



Investing in Sanitation, Hygiene & Menstrual Health

The SHF strategy 2022-2025



Que se passe-t-il à l'intérieur de notre corps?

Serment pour les femmes et les filles

La roue mens

Il est naturel et normal de subir des saignements de sang à 13-15 ans.

Quand tu es jeune, tu ne dois pas avoir peur de parler à ton médecin. Prendre soin de toi-même avant tout. Elle n'est pas une femme, elle est une personne. Elle a des sentiments, elle a des besoins, elle a des rêves. Elle a le droit de dire non.



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The Inaugural SHF Board



Cecilia Akintomide,
Chair and expert in Development Finance, Corporate Governance, and Law. Former Vice President Secretary General, AfDB



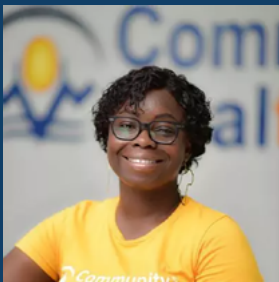
Anita Bhatia,
Assistant Secretary-General and UN Women's Deputy Executive Director for Resource Management, UN System Coordination, Sustainability and Partnerships



Jennifer Blanke,
Expert on economic development and development finance. Former VP Agriculture, Human and Social Development AfDB and Chief Economist, World Economic Forum



Frannie Leautier,
Senior Partner at SouthBridge Group and CEO of SouthBridge Investments. Former senior VP at AfDB, VP at the World Bank Group



Naomi Tulay-Solanke,
Feminist, human rights activist, humanitarian and the Founder Executive Director of Community Healthcare Initiative (CHI)



Barry Greene,
Former Gavi, the Global Alliance for Vaccines and Immunisation, and the Global Fund to fight AIDS, Tuberculosis and Malaria



F. Henry (Hank) Habicht II,
Expert in environmental health and policy and Co-Founder of the Water Finance Exchange



Rakesh Nangia,
Partner and Chief Operating Officer at the Centennial Group. Former World Bank Group and Evaluator General at AfDB



Andrew Kirkwood,
Ex-Officio member, Director of the UNOPS office in Geneva



Dominic O'Neill,
Ex-Officio member, Executive Director, SHF



The Sanitation & Hygiene Fund

As we emerge from a devastating global pandemic, we must change the way we view, and invest in, sanitation and hygiene. We have an opportunity to recognize the value of safe and sustainable sanitation and hygiene facilities and leverage it to build strong and sustainable sanitation economies. Alongside, we also have an obligation to invest in menstrual health and hygiene, contributing to the removal of the limitations faced by so many women and girls in managing menstruation.

This is the vision of the Sanitation and Hygiene Fund (SHF) that I have the privilege to serve as Chair of the Board. The SHF is looking to infuse renewed vigor - and investment - into achieving SDG 6.2; achieving access to adequate and equitable sanitation and hygiene for all, with a focus on women and girls.

1 out of 3 people around the world, even today, have no access to the basic practice of hand washing with soap. And every day, hundreds of millions of people, including children, struggle to fulfill their most basic human need with privacy and dignity as they do not have access to a toilet and defecate in the open. For women and girls, looking to menstruate safely and hygienically the absence of a toilet and a place to wash, can have devastating ripple effects on health, education, safety and well-being. This is unacceptable and we need to act now.

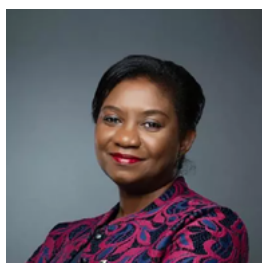
Together with partners, the SHF is catalyzing national sanitation economies and creating investment opportunities in sanitation and hygiene to deliver incredibly high social returns in health, education, gender equity and job creation as well as providing financial returns to investors.

Safe, secure and sustainably managed sanitation, handwashing and menstrual hygiene facilities keep children, particularly girls, in school; people in jobs; and communities - and economies - healthy and thriving.

On a rapidly warming planet, where people and infrastructure are increasingly vulnerable to climate shocks and crises, we need to urgently work together to ensure families, schools, health care facilities and communities have access to safe, sustainable and climate-resilient sanitation and hygiene facilities. We need to protect household toilets from being washed away in recurring floods or damaged by other climate events. The challenges associated with lack of access to menstrual hygiene products not only erode women's dignity, but also our chance to build an inclusive, equitable and sustainable future for all.

Our ambition is high, but the stakes are higher. Through the strategy detailed in this document, I believe the SHF is well set up to bring a unique added value to the global effort by combining a deep experience of sanitation, hygiene and menstrual health with technical, service and financial innovations which will allow our combined efforts to go to scale.

We look forward to working with you to deliver on the SHF's vital mission. Thank you.



Sincerely

Cecilia Akintomide

Chair,

The Sanitation and Hygiene Fund



Responding to a Global Crisis

The world is facing a global crisis in sanitation, hygiene and Menstrual Health and Hygiene (MHH) that calls for urgent action and innovation. In 2020, 3.6 billion people lacked safely managed sanitation services and under the current trajectory, universal access to adequate and equitable sanitation and hygiene has no chance of being achieved by 2030.¹

Menstrual health and hygiene has been woefully overlooked and is still not yet seen as sufficiently important to tackle, leaving millions of women unable to manage their menstrual health safely.

The COVID-19 pandemic has highlighted the global importance of ensuring everyone has access to better hygiene and sanitation while the climate crisis threatens to undermine the sustainability of existing and future investments.

Sustainable Development Goal (SDG) 6 - the goal of ensuring water and sanitation for all by 2030, has a number of targets that go beyond household water and sanitation services to include all aspects of the water cycle, including its impact on food production, energy, goods and services.² However, the Sanitation and Hygiene Fund (SHF) is dedicated only to SDG 6, Target 6.2, achieving access to adequate and equitable sanitation and hygiene for all, especially women and girls. Whilst we do not focus on water, achievement of Target 6.2 contributes greatly to the overall goal (for example, to drinking water, wastewater, ecosystems and water quality).

In the SHF we believe that financial innovations, **market-based** approaches and engagement of the public and private sector, combined with country leadership and strengthened public investment, can deliver a thriving **Sanitation Economy** to drive the pace and scale needed to meet national targets. However, in many countries, market-based approaches to sanitation, hygiene and menstrual health are nascent and the benefits of the sanitation economy are yet to be realized.

As the only dedicated UN fund of its type and scope, the SHF fills an important gap in the sector by focusing on the building of robust national sanitation economies, with significant opportunities for very high social returns in health, education, gender equity and job creation as well as

financial returns to investors. Crucially, by catalyzing the sanitation economy in partner countries in Africa and Asia, we seek to incentivise and stimulate new public and private investment into the sector which will be more sustainable.

Market-based Sanitation and the Sanitation Economy

Market-based Sanitation (MBS) is a development approach to improve sanitation in a country by building the sanitation market of goods and services for which the customer makes a full or partial monetary contribution (with savings and/or cash equivalents) toward the purchase, construction, upgrade, and/or maintenance of their toilet from the private sector. It does this by strengthening domestic private sector supply of and stimulating and activating customer demand for sanitation goods and services.³

The **Sanitation Economy** approach places an economic value on toilet provision, products and services, waste generated resources, health data and information and is an important revenue generating sector in advanced and middle income countries. An inclusive sanitation economy, that takes into account the specific needs of the poor and vulnerable, provides benefits across business and society. The **Sanitation Economy**,⁴ which includes handwashing and menstrual hygiene, is made up of three elements:

- **The toilet economy** which includes sanitation product and service innovation to provide toilets fit for purpose for all contexts and incomes;
- **The circular sanitation economy** where human waste is turned into a profitable commodity, feeding into a circular economic system that replaces traditional waste management; and
- **The smart sanitation economy** involves digitised sanitation systems that optimise data for operating efficiencies, maintenance, plus consumer use and health information insights.⁵

The SHF mission is to catalyze vital investment into global sanitation and hygiene services to contribute to the world's commitment that everyone will have access to adequate and equitable sanitation and hygiene with the specific needs of women and girls, including menstrual health and hygiene (MHH), accounted for.⁶ Our presence is critical because global progress on achieving safe sanitation⁷ and hygiene⁸ is lagging due to insufficient finance and there is an urgent need to create more opportunities for further public and private investment into the sector.

The SHF will utilize innovative financial approaches to catalyze national sanitation economies. By doing this the SHF will support countries to increase the number of individuals with inclusive and sustainable access to improved sanitation, hygiene and MHH, by:

- Increasing the volume of investments in the sanitation economy and;
- Realizing the full value of national sanitation economies; delivering inclusive and sustainable goods, services and jobs.

Importantly, the SHF strategy builds on the United Nations SDG 6 Global Acceleration Framework.⁹ Launched in 2020, the framework aims to deliver fast results at an increased scale. Acting as a unifying initiative, under the coordination of UN-Water, it brings together the international community in support of national responsibilities and country demand. The framework focuses on five accelerators: optimized financing; improved data and information; capacity development; innovation; and governance.¹⁰

Working across these accelerators, the SHF will deliver tangible impacts for individuals and society, ensuring that our efforts enhance and accelerate, not duplicate, the contribution of others.

At the country, regional and global levels, national governments already work closely with well established partners, including civil society, research and learning and external support agencies, encompassing the UN family, multilateral banks and donors. There is a significant gap in funding however and this strategy sets out a country-led

approach to narrow this funding gap by detailing the SHF focus, funding model and contribution to SDG6 impact, which underpins several other SDGs.

The SHF will work with partners to expand public and private sector investments to provide access to toilets and hygiene, including handwashing and menstrual health for everyone. This will result in improved health and well-being for all, particularly women and girls, infrastructure in schools to encourage attendance and retention, job creation and economic growth and a clean and sustainable environment.

In doing this we contribute to the guiding principles of 'leave no-one behind', transparency and accountability, evidence-based decision making, human rights and international collaboration for aid-effectiveness and delivering value for money.



The State of Sanitation, Hygiene and Menstrual Health today

A critical gap in everyday life for people, families and communities

Access to water and sanitation are recognized by the United Nations as a **human right**, reflecting the fundamental nature of these basics in every person's life. Yet, **global progress on achieving safe sanitation and hygiene, is lagging and lacks urgency.**

Under the current trajectory universal access to at least basic sanitation services, let alone the more challenging SDG target of safely managed sanitation services for all, will not be achieved by 2030. Instead, **at the current rate universal access to basic sanitation will only be achieved in 2043 and the SDG 6.2.1 indicator of safely sanitation will not be reached until the 22nd century.**¹¹

In 2020, almost **half of the world's population – did not have access to safely managed sanitation services.** Of this number 1.7 billion did not even have basic services and 494 million practiced open defecation, with **rural populations** accounting for over 90% of those defecating in the open and two thirds of those without access to at least basic sanitation.¹²

Today, 1 in 3 people globally do not have basic hand washing facilities with soap and water at home,¹³ and on any given day around 300 million women and girls menstruate but often do not have the means to manage their menstrual health and hygiene (MHH) safely.¹⁴

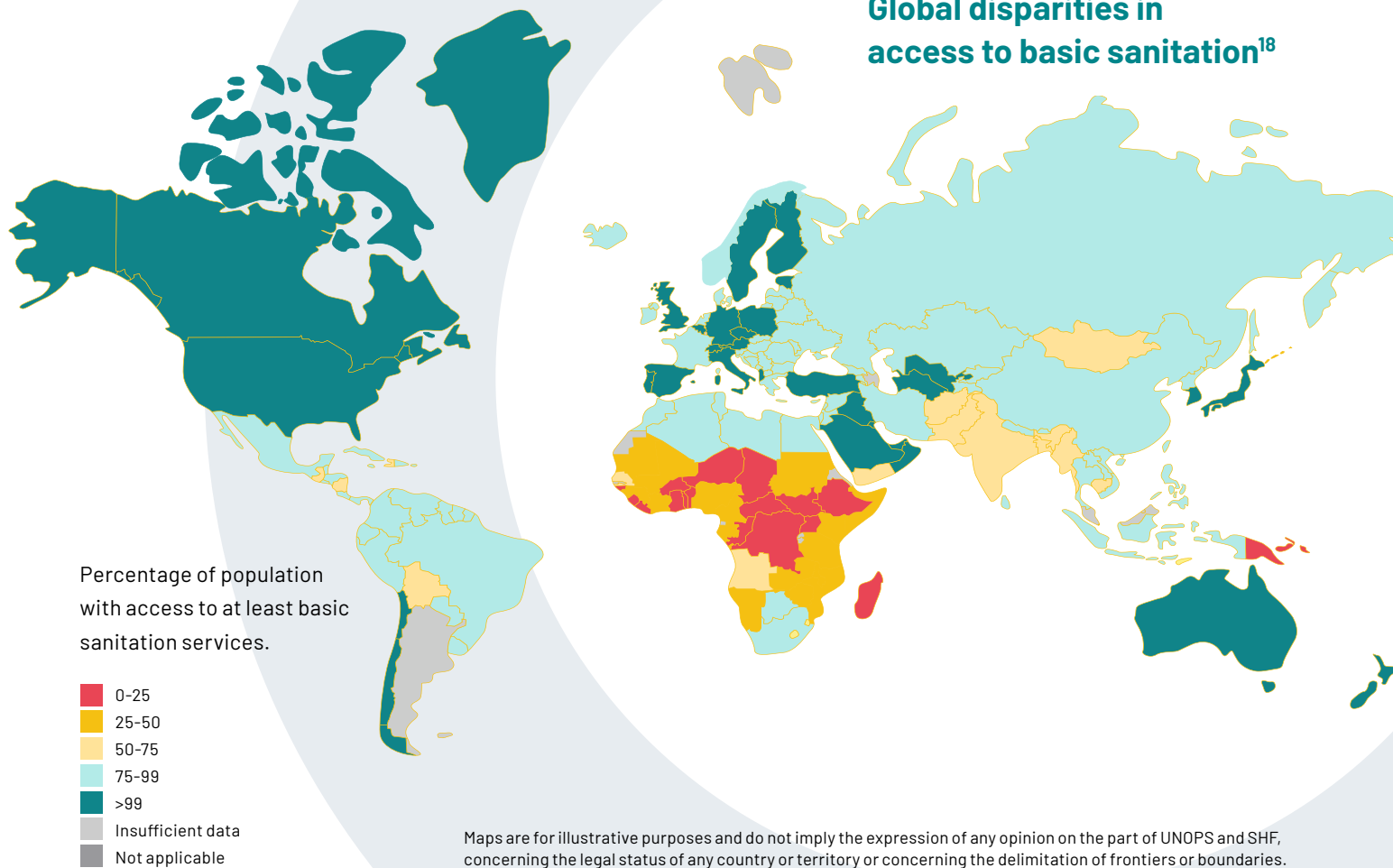
Menstrual Health and Hygiene (MHH)

Menstrual Health and Hygiene encompasses the broader systemic factors that link menstruation with health, well-being, gender equality, education, equity, empowerment, and rights. These systemic factors have been summarised by UNESCO as: accurate and timely knowledge; available, safe, and affordable materials; informed and comfortable professionals; referral and access to health services; sanitation and washing facilities; positive social norms; safe and hygienic disposal; and advocacy and policy. Governments have a key role in setting regulations for menstrual materials, taxation considerations and for determining the impact of policy proposals such as free sanitary pads in schools.¹⁵

The human cost of not having access to these basic services impacts physical and psychological health, education, employment and social participation.¹⁶ Within populations, certain groups of people feel this more severely because they are systematically denied opportunities and resources that are available to other members of the community because of their exclusion from social, economic, cultural and political life due to who they are, where they live or what they believe. Furthermore, global sanitation and hygiene numbers mask notable disparities around the world, disparities that could deepen in coming years with increasing urbanization. By 2050, 68% of the world's population will live in urban areas – an increase of 2.5 billion people.¹⁷ Almost 90% of this increase will take place in Asia and Africa, putting further strain on already stretched sanitation and hygiene systems, particularly in informal settlements and secondary towns.

To ensure a sustainable, equitable and climate-resilient future for all, it is critical that we address the global sanitation and hygiene crisis with particular attention to equality and nondiscrimination.

Global disparities in access to basic sanitation¹⁸



Infographic 1: Global disparities in access to basic sanitation

Key facts and figures

The global sanitation and hygiene numbers mask big disparities **across the world**. In 2019, globally

- more than **1 in 3 schools – affecting around 698 million children – lacked basic sanitation services**.¹⁹
- **818 million children lacked basic hygiene services at their school**.²⁰
- **1 in 10 healthcare facilities globally do not have any sanitation services and 1 in 3 do not have hygiene services at points of care**²¹. Approximately 70% of healthcare workers do not routinely practice hand hygiene²².

These disparities are even more stark in certain regions.

- Almost half of the people (1.7 billion) who still lacked access to even basic sanitation services at home lived in Sub-Saharan Africa and two thirds lived in rural areas.²³
- More than half of all **schools in Sub-Saharan Africa** did not have access to even basic sanitation and 41% rural schools had no hygiene service.²⁴
- More than 70% of **health care facilities** had no basic sanitation services in Sub-Saharan Africa and 30% had no hand hygiene facilities with soap and water at points of care.²⁵

Safe sanitation, hygiene and MHH; critical building blocks for achieving the sustainable development goals

Billions of dollars are collectively invested by households, governments and the international community to reach the Sustainable Development Goals (SDGs). Across several key interconnected SDGs, where benefits and opportunities for women and girls are far reaching, the presence of safe sanitation and hygiene can increase success of core objectives, better protecting investments and outcomes. In particular there are close linkages between sanitation and hygiene and the SDGs for water, health, education, gender, economic growth and climate.

SDG 3 (Health)²⁶ aims to ensure healthy lives and promote well-being for all at all stages. Investing in sanitation and hygiene contributes to reducing maternal mortality, preventing deaths of new-borns and children under 5 years of age; combating illness including diarrhoeal diseases, and increasing access to quality essential health-care services.²⁷ In addition, MHH is inextricably linked to adolescent health and nutrition as an essential aspect of girls' and women's sexual and reproductive rights.²⁸

Sanitation, hygiene and MHH are also key to **SDG 4 (Education)**²⁹ which aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. The presence of gender segregated toilets in schools that work and are well maintained, helps to keep girls in school, enabling them to complete academic studies and fully participate in sport. MHH education for girls and boys contributes to girls' life cycle and reproductive health and nutrition and to life skills for both boys and girls, building a culture of respect and dignity.

SDG 5 (gender)³⁰ aims to achieve gender equality and empower women and girls. Access to safe sanitation, hygiene and MHH positively impact women's and girls' wellbeing, livelihoods and safety from reducing sanitation related gender based violence to increased mobility and freedom of choice, better health (including sexual and reproductive health), improved education outcomes, and better access to employment.

Relationship between sanitation and global health risks

The COVID-19 pandemic showed the world the importance of safe, reliable and sustainable access to handwashing facilities.³¹ The presence of safe sanitation and hygiene also helps stop the transmission of infectious diseases such as cholera (worldwide each year there are about 1.3 million to 4 million cases),³² ebola (the 2014–2016 ebola epidemic recorded 11,300 deaths in Guinea, Liberia, and Sierra Leone),³³ dysentery, hepatitis A, typhoid and polio. Another large contributor to mortality in children is pneumonia – an illness that kills 1.5 million children each year and that has also been linked to poor hygiene and sanitation.³⁴

Diarrhoeal diseases contribute to global child mortality, causing about 10% of all deaths in children under five years.³⁵ WHO recently estimated that more than 5% of all deaths in this age group in low- and middle income countries could have been prevented through reduction of exposure to inadequate drinking-water, sanitation and hygiene.³⁶ 60% of all deaths due to diarrhoea in LMICs were estimated to be attributable to WASH including 31% to sanitation and 12% to hygiene, causing 829,000 deaths annually.³⁷

By reducing the incidence of infection particularly in hospitals, effective sanitation and hygiene are also key to curbing the spread of antimicrobial resistance (AMR) which, according to estimates, could cost US \$100 trillion between now and 2050, with the annual death toll reaching 10 million over that period.³⁸



Empowering women through the sanitation economy³⁹

A fundamental objective of the SDGs is to achieve gender equality and empower women. The sanitation economy presents opportunities to build on the positive correlation between gender equality and a country's economic development. Government and corporate strategic investment in women's entrepreneurship and women-owned businesses contributes to a stronger sanitation economy (from services through goods and supply chains) and can provide a route to female economic empowerment. This will extend to including the local needs of women in sanitation and hygiene investment cases and financing strategies to provide economic opportunities, ownership and choice, and removing barriers to discrimination and participation in work, for example by providing access to capital and loans, and to managerial experience and addressing obstacles posed by socio-cultural expectations and time availability.

Where do women and girls need period friendly toilets?



What makes a toilet period friendly?



Provides privacy (doors, locks)



Accessible during day and night (area and internal lighting)



Water and soap is available to wash hands, bodies and any reusable products



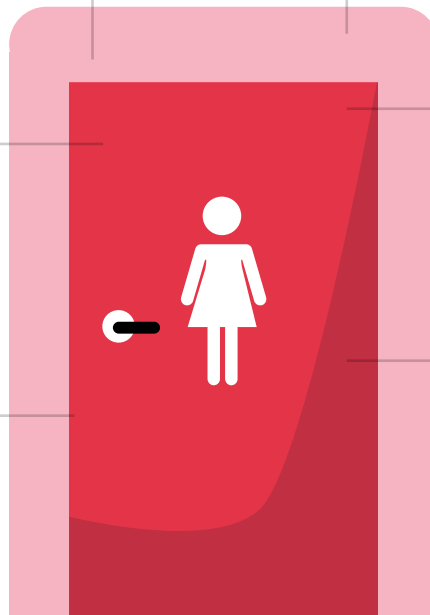
Culturally appropriate menstrual waste disposal option (dustbins, chutes, pits)



Safe and conveniently located and accessible for all women and girls, including those with disabilities



Public and community toilets should be separated by gender, also provide access to menstrual products and have hooks, shelves and mirrors



How do women and girls benefit from period friendly toilets?



Increased overall well-being and reduced psychological stress

Having access to period friendly toilets at all times makes menstruation a less stressful experience



Increased ability to carry on with daily educational, income-earning and social activities

Period friendly toilets are critical to ensure that girls don't miss school and women can go to work during their periods



Increased safety

With period friendly toilets, women and girls, no longer need to put themselves at risk of violence when trying to dispose of their menstrual waste in secluded places or under the cover of darkness

SDG 8 (economic growth)⁴⁰ promotes inclusive and sustainable economic growth, employment and decent work. Population projections show that by 2050, Africa will account for 42% of all global births and almost 40% of all children under 18.⁴¹ The need for strong economies and a growing pipeline of jobs is urgent and in this context sanitation, hygiene and MHH present a considerable

economic growth opportunity. It has been estimated that every US \$1 invested in improved sanitation translates into an average global economic return of US \$5.5, more than double the economic return on water spending (US \$2) or an overall estimated gain of 1.5% of global GDP.⁴²

The economic cost of poor sanitation and hygiene

Sanitation related loss of productivity, such as missed workdays, costs some countries over 6% of their gross domestic product (GDP), thereby costing individual countries billions of dollars each year.⁴³

The COVID-19 pandemic has been devastating especially for countries and households already facing multiple hardships. Before the pandemic, the IMF estimated that 44% of low income developing countries were at high risk or in debt distress. The pandemic has put increased strain on ministries of finance and external debt service obligations and many countries have reached unpayable levels, even without consideration of the need for climate adaptation and resilience.⁴⁴

Achieving universal access to basic hygiene and sanitation can unlock annualized net benefits of \$45 billion and \$65 billion respectively. Achieving universal access to safely managed sanitation might even result in annualized net benefits of \$86 billion.⁴⁵

Sanitation, hygiene and MHH also provide opportunities for employment. Jobs are created when people build, rehabilitate, improve or maintain sanitation and hygiene infrastructure in households, health care facilities and schools, work for businesses that provide access to sanitation, hygiene and MHH products and/or engage in education and outreach activities, for example, related to raising awareness about COVID-19 and its prevention.⁴⁶ Overall, three out of every four jobs worldwide are water-dependent,⁴⁷ which includes substantial employment associated with the management of waste-water and faecal sludge and the broader sanitation economy.⁴⁸ Workers in all sectors depend on access to sanitation and hygiene facilities at their workplace and, in addition, women depend on access to MHH, making sanitation, hygiene and MHH essential factors for job creation, livelihoods, and sustained economic development and growth.

SDG 13 (climate)⁴⁹, specifically climate resilience -

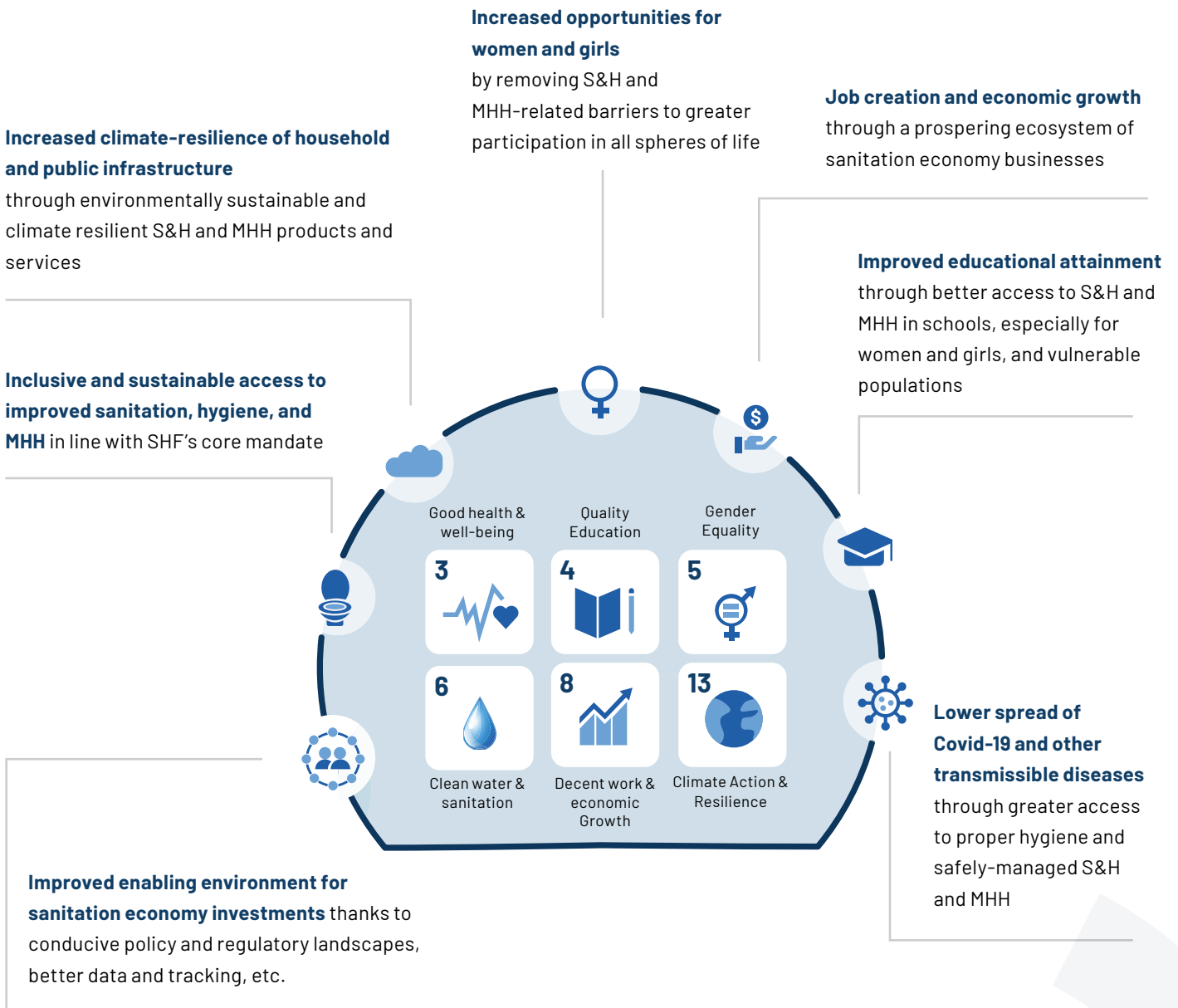
Low-income households often have toilet and hygiene facilities that are not able to withstand the shocks and stresses imposed by climate events such as floods, windstorms, storm surges, and sea-level rise. When these events happen, toilets are washed away and human waste contaminates the environment. To prevent this, communities need to build resilient sanitation and hygiene infrastructure and as far as possible, invest in systems that help prevent climate change. For example, a nature based sanitation system that offers resilience, can also use human waste productively, by producing water and fertilizer for agriculture, reducing emissions and using biogas for creating green energy.

Yet climate change impacts on sanitation and hygiene services have not received sufficient attention or investment.⁵⁰ Changing this situation requires comprehensive inter-sectoral efforts to include sanitation in the design of Climate National Adaptation Plans, infrastructure design, resilience planning and innovative financing.

Linkages between sanitation and hygiene and the SDGs

Anticipated impact areas and outcomes

SHF will simultaneously drive impact across a range of social, economic, and environmental dimensions that extend far beyond SDG 6.2

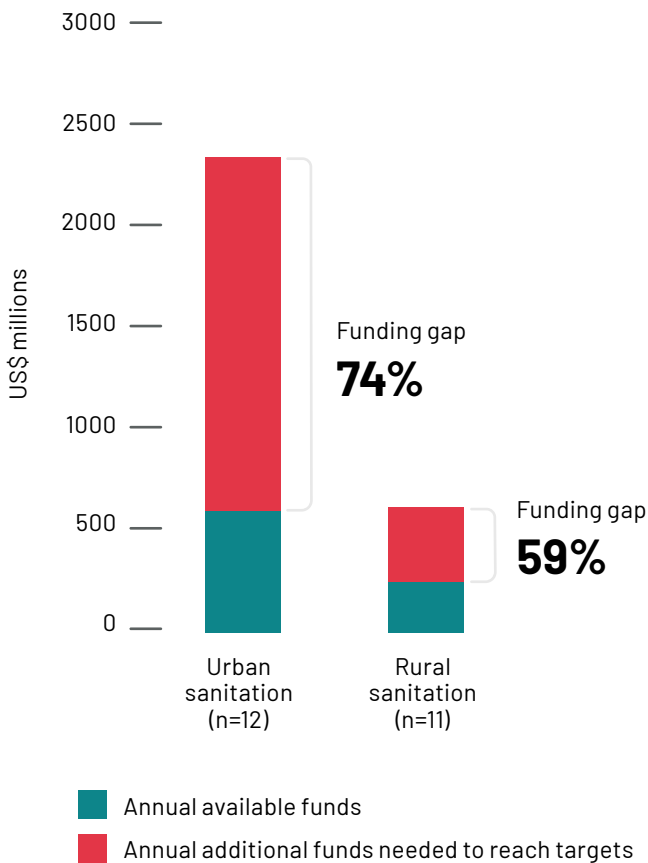


Infographic 3: Linkages between sanitation and hygiene and the SDGs

Commitments to funding in Sanitation and Hygiene (SDG 6.2)

The currently available funding for sanitation and hygiene falls considerably short of the global need, and in many countries systems to support the sector are weak and lacking investment and capacity. The 2019 UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water (GLAAS) findings show a shortfall in funding of 74% for urban and 59% for rural albeit on a sample of 20 countries.⁵¹ For certain countries this funding gap can translate into billions of US dollars.⁵²

Shortfall in funding for reaching urban and rural sanitation targets⁵³



Infographic 4: Shortfall in funding for reaching urban and rural sanitation targets

However, countries are increasingly making commitments to better support national targets for safe sanitation and hygiene. At the global level, sector and finance ministers are convening around the Sanitation and Water for All (SWA)⁵⁴ platform to make their commitments, call for greater funds and share learning. At the policy level the GLAAS country survey shows that 94% of countries surveyed had national policies for sanitation and 79% for hygiene.⁵⁵

These policies and stated ambition now need to be translated into robust, realistic investment cases and financing strategies with investable propositions that can attract new public and private sector investment, while ensuring that existing funds are being used in the most efficient and effective way. Only six countries of those surveyed for the GLAAS report said they had fully costed plans with enough financial and human resources for urban sanitation and only three reported fully costed plans with sufficient financial and human resources for rural sanitation. Without credible investment cases and country specific financing strategies the sector is not attractive to investors. The perceived risks are seen as too great when return on investment is poorly understood. When data fails to satisfy investor expectations the capital goes elsewhere. Having the required data and clearly identified investable propositions, the sector will be in a stronger position to start to attract domestic and/or international development and private financing. Likewise the SHF will be better placed to assess the opportunities and risks of its funding.

SHF: Catalyzing the Sanitation Economy

Investment in the Sanitation Economy, from both public and private sectors, has the potential to revolutionize how people receive and value sanitation, hygiene and MHH access. By convening the expertise of the WASH sector

and the advances made in innovative financing, especially in other sectors, the world has an opportunity to catalyze national sanitation economies and take effective sanitation, hygiene and MHH solutions to scale.

SHF focus

The SHF's starting point is to see sanitation, hygiene and menstrual health as having value and opportunity for individuals, the economy and the environment. Knowing this value, encapsulated in the sanitation economy, helps governments and investors to see the task of improving sanitation and hygiene as not only an opportunity for building human capital but also for accelerated economic growth and jobs.

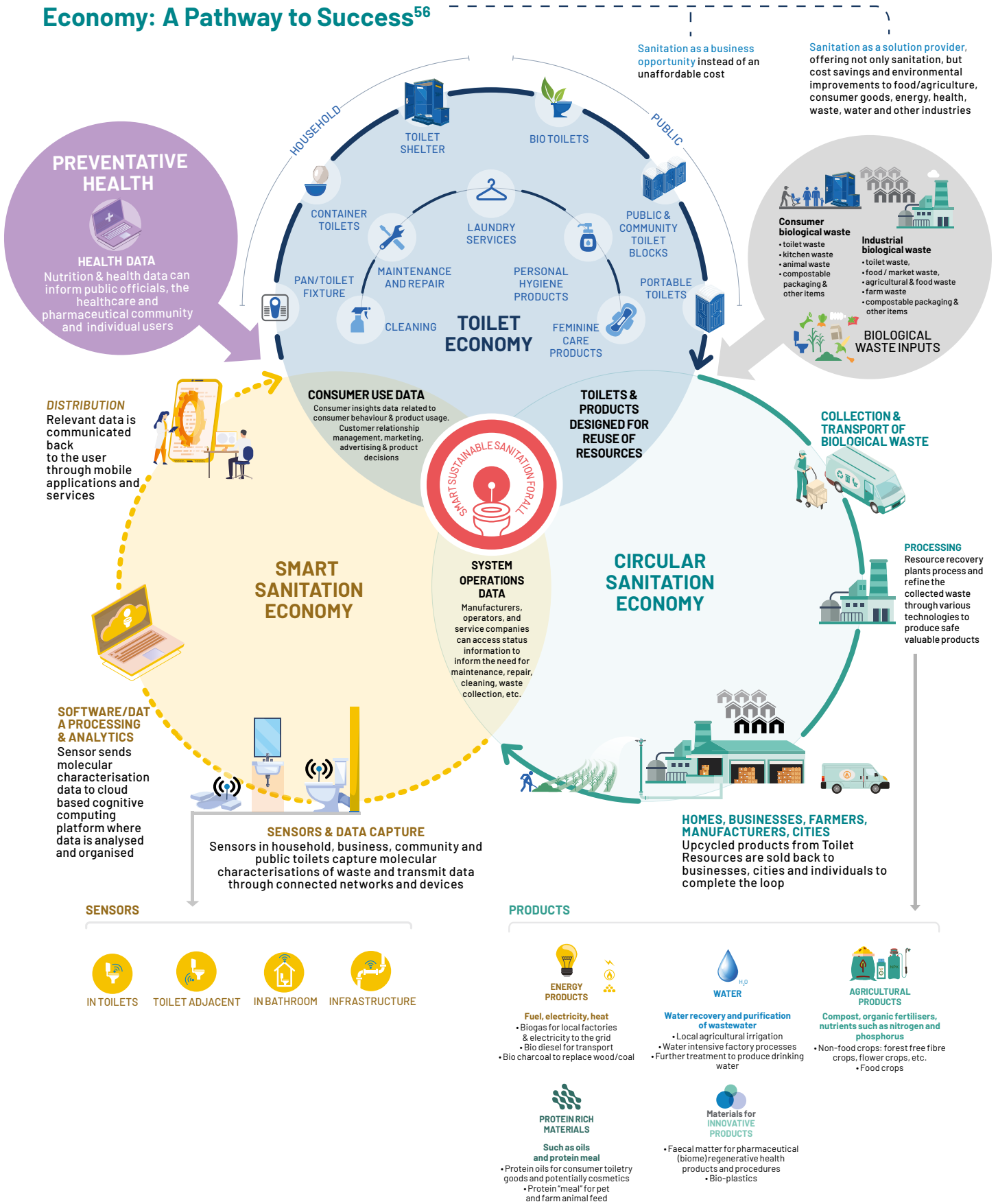
The estimated value of sanitation and hygiene, assessed through modeling a local context, presents enormous opportunities. For example, adopting a circular sanitation approach has the potential to unlock 3.8 trillion litres of

human waste every year from toilets and sanitation systems for reuse in the wider economy.⁵⁷ Framing sanitation in this way also positions its value in the **green and circular economies** and **climate finance** discussions. In Kenya, for instance, the sanitation economy is valued at USD 3.2 billion, with an estimated growth potential of USD 6.2 billion in 2030. In Nigeria, the growth is calculated from USD 6.2 billion to 26 billion in 2030.⁵⁸

The potential is tremendous and this is why SHF is working to catalyze national sanitation economies in Low Income Countries (LICs) and Lower Middle Income Countries (LMICs).



The Potential of the Sanitation Economy: A Pathway to Success⁵⁶



Infographic 5: The Potential of the Sanitation Economy: A Pathway to Success

The Sanitation Economy is a marketplace with multiple entry points and opportunities⁵⁹

in Kenya



O&M (Cleaning) for Public
\$1,450M



\$145.9M
Menstrual health & hygiene products



\$52.5M
Hand washing using soap



\$1.7M
Rural Toilets (new installations)

\$77M
Rural Toilets (upgrade products)



\$108.6M
Mid/High Income Urban Toilets



\$18.9M
Low Income Urban Toilets



\$813.3M
O&M (cleaning & emptying) for household



\$10.2M
Offices
\$3.5M
Hotels/Accommodation Units
\$0.1M
Railway and Bus Stations

\$26.3M
Schools/Colleges/Universities
\$6.3M
Hospitals



\$0.01M
Airports



\$0.06M
Malls



in Nigeria



O&M (Cleaning) for Public
\$2,331.3M



\$6,094.7M
Menstrual health & hygiene products



\$1,363.1M
Hand washing using soap



\$59.7M
Rural Toilets (new installations)

\$797.8M
Rural Toilets (upgrades & emptying services)



\$264.1M
Mid/High Income Urban Toilets



\$38.6M
Low Income Urban Toilets



\$3,023.1M
O&M (cleaning) for household & community



\$10.2M
Offices
\$0.3M
Hotels/Accommodation Units
\$0.2M
Railway and Bus Stations

\$36.1M
Schools/Colleges/Universities
\$2.4M
Hospitals



\$0.01M
Airports



\$0.003M
Malls



How SHF achieves results

The SHF brings together the development and finance worlds and we play a key role in assisting countries to navigate and benefit from innovative financing opportunities therein. Through our strategy, we pursue four main strategic areas where we believe financing is urgently required.

1. Scaling-up household sanitation and hygiene services – these are usually off-grid, non-sewered solutions;
2. Addressing menstrual health⁶⁰ and hygiene⁶¹ gaps, promoting gender equality and the empowerment of women and girls;
3. Increasing sustainable water, sanitation, hygiene and MHH services in schools and health care facilities; and
4. Supporting all forms of innovation which work towards providing access to safely managed services for all.

Our funding principles

The SHF is focused on investments and opportunities to deliver better sanitation and hygiene services, the 'SH' element of WASH - Water, Sanitation and Hygiene. We do not work on drinking water infrastructure unless in the context of sanitation and hygiene in schools and healthcare facilities. Similarly, the SHF focuses on off-grid, rural and peri-urban rather than large scale, centralized urban infrastructure - although these investments may appear in the pipelines of investable propositions, their implementation is entrusted to other partners who have greater capacity in these types of projects and investments such as the World Bank and the Regional Development Banks. All of our investments and activities are climate resilient and incorporate nature based solutions where possible. Our investments also demonstrate financial sustainability, wherein we support the provision of affordable and appropriate options and choice, rather than provide commodities such as free sanitary pads to women and girls.

When approaching the challenge of increasing the availability and sustainability of funding for sanitation and hygiene, we use the lens of the sanitation economy. The SHF will use the potential value that can be created within the sanitation economy as a driver for achieving scale and securing government commitments to co-financing and system strengthening as a foundation. Our next step is to facilitate the development (or refinement) of a national investment case and financing strategy, with a pipeline of investable propositions, that can attract a new range of investors previously not involved in the sector. The SHF will utilize its grant financing innovatively to help to de-risk their entry into the sector. We can also support market-based sanitation interventions that work in unison with consumer demand generation for sanitation goods and services, and which strengthen the domestic private sector.

In the pre-financing phase, we support governments and their partners to work together to create an enabling environment where the full potential of the sanitation economy can be unlocked. We engage through existing channels, building on sector initiatives that are delivering, for example ending open defecation road maps, small market based programmes that need to scale, micro-planning for school coverage, Covid-19 response plans national, or large health or education programmes where sanitation, hygiene or menstrual health is lacking.

Investment cases, financing strategies and investable propositions

Financing facilities, the SHF included, ask their country partners for well-developed investment cases and financing strategies as part of the engagement process. By this we mean, a description of the changes a country wants to see in sanitation, hygiene and/or menstrual health and the investments needed to achieve them. In particular, the SHF hopes to shine a light in key countries on the strong connection between the SHF objectives and other priority sector objectives.

Investment cases may build on sector roadmaps and costed plans though focus on a limited number of priorities that can form a pipeline of investable propositions. Importantly they include a compelling case for return on investment, sector coherence and mutual accountability, implementation focus and results (for the SHF this must include market based approaches), institutional reforms, sustainability and longer term trends.⁶² A financing strategy, developed alongside an investment case, explains the intended mix of different sources of finance to meet the priorities.

Then, in the financing phase, the SHF acts as a funder and co-investor. We seek to help interventions go to adequate scale whilst ensuring they target the most vulnerable. Our investment decisions are based on equality, viability, sustainability and contribution to climate resilience. We look for opportunities where our valuable grant resources can be used in a catalytic way. For example, we can promote the sanitation economy by providing capital recovery to donor investors based upon project performance and viability. This will help create a self-sustaining sanitation economy investment and lending vehicle for projects through direct lending. We may also participate in the creation of the sanitation economy ecosystem by lending to local SMEs. The SHF's engagement will evolve as new partners and investors come into the sector, replacing the need for us, or when we see new opportunities.



Unlocking investment in the Sanitation Economy - the SHF approach



Objectives

Improving the **enabling environment** for sanitation economy investments

Unlocking and co-investing in **specific sanitation economy investments**

SHF supported activities

Deploying a **package of pre-financing activities** at a country level, e.g.:

- Technical Assistance to develop a country finance strategy and investment cases
- Market bottleneck diagnostics
- Market data sourcing and strengthening
- Public and private investment tracking

Using grant funding to **leverage investors and other grant financiers** investments in viable propositions, via, e.g.:

- Matching investors with opportunities
- Pre-transaction Technical Assistance
- Structuring and co-financing deals

Innovative Financing and Partnerships

Building national sanitation economies is a complex process requiring a collective ambition, know-how, risk-taking, and the unlocking of investment bottlenecks and resources. As we develop our approach, we are learning from what works where and why. We are doing this by forming partnerships

and collaborations with practitioners and intellectual leads with experience in shaping market-based sanitation approaches for a robust sanitation economy, and how to take these to scale through innovative financing.

Innovative Financing

The SHF is primarily supporting off-grid and non-sewered solutions to sanitation. These solutions are driven by small-scale businesses driving new technologies and business models that require long-term capital, mentorship and technical support. These factors have traditionally not been attractive to commercial investors. However, there are promising companies and market-based programmes that are looking to change this perception including the Cambodia Rural Sanitation Development Impact Bond that aims to eradicate open defecation in 1,600 villages; the Uganda Sanitation for Health Activity (USHA) that aims to help 750,000 people gain access to basic sanitation and the Sanitation Services Delivery Project in Benin that reached around 650,000 people. These and other initiatives need to scale and represent valuable investment opportunities.

With traditional international grant making increasingly under pressure, we believe that innovative financing models play a critical role in building commitment and momentum for scale. As the SHF we aim to engage in innovative financing in the following ways:

- **Using blended financing to unlock commercial opportunities.**
Working with philanthropic actors, foundations and social impact investors willing to provide funds with no expectation of financial returns.
- **Supporting no interest loan alongside a concessional loan to advance project development, or seed capital where provisional approval exists.**
Offering a pathway beyond grants and leveraging the resources of development finance institutions (DFIs)

- **Playing a role in Development/Social Impact Bonds, promoting the sanitation economy by providing capital recovery to donor investors based upon project performance and viability.**
- **The creation of a self-sustaining sanitation economy investment and lending vehicles for projects through direct lending for example revolving funds.**
- **Participating in the creation of sanitation economy ecosystem by lending to local SMEs**
In synergy with schemes which offer loans and credit lines to microfinance institutions to increase the demand for sanitation goods and services.



Partnerships for Knowledge and Innovation

The foundation of the SHF's approach is partnership, emanating from the convening power of the United Nations and the global organizational capability of UNOPS.

Success requires a strong commitment of governments to do business differently. This means demonstrating political support for the sanitation economy, coupled with tangible system strengthening and reforms, and well-targeted use of catalytic funding to create investable propositions that increase the sector's attractiveness to investors. Doing business differently also means careful attention to data, to being prepared to challenge the status quo and adhering to the SHF criteria including: leaving no-one behind, active mutual accountability, co-financing and performance based payments.

The African Sanitation Policy Guidelines (ASPG),⁶³ an initiative led by the African Ministers' Council on Water (AMCOW) is now positioned as a framework to guide the development of functional and responsive sanitation policies. The guidelines are well-crafted and have excellent country buy-in.

At the global level and country level, the Sanitation and Water for All (SWA) partnership ensures high level dialogue, political leadership and the tracking of national commitments, including through Sector Minister Meetings and, with the World Bank Global Water Practice, the Finance Ministers' Meetings. The SHF is an active member in the SWA partnership, along with USAID and the UK FCDO, supporting the implementation of the SWAs common sector frameworks.⁶⁴ The SHF also looks to continue collaboration and learning with Water Aid, IRC WASH, SuSanA and others .

Data, normative guidance and technical advice is critical for the Fund. For sanitation, hygiene and MHH and market-based approaches at the global and country level, this is provided by UNICEF and WHO. Guidance on the Sanitation Economy comes from the Toilet Board Coalition and expertise on gender and women's empowerment is available through UNWomen and UNFPA. These agencies are also key in providing the necessary technical and implementation assistance to countries which the the SHF prioritises. Coordination, networking and joint advocacy is further ensured through UN-Water, which coordinates WASH concerned UN agencies and works to strengthen Member States in their efforts to ensure sustainable water and sanitation for all, including through the SDG 6 accelerator initiative. In the area of menstrual health and hygiene, we work closely with the members of the Global MHH Collective.

National sanitation economies require space for innovation and growth and the private sector has a critical and fundamental role in its activation. Private sector companies can help to close the financing gap, drive innovation, and test and build markets for scale and sustainability. We develop strong relationships and seek to incentivise more private sector activity and investment into the sanitation economy. The private sector, through national federations and platforms can identify lead companies to enable a range of innovative financing models, and also source the expertise needed to identify pathways for marketing, scale and regional distribution, and we will engage with multinational and localised companies driving access to low cost technology solutions, like SATO.⁶⁵

We also seek strong relationships with the multilateral development banks (MDBs) to leverage their concessional lending windows with the SHF grant financing and to embed sanitation and hygiene infrastructure in all related investment activities. We believe that the MDBs are ideally placed to provide the technical and financial support needed to activate and catalyse the sanitation economy.

Mutual Accountability Mechanism

The SWA Mutual Accountability Mechanism (MAM),⁶⁶ provides a framework for national accountability and monitoring. Country examples of the MAM in action include:

In Kenya the KEWASNET-WSSCC Advocacy project focuses on a national dialogue process to provide a voice to civil society to take part in WASH governance and accountability at both national and devolved levels. Specific activities include conducting institutional vulnerability assessments in select counties to inform decision making; review and customization of social accountability tools; training of selected right holders on Social Accountability tools; and facilitating and coordinating the use of social accountability tools by target right holders in select counties, and county-based WASH Social Accountability forums.

Nigeria has strengthened the engagement and advocacy capacity of NEWSAN state chapters, building capacity to strengthen planning, implementation, monitoring, impact, and promote learning, networking and to be more inclusive and diverse, particularly of disadvantaged groups thereby advocating for increased investments to basic WASH (with budget line for sanitation & hygiene) and advocate to states to develop SDG Plans for WASH.

Success will not be sustained without attention toward climate resilience and the inclusion of nature-based solutions⁶⁷ for sanitation to better protect ecosystems and ensure more robust mitigation. This means that our

choice of investments must underscore our commitment to removing the risks to public health and respecting the environment. We believe we have a clear role in helping innovative approaches move to scale.

Costing the SHF strategy

The Financing Gap

The currently available funding for sanitation and hygiene falls considerably short of the global need. Based on World Bank estimates, the total annual capital cost for providing access to basic sanitation is \$19.5 billion, the costs for safe fecal waste management is \$49 billion and the cost for hygiene is \$2 billion.⁶⁸ It has also been estimated that the capital financing required to extend safely managed water supply and sanitation services to everyone is over three times the historical financing trend of extending access to those in need.⁶⁹ In addition, in many countries, systems to support the sector are weak and lacking investment and capacity. The 2019 UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water (GLAAS) findings show a shortfall in funding of 74% for urban and 59% for rural. For certain countries this funding gap can translate into billions of US dollars.⁷⁰

SHF contribution to the financing gap.

The SHF has an ambition to leverage up to \$2 billion of additional investment into the sanitation economy and has developed a resource mobilization strategy to that effect. To kickstart this, the SHF aims to raise \$200-\$500 million over the strategic period 2022-25. The SHF will leverage its grant finance by attracting and partnering with financiers that provide larger amounts and different types of capital. Pre-financing activities will be funded through direct grant financing whilst in the financing phase, the SHF investments will aim for a leverage effect of x4 initially - upto x10 can be achieved based on the various financing options that the SHF can deploy.



Accountability and Results



Institutional arrangement and governance

The SHF is a part of UNOPS. We have a Board comprising experts from fund management and oversight, development financing, government advisory and impact investing. The Board also has a senior UN agency leader. The Board members are unpaid and the Board operates to UNOPS governance highest standards.

The SHF is designed to be a lean and agile entity. Our leadership and staff team cover the core technical and professional functions needed to develop, operate and evolve the business model. We make use of the diverse skill set across UNOPS, ranging from human resources, to legal, to in-country representation and insight. Services are procured and expertise is hired following UNOPS systems and processes.

Understanding risk as critical to our business and its management is central to the success of the SHF. We actively consider risk at 3 different levels - vision and mission, strategic objective and organisational - and the

team is involved in processes to identify, assess, measure, and manage risk within all aspects of work, especially the country portfolio. In the context of UNOPS risk is monitored quarterly and senior management and group leaders within the SHF have the tools and systems to contribute.

We are committed to rigour and transparency in all we do. The SHF is subject to the auditing procedures laid down in UNOPS and regulated by the Executive Board. The audit of the SHF country engagement is carried out by independent audit firms. Audit reports are presented to the the SHF Board and published on the UNOPS website.

Country fiduciary and programmatic oversight is also ensured through the Fund's government-led in-country programme coordination mechanisms. We also have in place independent country programme monitoring to verify financial and programmatic results and reporting, annual in-country external audits and regular independent outcome surveys to verify the sustainability of results.

Monitoring results and learning

The SHF is a data driven organisation, able to make decisions and prioritise based on facts and to demonstrate its impact transparently.

We support national systems for inclusive monitoring and evaluation on sanitation and hygiene. Adhering to [WHO/ UNICEF Joint Monitoring Programme](#) and related sector norms, we work to ensure robust and, where appropriate, integrated data gathering to inform monitoring and evaluation, and investment decisions. We also monitor county investment readiness, investment

case and finance strategy development, and quantify the effectiveness and efficiency of investments covering both economic performance (i.e., value for money) and the gender and human development impacts and environmental benefits associated with realising the value of the sanitation economy.

SHF Apex indicators

Highest level results indicators

1. Accelerating the number of individuals with inclusive and sustainable access to improved sanitation, hygiene and MHH
2. Increasing the volume of investments in the sanitation economy
3. Realising the value of national sanitation economies, delivering inclusive and sustainable goods, services and jobs

Infographic 8: SHF Apex indicators

The SHF's highest level results indicators are its three Apex Indicators.

- Apex Indicator 1 assesses how many people the SHF is reaching ("Accelerating the number of individuals with inclusive and sustainable access to improved sanitation, hygiene and MHH").
- Apex Indicator 2 measures how much money the SHF and the sanitation and hygiene sector is investing ("Increasing the volume of investments in the sanitation economy").
- Apex Indicator 3 addresses the longer term impact and sustainability of the investments ("Realising the value of the sanitation economy, with goods and services that are inclusive").

Progress on the SHF Apex Indicators indicates that the sanitation economy is active, and achieving better coverage and results with a focus on system transformation and real, meaningful and lasting change.

The SHF results-based monitoring and evaluation track performance and results, and contribute to accountability and learning. Country-level progress is assessed by a set of key performance indicators covering access to inclusive and sustainable sanitation, hygiene and MHH, increased investments, strengthened government systems, increased market size and access, strengthened national data, and the longer-term impacts on the environment, health, education and economic well-being. Primary recipients report on progress through bi-annual financial and results reporting, which is independently verified. Independent outcome surveys and evaluations are conducted in 2 to 3 year intervals and address the longer-term intervention outcomes and sustainability. More information on the SHF Results Framework is available on www.shfund.org.

We also work on evidence building to better understand and quantify climate resilience and the broader human development benefits of different types of investments. This requires the development of innovative methodologies for market-based approaches and different types of financing mechanisms, and the modeling of environmental, health, education and economic intervention impacts.

A World Leaving No-One Behind

In conclusion, safe and sustainable access to sanitation, hygiene and menstrual health continue to elude billions of people, impacting their health, education, livelihoods and economies. The SHF aims to challenge this status quo by encouraging the world to see toilet and hygiene opportunities for all differently. This is particularly relevant in a post COVID-19 pandemic world where families, communities and economies are in need of both recovery and resilience against future pandemics.

Sanitation, hygiene and menstrual health are an investment opportunity which can provide critical financial returns to developing economies as well as very high social returns in health, education, gender equity and job creation, helping vulnerable communities thrive. By activating and catalyzing the sanitation economy in partner countries, we aim to incentivise and stimulate new public and private investment into the sector which will be more sustainable than current or previous financing models.

COVID-19 demonstrated the economic and health fault lines that persist in countries around the world. We have before us an opportunity to ensure that communities have access to the one of the most effective means of protection against future pandemics - safe and sustainable sanitation and hygiene - and a means to grow and prosper economically, directly and indirectly through a robust sanitation economy.

We look forward to working with our partners and countries and communities to leverage innovative finance and secure safe and sustainable sanitation, hygiene and menstrual health for all.



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Acronyms and Abbreviations

AMCOW	African Ministers' Council on Water
AMR	Antimicrobial Resistance
ASPG	African Sanitation Policy Guidelines
DFI	Development Finance Institution
FCDO	UK Foreign, Commonwealth and Development Office
GLAAS	Global Analysis and Assessment of Sanitation and Drinking-Water
GDP	Gross Domestic Product
JMP	Joint Monitoring Programme
MAM	Mutual Accountability Mechanisms
MDB	Multilateral Development Bank
MBS	Market based sanitation
MHH	Menstrual Health and Hygiene
MHM	Menstrual Hygiene Management
O&M	Operation and Maintenance
MHH	Menstrual Health and Hygiene
SDG	Sustainable Development Goal
S&H	Sanitation and Hygiene
SHF	Sanitation and Hygiene Fund
SME	Small Medium Enterprise
SWA	Sanitation and Water for All
UN	United Nations
SME	Small Medium Enterprise
UNESCO	United Nations Educational, Scientific and Cultural
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office of Project Services
USAID	United States Agency for International Development
(USHA)	Uganda Sanitation for Health Activity
WASH	Water, Sanitation and Hygiene
WHO	World Health Organization
WSSCC	Water Supply & Sanitation Collaborative Council



The Sanitation & Hygiene Fund

Strategic Framework

2022-2025

Vision	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.			
Mission	Raise, catalyse and invest resources to accelerate delivery of sustainable sanitation, hygiene and menstrual health services for people in urban and rural settings with the highest burden and lowest ability to respond.			
Our <i>Leave No One Behind</i> Principles	<ul style="list-style-type: none"> Accountability and transparency Country-led, community owned Serving those left behind, with a focus on women and girls Efficiency and value-for-money 		<ul style="list-style-type: none"> Collaborative Adaptive and resilient Innovative Sustainable Evidence driven 	
Goal	Operate a catalytic, efficient and sustainable fund that takes the response to the global sanitation, hygiene and menstrual health crisis to a new level, while adopting a funding-model that leverages increased international and domestic financing to achieve universal access and coverage.			
Strategic Objectives	1. Scale-up household sanitation and hygiene services	2. Address Menstrual Health and Hygiene (MHH) gaps while promoting empowerment of women and girls	3. Increase sustainable water, sanitation, hygiene and MHH services in schools and health care facilities	4. Support innovation towards safely managed sanitation, hygiene and MHH (cross-cutting objective)
Strategic Actions	1.1 Support the development of national sanitation and hygiene policies, systems, costed investment plans and financing strategies.	2.1 Support the development of systems for effective MHH multi-stakeholder programming, including linkages to sexual reproductive health and education.	3.1 Increase the availability of sustainable WASH services in schools, contributing to retention rates, especially of adolescent girls.	4.1 Catalyse innovations in technologies and other sanitation, hygiene and MHH solutions that are cost effective, sustainable and climate resilient.
	1.2 Support the implementation of national plans and investment cases to increase household sanitation and hygiene services.	2.2 Support the implementation of national plans to address stigma and increase MHH services for adolescent girls and women.	3.2 Increase the availability of sustainable WASH services in health care facilities, especially in maternal and primary health care settings and in support of Universal Health Care.	4.2 Work with partners to scale up market-based sanitation and hygiene to deliver quality and value-for-money products and services.
	1.3 Invest to extend sanitation and hygiene services to vulnerable populations.	2.3 Support measures for affordable and accessible menstrual materials and facilities.		4.3 Support innovative finance solutions and the development of national data platforms for evidence-based real time decision making.
Strategic Enablers	<p>Strengthen partnerships</p> <ul style="list-style-type: none"> Strengthen partnership and collaboration with key partner organizations and influential individuals, including private sector. Strengthen multi-stakeholder processes, incorporating voices of key populations, in the planning, development and implementation of programmes. <p>Build commitment and accountability</p> <ul style="list-style-type: none"> Harness societal engagement and secure political commitment for improved sanitation and hygiene, and MHH. Ensure country-level oversight, where possible integrated into national systems. Monitor and evaluate all funded programmes, gather evidence and data to strengthen investment effectiveness, sustainability, value-for-money and to course correct. <p>Mobilize investments</p> <ul style="list-style-type: none"> Invest in sanitation, hygiene and menstrual health programmes serving those with the highest burden and least ability to respond. Use SHF financing to leverage international and domestic investments for greatest impact. 			

The Sanitation and Hygiene Fund (SHF) is a part of UNOPS.



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