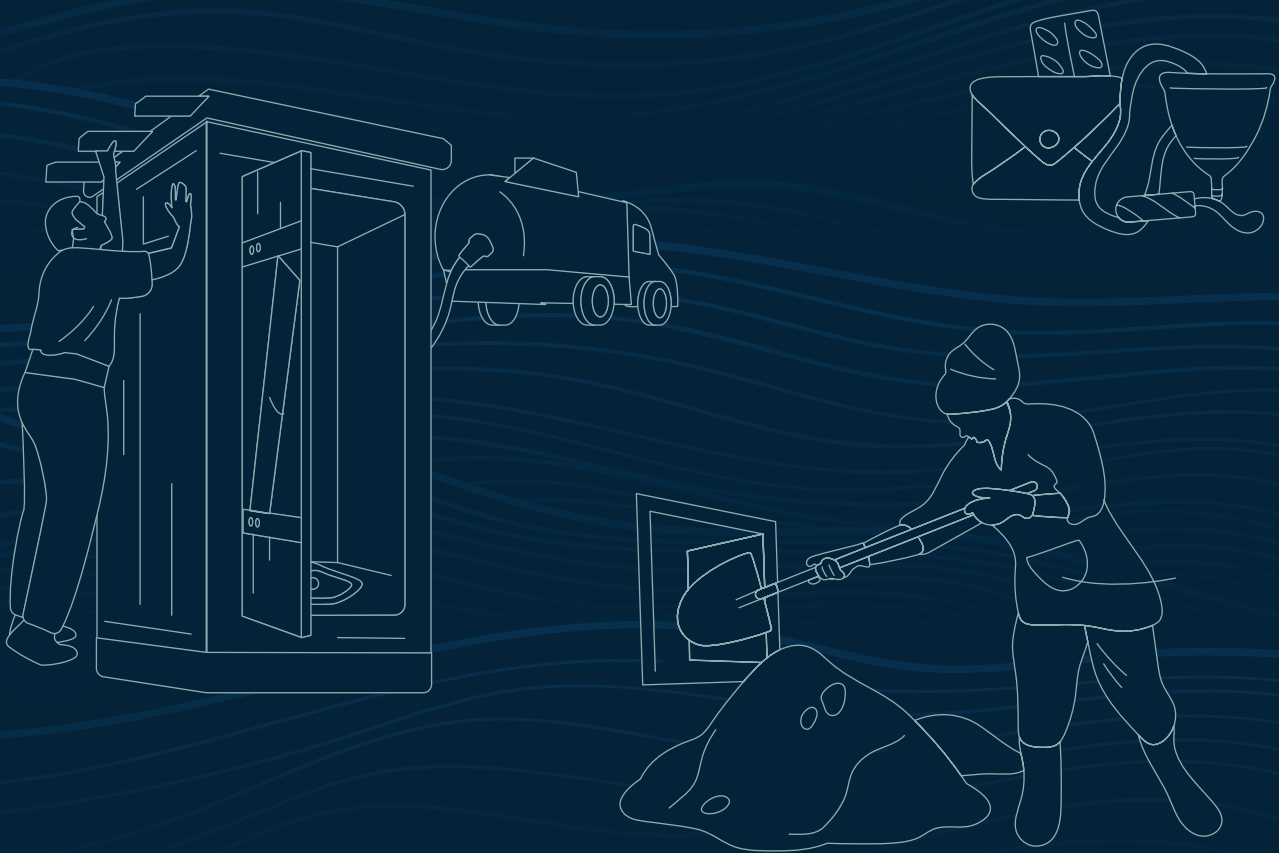


Sanitation and Hygiene Fund (SHF)

Mid-Term Review



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EXECUTIVE SUMMARY



SHF Mid-Term Review (MTR) Purpose and Strategy

The Sanitation and Hygiene Fund (SHF) was launched to catalyse inclusive, sustainable sanitation and menstrual health systems in low- and middle-income countries (LMICs). As a fund hosted by UNOPS, SHF distinguishes itself from traditional WASH actors through its commitment to systems change, market-based solutions, and catalytic finance. Its goal is to help partner countries accelerate progress toward Sustainable Development Goal (SDG) 6 while embedding sanitation and menstrual health and hygiene (MHH) in public budgets, policy frameworks, and national development agendas. This Mid-Term Review (MTR) comes at a critical juncture. SHF has now been operational on the ground for three years, navigating a turbulent global context marked by shrinking official development assistance (ODA), increasing calls for value-for-money and impact, and the withdrawal of major donors from the WASH space. These shifts have left significant gaps in financing, coordination, and institutional leadership across the sector. At the same time, they have opened space for new actors like SHF to shape the agenda, define alternatives to conventional aid, and demonstrate how catalytic funding can deliver public good outcomes.

The MTR is not a performance audit nor a verification of results. Instead, it is a strategic learning exercise that reflects on the assumptions, choices, and emerging contributions of SHF's model. It draws from over 50 key informant interviews, focus group discussions, targeted district and field visits in Uganda, and a review of internal and external documentation. Central to this MTR's mandate, as defined in the Terms of Reference, is an assessment of whether SHF is living up to its promise as a catalytic, non-traditional WASH fund. The review examines not only performance metrics but also SHF's ability to serve as a systems enabler building markets, facilitating policy reform, and connecting public mandates with private delivery. The MTR is guided by the OECD-DAC evaluation criteria: Relevance, Coherence, Effectiveness, Efficiency, Impact, and Sustainability. It places emphasis on forward-looking insights that will inform SHF's next strategy (2026–2030).



SHF's Relevance in a Shifting Global Landscape

SHF is operating in a development finance landscape that is fundamentally reconfiguring. The withdrawal of actors like USAID from large-scale WASH programming combined with pressures on bilateral budgets from humanitarian crises, political shifts, and domestic fiscal constraints have created a vacuum. The philanthropic community is stepping in cautiously, with a greater demand for measurable impact and cost-effectiveness. Meanwhile, governments in LMICs are being asked to do more with less, often without the technical, financial, or institutional readiness to assume full ownership of essential public services. In this context, SHF's catalytic model aimed at engaging the private sector is increasingly relevant. By combining grant financing, blended finance instruments, results-based funding, and technical support, SHF positions itself as a strategic partner to governments seeking to expand service delivery while building local markets. Its focus on non-sewered sanitation (NGS) and menstrual health aligns with unmet needs and underfunded areas. Moreover, SHF is one of the few actors that bridges the gap between public service mandates and private sector engagement, working across value chains to address systemic bottlenecks. SHF's key emerging tools, such as the Sanitation Economy Maturity Assessment Tool (SANEMAT) and Menstrual Health Market Maturity Assessment Tool (MH-MMAT), are designed to guide country-specific pathways for intervention and scale. These tools, and the strategic frameworks behind them, underpin the Fund's differentiated, adaptive approach to programming.

Whilst delivering early results, much of SHF's longer-term impact on the ground remains to be determined given programmes are still in the formative or early implementation stages with approaches being refined in situ. The MTR finds that while SHF is appreciated for its contributions and already helping to reshape sanitation and MHH narratives, it must continue refining how it defines its value-add, differentiates itself from others, and aligns its approach with national priorities. The Fund's ability to remain relevant will depend on how well it communicates its contribution not just as a funder, but as a systems actor.



Uganda in the Context of SHF's Model

Uganda served as a principal learning site for testing SHF's Next Generation Sanitation (NEXTGEN) approach, an integrated service delivery model that blends technical triggering, market shaping, institutional finance, and systems reform. This country example provides important insights into how SHF's full model plays out in practice.

Here, SHF has supported a significant transition from donor-led, projectised service delivery to a more integrated and decentralised model of sanitation system strengthening. The Fund's contributions in Uganda include support for Results-Based Financing (RBF), integration of sanitation budgets into district Primary Health Care (PHC) allocations, expansion of market-based

sanitation (MBS) delivery, and formalisation of fecal sludge management (FSM) entrepreneurs. Through its local implementing partner, Water for People, SHF has also supported the Sanitation Materials Marketplace (SanMat), enabling access to improved, durable, and aspirational products through local supply chains.

As part of the NEXTGEN rollout, Uganda also served as a platform for refining market facilitation ecosystems including the development of local artisan networks, sanitation business models, and coordinated triggering campaigns. The SanMat is a cornerstone of this approach, curating a vetted network of masons, suppliers, and enterprises delivering aspirational sanitation products. These supply-side efforts are closely linked to community engagement and demand-generation tools, creating a more viable and responsive sanitation economy.

Importantly, the programme has helped to reposition sanitation not just as a household-level intervention, but as a multi-sectoral development investment with co-benefits for health, education, climate resilience, and gender equality. This is evident in SHF's alignment with the Presidential Initiative on Sanitation, which has elevated the political visibility of WASH and mobilised national co-financing. Yet the Uganda experience also reveals critical challenges. Data systems are fragmented and under digitised, limiting real-time decision making and performance tracking. Market demand in some districts has outpaced supply chain readiness, and FSM logistics (particularly with regard to transport) remain weak. MHH infrastructure especially menstrual waste disposal in schools and health facilities is insufficient, with limited attention to lifecycle needs and equity. These gaps underscore the importance of embedding SHF's model more deeply into national systems, strengthening monitoring and accountability, and building a coordinated government-owned pathway from innovation to institutionalisation.



SHF's Emerging Contributions and Comparative Advantage

Across the sanitation and menstrual health ecosystems, SHF has begun to carve out a unique space. In the sanitation economy, SHF is one of the few actors working simultaneously on enterprise development, financing innovation, public financial management, and policy reform. It supports the full value chain from containment and collection to treatment and reuse while actively testing instruments such as blended finance, guarantees, and climate-linked funding. The Fund's emerging support to public development banks (e.g., the Development Bank of Nigeria), engagement with national standards bodies, and experimentation with results-based approaches show promise and set it apart from more conventional donor funded WASH initiatives. Its niche going forward lies not in displacing others, but in connecting the dots between actors, systems, and financing streams. In the MHH space, SHF's Capital M initiative is widely recognised for its leadership on product standardisation (via the ISO TC 338 process), support for market diagnostics, and its focus on building public sector capacity for MHH policy development.

An SHF strength lies in its ability to adapt and tailor interventions using diagnostic tools. **SANEMAT** provides a comprehensive, structured lens through which country-specific sanitation systems can be assessed for maturity, helping SHF determine entry points, financing levers, and sequencing. Likewise, MH-MMAT supports SHF's Capital M initiative in analysing menstrual health ecosystems from product innovation and manufacturing to policy, procurement, and distribution. These tools help operationalise SHF's commitment to differentiated, context-sensitive programming, but their wider use remains uncertain unless they can be simplified. Stakeholders noted the importance of SHF's role in helping countries move from piecemeal distribution to sustainable, inclusive menstrual health systems. At the same time, whilst appreciated by governments, SHF's comparative advantage is not yet fully articulated. External partners are often unclear about how SHF prioritises interventions, sequences its work, or defines success. A more segmented narrative tailored to different market maturities and financing needs should strengthen SHF's visibility and attract strategic partners.



Strategic Tensions for SHF to Navigate

The MTR identifies a series of interlinked strategic tensions that SHF must manage moving forward. One of the most prominent tensions is between **long-term systems change** and **short-term delivery expectations**. SHF's strategy is rooted in patient capital and enabling environments. Yet donors and partners often expect quick wins, especially in the face of tightening budgets. Demonstrating early results without compromising the integrity of systemic approaches will require a well-crafted performance narrative, including indicators that capture institutional, financial, and behavioural change.

A second tension lies between **public good responsibilities** and **market-based delivery models**. Sanitation and MHH are fundamentally public services, and government leadership is essential for their sustainability. At the same time, private sector actors when properly incentivised and regulated can play an important role in scaling solutions. SHF must continue to position its support as enabling government ownership, not replacing it.

A third tension relates to **depth versus breadth**. SHF currently operates at a relatively small scale. Expanding prematurely risks spreading resources too thinly. The MTR suggests a phased strategy: focus first on a handful of high-readiness countries (e.g., South Africa, Kenya, India) to develop robust proof of concept, then scale out once enabling conditions are met. Alternatively, SHF would ideally choose two countries each from the maturity scale (two low, medium and high maturity) to show the effectiveness of its approach in different contexts. SHF's diagnostic tools like SANEMAT and MH-MMAT could provide a data-driven basis for such geographic prioritisation enabling strategic concentration in countries where public and private sector alignment is strong.

A fourth tension emerges around **equity versus investability**. SHF's market-based approaches must still reach low-income and marginalised populations whilst delivering viability for businesses and ensuring environmental concerns are met. This will require tailored financing mechanisms such as targeted subsidies, concessional loans, and results-based payments that can reconcile affordability with sustainability.

Finally, SHF faces a **messaging challenge**. Its internal frameworks are evolving quickly, but external stakeholders often find its language opaque or overly technical. Clearer communications framed around national goals, cost-effectiveness, and development impact are critical to gaining buy-in from both funders and governments.



SHF Performance Review (OECD-DAC Criteria) and Implications for Scale

SHF's performance under the OECD-DAC criteria is mixed but promising. **Relevance** is high: SHF is addressing gaps that few others are filling, including by focusing on the "missing middle" between typical philanthropic finance and global/regional development banks. **Coherence** is improving, particularly at global level, but country-level coordination with other actors still requires attention. **Effectiveness** is emerging, with the Uganda experience showing the potential of SHF's model when aligned with national priorities. SHF's efforts to bring different actors to the sector (like trade and tax authorities, national development banks, etc.) looks promising. **Efficiency** has been constrained in some instances at the country level by heavy transaction costs and limited partner capacity to pivot in the direction of SHF's approach. At the global level, the Evaluation Team notes that SHF operates as a lean start-up with the ability to pivot quickly as new information becomes available. The Evaluation Team has found **Impact** to be difficult to measure given the systems focus, but early signs point to meaningful institutional and market shifts. **Sustainability** will hinge on SHF's ability to institutionalise models, embed them into public systems, and enable local financing. Performance measurement will also require strengthening digital monitoring linked to SANEMAT and MH-MMAT frameworks, ensuring that maturity assessments translate into real-time course correction and accountability. The MTR recommends that SHF now consolidates learning, sharpens its strategic focus, and invests in scaling models that are both impactful and replicable. This includes refining its results framework, embedding digital monitoring, and greater efforts to co-create national roadmaps with governments.

CONCLUDING THOUGHTS SHF'S FUTURE ROLE

SHF stands at a strategic inflection point. It has introduced a compelling model that blends catalytic finance, market shaping, and public sector reform. It has moved beyond proof-of-concept thinking, especially in countries like Uganda, and has begun to shape discourse and policy at national and global levels. The next phase will be critical. SHF must continue to test, learn, and adapt while consolidating its role as a connector, enabler, and systems-level partner. The MTR affirms that SHF is well placed to contribute to the sanitation and MHH agendas in transformative ways. But transformation takes time, and it requires a disciplined focus, patient partnerships and capital, and an unwavering commitment to inclusive development. The Fund's 2026–2030 strategy must build on this foundation delivering not just access, but the systems that make access durable, equitable, and owned by those who need it most. As SHF sharpens this next strategy, it must deepen its role as a catalytic fund—deploying tools like NEXTGEN, SANEMAT, Capital M, and MH-MMAT not as standalone innovations, but as integrated instruments for building equitable sanitation and MHH economies.

Whilst the period of actual implementation has been relatively brief, the Evaluation Team finds that SHF has made solid strides in developing an aspirational approach that offers an alternative to traditional aid models by focusing on systems strengthening, market-based solutions, and catalytic finance. Section 9 of the report provides a wide range of short- and medium-term recommendations to sharpen SHF's approach to programming and partnering.

