

Document Administration

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The Sanitation and Hygiene Fund Fragility Policy

This **Fragility Policy** complements the following and related SHF policies which, taken together, describe how the SHF engages with countries and invests funding to scale up sanitation and hygiene services for those most in need:

- a. Funding Policy
- b. Eligibility and Transition Policy
- c. Allocation and Prioritization Policy
- d. Co-financing Policy

Included as part of a “Call for Applications,” the SHF **Application Guidelines** provide support and instructions on how to best prepare a funding request for review and approval.

1 Purpose

This document sets out how the Sanitation and Hygiene Fund (SHF) will identify countries it deems are particularly fragile environments in which to operate. Due to the unique complexities inherent in working in such fragile settings, careful and consistent consideration of fragility factors and potentially modified approaches are needed to ensure effective investment of its resources.

This policy describes how countries are identified as fragile and under which circumstances the SHF may extend certain flexibilities to a sub-set of those countries. It is important that countries and partners are fully informed of both the possibilities and limitations of SHF programming in these fragile settings.

2 Fragility and Risk

The SHF is founded on the principle of “Leave No One Behind,” requiring the organization to anticipate and take responsible action where populations are at greatest risk of neglect and suffering. The SHF Eligibility and Transition policy directs SHF’s resources to those countries with the highest burden of sanitation challenges coupled with the least ability to finance a national response. These are the same countries with the least means to respond to national crises. And yet, the SHF is not designed as an agency for humanitarian assistance. As a financing mechanism for sanitation and hygiene development, its mission is to 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.

To achieve its mission, the SHF needs to manage adeptly the challenges and risks associated with working in fragile settings. These range from security issues that may limit access and

increase the cost of operations, to fiduciary risks that curtail donor activity, governance issues that raise concerns around political instability, corruption, civil unrest, or climatological emergencies. By committing its focus on the poorest parts of the world and the most vulnerable parts of society within those countries, the SHF accepts the need to take on additional risks.

In times of disruption, SHF funding will be adjusted to best respond to the particular crisis or hardship. Exceptional re-programming may be needed, for example, to support the most critical of sanitation and hygiene services to prevent the spread of disease. Performance expectations will also need to be modified and tailored responses considered on a case by case basis.

3 Definitions and classifications of fragility

For the purposes of this policy, **fragility** refers to an unstable state or crisis that strains the ability of SHF programming to be most effective, increases the risk of inadequate oversight and greatly reduces the chance for meaningful engagement with country partners. This is particularly applicable in SHF eligible countries

3.1 Classifications

While each country circumstance and reason for instability is unique, SHF classifies fragile countries into two different groups for the purpose of this policy:

- **Level 1 SHF Fragile countries:** where the fragility considerations may require the SHF to drastically limit grant-support and operations or to seek alternate means to channel funding. Examples of Level 1 settings include areas of active armed conflict and extremely fragile humanitarian crises.
- **Level 2 SHF Fragile countries:** where the fragility considerations may require the SHF to modify its grant-support and operations. Examples of Level 2 settings include countries with a high influx of refugees, with economic or political instability, or countries suffering climate-related crises and extreme weather events. A subset of Level 2 SHF Fragile countries are those with certain regions or pockets of disruption, crisis, or other circumstances at sub-national levels that require country-specific interventions.

3.2 Information Sources of fragility classifications

In order to classify the countries on an annual basis, SHF will rely on internationally published data. The following three sources will be used to classify countries at the start of each calendar year:

3.3 Emergency situations

Special and time-sensitive considerations will likely be needed in the event of an emergency crisis arising in an otherwise stable SHF eligible country. These cases will be managed closely by the SHF Secretariat, in consultation with partners, to determine whether a particular country needs additional support and flexibilities regardless of its classification at the start of the calendar year.

4 Determinations and communications

At the beginning of each calendar year, the SHF Secretariat will make determinations based on an SHF Board-approved methodology (provided as Annex 1) for its fragility framework.

facing active conflict, humanitarian crises, natural disasters, particularly weak government institutions and health systems, economic or political instability, disease outbreaks, large numbers of refugees or displaced persons.

3.2.1 Fund for Peace Fragile States Index

This methodology triangulates data from three primary sources (pre-existing quantitative data sets, content analysis, and qualitative expert analysis) and subjects them to critical review to obtain final scores for the Fragile States Index. Those SHF eligible countries listed as “High Alert” or “Very High Alert” will be considered as appearing on the highest categories of this list.

3.2.2 OECD States of Fragility Framework

This is a multidimensional framework and combines considerations of fragile capacities in economic, environmental, political, security and societal dimensions. Those SHF eligible countries categorized as ‘severe fragility’ will be considered as appearing on the highest category of this list.

3.2.3 World Bank Classification of Fragile and Conflict-affected Situations

This lists countries with fragile and conflict-affected situations and is published each year by the World Bank Group (WBG). Those SHF eligible countries listed as facing ‘high intensity conflict’ will be considered as appearing on the highest category of this list.

3.4 Special Board requests

If deemed necessary, the SHF Board¹ may wish to consider flexibilities for any country (regardless of its classification per 3.1 above) beyond the scope of this policy. In such a case the Secretariat will present options to the SHF Board for consideration.

4.1 Communication

When a country is classified as a Level 1 or 2 Fragile country in accordance with this policy, the SHF Secretariat will open a dialogue with government representatives and relevant in-country technical partners (as further described in Section 5). Communications from the SHF Secretariat regarding a determination of fragility will be shaped around the particular circumstance and urgency of each crisis. Discussions across in-country development partners will inform how best to adapt SHF support, including any adoption of flexibilities (Section 5 below).

4.2 Changes in status

As described in Sections 3.3 and 3.4, a country's fragility determination may change during implementation, either through the annual classification process or due to emerging national or regional events. In such cases, the SHF Secretariat will pursue the appropriate communications and assess how best to respond.

5 Flexibilities

Any flexibilities and exemptions from approved SHF policies due to a fragility determination are not automatically applied. Rather, a process of greater engagement and dialogue with partners will help the Secretariat identify measures to respond most appropriately to the particular fragility-related challenges in a country. The SHF Secretariat will weigh options and carefully consider how best to tailor or continue its programming.

5.1 Types of measures

The following are examples of the types of flexibilities the SHF may decide are necessary to adopt in order to support populations in these settings while ensuring/safeguarding donor resources. These could include (but are not restricted to):

- Modified mechanisms for developing and reviewing applications
- Stronger dialogue with in-country partners to determine most effective implementation arrangements
- Additional technical assistance
- Modifications to processes regarding reprogramming, performance-based funding, monitoring and evaluation
- Special considerations for financial management and additional support
- For fragile states nearing transition, eligibility extensions could apply

Granting of any such flexibilities² will be carefully reviewed and approved by the Executive Director. The granting of flexibilities with any financial implications must be made with the approval of the Finance Committee.

5.2 Approaches for Level 1 countries

Given the high level of fragility, SHF will take measures to ensure the safety of its operations and focus on the minimal essential services that may be needed to avert further disaster. Particular considerations will be given to the modification of implementation arrangements, including the possible channeling

of SHF funds through international organizations best equipped to work effectively in such settings.

5.3 Approaches for Level 2 countries

Recognizing the diversity of situations causing fragile situations, the following scenarios describe what the SHF is likely to consider in order to adopt certain flexibilities to work in challenging environments. In all such scenarios, the SHF will strive to support governments to rebuild or strengthen institutions and their national capacities to respond to fragile situations.

- **Regional issues:** Regions with instability that affect the SHF's ability to undertake development interventions will be identified, to the extent practicable, during the proposal development phase. The programming of funds may require particular targeting to those areas free of civil unrest.
- **Refugees and internally displaced people:** While SHF considers water supply and sanitation provision in refugee/IDP camp settings as part of a humanitarian response, SHF financing may be invested in sanitation, handwashing and menstrual health and hygiene behavior change programming in family and school settings. In such situations, SHF funding must complement and leverage humanitarian or other contributions by governments or agencies involved in the refugee response.
- **Weak governance or political instability:** SHF's investments will cover multiple sectors often represented by different ministries and government institutions, and will build on national policies and strategies under the leadership of government. Where political instability requires it, the SHF will work with government and technical partners to ensure continued coordination and effectiveness and continuity of operations, including where relevant using alternative investment channels outside of government.
- **Climate change, natural disasters and pandemics:** Climate change will affect global weather patterns and particularly impact water resources, including through prolonged droughts, floods, storms etc. It will also likely exacerbate public health crises³, requiring a focus on

prevention and resilience. SHF will put particular emphasis on resilient programming throughout its investments, affecting programming approaches, technologies,

governance and capacity development and adopt urgent or exceptional approaches to the re-programming⁴ of funds.

6 Effective date and review of policy

The effective date of this policy is 1 July 2020 as approved by the WSSCC Steering Committee on 6 May 2020. This policy will be reviewed and updated as and when required. Any amendments are subject to SHF Board approval.

ANNEX 1: Methodology for SHF Fragility Determinations

SHF eligible countries that feature in the top categories (as described below) on all three of these lists are classified as **Level 1 Fragile**.

Those that appear in the top categories (as described below) on one or two of the three lists are classified as **Level 2 Fragile**.

Source	Link to Data	Highest Categories
Fund for Peace Fragile States Index:	https://fragilestatesindex.org	“Very high alert” or “High alert”
OECD States of Fragility Framework	https://www.oecd.org/dac/conflict-fragility-resilience/statesoffragilityframework2018.htm	“Severe fragility”
World Bank Classification of Fragile and Conflict-Affected Situations	http://pubdocs.worldbank.org/en/179011582771134576/FCS-FY20.pdf	“High intensity conflict”

End notes

1. Currently the Water Supply and Sanitation Collaborative Council Steering Committee
2. Further guidance around the potential flexibilities in SHF processes due to country fragility considerations are specified in the SHF Operational Guidelines.
3. WHO (2014). Quantitative risk assessment of the effects of climate change on selected causes of death, 2030s and 2050. Geneva: World Health Organization.
4. For processes regarding the reprogramming of grant funds, see the SHF Operation Manual.