining a development problem shared by donor agencies. This also had implications for activity implementation: where a corporation’s market priming overlaps with the public sector’s interest in promoting general health, efficiency gains could be realized through joint action.

Such a shared engagement of a development agenda, while it meets the criteria of what characterizes a public-private alliance, is not free of conflict of interest concerns. There are clearly pitfalls present in marrying public health efforts with private sector market priming. For instance, critics might charge that USAID was favoring one proprietary technology over others whose efficacy also merited a market test and program-level evaluation. Or that the Agency was granting undue favor to a single corporation vis-à-vis other corporations with competing products.

At the procurement level, care must be taken not to disburse money to organizations that might use the funds to its advantage in the marketplace. While a hallmark of the GDA business model is enlisting private sector resource partners as stakeholders in the development agenda, in most cases the Agency does not obligate funds to those resource

Shared definition, different motivations

Joint definition of a development problem is one of the criteria defining a public-private alliance. But Aron Cramer, President of Business for Social Responsibility (www.bsr.org), points out that while joint definition may characterize a public-private alliance, partner motivations in arriving at that definition can and should differ.

In the case of the Safe Drinking Water Alliance, P&G is interested in public health outreach in order to gain market share for its product. USAID and public health professionals, on the other hand, are interested in saving lives by any proven means available.

While differing motivations can be a reason for a failed partnership, more often they create the diversity of expertise and capabilities that make alliances so effective.

² According to Rob Ainslie of Johns Hopkins Center for Communications Programs, behavior with respect to safe water is tied to episodic outbreaks of water-borne disease. Once the outbreak subsides, perception of the need to treat water at point of use also subsides.



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partners.³ Rather, the GDA Secretariat works with (and disburses monies to) traditional USAID implementing partners – in the case of this alliance Johns Hopkins CCP, Population Services International, and CARE.

However, neither should it be forgotten that the primary function of the USAID Global Development Alliance is to engage corporate motive, expertise, and capability in support of the development agenda.

“We need to accept the fact that companies need to make a profit,” said Holly Wise, director of the GDA Secretariat. “The way in which we intersect with them is not to directly contribute to their profitability, but to find a win-win situation where we can work together to address global development issues⁴.”

FINDING THE WIN-WIN SITUATION

After establishing that its market priming efforts were in some cases prohibitively expensive as well as a shared function of the public sector, Procter & Gamble set out to build alliances with donors working in safe water. With the Johns Hopkins Bloomberg School of Public Health’s Center for Communications Programs as the lead applicant, P&G and NGO partners approached USAID through the GDA 2003 Annual Program Statement issued by the Secretariat as a mechanism to entertain alliance applications.

While the first steps towards joint definition of a problem were met when PG identified public health outreach as necessary to its goal to gain market presence for PUR, several iterations were needed to flesh out a joint approach appropriate for each partner’s needs and motivations.

For instance, early proposals focused more on reaching market sustainability for the PUR sachets, while USAID was more concerned with product efficacy in relation to available water purification technologies. Early proposals also lacked a social marketing component, which USAID considered crucial. Finally, there was a conflict of interest concern to avoid any appearance of providing government subsidy to a new product.

Once USAID was reasonably confident it had arrived at a win-win approach for public-private collaboration, the GDA Secretariat awarded a \$1 million grant to Johns Hopkins through the Health Communications Partnership, a Leader with Associate (LWA) agreement through which missions and regional bureaus could procure Johns Hopkins CCP services either through traditional field support or stand alone associate awards⁵. While an associate award was

³ Please see the *GDA Tools for Alliance Builders* for a discussion of grants made directly to for-profit partners. Also note that the GDA Secretariat has recently created an Alternative Agreement under the Other Transactions provision of the 1961 Foreign Assistance Act, which among other uses is designed to enable disbursements directly to for-profit partners.

⁴ The Business of Government. Summer 2004. www.businessofgovernment.org

⁵ Associate Awards are cooperative agreements or grants missions or regional bureaus develop with the lead organization that successfully competed for the LWA. Since the Leader (in this case Johns Hopkins CCP) has

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suitable for a Global Development Alliance in many respects, funds were transmitted not through an associate award but the leader.

The grant was matched by \$300,000 from USAID/Pakistan, \$100,000 from the Office of Foreign Disaster Assistance, and an estimated \$3.5 million for P&G's product marketing and distribution. Under the terms of the proposal, Johns Hopkins CCP purchased one million sachets of PUR at cost – 3.5 cents per sachet for a total of \$35,000 – for use in Haiti. The product sells at the retail cost of 10 cents per sachet in Pakistan with full cost recovery expected. The product also sells at retail price in Haiti, with proceeds supporting PSI's social marketing of the product. Procter & Gamble donated the PUR product for testing in humanitarian settings in Ethiopia as part of a package of necessary goods.

The win-win situation the GDA business model seeks to engender is that both partners advance towards their goals in a manner more effective than either could alone. Through this alliance, USAID is able to both distribute a product shown to reduce incidence of diarrhea by up to 50% and test its effectiveness in three distinct programmatic settings.

Similarly, by working with USAID, P&G was better able to formulate the new business models it had hoped to develop to reach the bottom of the pyramid. These models include working in tandem with USAID and implementing partners in countries where the firm has an existing infrastructure – such as Pakistan - and working with third party distributors (the social marketing and emergency relief model) where P&G has no infrastructure at all – such as Haiti and Ethiopia.

PARTNERS

Johns Hopkins Bloomberg School of Public Health's Center for Communication Programs (CCP) is a pioneer in the field of strategic, research-based communication for behavior change and health promotion that has helped transform the theory and practice of public health.

Population Services International (PSI) Through its health social marketing programs in almost 70 countries on five continents, PSI distributes affordable, accessible, and attractive health products and services, and motivates other types of healthy behavior. PSI raises awareness of health problems and generates demand for the health products and services it provides through innovative and culturally sensitive communication. PSI works in HIV/AIDS prevention, family planning, malaria prevention, safe water, diarrhea prevention and management and micronutrient supplementation.

already secured the grant or cooperative agreement via a competitive process, Missions can create their own agreements with the Leader without going through a competitive or sole source justification process. Missions or regional bureaus Cognizant Technical Officer's (CTO's) exercise programmatic oversight of their specific Associate Awards distinct from the Leader's Washington-based CTO.



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CARE has extensive experience with developmental and emergency water, sanitation, and hygiene promotion. CARE's contribution to this initiative will include experience gained from promoting hygiene in emergencies and from working with CDC in Madagascar and Kenya on household water treatment in both rural and urban settings.

Procter & Gamble (P&G) is one of the largest consumer products companies in the world. The company has nearly 98,000 employees working in almost 80 countries worldwide. P&G provides technical, marketing, and research and development capabilities in relation to its new in-home water purification technology. The technology was developed in cooperation with the Centers for Disease Control and Prevention (CDC) and has been shown to significantly reduce diarrheal illness in the developing world.

IMPLEMENTATION

In Pakistan, where up to three million water-borne infections and one million deaths (one quarter of which are children⁶) occur each year, P&G employed 1,400 'Educators' to demonstrate the PUR technology in and around Karachi in Pakistan's Sindh province, with a population of approximately 15 million. Simultaneously, the USAID-funded Safe Water Council (implemented by Johns Hopkins CCP) conducts local, regional, and national outreach to educate the public on the benefits of safe water and the range of technologies available to treat water.

At the program level, the intended win-win relationship between the public and private sector is that the public sector performs its education and outreach functions for the general welfare, while P&G's product marketing is more effective due to public sector 'market priming'. Safe Water Council outreach emphasizes the need for water treatment and the range of technologies available to treat water, but public health officials are aware that their outreach efforts can be more successful due to P&G's parallel marketing efforts of a product shown to reduce incidence of diarrhea and other water-borne diseases by up to 50%.

An early success of the alliance in Pakistan was the International Scientific Symposium launch of the Safe Water Council (SWC) in Karachi on May 27, 2004. The event was attended by over 200 professionals and generated over 50 press articles as well as extensive coverage on local and national television. Two days after launch, national news outlets continued to run stories highlighting the need for safe household water.

Though the early success is heartening, established research suggests water treatment is more an individual and household issue, and not regularly discussed at the community level. The Safe Water Council must therefore scale-up discussion of water treatment to the community level and higher, create a social norm around which behaviors and water treatment issues are openly discussed, and foster an enabling environment whereby minority 'innovators' who practice safe water consumption can transmit the behavior through communication, example, and testimony.

⁶ According to Procter & Gamble website, <http://www.pg.com.pk/purchallenge.shtml>



In Haiti, brand testing of PUR has been conducted, a communications campaign has been developed and the product launched in November 2004. For PSI, this campaign marks the first time the organization will socially market a brand originating from a for-profit partner. For P&G, it is a rare occasion where the firm allows a third party to be responsible for having ownership of marketing one of its brands.

A downside to the alliance is that GDA funding extends only for operational research into testing PUR through a social marketing model; additional partner resources are needed to enable the model to reach sustainability. Fortunately, the alliance has enlisted business development funding through the United Kingdom's Department for International Development (DfID). This will allow PSI and P&G to plan for the social marketing model to graduate from operational research to program sustainability within five years.

For P&G, the social marketing model⁷ has proven innovative, and is now considered a worthwhile approach to learn how to develop markets at the base of the pyramid. P&G has used this approach to launch a new market in Uganda and is making plans to enter Kenya through support from PG Foundation. This nonprofit, social market approach with PSI and other partners offers returns of demonstrating corporate social commitment, learning new models that can be reapplied using a for-profit approach on other projects, and significantly contributing to helping address one of the world's biggest health issues. To be successful, P&G understands the need for partnerships with groups that have the ability to provide a sustained community based outreach.

The humanitarian relief model with CARE is closest to USAID programmatic objectives for the activity, and here public and private ideal outcomes are identical: that the product is shown to be an effective intervention in a humanitarian setting.

The greatest success to date has been the degree to which the PUR sachets have been used in a humanitarian setting. While the GDA activity funds product testing in Ethiopia, PUR has been used in several other emergency settings, including the use of several hundred thousand sachets in Haiti after widespread flooding. P&G partnered again with PSI to disseminate the products and ensure that the two initiatives do not interfere with one another. The PUR sachets have now been used by several global relief groups including UNICEF, AmeriCares, Save the Children, and the International Rescue Committee.

P&G is also finding other potential programming avenues with CARE, which has a nutritional program targeting malnutrition in drought areas. One new product is a nutrition biscuit that requires clean water for consumption; CARE is considering partnering with PG to provide the PUR sachets with the product.

While the greatest immediate impact may be in the humanitarian relief setting, the Alliance's long term impact is in evaluating product efficacy at the program level and assessing the extent to which the product can be distributed by market forces. But however powerful market forces

⁷ From a business standpoint, social marketing may be considered more broadly as third party brand distribution, i.e. franchising, and other franchising distribution models exist that are not social marketing.



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may be in augmenting donor action, even health interventions durable enough to be carried by the market need a degree of shepherding to reach populations the market cannot. That's why USAID will continue to evaluate and deliver all water treatment or other health technologies with the potential to save lives.

"The Global Health Bureau is the implementing agency working closely with missions where the alliance operates," said Borrazzo. "Today, the alliance directly supports our program exploration needs. Tomorrow, hopefully, the missions will be taking ownership of a new health treatment product with demonstrated efficacy and sustainability."

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Financial and Process Flow

