

Call for Expression of Interest

Strengthening the Market-Based Sanitation Ecosystem Through MSME Support and Affordable Sanitation Financing for Refugee and Host Communities

CEF/KEN/2025/030

1 Timeline

Posted	Dec 4, 2025
Clarification Request Deadline	Dec 24, 2025
Application Deadline	Dec 31, 2025
Notification of Results	Jan 16, 2026
Start Date	Feb 1, 2026
End Date	Dec 31, 2027

2 Locations

- A Kenya
 - a Turkana

3 Sector(s) and area(s) of specialization

- A WASH and Environment
 - a Basic sanitation
 - b Hygiene

4 Issuing Agency

UNICEF

5 Project Background

Kenya remains off track to achieving the SDG targets for sanitation and hygiene. Although open defecation has declined from 10.1 percent in 2015 to 5.9 percent in 2024, access to safely managed sanitation remains low at 35.8 percent (JMP, 2025). Inequities are most pronounced in Arid and Semi-Arid Lands (ASALs) and low-income peri-urban areas, where the sanitation service chain is fragmented, weakly regulated, and underfinanced. Nearly 3.3 million people still lack any sanitation facility, and an estimated 30 million rely on unimproved or limited services, posing significant public health risks. Under Kenya's devolved governance system, county governments are responsible for sanitation service delivery. UNICEF Kenya supports national and county authorities to strengthen sanitation systems through policy and regulatory development and by promoting the transition from open defecation and unimproved facilities to basic and safely managed sanitation. This is achieved through Community-Led Total Sanitation (CLTS), market-based sanitation (MBS) approaches, and broader systems-strengthening efforts. Turkana County is one of the most

underserved counties in the country. In 2022, it recorded the highest national open defecation rate at 70.8 percent (MoH, 2023). Sanitation challenges are especially acute in refugee and neighboring host communities, including Kakuma Refugee Camp and Kalobeyei Settlement, which together host nearly 300,000 refugees and more than 130,000 residents from surrounding host areas. Each year, more than 220,000 tons of human waste remain unmanaged across the county. Despite investments such as the Decentralized Treatment Facility (DTF) in Kalobeyei, utilization remains low due to weak connections between households, service providers, and treatment systems. As a result, the sanitation service chain is underdeveloped and unable to meet the growing demand for safe, dignified, and sustainable services. Micro, small, and medium-sized enterprises (MSMEs) have strong potential to deliver localized sanitation services across the value chain, including toilet construction, fecal sludge emptying, transport, treatment, and reuse. However, MSMEs in Turkana face persistent barriers such as limited business development support, restricted access to affordable financing, weak regulatory guidance, and fragmented market opportunities. Households also face significant affordability challenges. Innovative and affordable financing options for both enterprises and households remain largely absent in local sanitation markets, constraining service expansion and uptake of improved sanitation solutions. Without coordinated enterprise support and context-appropriate financing models, sanitation markets cannot mature or scale sustainably. To address these challenges, UNICEF is launching an initiative to catalyze an inclusive, market-based sanitation ecosystem serving both refugees and surrounding host communities in Kakuma Municipality. The project aims to establish a market-based sanitation ecosystem that enables both refugees and host communities to access safe, affordable, and climate-resilient sanitation services. It will harness blended finance, enterprise development, and skills building to unlock private-sector investment and foster sustainable livelihoods through sanitation. The two core objectives are to: (a) strengthen WASH MSMEs to deliver products and services—such as toilets, waste collection, fecal sludge treatment and reuse, and sanitation products—at scale; and (b) integrate innovative financing to overcome affordability and business constraints for households and enterprises.

6 Expected Results

Overall Objective To establish a sustainable, market-based sanitation ecosystem in refugee and host communities in Turkana that increases access to safe, affordable, and climate-resilient sanitation services while creating livelihood and enterprise opportunities through MSME business development and blended-finance solutions. **Specific Objectives** The TOR objectives below are fully aligned with the donor proposal's three core pillars: i. Strengthen WASH MSMEs—particularly youth-, women-, and disability-led enterprises from refugee and host communities—to become viable providers of sanitation products and services across the value chain. This includes building technical, financial, and business capacities; providing mentorship and market exposure; and linking MSMEs with supply chains, financial institutions, and local authorities to enable scale-up and integration into formal county systems. ii. Innovative Finance—Expand access to affordable sanitation finance by developing and integrating blended financing solutions that unlock capital for households and WASH MSMEs. The project will test three models: (a) an interest-subsidy mechanism to reduce the cost of commercial loans for MSMEs; (b) results-based financing to reward verified sanitation service delivery outcomes; and (c) a household sanitation credit scheme supported by MSME-backed guarantees to make improved toilets and related products affordable for low-income households. **Outcome** By September 2027, the project is expected to deliver the following results across enterprise enablement, innovative financing, and expanded household access to improved sanitation services: 1. 30 WASH MSMEs (at least 30% refugee-led and 30% women-led) onboarded, assessed using business diagnostics, supported with growth plans, and integrated into county sanitation plans and AGPO frameworks. 2. 6 enterprise training workshops conducted, equipping at least 150 participants (50% youth and 30% women) with practical skills in financial management, marketing, compliance, and technical WASH service delivery. 3. At least 2 financial institutions (SACCOs, MFIs, or banks) formally engaged to co-develop and pilot sanitation financing products for MSMEs and households. 4. 3 innovative blended-finance models piloted: • MSME sanitation credit supported by an interest-subsidy mechanism, • Results-based financing linked to verified sanitation outcomes, and • Household sanitation credit scheme backed by MSME guarantees. 5. Sanitation loans and seed capital expanded, enabling 30 MSMEs and at least 8,000 households to access financing for improved sanitation solutions, including toilets, fecal sludge management services, and sludge reuse products such as fuel briquettes. 6. 30 financial institution staff trained on sanitation financing, risk assessment, and blended-finance instruments, strengthening institutional capacity for long-term sanitation lending. 7. At least 8,000 households served with improved sanitation products and services—ranging from toilet upgrades to fecal sludge management—delivered through strengthened MSMEs and financing partnerships. 8. Learning and knowledge generated on the effectiveness of an inclusive, market-based sanitation model in a displacement context, documenting results, lessons learned, and recommendations for scale-up in similar humanitarian–development settings.

7 Indicative Budget

500000.00000

8 Other Information

Proposed Metrologies: i) Enterprise Enablement for WASH MSMEs The contractor will identify, assess, and support 30 WASH-focused MSMEs from both refugee and host communities, prioritizing youth-, women-, and disability-led enterprises. This component aims to develop a pipeline of credible, viable enterprises capable of delivering sanitation services across the value chain and attracting investment. The contractor will: • Identify and assess MSMEs using structured business diagnostics and market assessments to determine technical capacity, financial readiness, and operational gaps. • Deliver capacity building in three sequenced phases: 1. Foundational training in technical WASH services, sanitation technologies, cooperative formation, financial literacy, and basic business management. 2. Hands-on mentorship and market exposure, linking MSMEs with suppliers, buyers, county departments, and sanitation infrastructure operators. 3. Targeted business coaching and investment readiness, including financial management, procurement readiness, compliance, record-keeping, and credit access. • Strengthen MSME participation across the sanitation value chain, including: - toilet construction and upgrading, - household-level fecal sludge emptying using appropriate technologies, - transport of sludge to treatment facilities, and - participation in treatment and reuse processes such as briquette or compost production. • Facilitate partnerships with FSM and waste-to-value facilities to enhance safe collection, transport, treatment, and reuse of sludge. • Link MSMEs with financial sector players to expand access to sanitation credit, strengthen liquidity, increase stock capacity, and enable scalable service delivery. By project end, all 30 MSMEs will be strengthened, equipped with growth plans, integrated into county systems and AGPO frameworks, and positioned as viable sanitation service providers. ii) Engagement of Financial Institutions Engage at least two financial institutions (SACCOs, MFIs, or banks) with outreach in Turkana and refugee-hosting areas to co-develop financing products for MSMEs and households. Build their capacity through training on sanitation finance, business risk assessment, and blended-finance models to support long-term institutional adoption. Co-development and Piloting of Innovative Finance Mechanisms Co-develop and pilot three blended-finance mechanisms to increase access to affordable sanitation finance for MSMEs and households: (a) Buyback Interest-Subsidy Model A partial interest-subsidy mechanism that reduces the effective borrowing cost of commercial loans for MSMEs acquiring sanitation tools, equipment, and stock. Subsidies will be performance-linked and phased down as the model stabilizes. (b) Results-Based Financing (RBF) A performance-linked incentive system rewarding verified sanitation outcomes—such as toilet installations, safely transported sludge volumes, or confirmed household uptake of sanitation services—by MSMEs, financial institutions, and demand-generation groups. (c) Household Sanitation Credit Scheme with MSME-Backed Guarantees A flexible credit mechanism that enables low-income households to purchase improved toilets, FSM services, and briquette-compatible clean-cooking stoves through instalments or sanitation loans, backed by a guarantee facility for MSMEs (up to USD 1,000 or 30% stock turnover) to safeguard liquidity and support credit-based sales. • Strengthen formal and informal financing structures—including savings groups and cooperatives—to increase household access to phased payments and sanitation credit. • Implement financing mechanisms in phases to allow models to stabilize, mature, and remain sustainable as humanitarian funding declines.

9 Selection Criteria

Name	Description	Weight
Relevance of proposal to achieving expected results	Includes review of the proposed programme: (i) Relevance of proposal to achieving expected results, (ii) Clarity of activities and expected results, (iii) Innovative approach, Sustainability of intervention, and (iv) Adequacy and clarity of proposed budget (including contribution by CSO)	45
Sector expertise and experience	Includes a review of the CSO: (i) Expertise and experience in the sector/area, (ii) Staff capacity to deliver the project, (iii) Local experience, presence at county level, and community relations (CSO must indicate in which target counties they are already operating/have experience in/would like to target for this particular project), (iv) Existing partnership and experience working with/delivering through selected County Governments, (v) Existing partnership and experience working with National MoH/MoWSI/County Governments, (vi) Management ability, (vii) Experience working with UN/UNICEF	45

Other	Includes a review of (i) Access/security considerations and (ii) Replicability/scalability	10
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10 **Concept Note Template**

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11 **For more information on this partnership opportunity, and to apply, please visit**

[UN Partner Portal](#)