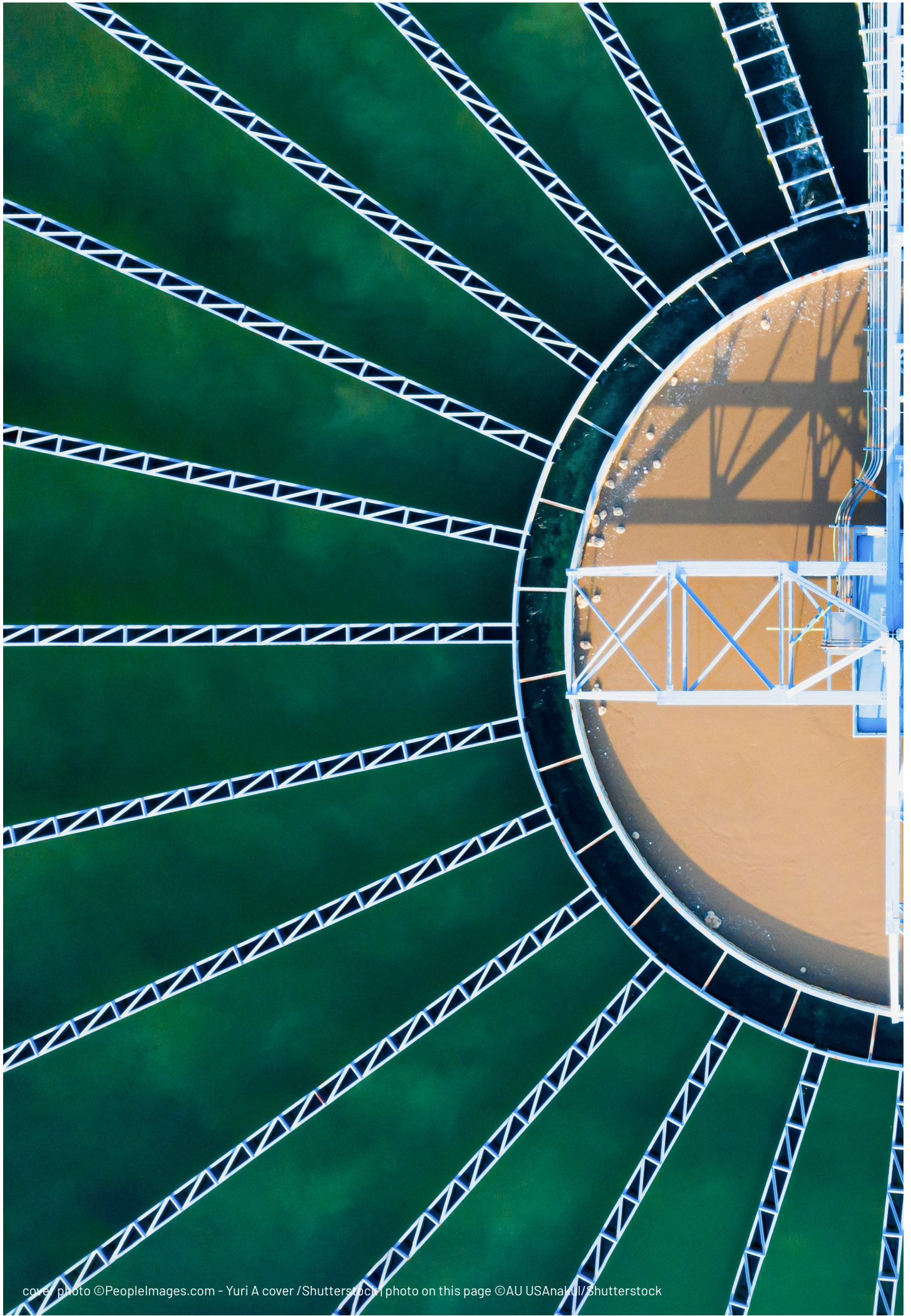


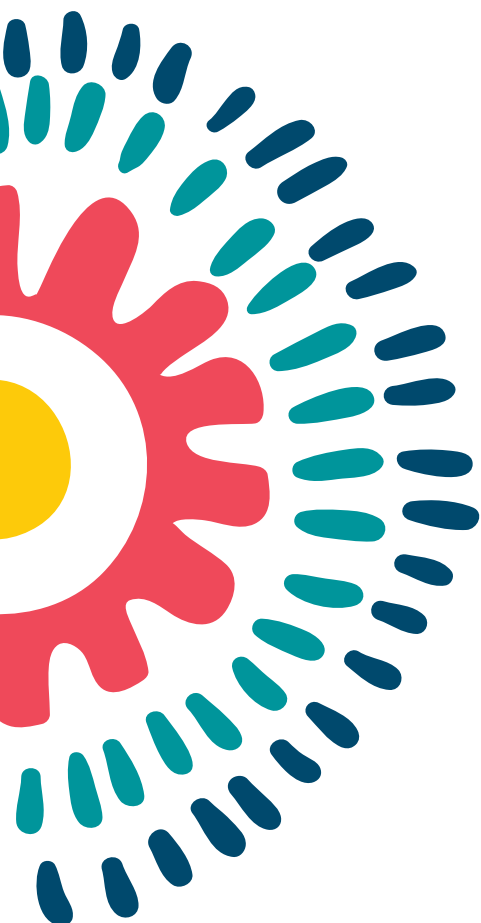
The UN Multi-Partner Trust Fund For
**Catalytic Finance in
Sanitation, Hygiene,
and Wastewater**

2024 – 2029





LIST OF ACRONYMS



AA	Administrative Agent
CF	Catalytic Finance
DGIS	Directorate-General for International Cooperation
GEM	Gender Equality Marker
IFI	International Financial Institution
MDB	Multilateral Development Bank
MHH	Menstrual Health and Hygiene
MPTF	Multi-Partner Trust Fund
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
NUNO	Participating Non-UN Organization
PUNO	Participating UN Organization
ROI	Return on Investment
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
SHF	The Sanitation and Hygiene Fund
TA	Technical Assistance
UN	United Nations
UNEP	United Nations Environment Programme
UNCDF	United Nations Capital Development Fund
UNOPS	United Nations Office for Project Services
UNSDG	United Nations Sustainable Development Group

KEY TERMS AND DEFINITIONS



BASIC HANDWASHING FACILITY

Availability of a handwashing facility with soap and water at home.



BASIC SANITATION

Use of improved facilities which are not shared with other households.



COUNTRY PRIORITIZATION METHODOLOGY

Considers countries' needs and opportunities. It aims to ensure that the available funding is prioritized to countries and populations that have one of the highest sanitation and hygiene burden and/or menstrual health and hygiene (MHH) burden. Other factors include country income level, country fragility status, the opportunity for making significant progress towards closing the gender gap, governance and investment readiness.



MENSTRUAL HEALTH MARKET

A market that connects the demand for and need to manage MHH to a supply of products and services intended to meet this need.



SANITATION ECONOMY¹

A market-based approach to the sanitation system that builds on innovative business models and strategic collaborations to provide customer-centric & sustainable sanitation products and services to everyone, everywhere. Products and services range from toilet access to collection and transportation, digitized sanitation, and its reuse – where output products are sold back to local businesses or utilized on site. The MPTF considers that sanitation economies include not only the collection, transportation and use of human excreta and urine, but also its safe treatment and, as appropriate, the recovery of energy, nutrients and water. This approach allows businesses to thrive while serving low-income markets, driving engagement towards SDG Target 6.2 – sanitation for all by 2030. The Sanitation Economy has three elements:

The Toilet marketplace

Businesses offer customer-centric solutions that provide safe, sustainable, and climate-resilient sanitation for all, including products and services for toilet access and the realization of menstrual health and personal hygiene. Whether in public or private settings, this spans centralized and decentralized systems, rural, urban and peri-urban settings, including sustainable wastewater management.

¹ Toilet Board Coalition 2023 and UNEP Wastewater – Turning Problem to Solution, 2023.

The Circular Sanitation Marketplace

TREAT – Where and when necessary resource collection and transportation technologies bring resources to treatment facilities. In some situations, this treatment may be on-site.

TRANSPORT – Resource recovery plants replace traditional wastewater management with a circular economy approach. Connecting the biocycle, they use multiple forms of biological waste, recovering energy, nutrients and water, and creating value-adding products.

RE-USE – The output products are sold back to local businesses or utilized on-site: Industrial & forestry reuse of treated wastewater; agricultural re-use of nutrients and organic matter; compost, fertilizers, nitrogen and phosphorus; protein 'meal' for pet and farm animal feed, or oils for cosmetics; public, private or industrial use of energy products; fuel, electricity, heat. Industrial use of innovative products; bio-plastics, faecal matter for pharmaceutical regenerative health products.

SMART Sanitation Marketplace

The entire process is smart, where digitised sanitation systems optimise data for operating efficiencies, and maintenance, plus consumer use and health information insights.



SANITATION VALUE CHAIN

Encompasses the collection, transport, treatment and disposal or reuse of human excreta, domestic wastewater and solid waste, and associated hygiene promotion.



SAFELY MANAGED SANITATION

The use of improved facilities that are not shared with other households and where excreta are safely disposed of in situ or removed and treated offsite. To be counted as safely managed, the sanitation facilities should additionally prevent the discharge of wastewater and faecal sludge to the surface environment, and they should ensure that excreta are either treated and disposed of in situ or transported and treated off-site.



WASTEWATER

Wastewater can mean different things to different people, with many definitions in use, including and excluding different fractions². The MPTF considers wastewater as an integral part of the sanitation service which domestic effluent consisting of black water (excreta, urine and faecal sludge), merged or not with grey water (kitchen and bathing wastewater), that could come from households, hospitals, schools, and other public and private institutions. The MPTF will not address wastewater from industrial effluent, stormwater and other urban run-off; agricultural, horticultural and aquaculture effluent or run-off.

² United Nations Environment Programme (2023). *Wastewater – Turning Problem to Solution*. A UNEP Rapid Response Assessment. Nairobi. DOI: <https://doi.org/10.59117/20.500.11822/43142>

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1. INTRODUCTION

In 2021, the UN's Sanitation and Hygiene Fund (SHF) was established to bring an innovative financing and market-based approach to solving the critical sustainable development issues of access to sanitation and hygiene. As a project hosted by the United Nations Office for Project Services (UNOPS), SHF works with countries, development partners, development finance institutions and the private sector to tackle barriers to inclusive growth and accelerate sustainable markets. In line with the UN Common Agenda, it puts women and girls – their choice, voice and power – at the center of these activities so that they, and we all, benefit from better health, education, jobs and a cleaner environment.

In order to leverage the expertise of partners, harvesting the benefits of joint collaboration within the UN system and beyond, while providing a sound platform for resource mobilization and action, the SHF has galvanized collective action towards the establishment of the UN's Multi-Partner Trust Fund for Catalytic Finance in Sanitation, Hygiene and Wastewater – referred to from now on as the MPTF.

The MPTF greatly complements the work of SHF allowing it to channel all of its UN financial partnerships through a single, consolidated mechanism for UN pooled financing. In addition, it provides a platform for the engagement of organizations that have innovative, blended finance mandates, tools and capabilities.

The MPTF is the only UN Multi-Partner Trust Fund dedicated to **Sustainable Development Goal (SDG) target, 6.2**: “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” (emphasis added). In this context, **menstrual health and hygiene** and SDG target 6.3 on improving **wastewater treatment and reuse** are given special consideration.

The Sanitation, Hygiene, and Wastewater MPTF exists to achieve tangible social and environmental impact at scale and catalyze the necessary finance to ensure this impact is at scale through sustainable, climate sensitive, gender-responsive and market-based approaches. It is primarily focused on developing countries across Africa and Asia with the opportunity to extend to Latin America, resources permitting.

Its catalytic approach responds to local and regional contexts, national investment cases, financing strategies, climate risks and the regulatory enabling environment to build sanitation economies and menstrual health markets. It acts to identify and develop investable opportunities and leverage capital based on a catalytic finance approach, gender and climate impact in all aspects of its work.

The initiative works closely with governments and national partners as the role of the public sector remains central to achieve its goals. Any aspiration to develop the private sector needs to happen in harmony and with the support of governments and policy makers, who have a leading role in the governance of the sanitation economy, including on public utilities, tariffs, and the delivery of services, in some cases. The different and complementary roles of central and subnational governments are also considered – on their broader legislative, local oversight, compliance, and regulatory roles.

The Sanitation, Hygiene, and Wastewater MPTF is a joint initiative of the SHF together with the UN Capital Development Fund (UNCDF) and the UN Environment Programme (UNEP).

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2. CATALYZING CHANGE

The initiative provides an opportunity to change the lagging course of SDG 6.2 and, in doing so, unlock high social impact in health, education, gender equity and women's power, as well as environmental impact and financial returns to investors and countries.

- Every US \$1 invested in improved sanitation translates into an average global economic return of US \$5.50³, more than double the economic return on water spending (US \$2) or an overall estimated gain of 1.5% of global GDP.
- With sanitation economy approaches, the current cost of sanitation provision can be transformed from US \$200 per person to a net value of US \$10 per person⁴.
- Achieving universal access to basic hygiene and sanitation (alone) can unlock annualized net benefits of US \$45 billion and US \$65 billion, respectively. Achieving universal access to safely managed sanitation might even result in annualized net benefits of US \$86 billion⁵.
- An investment of US \$1 per person per year in hand hygiene could mean that all households in the world's 46 least developed countries would have handwashing facilities by 2030⁶.
- Hand hygiene is a truly 'no-regrets' investment with estimates showing that for every dollar invested, countries can save US \$15⁷.
- The recovery of nutrients from wastewater generates a revenue of approximately US\$ 13.5 billion and offset around 13 per cent of global fertilizer demand in agriculture.
- For every US \$1 invested in menstrual health and hygiene there is at least US \$5 of social return.
- Improved MHH empowers women and girls and enhances their socioeconomic opportunities, whilst GDP per capita could be 20% higher if gender employment gaps were closed⁸.
- 800 million+ menstruators in LMICs are able and willing to pay for reusable menstrual products.
- Menstrual product innovations have the potential to increase choice and reduce costs between 4-15X and limit environmental impact.

³ United Nations (2024). Water - Improved sanitation and economic benefits. Available at: <https://www.un.org/en/global-issues/water>

⁴ TBC (2019). Scaling up the sanitation economy 2020-2025. Available at: https://www.toiletboard.org/media/52-Scaling_the_Sanitation_Economy.pdf

⁵ WaterAid (2021). Mission-critical: Invest in water, sanitation and hygiene for a healthy and green economic recovery. Available at: <https://washmatters.wateraid.org/sites/g/files/jkxoof256/files/mission-critical-executive-summary.pdf>

⁶ World Health Organization (2021). State of The World's Hand Hygiene report. Available at: <https://www.who.int/news/item/15-10-2021-investing-1dollar-per-person-per-year-in-hand-hygiene-could-save-hundreds-of-thousands-of-lives>

⁷ *ibid.*

⁸ Dalberg (2023). Menstrual Health and Hygiene: A cross-cutting impact opportunity. Available at: <https://dalberg.com/our-ideas/menstrual-health-and-hygiene-a-cross-cutting-impact-opportunity/>



BOX 1 STATUS OF SANITATION AND HYGIENE

In 2022, 3.5 billion people lacked safely managed sanitation, including 1.5 billion without basic sanitation services; and 2 billion lacked a basic handwashing facility, including 653 million with no handwashing facility at all⁹.

By 2030, the volume of wastewater from domestic sources is estimated to rise to 470–497 billion m³/year, representing a significant increase in the volume of wastewater produced.

By 2050, 68% of the world's population will live in urban areas – an increase of 2.5 billion people. 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.

Under the current trajectory, universal access to adequate and equitable sanitation and hygiene has no chance of being achieved by 2030. It is estimated that achieving the 2030 SDG Target 6.2 requires a 20x increase in rates of progress for safely managed sanitation services and a 42x increase for basic hygiene services¹⁰.

It has been estimated that inadequate access is costing African countries 4.3% of their GDP.¹¹

The currently available funding for sanitation and hygiene falls massively short of the global need, and in many countries systems to support the sector are weak and lacking investment and capacity. For certain countries this funding gap can translate into billions of US dollars.



⁹ <https://www.un.org/sustainabledevelopment/water-and-sanitation/>

¹⁰ UNICEF and WHO (2022). Progress on drinking water, sanitation and hygiene in Africa 2000–2020: Five years into the SDGs. Available at: <https://washdata.org/sites/default/files/2022-03/jmp-2022-regional-snapshot-Africa.pdf>

¹¹ These estimates cover both, water supply and sanitation. Source: Hutton, G (2013). Global costs and benefits of reaching universal coverage of sanitation and drinking-water supply. In: Journal of Water and Health, 11.1. Available at: <http://iwaponline.com/jwh/article-pdf/11/1/1/395437/1.pdf>

Unlocking women's power

The MPTF works to deepen commitment to the application of a gender-lens in sanitation, hygiene and menstrual health and hygiene. The aim is to contribute to contexts in which women have real, lived power over their money, their own bodies and in society.

Currently, women and girls bear the brunt of inadequate sanitation and hygiene. Globally more than half a billion people still share sanitation facilities with other households, compromising women's and girls' privacy, dignity, and safety. Women and girls are more likely than men and boys to feel unsafe going to outside latrines and open defecation fields at night, facing fear of sexual harassment and other safety risks. From menarche to menopause, periods and period poverty can be a recurring nightmare due to harmful gender norms, the silence around menstruation, period-related myths, discomfort, psychological stress, shame, a lack of toilet facilities and unaffordable and unavailable quality products of choice. Women are more often exposed to improper handling of wastewater. Due to gendered labor division, women are often most affected by the lack of wastewater treatment and consequent poor water quality as they are the most likely to be in contact with faeces and food as primary carers, increasing health risks to themselves and their families.

Gender-smart investments in sanitation, hygiene and menstrual health will help to shift the status-quo from one of personal burden to social and economic opportunities for women, which benefits all of society.

BOX 2

STATUS OF MENSTRUAL HEALTH AND HYGIENE

Globally, 1 in 4 women and girls struggle to manage their menstruation safely and with dignity and over a billion do not have access to purpose-made menstrual products¹².

More than a health issue, period poverty is a barrier to education, growth, equality and prosperity, yet it is largely ignored in political, economic and social spheres.

Menstrual health and hygiene is an untapped market. By 2030, the total number of people who menstruate will have achieved 1.8 billion, an estimated growth of 8% or approximately 157 million¹³.

Innovations have shown the potential to reduce the scale and impact of menstrual product disposal. During her lifetime a woman can use more than 100 kg of menstrual pads or tampons.

¹² FSG (2020). Advancing Gender Equity by Improving Menstrual Health. Available at: <https://www.fsg.org/wp-content/uploads/2021/08/Advancing-Gender-Equity-by-Improving-Menstrual-Health.pdf>

¹³ Reproductive Health Supplies Coalition. Landscape, & Projection of Reproductive Health Supply Needs. Available at <https://leap.rhsupplies.org/#/menstrual-hygiene>. Growth comparison estimates from 2019 to 2030.

Acting on climate change, protecting the environment

Poorly managed human excreta, wastewater and solid waste have major environmental consequences; emitting high amounts of methane, polluting human settlements, soil, groundwater, and surface water such as lakes, rivers, and oceans. Today, wastewater contributes as much to global greenhouse gas (GHG) emissions as the global aviation industry. Menstrual products can also have a detrimental impact ranging from the impact of production methods including gas emissions, the volume of single-use waste and plastics in disposable products that end up in landfill and the presence of sewage debris.

The MPTF acts on climate variability factors that affect sanitation, wastewater and hygiene services and increase the risk of infectious disease associated with inadequate sanitation and hygiene. Climate variability also has an impact on menstrual hygiene related production costs and supply chains and on women's income insecurity and shifting work patterns due to weather events, only made worse by poor sanitation and hygiene.

Climate-smart and environmentally sensitive investments in resilient sanitation and wastewater systems and products both safeguard public health and protect the environment. Furthermore, the recovered energy, water and nutrients can be used to help solve environmental and climate challenges.

A unique platform for achieving impact at Scale

The Sanitation, Hygiene, and Wastewater MPTF is founded by committed partners with a mutual drive to accelerate financing and market-based solutions for SDG Target 6.2 and related gender and climate priorities; and complementary expertise, skills and capability:

- **The Sanitation and Hygiene Fund (SHF)**, hosted by UNOPS, is dedicated to achieving universal access to sanitation, hygiene, and menstrual health and hygiene (MHH) through market-based approaches. SHF works with Low- and Middle-Income Countries (LMICs) to build robust sanitation economies and MHH markets through catalytic financing. It fills an important gap in the response to SDG Target 6.2 by focusing on the building of robust national sanitation economies and menstrual health markets. SHF seeks to catalyze significant opportunities for very high social returns in health, education, gender equity, climate resilience and job creation as well as financial returns to investors. Crucially, by catalyzing these economies and markets in partner countries, primarily in Africa and Asia, SHF seeks to incentivise and stimulate new public and private investment into sanitation, hygiene and menstrual health. Gender equality is a founding value of SHF - passionate about investing in women's agency and power to change how communities, countries

and the world respond to menstruation. Across its portfolio, SHF is helping to shape sustainable economies and markets, building gender- and climate-responsive, scalable enterprises that can unleash the power of women as leaders, entrepreneurs, employees, suppliers and informed consumers.

- **The United Nations Capital Development Fund (UNCDF) is the UN's catalytic finance entity for developing countries. With its unique capital mandate and focus on the Least Developed Countries (LDCs),** UNCDF works to invest and catalyze private capital to support these countries in achieving the sustainable growth and inclusiveness envisioned by the 2030 SDG Agenda and the Doha Programme of Action for the LDCs, 2022–2031. UNCDF is an autonomous specialist agency within the UN, affiliated with the UN Development Programme (UNDP) and working across the UN development system with the capability to deploy capital to the private sector through a mix of grants, loans, guarantees and technical assistance in combination with blended finance and investment expertise. UNCDF is committed to enhancing gender- and nature-positive financing flows globally.
- **The United Nations Environment Programme (UNEP) is the leading global environmental authority that sets the global environmental agenda,** promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment. Member States have requested UNEP (UENA resolution 3/10) to assist developing countries by strengthening their capacity to reach the target of halving by 2030 the amount of untreated wastewater reaching water bodies, taking into account gender perspectives, and including the development of wastewater treatment options in collaboration with national Governments, local authorities and, as appropriate, the private sector. UNEP committed, through its Mid-term Strategy 2022–2025 to support upscaling resilient waste and wastewater systems and infrastructure (Direct Outcome 3.7). UNEP also hosts the secretariat of the Global Wastewater Initiative. UNEP has a long lasting positive record on supporting countries to create enabling environments for transformational change, to provide technical assistance, capacity development, and advisory services to countries, and to make scientific knowledge data and information accessible for evidence-based decision making. UNEP Finance Initiative (FI) is a unique global platform that brings together a large network of 500 banks and insurers with assets exceeding US\$170 trillion that catalyzes action across the financial system to deliver more sustainable global economies.

Within the scope of the MPTF, the partners will work together to:

- Accelerate financing and market-based solutions for SDG 6.2 by providing a joint platform to deliver on catalytic finance ambitions to grow the sanitation economy, including treatment and recovery of resources from wastewater, and menstrual health market, by initially leveraging each other's capability and mechanisms whilst working to attract a diverse group of implementing organizations as the MPTF grows.
- Attract funds and provide a trusted platform for mobilizing UN agencies and other development partners for the delivery of its goals.

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3. THE UN MPTF FOR CATALYTIC FINANCE IN SANITATION, HYGIENE AND WASTEWATER

Strategy

Attracting global capital along with domestic funding and local capital market development are critical for the achievement of the Sustainable Development Goals (SDGs).

The public sector needs partnerships with the private sector to shape and build sanitation economies¹⁴ and the menstrual health market, whilst the private sector requires financial returns in addition to social-environmental returns to be able to invest. Investors and financiers need assurance that social-environmental impact and financial returns can co-exist.

The Sanitation, Hygiene and Wastewater MPTF aims to bring together the public and the private to create an enabling environment where investment in sanitation, wastewater management, hygiene and MHH is not only incentivized, but thrives. The recipients of funds work with governments and stakeholders to drive public and private investment into the sanitation, wastewater and MHH value chain to deliver sustainable and interconnected services to people and communities in need, creating economic opportunities along the way and building self-functioning sanitation economies and a menstrual health market that promote inclusivity, circularity and investability.

Business model: Catalyzing Finance

The MPTF seeks to catalyze investment into the sanitation economy and menstrual health market in the countries off-track to achieve SDG 6.2. This is being done by working with national and local governments, the private sector, investors and financiers, civil society and other development stakeholders to create a strong enabling environment for additional and new investment which is financially sustainable, gender focussed, environmentally sound and climate resilient. In addition to identifying key public sector reforms to improve the policy and regulatory environment for market development, the MPTF aims to improve entrepreneurial ecosystems for sanitation economies and the menstrual health market and thus pipelines of investable opportunities in order to mobilize further capital from development finance institutions, impact investors and other financial intermediaries through catalytic financing approaches.

The MPTF will promote catalytic interventions and actions, stimulating positive change or having a multiplier effect, for example by using grant funding as catalytic financing to leverage further capital triggering broader economic, social and environmental transformation.

¹⁴ The MPTF considers that “sanitation economies” include not only the collection of human excreta and urine, but also its safe treatment and, as appropriate, the recovery of energy, nutrients and water.

Scope

The MPTF scope is structured under two distinct, yet interconnected areas that comprise a well-defined focus within the broader programmatic and technical considerations within SDG 6.2.

Theme 1: Sanitation, Hygiene, and Wastewater

Safely managed sanitation coverage and access, comprising all aspects of the value chain, to ensure that human waste, wastewater and solid waste is managed in a way that is safe, climate resilient, environmentally sound, and socially acceptable. This extends to products, services and behaviors which can survive, function or quickly recover related to a range of climate-related shocks, chronic stresses and seasonal variabilities, ensuring that faecal matter is safely contained throughout the sanitation service chain¹⁵. In relation to faecal waste, the MPTF specifically focuses on **non-sewered sanitation solutions** promoted under, for example, the citywide inclusive sanitation (CWIS) approach. MPTF will also focus on the economic opportunities derived from the recovery and reuse of energy, nutrients and water from sanitation solutions.

Theme 2: Menstrual Health Market

Under the SHF initiative **Capital M**, the implementation of targeted interventions that are designed to **transform the menstrual health market** to ensure women, girls and others who menstruate have access to a variety of quality menstrual products at a price they can afford. This reflects across the value chain including raw material production and processing, manufacturing, transportation, distribution to the last mile, user education and demand generation.

Activities to **shape and design markets** to improve product and service delivery cover three broad areas – building an enabling environment of rules, regulations, policies and taxes; support the development of effective, sustainable and scalable business models and demand generation strategies to ensure access to low-income users; and provide access to financing and investment to scale effective models. This involves three major stakeholders: Government, private sector and the public and private financial actors. Moreover, the MPTF supports the strengthening of public private partnership (PPP) approaches for sanitation by collaborating with subnational entities, utilities and the private sector.

BOX 3

INTERCONNECTIVITY

The sanitation economy and the menstrual health market are closely connected. Menstruators require access to safe toilets, handwashing and hygiene products in order to use menstrual products and manage their periods safely and with dignity. It is critical that these emerging markets develop to ensure access to essential products and services for all, including the marginalized.

¹⁵ Technical Brief Climate Resilient Sanitation in Practice (UNICEF and Global Water Partnership), 2022

Country engagement and market maturity

Country engagement is based on a number of factors combining need and opportunity. A central consideration is the **level of related economy and market maturity** in the country of interest. The MPTF uses a set of well-defined criteria, expressed where possible as indicators to assess maturity of the sanitation economy and menstrual health market, providing an authoritative landscape to inform investment decisions.

BOX 4

WHY UNDERSTAND MATURITY LEVELS

Understanding sanitation economy and market maturity helps to determine the following:

- Why progress is slow, or what parts of the economy/market are slow or stalled, and why.
- The extent of economy/market development in different national and subnational contexts, and therefore what aspects of it need to be developed.
- Insights into why some economies/markets have been successful while others have been less successful.
- What might be the pathway for economy/market development at different levels of maturity: what is the 'shape of the bell curve' and 'tipping point'? And identification of the interventions needed to optimally develop the market, given its level of maturity
- To enable stakeholders to be in a position to use market information to reach strategic insights and make informed investment and business decisions.
- Inform which are priority countries where the greatest gains can be made inequitable provision of products and services by strengthening the economy/market.
- Understanding how major and emerging players are responding to long term opportunities and short-term challenges.

In order to improve the enabling environment, the MPTF provides a platform for engagement with governmental stakeholders to identify key public regulatory and sector reforms to improve market access (related to taxes, tariffs, standards etc.). Moreover, an overall assessment of the sector status and market potential based on the lack of access to sanitation, wastewater, hygiene and MHH products and services, gaps and needs strengthens the overall case for sanitation, wastewater, hygiene and MHH interventions.

Country ownership

Success requires a strong commitment of governments. 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.

Country ownership is a cornerstone of the MPTF business model. By securing buy-in from country-level stakeholders and decision makers, the MPTF ensures that recommendations will be followed by concrete actions. Moreover, on-going consultation with country stakeholders forms the basis for recommendations to ensure interventions are complementary to existing efforts.

Partnering for impact

Building national sanitation economies and markets is a complex process requiring a collective ambition, know-how, risk-taking, and the unlocking of investment bottlenecks and resources.

Success requires a strong commitment of governments and financing partners. This means demonstrating political support for the sanitation economy, and MHH market coupled with tangible system strengthening and reforms, capacity development, and well-targeted use of catalytic financing to create investable propositions that increase the sector's attractiveness to investors.

Coordination, networking and joint advocacy is further ensured through UN-Water, which coordinates WASH and wastewater 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 and the UN Water Expert Group on Wastewater and Water Quality. Networking and joint advocacy can also be supported by Global Wastewater Initiative (GWWI), which brings together UN agencies, development banks, the private sector, the academia, NGOs, and other relevant stakeholders to respond to the challenges posed by wastewater management.

In the area of menstrual health and hygiene, the MPTF works closely with National Standards Bodies through the International Organization for Standardization (ISO), public and private Reproductive Health supplies stakeholders via RHSC, members of the Global Menstrual Collective, UN agencies and pioneer innovators and investors.

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. The MPTF develops strong relationships and seeks to incentivize 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 catalytic finance approach.

The MPTF works with a wide consortium of stakeholders to create replicable, scalable models using a catalytic finance approach to develop and leverage portfolios of investable sanitation, hygiene and MHH propositions. It deploys a range of innovative financing models, and also sources the expertise needed to identify pathways for scale and regional distribution, and engages with multinational and localized companies, including startups.

In particular, the MPTF focuses on the following programmatic and catalytic financing approaches contributing to sanitation, hygiene and MHH pipeline development, in addition to broader market shaping activities and technical assistance support to governments to improve the enabling environment:

- 1 ~ Enterprise support** (incubation and acceleration) to develop investable opportunities in the sanitation economy and menstrual health market with a focus on gender- and climate-smart solutions through tailored technical assistance and catalytic financing;
- 2 ~ Subnational entity support** for accessing loans and, in the longer-term, issuing debt to capital markets (local bonds) based on local sanitation and wastewater investment planning support for the development of a pipeline of bankable (PPP) projects through capacity building and de-risking (see also local currency financing approach below);
- 3 ~ Local currency financing** (on-lending) in collaboration with national/regional development banks, commercial banks, microfinance institutions and other local financial intermediaries in developing countries to incentivize local currency financing for sanitation, wastewater, hygiene and menstrual health and hygiene purposes through capacity building and de-risking to improve access to local finance;
- 4 ~ Impact investing partnering** for collaboration on sector related blended impact investment funds/facilities through catalytic financing contributions to incentivize integrating a sanitation, wastewater, hygiene and/or menstrual health and hygiene lens to catalyze additional investment in sanitation economies and the menstrual health market in a longer-term.

The respective program beneficiaries and target entities will be selected based on assessment criteria including a gender and climate-environmental lens (see details below) and programs will be implemented through selected eligible MPTF implementing organizations with a catalytic financing capacity.

Gender and climate-environmental lens

Gender-smart: The MPTF integrates gender-based factors, such as women's leadership, ownership, employment or consumption into programmatic decisions related to sanitation, wastewater, hygiene and menstrual health in order to move towards a more equitable world for all. In addition, gender-smart criteria can help investors spot market opportunities or risks where others might miss them, while simultaneously addressing gender equality in various ways. It is relevant in public and private markets and across all asset classes, themes, and geographies. In general, a gender-smart approach addresses structural and discriminatory practices by creating a conducive environment to promote women's economic empowerment. Moreover, sustainable financing solutions are key to address gender equality especially in the context of emerging climate-related vulnerabilities, where women and girls are particularly affected.

Climate environmental-smart: In addition to gender-smart factors, the MPTF also integrates climate environmental-sensitive factors for programmatic decisions. These involve directing public, private or development sector finance into activities or entities which directly support combating pollution, biodiversity conservation, climate change mitigation or adaptation alongside financial returns. In general, the approach focuses on circular economy solutions to reduce depletion of natural resources and thus environmental burden (e.g. circular sanitation solutions with upcycled products for reuse or products based on biodegradable input materials).

Market-based approaches

The MPTF deploys **market-based approaches**¹⁶ to tackle SDG 6.2-related challenges. It does so by working closely with the public sector and other key stakeholders to build the policy and regulatory environment, develop and strengthen MSMEs, and increase access to financing. Leveraging market forces and dynamics to achieve growth, these approaches harness the principles of supply and demand, competition, and incentives to achieve sustainable and scalable impact.

The success of market-based approaches depends on a combination of factors that contribute to the effectiveness, sustainability, and scalability of the initiatives. These factors often vary depending on the specific context and sector, but there are some common determinants.

At the same time, **non-market aspects**, such as the value of better health, economic empowerment, growth and dignity, now and in the future, the value of nature and its ecosystem services, and the major factors that influence them must be considered.

¹⁶ Market-based approaches leverage market forces and dynamics to address social and environmental challenges. These approaches harness the principles of supply and demand, competition, and incentives to achieve sustainable and scalable impact.

BOX 5

COMMON DETERMINANTS FOR THE SUCCESS OF MARKET-BASED APPROACHES

Market Analysis: Thorough understanding of the market dynamics, including demand, supply chains, competition, and consumer behaviour, is crucial. A comprehensive market analysis informs the design and implementation of market-based solutions.

User-Centred Design: Tailoring products and services to meet the needs, preferences, and affordability of end-users is essential. A user-centred design approach ensures that solutions are more likely to be adopted and sustained.

Private Sector Engagement: Collaboration with the private sector, including businesses, entrepreneurs, and investors, is a key success factor. Private sector involvement can bring in innovation, funding, and expertise, contributing to the scalability and sustainability of market-based models.

Financial Sustainability: Establishing viable business models and revenue streams is critical. The ability of a market-based approach to generate income, cover costs, and potentially provide returns on investment enhances its long-term sustainability.

Incentives and Affordability: The presence of clear incentives for both providers and consumers can drive participation and adoption. Ensuring that products or services are affordable and economically viable for the target population is crucial for success.

Regulatory Environment: A supportive regulatory environment can facilitate or hinder the success of market-based approaches. Clear and consistent regulations, along with a level playing field, can create an enabling environment for businesses and investors.

Scalability: The ability to scale up operations is a key determinant of success. Market-based solutions should be designed to expand and reach larger populations or geographic areas, leveraging existing market structures and distribution channels.

Monitoring and Evaluation: Implementing robust monitoring and evaluation mechanisms helps track progress, assess impact, and make data-driven adjustments. Regular evaluation ensures that the approach remains effective and responsive to changing conditions.

Adaptability to Local Contexts: Recognizing and adapting to local cultural, social, and economic contexts is essential. Solutions that are contextually appropriate and address specific community needs are more likely to succeed.

Technology and Innovation: Embracing technology and innovation can enhance the efficiency and effectiveness of market-based approaches. Innovative solutions that leverage technology can often reach more people and offer improved services.

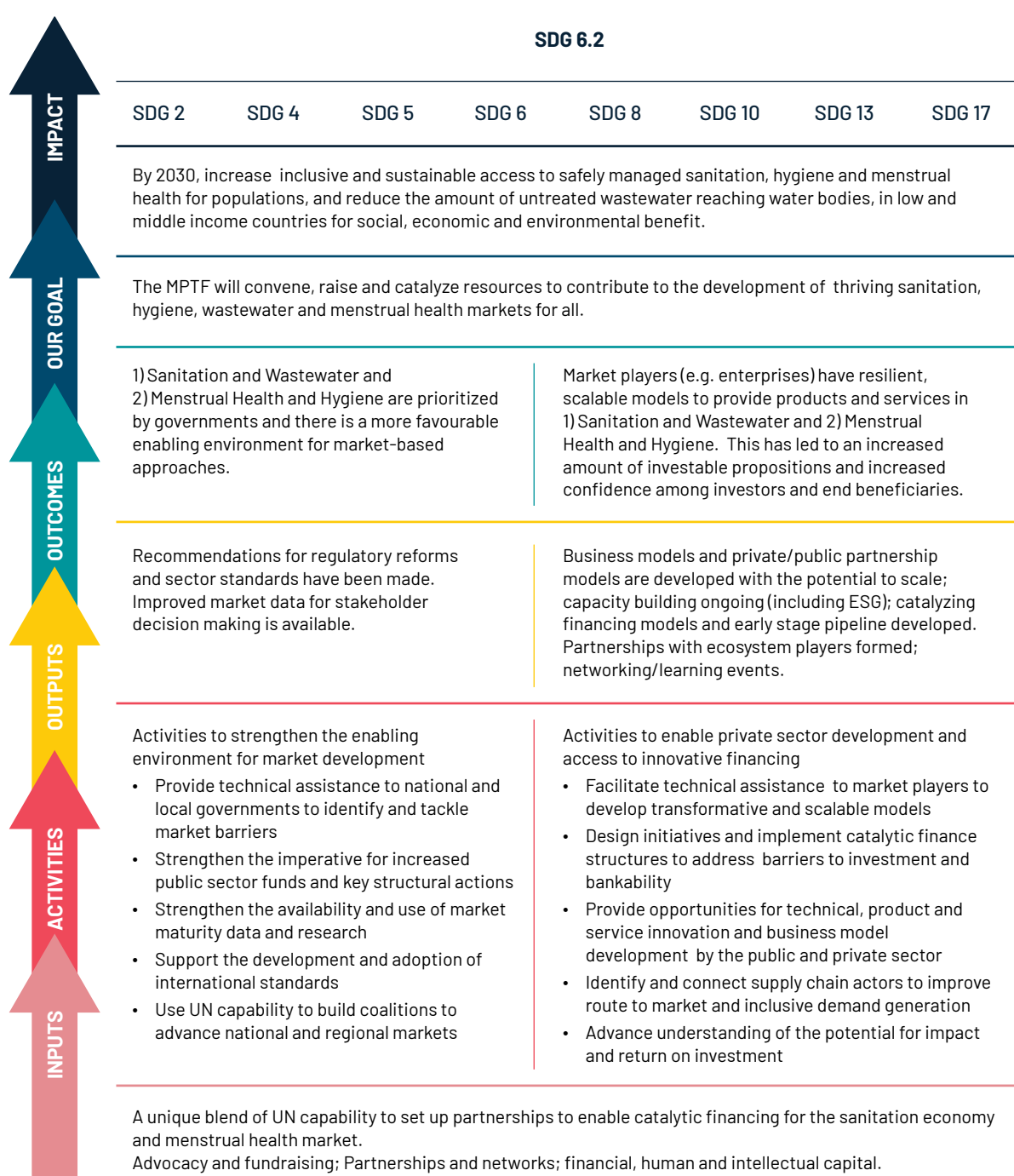
Risk Management: Effective risk management strategies are important for navigating uncertainties. Anticipating and mitigating potential risks, whether financial, operational, or regulatory, contributes to the resilience of market-based models.

Theory of Change

With our unique blend of UN capability and a dedicated mechanism for catalytic financing for the sanitation economy and menstrual health market, the MPTF aims to unlock social impact in health, education, gender equity and women's power as well as environmental and economic impact through more inclusive, resilient and sustainable sanitation, wastewater, hygiene and menstrual health markets that deliver increased access to essential products and services.

The figure below describes the Sanitation, Hygiene and Wastewater MPTF theory of change (ToC).

Figure 5: Theory of Change of the Sanitation, Hygiene and Wastewater MPTF





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4. FUND IMPLEMENTATION

Overall fund management

Donors sign a standard agreement with the MPTF Office to disburse funds to the MPTF. Those funds are held by the MPTF Office and allocations are made by a UN-led governance mechanism – the Steering Committee – supported by a Secretariat at the SHF (as hosted by UNOPS). The MPTF Office transfers resources to implementing organizations under a pass-through arrangement.

Once resources are transferred to the implementing organizations, they assume complete financial and programmatic responsibility for them.

Donors

Testing and implementing innovative approaches requires flexible funding. The MPTF offers the opportunity to pool funding from various donors to increase impact, while piloting new financing schemes. Resource mobilization efforts will primarily focus on securing regular grant funding from bilateral, multilateral and philanthropic donors while also unlocking additional sources of capital. Resource mobilization will be done jointly among the MPTF implementing organizations.

Contributions to the Fund will be accepted from governments of Member States of the United Nations, intergovernmental organizations or non-governmental organizations, private sector companies or individuals.

Acceptance of funds from the private sector will be guided by criteria stipulated in the UN system-wide guidelines on cooperation between the UN and Business Community ([the UN Secretary General's guidelines](#)) and will be subject to the outcome of applicable due diligence processes. A risk assessment will be conducted by the fund secretariat and will include approval of the partnership by the Steering Committee. The risk assessment will be presented to the MPTF Office for decision in accordance with the Administrative Agent (AA) policies and procedures on private sector due diligence.

In support of the overarching aim of the Fund, and to ensure maximum flexibility and adaptation to national priorities, a guiding principle for resource mobilization would be that donors are encouraged to contribute with multi-year unearmarked resources. In exceptional circumstances, donors may earmark funding by theme (Theme 1: Sanitation, Hygiene, and Wastewater or Theme 2: Menstrual Health Market) or country.

The Fund receives contributions in fully convertible currency or any other currency that can be readily used. Such contributions will be deposited to the bank account designated by the MPTFO. The value of the contributions, if made in a currency other than US dollars will be determined by applying the exchange rate in effect of the date of payment.

BOX 6

DONOR ENGAGEMENT

Regular donor accountability meetings will take place within our assurance framework to present and discuss the initiative's progress, challenges, and lessons learned. They include programmatic and operational updates to ensure donors are kept updated and engaged.

Implementing organizations

The MPTF establishes partnerships with organizations that are best suited to deliver according to each context and project. By leveraging the strengths of both UN and non-UN entities, these partnerships contribute to the Fund's success in achieving its intended impact and advancing the broader goals of international cooperation and sustainable development.

Engaging non-UN organizations in the MPTF enables organizations outside the UN programming framework to have direct access to the Trust Fund, increasing efficiency and effectiveness. As a safeguard, only non-UN organizations that have strong control frameworks, and that are best placed to deliver on a particular project, are eligible to be direct recipients (please refer to the [Non-United Nations Organizations](#) section).

UN and non-UN organizations, pre-approved by MPTFO - including national development banks, multilateral development banks, international financial institutions, and eligible NGOs - with the adequate tools, mechanisms, and expertise are responsible for fund implementation.

Project proposals are developed by the implementing organizations and screened by the Secretariat, in consultation with the Technical Committee, ahead of submission to the Steering Committee. Implementing organizations assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent.

Participating United Nations Organizations

Following an invite from the Steering Committee to join the MPTF, Participating UN Organizations (PUNOs) that sign the MOU with the Administrative Agent will be eligible to receive funding to implement approved projects. PUNOs will coordinate and guide the design of project proposals in their respective areas, as well as assist countries and project partners in implementation.

Each Participating UN Organization will assume full programmatic and financial accountability for the funds disbursed to it by the AA. Such funds will be administered by each PUNO in accordance with its own regulations, rules, directives, and procedures, including those related to public procurement, as well as recruitment and evaluation of executing partners, provided that the minimum requirements established by the Fund are in compliance with UNSDG guidelines.

Non-United Nations Organizations

In terms of implementation, non-UN Organizations (NUNOs) – such as international cooperation agencies, national governments, civil society organizations, non-governmental organizations – can join in two different capacities. They can either be sub-grantees of the Participating UN Organizations, following the UN entity's own process for partnering/transferring funds; or they can access the MPTF funds directly, a principle which is subject to UNSDG approval and donor consent.

Given the need to respond to the global development financing challenges, the MPTF intends to work closely with and position national and regional development banks as NUNOs with direct access to MPTF funds (to deploy grant funding as catalytic financing instruments in order to leverage further financing). Such an approach, including its catalytic nature, is in line with the UN's call to expand financing for the SDGs through ambitious and credible means of implementation¹⁷. It is also an integral element of the innovative approach of the MPTF, as part of a well-articulated strategy that requires multi-stakeholder collaboration, employing the best positioned actors with the adequate mechanisms to promote change.

In order to access funds directly from the MPTF, a non-UN Organization must demonstrate that the fiduciary securities and programmatic oversight criteria established by the MPTF are met. In line with the Framework Agreement for Participation of Non-United Nations Organizations, only NUNOs that are assessed as low risk following a micro-assessment of the Harmonized Approach to Cash Transfers (HACT) methodology will be eligible to receive funds directly. Similarly to PUNOs, NUNOs have full programmatic and financial accountability to donors for the funds received.

The project cycle

The approval process for a project funded through the MPTF is a comprehensive and rigorous procedure designed to ensure that proposed initiatives align with the strategic priorities of the United Nations and its partner organizations, as set out in these Terms of Reference.

1 ~ Request for proposals

As a demand-driven process, once potential projects and opportunities are identified, the Secretariat, in close coordination with the Steering Committee, invites participating organizations to submit a project proposal to be considered for funding by the MPTF.

2 ~ Project Conceptualization and Design

The selected organization designs a project proposal. This phase involves outlining the project's goals, objectives, expected outcomes, and strategies to address specific challenges or issues, in alignment with the MPTF Terms of Reference. The project proposal must clearly specify how it contributes to the achievement of the overall results framework of the MPTF.

¹⁷ See Addis Ababa Action Agenda, Third International Conference on Financing for Development, 2015

3 ~ Submission of Project Proposal

Once the project concept is developed, the implementing organization submits a detailed project proposal to the MPTF Secretariat. This proposal includes comprehensive information on the project's background, objectives, activities, expected outcomes, budgetary requirements, and the overall strategy for implementation.

4 ~ Review and screening by MPTF Secretariat and Technical Committee

The MPTF Secretariat reviews the proposal and the outcomes of the technical and financial assessments. This stage involves evaluating the project's alignment with the MPTF's thematic priorities, overall strategy, available resources, and adherence to the required social and environmental safeguards.

The technical review, carried out by the SHF Board's Impact and Innovation Committee (as Technical Committee), assesses the project's feasibility, relevance, and potential impact, ensuring that it aligns with the Trust Fund's global objectives. At the same time, the budget is analyzed to ensure it is realistic, cost-effective, and in line with established guidelines.

5 ~ Approval by Steering Committee

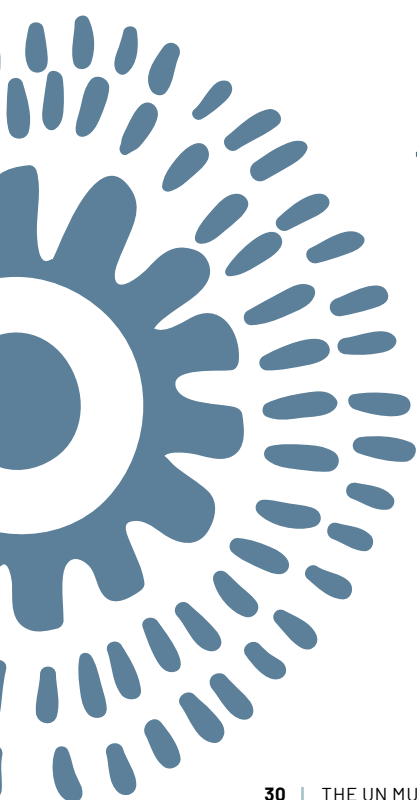
Projects that pass the Secretariat's review, including the analysis of the Technical Committee, proceed to the Steering Committee responsible for overseeing the MPTF. This body evaluates the proposal and makes a final decision regarding its approval. The approval decision considers the project's alignment with these Terms of Reference, its potential impact, and the feasibility of successful implementation.

6 ~ Implementation and Monitoring

Once a project is approved, it moves into the implementation phase. Upon the transfer of funds from the MPTF to the recipient organization, and throughout implementation, the project undergoes continuous monitoring and evaluation to ensure that it remains on track, achieves its objectives, and effectively utilizes the allocated funds.

7 ~ Project closure

Once a project is concluded, its final narrative and financial reports are submitted. Any unspent resources are returned to the Fund as per the MPTF regulations. The Steering Committee dedicates special attention to any lessons learned and recommendations that may be incorporated into future projects.



Allocation criteria

The MPTF will primarily provide funding to implementing organizations best positioned to deliver on its goals. In general, implementing organizations' capacity needs to be in line with the MPTF strategy and business model outlined above.

As for projects related to catalytic financing, implementing organizations need to have the capacity to receive grant funding and deploy it as catalytic finance instruments, such as e.g. zero interest loans, concessional loans or guarantees to catalytic financing opportunities set out in the proposal as approved by the Steering Committee.

The catalytic financing opportunities considered by the MPTF include: MSMEs in the sanitation economy and menstrual health market, sanitation and wastewater infrastructure (PPP) projects with utilities and NGOs with market-based approaches as well as financial institutions and intermediaries (including national/regional development banks, commercial banks, microfinance institutions etc.), blended impact investment funds (where applicable) and other catalytic finance targets related to sanitation economies and the menstrual health market.

Project proposals must articulate how the initiative contributes to dismantling gender barriers and include a gender equality marker (GEM) score¹⁸. The marker shows how gender equality and the empowerment of women and girls are addressed in the various elements of the project document, as well as the design and implementation phase. In addition, in line with the UN System-wide Gender Equality Acceleration Plan¹⁹, which strongly discourages gender-blind funding, the MPTF will strive to achieve a minimum 15% of expenditures on all programs to outputs where gender equality is the principal objective.

The general criteria for fund allocation include:

- 1 ~ Relevance and alignment with the strategic priorities of the MPTF
- 2 ~ Demonstrated value-for-money
- 3 ~ Scope and potential for leveraging additional resources
- 4 ~ Overall quality of proposal

Fee structure

The Administrative Agent (MPTF) fee: 1% is charged at the time of contributor deposit and covers services provided on that contribution for the entire duration of the Fund.

Indirect Costs of Participating Organizations: Participating Organizations charge 7% indirect costs.

¹⁸ As per the relevant UNSDG guidance and application of Gender Equality Markers on MPTFs

¹⁹ Available at <https://news.un.org/en/story/2024/03/1147407>

Monitoring, Evaluation, Reporting and Learning

The Monitoring, Evaluation, Reporting, and Learning cycle is an integral component of MPTF. It is designed to ensure accountability, effectiveness, and continuous improvement, taking place at the project and MPTF levels.

Each implementing organization is responsible for the M&E of projects/programmatic allocations, which are fully or partially funded with MPTF resources, in accordance with its respective regulations, rules and procedures.

Monitoring

At both the outcome and output levels (fund and project), programmatic and financial performance indicators are closely monitored. Each project tracks the key outcome indicators relevant to the Fund, as specified in the Results Framework. Additionally, output indicators are tailored to the specifics of individual projects. Implementing organizations bear primary responsibility for data collection, a critical aspect reflected in their annual reports. These reports also include sections on lessons learned and recommendations.

Reporting

Responsibilities related to reporting are described in detail in the Memorandum of Understanding for Participating UN Organizations and in the Framework Agreements for Non-UN Organizations receiving funding through the direct access modality. All Participating Organizations and Non-UN Organizations will submit annual and final reports on program activities to the Secretariat in line with the approved format.

NARRATIVE REPORTS

For each project, the Participating UN Organizations and Non-UN Organizations will submit the following reports to the Fund Secretariat for consolidation and further transmission to the Administrative Agent:

- 1 ~ Annual narrative reports to be provided no more than three months (March 31st) after the end of the calendar year.
- 2 ~ Final narrative reports after the end of activities contained in the program-related approved document, including the final year of such activities, to be submitted no more than four months (April 30th) in the following year after the financial closure of the project.

Annual and final reports will exhibit results based on evidence. Annual and final narrative reports will assess progress against estimated results and explain the reasons for higher or lower performance. The final narrative report will also include the analysis of how the outputs and outcomes have contributed to the Fund's overall

impact. The Fund Secretariat will submit the consolidated annual narrative report to the Multi-Partner Trust Fund Office four months (30 April) after the end of the calendar year.

FINANCIAL REPORTS

For each project, the Participating UN Organizations will submit the following financial statements and reports to the Administrative Agent:

- 1 ~ Annual financial reports to December 31st, regarding released resources by the Fund to them; these shall be provided no more than four months (30 April) after the ending of the calendar year.
- 2 ~ Final certified financial statements and financial reports after the completion of activities contained in the program-related approved document, including the final year of such activities, to be submitted no more than five months (31 May) in the following year after the financial closure of the project.

In addition to the annual financial reports set in the MOU, all Participating UN Organizations are encouraged to provide each quarter financial reports on expenditure incurred as of 31 March (Q1), 30 June (Q2) and 30 September (Q3) in each calendar year through the Administrative Agent's reporting system (UNEX).

Non-UN Organizations, working under the direct access modality, will submit financial reports and statements in line with the requirements of the Administrative Agent. Non-UN organizations will submit an annual financial report as well as quarterly financial reports for each project in accordance with the time frames specified in the Framework Agreement.

Non-UN Organizations will submit certified final financial statements and final audited financial reports after the completion of the activities in the project document of each approved Project, including the final year of the activities in the project document of each approved Project, to be provided no later than five (5) months (31 May) after the end of the calendar year in which the financial closure of the activities in the project document of each approved Project occurs, or according to the time period specified in the financial regulations and rules of the Recipient Non-UN Organization, whichever is earlier.

Based on these reports, the Administrative Agent will prepare consolidated narrative and financial reports which will be submitted to each of the Fund's Contributors and to the Steering Committee as per the schedule established in the Standard Administrative Agreement.

The annual and final financial reports providing information on the use of financial resources against the outputs and outcomes in the agreed results framework will be submitted to the Fund Secretariat.

Fund Evaluation

Evaluations play a crucial role in assessing performance. They serve to analyse program effectiveness and validate the underlying theories of change.

For the MPTF, mid-term and final evaluations are commissioned by the Steering Committee. These evaluations comprehensively assess the overall performance of the Fund, including its design, management, and functioning in alignment with global objectives and also comprise evaluation of their results in terms of relevance, effectiveness and impact of the Fund (M&E of fund Impact). Recommendations arising from the evaluation guide potential revisions to the theory of change, governance arrangements, and programming cycles.

The mid-term evaluation should be carried out approximately halfway through the envisioned duration of the Fund.

The MPTF Fund-level evaluation(s) adhere to the UN Evaluation Group norms and standards. Following the evaluation, the Steering Committee issues a management response at the fund level, in coordination with the SHF Secretariat. The cost of these evaluations is covered from the contributions to the fund.

Audit

The Administrative Agent and the Participating UN Organizations will be audited according to their own financial rules and regulations, in line with the Framework for Joint Internal Audits of UN Joint Activities which has been agreed to by the Internal Audit Services of purchase orders and endorsed by the UNDG in 2014. The details are included in the Fund MOU.

The activities of the Recipient Non-UN Organizations in relation to the Fund will be audited by its internal and external auditors in accordance with its own financial regulations and rules. An external audit report of the separate ledger account for each approved Project, according to International Standards of Auditing, will be undertaken.

Public disclosure

The MPTF Office website (mptf.undp.org) offers real-time financial data directly from the UNDP accounting system. Once established, the Sanitation, Hygiene and Wastewater MPTF will have a dedicated page on the portal for partners and the public. Here, they can track contributions, transfers, expenses, and access relevant documents and reports. The MPTF Secretariat ensures timely posting of programs and actions on the Gateway portal, while implementing organizations actively promote the Fund's visibility. Media communications promoted by the Secretariat, donors, the MPTFO and/or Participating Organizations, will duly recognize the Fund's role.





5.

GOVERNANCE AND RISK MANAGEMENT

Figure 6: Governance overview of the UN MPTF FOR CATALYTIC FINANCE IN SANITATION, HYGIENE AND WASTEWATER



Initially, the Sanitation, Hygiene and Wastewater MPTF Steering Committee will have four seats: one seat for UNOPS; one seat for the UNCDF; one seat for UNEP; and one seat for the MPTF Office, acting in an ex-officio (non voting) capacity for increased coordination and to provide the required operational guidance, advice, and oversight. Membership may be enlarged as the MPTF evolves and other implementing organizations join the initiative.

The Steering Committee will have a rotating chair among the PUNOs to lead, convene, and broker consensus - whenever possible. As a UN-led mechanism, the PUNOs maintain the prerogative to make decisions. The initial chair will serve for a period of 2 years.

The Steering Committee is expected to meet bi-annually, or as needed, to review progress, provide guidance, and make decisions on resource allocation.

DETAILED MAIN FUNCTIONS:

- 1 ~ Provide general oversight and exercise overall accountability of the Fund
- 2 ~ Approve the Fund's strategic direction and orientations
- 3 ~ Review and approve proposals submitted for funding following screening by the Secretariat and under advice of the Technical Committee, ensuring their conformity with the requirements of the Fund Terms of Reference (TOR)
- 4 ~ Review and approve the criteria for the allocation of available resources (the UN chair signs off decisions on fund allocations)
- 5 ~ Request fund transfers to the Administrative Agent
- 6 ~ Review the Fund's risk management strategy and approve residual project-level risks (as determined by the Secretariat)
- 7 ~ Review resource mobilization and develop strategies
- 8 ~ Review performance, results, and lessons learned
- 9 ~ Supervise the progress of the Fund's results framework through monitoring, reporting and evaluation (program-related and financial), prepared by the Secretariat and the MPTF Office
- 10 ~ Commission mid-term and final evaluations on the overall performance of the Fund
- 11 ~ Approve requests for programmatic changes to projects (delegated to the head of the Fund Secretariat)

FUND MANAGEMENT FUNCTIONS OF THE SC:

- 1 ~ Approve updates to the Fund's Terms of Reference, as required
- 2 ~ Review the Fund's operational performance
- 3 ~ Review periodically the balance of funds
- 4 ~ Approve Fund's direct costs, including those related to the Secretariat support operations, evaluations and audits
- 5 ~ Approve extensions of the Fund's duration, as required

Technical Committee

The SHF Impact and Innovation Committee (IIC) will act as the MPTF's technical committee, providing technical expertise and independent advice on the assessment of project proposals. The technical committee is composed of professionals with relevant experience and expertise in impact catalytic finance activities.

DETAILED FUNCTIONS:

- Assess project proposals screened by the Secretariat including on their feasibility, alignment with fund objectives, and potential impact of proposed activities, in line with the criteria established by the Trust Fund's Terms of Reference (please refer to Allocation criteria), and make a recommendation on whether to approve the project proposal.
- Request modifications to the project proposals to conform to the fund's allocation criteria, or to attend to any other technical prerequisites required to increase the impact while adequately managing risks, including on elements related to the project design and conceptualization such as their theory of change, results framework, etc.

Secretariat

The SHF Secretariat will assume the functions of Secretariat for the MPTF, supporting the Steering Committee, the Technical Committee, and the Implementing Organizations according to the Terms of Reference.

THE SECRETARIAT IS RESPONSIBLE FOR:

- 1 ~ Advise the Steering Committee on strategic priorities, programmatic and financial allocations
- 2 ~ Screen and quality-control proposals from implementing organizations ahead of submission to the Technical and Steering Committees
- 3 ~ Request the Administrative Agent to transfer funds based on decisions made by the Steering Committee and as authorized by the chair of the Steering Committee
- 4 ~ Provide logistical and operational support to the Technical and Steering Committees
- 5 ~ Organize calls for proposals and appraisal processes
- 6 ~ Ensure the monitoring of the operational risks and Fund performance
- 7 ~ Manage project revision requests (e.g.: follow-up and support on budget revision, reprogramming, no-cost extensions, etc.)
- 8 ~ Consolidate annual and final narrative reports provided by the Participating UN Organizations and share with the Steering Committee for review as well as with the Administrative Agent for preparation of consolidated narrative and financial reports
- 9 ~ Facilitate collaboration and communication between implementing organizations to ensure programs are implemented effectively
- 10 ~ Liaise with the Administrative Agent on fund administration issues, including issues related to project/ fund extensions and project/fund closure

The budget required to perform tasks dedicated to Secretariat functions are to be agreed on and approved annually by the Steering Committee, and charged to the Fund account as direct costs.

Administrative Agent – MPTF Office

As the Administrative Agent, the MPTF Office is responsible for the receipt, administration and management of contributions from donors, disbursement of funds to implementing organizations, and consolidation and dissemination of financial and progress reports to donors.

It uses a pass-through modality that allows multiple organizations to receive contributions from co-mingled donor resources through the Administrative Agent and implement funds using the Participating Organization's operating policies and procedures. It allows contributors and UN entities to standardize and simplify legal agreements and reduce duplication and administrative overheads.

IN ITS CAPACITY AS THE ADMINISTRATIVE AGENT, THE MPTF OFFICE IS RESPONSIBLE FOR THE FOLLOWING FUNCTIONS:

- 1 ~ Provide support to the design of the Fund
- 2 ~ Sign a Memorandum of Understanding (MOU) with Participating Organizations
- 3 ~ Sign Standard Administrative Agreements with donors that wish to contribute financially to the Fund
- 4 ~ Receive and manage funds including those of the Fund's closure
- 5 ~ Invest and reinvest Fund's resources according to investment policies, practices and procedures. Any profits will be added to the Fund's resources and will not be credited to the contributions of a particular donor
- 6 ~ Provide updated information to the Steering Committee regarding the regular resource availability
- 7 ~ Subject to the availability of resources, transfer funds to recipient organizations per the Steering Committee's decision and as authorised by the chair of the Steering Committee
- 8 ~ Ensure the preparation of consolidated narrative annual and final reports submitted by implementing entities and present the consolidated report to the Steering Committee and each of the Fund's contributors
- 9 ~ Provide a Fund's final financial report, which includes a notice of the Fund's closure
- 10 ~ Release funds as direct costs for the running of the Secretariat, based on Steering Committee decisions
- 11 ~ Release funds for additional expenses that the Steering Committee decided to allocate
- 12 ~ Provide tools for fund management to ensure transparency and accountability

Risk management

Recognizing the complex and dynamic nature of development and financing initiatives, the MPTF integrates risk management into its governance structure and operational processes to enhance resilience and safeguard against unforeseen challenges, in full compliance with MPTFO policy and risk management practice, and SHF risk principles (see box 7 below).

BOX 7

RISK PRINCIPLES

- 1 ~ Risk management is integral to the MPTF culture, strategic planning, decision making and resource allocation
- 2 ~ Risk management facilitates the achievement of objectives rather than hindering opportunities
- 3 ~ Risk management is integral to normal MPTF processes and decision making and shall be treated as a dynamic and ongoing process
- 4 ~ Risk management is calibrated and aligned with the MPTF external and internal contexts
- 5 ~ Risk management is the responsibility of all personnel and adequate training will be made available
- 6 ~ Risk management is transparent and inclusive, allowing decision-makers at all levels of MPTF to participate and ensure stakeholders are represented
- 7 ~ In making decisions about risk, the effect of those decisions on MPTF objectives should be carefully balanced. The net effect of each decision to manage risk and its impacts must be positive, i.e., that the benefits should outweigh the costs

Risk Monitoring and Reporting

Risk management requires a strong focus on the ongoing monitoring of approved projects during the design and implementation phases. Compliance with the risk policies will be strictly monitored as outlined below.

At the portfolio level, the Steering Committee will review, in each regular meeting, portfolio risks escalated by the implementing organizations, as well as the pipeline of potential future projects in view of the desired portfolio performance and impact. The Steering Committee should have sufficient expertise in risk management. Robust due diligence of individual proposals also supports risk mitigation, which will be conducted according to the MPTF Office's relevant policies and procedures.

The Secretariat will report on all important issues identified by the implementing organization to the Steering Committee regularly. Such progress should also include any lessons learned for future operations, when relevant. The monitoring analysis needs to identify the progress against:

- the initial appraisal criteria as specified;
- the key risk areas as identified in the risk log (Annex 2).

At the project-level, monitoring for risks is the responsibility of the recipient entity and its implementing organizations. The project document will outline the modalities, instruments, and approaches used for monitoring, reporting, and acting on risks. Implementing organizations must bring emerging risks and issues to the attention of the Steering Committee, through the Secretariat. In exceptional cases, the Steering Committee may choose to establish specific risk management measures for projects, depending on the risk level, the nature of the project and/or the type of recipient entity.

Do no harm

The UN principle of 'do no harm' is a fundamental ethical guideline that underscores the importance of ensuring that development initiatives do not inadvertently cause negative consequences – social, economic, or environmental – or exacerbate existing vulnerabilities within the communities they serve.

The principle extends beyond the immediate project outcomes to encompass broader systemic considerations. For instance, in the implementation of sanitation and wastewater projects, the careful management of waste and its environmental impact is essential to prevent harm to ecosystems and the well-being of the community. Likewise, in the context of menstrual health, it is imperative to approach interventions with cultural competence and gender sensitivity. The 'do no harm' principle emphasizes the importance of challenging stigmas and taboos surrounding menstruation without imposing external norms.

Projects carried out through the MPTF must adhere to required standards of social and environmental protection, in alignment with the relevant UN frameworks and international best practices. Implementing organizations will have to commit and demonstrate, in their project proposals, that they are going to implement equivalent – or higher – standards in their interventions.

Implementing organizations are responsible for all aspects of their projects, including establishing the mechanisms, monitoring, and reporting on the implementation of the safeguards. Beyond technical requirements, this process reflects a commitment to responsible and inclusive development that balances progress with environmental stewardship and social well-being.



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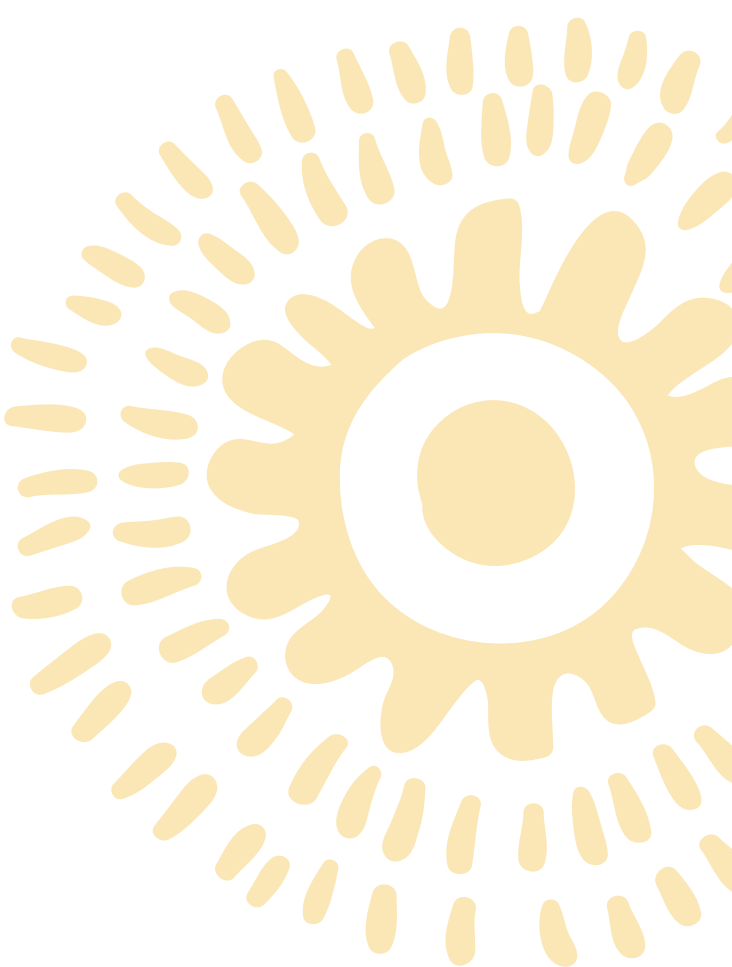
AMENDMENTS, DURATION AND TERMINATION



The initial duration of the Sanitation, Hygiene and Wastewater MPTF is 5 years (2024-2029²⁰), with the intention to extend for another 5 years depending on performance and sufficient capitalization.

Acknowledging the global state of sanitation, wastewater, hygiene, and menstrual health and hygiene, in addition to the timeline required for interventions to have a meaningful impact in the development of national sanitation economies, the MPTF is being designed to remain active until after the post-2030 milestone.

These Terms of Reference will be constantly revisited by the Steering Committee and adapted in light of the developments in the sector, the post-2030 agenda, the funding landscape, the Fund's performance, and the lessons learned.



20 In accordance with the MPTF Office operational calendar, the closure date of the Sanitation, Hygiene and Wastewater MPTF is 31 December 2029.

ANNEX 1

RESULTS FRAMEWORK

Our results framework aligns with the stages of the Theory of Change and reporting is done for the two themes 1) Sanitation, Hygiene and Wastewater and 2) Menstrual Health and Hygiene. As part of the next phase, a template for reporting organizations/implementing partners, mapped to the results framework is to be developed. This template will be more granular than the results framework for the overall MPTF level. One of the requirements for the template will be to use harmonized indicators as much as possible, to make it easier for reporting organizations and improve benchmarking.

Our results framework aligns with the stages of the ToC

IMPACT

On national level, we track progress on key SDG's. We cannot attribute directly our contribution to these numbers, but the progress on national level will inform our interventions and activities in an interactive way.

OUR GOAL

Indicators should help us understand whether we are reaching our goal: Establish partnerships to raise and catalyze resources to develop thriving sanitation, hygiene, wastewater and menstrual health markets for all.



ACTIVITIES

Indicators should help us to identify market barriers across countries, prioritize key barriers, design Interventions to address them and select the right partners to reach our goals.

OUTPUTS

Indicators should help us understand what countries and organizations we are reaching, with what type of support, through how many and what type of partners, and what pilots/initiatives being explored.

OUTCOMES

Indicators should help us understand whether we are supporting countries to reduce national barriers, companies to overcome barriers to bankability and funders to overcome barrier to early-stage investment. We also measure whether the pipeline of bankable opportunities is increasing.

Indicators

Outputs

- **Op1.** # and type of partnerships
- **Op2.** \$ mIn total funding committed and deployed via the MPTF (TA/grants/catalytic financing)
- **Op3.** # countries supported (national and sub-national)
- **Op4.** # organizations supported (market players) – TA catalytic finance

Outcomes towards our goal

- **Oc1.** # countries with new and improved policy instruments (adoption, implementation and enforcement)
- **Oc2.** # countries reporting on national progress and having established action plan
- **Oc3.** \$ mIn and % increase in public spending
- **Oc4.** # of companies reporting growth of income (\$ if available)
- **Oc5.** \$ mIn total catalyzed financing
- **Oc6.** \$ mIn financing contributing to Gender (by using the UN Gender Equality Markers, tbd)
- **Oc7.** \$ mIn financing contributing to Climate (label tbd)
- **Oc8.** \$ mIn financing contributing to Health (label tbd)
- **Oc9.** \$ mIn financing contributing to Jobs (label tbd)

Goals

- **G1.** # of people with improved access to sanitation
- **G2.** Proportion of wastewater safely treated
- **G3.** # of people with improved access to menstrual products

Impact

We track progress on key SDG's on a national level, which will also inform our interventions and activities. Amongst others we will monitor progress on:

- Growth in proportion of population using safely managed sanitation services, including wastewater solutions
- Growth in proportion of menstruators using purpose-made menstrual health products
- Growth in number of direct and indirect jobs in sanitation, wastewater, menstrual health and hygiene value chain
- Reduction in emissions because of sanitation
- Reduction of water borne diseases, diarrhoea, cholera etc.

ANNEX 2

RISKS AND RESPONSE MEASURES

The following risk register represents the status of key risks upon launch of the MPTF. Risk management at the MPTF is a dynamic process and the register is regularly updated. Risk is periodically considered by the Steering Committee to ensure accountability and appropriate risk management

#	DESCRIPTION	IMPACT	LIKELIHOOD	MANAGEMENT RESPONSE
1	Inability to mobilize sufficient resources from contributors to reach optimal operational levels.	↑ HIGH	↔ MODERATE	<ul style="list-style-type: none"> • Resource mobilization strategy monitored and adapted • Stakeholder engagement • Enhanced visibility and communication • Contingency plans • Build partnerships
2	Partner capability impacts timely delivery and fails to meet expectations	↑ HIGH	↔ MODERATE	<ul style="list-style-type: none"> • Conduct due diligence • Establish clear expectations • Provide capacity building support • Monitor partner performance using a collaborative, learning approach • Maintain open communication • Implement risk mitigation strategies • Provide recognition • Apply quality assurance processes

#	DESCRIPTION	IMPACT	LIKELIHOOD	MANAGEMENT RESPONSE
3	Pipeline of investable propositions slow to build	↑ HIGH	↔ MODERATE	<ul style="list-style-type: none"> • Conduct market analysis • Maximize market building / business model development interventions • Provide technical assistance and catalytic financing • Consider also indirect pipeline targets (local financial institutions) • Set and agree realistic targets and monitor • Leverage existing initiatives to amplify efforts • Invest in investment readiness • Consider incentives package to stimulate growth • Streamline processes
4	Projects inadvertently cause or contribute to social and/or environmental harm	↑ HIGH	↓ LOW	<ul style="list-style-type: none"> • Projects to adhere to social and environmental standards • Strict framework for PUNOs and NUNOs, including on risk management • Projects to include risk assessments, including mitigation measures
5	Operational and/or financial non-compliance	↑ HIGH	↓ LOW	<ul style="list-style-type: none"> • Robust internal controls and adherence to relevant UN O.I. • Disclosure of information according to IATI standards; transparency • Self-assessment linked to the audit cycle (applying 3 lines of defence) • Training • Designated authorities and segregation of roles and responsibilities
6	Limited country ownership and unmeaningful / limited engagement of key stakeholders	↔ MODERATE	↔ MODERATE	<ul style="list-style-type: none"> • Undertake inclusive decision making processes; multi-stakeholder dialogue; adapt and iterate based on feedback • Tailor interventions to country contexts; demonstrate value and impact • Constantly strengthen relationships and partnerships • Empower local actors • Promote transparency and accountability • Invest in long-term sustainability

