

THE PROBLEM

One in eight people lack safe water sources and illness from contaminated water kills more children every year than HIV/AIDS and malaria combined. Children, particularly those under five, are disproportionately at risk, with one child dying every twenty seconds as a result of water-borne illness. The United Nations has set a goal of halving the number of people without access to safe water by 2015 as part of its Millennium Development Goal but a huge gap remains. Many water purification systems are prohibitively expensive for many parts of the world and it is often impractical to get water from such systems to remote areas, especially following a major disaster. Consequently, purification systems that are small, cheap, and easy to use are uniquely effective in increasing access to safe water. Furthermore, the World Health Organization has the private sector's ability to help meet the Millennium Development Goal for safe drinking water since the private sector has the incentive and resources to develop innovative products to meet demand on a large scale.

FINDING A SOLUTION

Procter & Gamble (P&G) developed a water purification product, called P&G Purifier of Water (formerly PUR Purifier of Water), which is a premeasured powder packaged in a 4 gram packet. It contains the same ingredients that are used in municipal water treatment so essentially reverse engineers a multi-million dollar municipal water treatment plant into a packet that can be made for pennies. The packet is able to clarify heavily turbid water and remove heavy metals like arsenic and pathogens including those that cause cholera, typhoid fever, and dysentery. Well-controlled clinical studies have shown that the packet reduces water-borne disease in the developing world by an average of 50 percent and up to 90 percent. The packet's small size and capacity for long-term storage make them an ideal solution for water treatment in developing areas.

P&G initially tried to create a commercial market for the packet, in addition to providing it for emergency relief, but results showed that the product failed to achieve commercial viability because of the need for P&G to develop the infrastructure needed to reach rural populations in the developing world and fund the education needed to teach people how to use the product. As a result, the P&G packet had not made a profit after three years of market tests.

In 2004, P&G revised its strategy from for-profit marketing to "corporate cause" and began providing the packets at the cost of manufacture. Importantly, instead of developing a new supply chain as P&G had tried in the test markets, they relied on existing infrastructure of nongovernmental organizations (NGOs) who were already reaching rural populations where the product is needed. The pricing structure motivated distributors and suppliers to develop effective supply chains, promote the product, and have a stake in the initiative's success. Just as important, P&G worked with the NGOs to integrate the provision of the packets with other public health priorities and found synergy in the combined approach. Not only has this approach improved health outcomes but it has been shown to provide overall cost-savings to the work of the NGOs since clean water is fundamental to broader development.

THE RESULT

P&G's nonprofit approach has been staggeringly more successful than the for-profit approach: while the latter resulted in 10 million liters of clean water a year, the nonprofit approach is providing more than 1 billion liters of clean water every year and has cumulatively provided over 6 billion liters. P&G's collaborations with NGOs and local distributors helped P&G learn about new business models and distribution strategies that have allowed it to distribute some of its other products to low-income countries more effectively. For its efforts with the P&G packets, P&G was awarded the Stockholm Industry Water Award, the Presidential Ron Brown Award for Corporate Leadership from the U.S. Department of Commerce, the US Secretary of State's Award for Corporate Excellence, the EPA Children's Health Award, and the U.S. Patent and Trademark Office's Patents for Humanity Award.