



EAST AFRICAN COMMUNITY

LAKE VICTORIA BASIN COMMISSION

WATER AND SANITATION INITIATIVE

PREPARATION OF INVESTMENT PLAN FOR FIFTEEN CENTRES

APPRAISAL REPORT

AND STUDY TERMS OF REFERENCE

November 2007

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LIST OF ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
AWF	African Water Facility
CBO	Community Based Organization
EAC	East African Community
EIRR	Economic Internal Rate of Return
LVBC (DP)	Lake Victoria Basin Commission (Development Programme)
LVRLAC	Lake Victoria Region Local Authorities Cooperation
LVWATSAN	Lake Victoria Region Water and Sanitation Initiative
MDGs	Millennium development goals
MSF	Multi-Stakeholder forums
NGO	Non-governmental Organization
NPV	Net Present Value
NSGRP	National Strategy for Growth and Reduction of Poverty
PIU	Project Management Unit
PRSP	Poverty Reduction Strategy Paper
TOR	Terms of Reference
UN-HABITAT	United Nations Human Settlements Programme
WATSAN	Water and Sanitation

ii LOGICAL FRAMWORK (Results-Based Logframe)

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH	PERFORMANCE INDICATORS	INDICATIVE TARGETS TIMEFRAME	ASSUMPTIONS / RISKS
<p>Goal: To assist high priority secondary towns of the Lake Victoria Basin to develop water supply and sanitation infrastructure and so contribute to improvement in the health and livelihoods of residents and quality of the Lake water.</p>	<p>Impact: National agencies charged with responsibility for asset holding in the selected towns in the Lake Victoria Basin will have the capacity to secure funding for and execute the development of physical infrastructure and human and institutional capacity and hence ensure that they meet the MDG targets in terms of improve health and livelihood of the population and improved quality of water in the Lake Victoria.</p>	<p>Beneficiaries:</p> <ul style="list-style-type: none"> • WATSAN Service Providers • Municipal Authorities • Sector professionals • Basin population. 	<p>Impact Indicators:</p> <ul style="list-style-type: none"> • Funding available for the 15 centres • Immediate works executed in all the 15 towns • Project Towns meet MDG targets for WATSAN and Health • Lake Water Quality Improved. 	<p>Progress anticipated Funding available within one year of completion of studies</p> <p>Execution of immediate works begins within 6 months of funds being available.</p> <p>MDG targets met by 2015</p> <p>Acceptable levels from project towns by 2015</p>	<p>Adequate funding is made available to execute the resulting projects and system extensions thereafter.</p>
<p>Project purpose: To assist the high priority secondary towns in the Lake Victoria Basin identify their immediate and long term needs in water and sanitation taking into consideration the ecological demands of the lake and its tributaries and to define solutions in terms of detailed designs and investment program for financing with the aid of regional Governments and external support agencies</p>	<p>Outcomes:</p> <ul style="list-style-type: none"> • Detailed designs for immediate works available • The investment plans for long term development consisting of description physical interventions (in the form of preliminary designs) and capacity building programmes for each selected town as well as the estimated costs and implementation schedule. 	<p>Beneficiaries:</p> <ul style="list-style-type: none"> • NGOs and CBOs. • WATSAN Service providers • Policy makers. • Municipal Authorities <p>Sector professionals.</p>	<p>Outcome indicators:</p> <ul style="list-style-type: none"> • Detailed designs accepted by the respective towns • Investment plans reviewed and validated through stakeholder workshops. 	<p>Progress anticipated in the medium term: Timeframe: within 6.5 months of start of work</p>	<p>Assumption statement:</p> <ul style="list-style-type: none"> • Competent <u>Consultant</u> selected for the Work. • Adequate support and facilitation to consultants in terms of inputs.

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<u>Activities:</u>	<u>Outputs:</u>	<u>Beneficiaries:</u>	<u>Output indicator:</u>	<u>Progress anticipated in the short term:</u>	<u>Assumption statement:</u>
Recruit Consultants					
Review the sector and policy context in countries and project area	Sector context of the project understood and documented	WATSAN Service providers, Policy makers and prospective funding agencies.	Report acceptable to key stakeholders	By week 5	Continued political commitment by national governments to support the project formulation process. Continued interest and willingness of the local stakeholders to be engaged in the project formulation process.
Identify of urgent and critical needs to address with immediate effect	Consensus reached on Immediate needs of the priority towns		Proposal accepted by stakeholders.	By week13	
Prepare detailed designs of immediate works	Detailed Specifications of immediate works available for tendering		Proposal accepted by stakeholders	By week 24	
Identify long term demands	Feasible solutions developed into investment plans at the town and project levels with timeframe and cost budget.		Proposal accepted by stakeholders	By week 22	
Analyse and Select solutions from alternatives					
Prepare Investment Plan Outline					
Prepare Statement of Work and Cost Estimates					
Evaluate and Validate of the Investment Plan					
Institutional Analysis, Capacity Building and Training	Institutional Development requirements well understood				
Analyse the project in terms of :	Impacts of the selected solutions better understood and rated acceptable.		Proposal accepted by stakeholders	By week 26	

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<p><i>Institutional Capacity and Training, Financial and Economic „Social and Gender aspects, Environmental Impact, a Sustainability and Risks</i></p> <p>Prepare a Project Financing and Implementation Plan.</p> <p>Design a Monitoring and Evaluation Framework</p> <p>Convene Validation Workshop and Donors Conference.</p> <p>Total cost EUR 998,500 AWF Grant EUR 994,000</p>	<p>Detailed <i>financing and implementation</i> plans developed and available</p> <p>A performance monitoring and evaluation and reporting framework available and in use by the sector agencies.</p>		<p>Impacts assessments accepted the National Environmental Agencies and other stakeholders</p> <p>Plans Accepted by stakeholders</p> <p>Framework accepted by Stakeholders.</p>	<p>By week 26</p> <p>By week27</p> <p>By week 30</p>	
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EXECUTIVE SUMMARY

The rapidly growing secondary towns in the Lake basin are playing an increasingly important role in the development of the economy of the region and in providing non-agricultural employment to the population. But most of these towns are experiencing unplanned, spontaneous growth and the sustainability of these towns is seriously threatened by the run-down and often non-existent basic infrastructure and services. The most affected are the poor living in urban and peri-urban areas, most of whom remain outside the reach of municipal services. Unplanned urban settlements result in intense pressure on basic infrastructure with significant impacts on both the living and natural environments and, most importantly, on the fragile ecosystem of the Lake Victoria.

The project to be studied would be an expansion of a regional water and sanitation initiative, currently being implemented in seven (7) towns in the Lake Victoria Basin through cooperative agreements between UN-HABITAT and the three East African Governments of Kenya, Uganda and Tanzania. The overall goal of the Lake Victoria Region Water and Sanitation Initiative (LVWATSAN) is to meet the millennium development goal (MDG) targets in water and sanitation in the project towns and to ensure the long term sustainability of the physical interventions. The programme comprises an integrated package of interventions, including water supply and sanitation improvements, solid waste management, drainage improvements in key areas, as well as capacity building and training. The implementation strategy for the Programme is based on a three-phased approach in each intervention town with the first phase comprising immediate interventions which are designed to address the most urgent water and sanitation needs. The second phase will focus on training and capacity building while the third phase will address long term interventions.

Following the inauguration of the Lake Victoria Basin Commission and with the first phase of the Programme now under implementation, the East African Community (EAC), now wishes to expand the Programme into another 15 towns in the now five members states since the joining of Rwanda and Burundi.

The five East African countries are undergoing radical water sector reforms aimed at promoting good governance and improving the performance of the sector. The reform process has followed broadly a similar route incorporating the principles of integrated water resources management with regard to services of water supply and sanitation.

The East African Community (EAC) will be the recipient of the grant and has designated the Lake Victoria Basin Commission (LVBC) as its the Executing Agency. The EAC will collaborate closely with UN-HABITAT in project implementation and will establish a Project Steering Committee to guide the work of the Consultants, coordinate the inputs of all stakeholders and to provide overall supervision for the project formulation study.

The preparation project will identify the most critical constraints in delivering effective service in the towns and develop solutions to the level of detailed designs. It will concurrently develop the long term requirements into investment plans ar

preliminary design stage. This will permit the towns to seek funding from external support agencies such as the African Development Fund, and local sources for both the immediate works and the long term requirements.

The project focussing on the growth of water supply and sanitation services in the Lake Victoria Basin not only addresses the needs of the largest concentration of population in the East African sub-region but also contributes to management of the sensitive ecology of the Lake.

It is therefore recommended that an AWF grant not exceeding **EUR 994,000** be made available to the East African Community to implement the proposed preparation project under the Lake Victoria Basin Commission under the normal conditions of grants of the AWF.

1 BACKGROUND

1.1 Origin of the Project

1.1.1 The Lake Victoria Basin covers an area of some 250 square kilometres (km²) of which the lake surface covers some 68,000 km². It is home to an estimated 35 million population and its territory falls within all five members of the East African Community, although only Kenya, Uganda and Tanzania share the shoreline of the lake.

1.1.2 It is estimated that between 200 and 300 settlements in the basin constitute secondary towns that range in size from 5,000 to over 50,000 in population. These are settlements smaller than the capital and the primary cities, and serving to link these and the rural areas but lacking in many advantages of either. Median values of populations of these centres differ from country to country. The larger amongst them range between 15,000 and 20,000 in Tanzania, 35,000 to 50,000 in Kenya and 20,000 to 35,000 in Uganda. Subject to confirmation figures for Burundi are 10,000 and for Rwanda are between 45,000 and 80,000.

1.1.3 The special needs of these centres led the Ministers of Water of the EAC to request UN-HABITAT to assist in formulating an initiative to address these needs on a multi-national level in view of their impacts on the Lake Victoria. The LVWATSAN Initiative was inaugurated in 2004 and led to initiation of efforts in seven secondary towns in Kenya, Tanzania and Uganda. The overall goal of the Lake Victoria Region Water and Sanitation Initiative (LVWATSAN) is to meet the millennium development goal (MDG) targets in water and sanitation in the project towns and to ensure the long term sustainability of the physical interventions.

1.1.4 The programme comprises an integrated package of interventions, including water supply and sanitation improvements, solid waste management, drainage improvements in key areas, as well as capacity building and training. The implementation strategy for the Programme is based on a three-phased approach with the first phase comprising immediate interventions which are designed to address the most urgent water and sanitation needs in the seven towns. The second phase will focus on training and capacity building while the third phase will address long term interventions.

1.1.5 With the establishment of the Lake Victoria Basin Commission (LVBC) this responsibility now falls on the Basin Commission while HABITAT continues with support. Following the successful start of the initiative as shown above the Community considers it appropriate to expand the programme to cover more towns in a progressive manner until all the secondary towns in the basin attain the MDGs in respect to WATSAN

1.1.6 The proposed preparation project is therefore intended to define an expansion of the regional water and sanitation initiative to fifteen more centres that would include towns in the new community members in Rwanda and Burundi.

1.1.7 The East African Commission Secretariat sent a request to the African Water Facility through a letter dated August 23, 2007. The Facility then fielded an Appraisal

Mission between September 19 and October 3, 2007 which has prepared the present report based on consultations with the Lake Victoria Basin Commission as the Executing Agency named by the East African Community and UN-HABITAT in Nairobi and Kisumu. During the mission the need to strengthen LBVC with a Technical Assistant to execute the project was identified.

1.2 Sectoral Priorities

1.2.1 The five East African countries are undergoing radical water sector reforms aimed at promoting good governance and improving the performance of the sector. The reform process has broadly followed a similar route: separation of water services and water resource management activities; separation of asset-holding and development from service provision and regulatory activities; decentralization and devolution of responsibilities to the lowest practical level (subsidiary); improvement of transparency through increased civic engagement; reduction of political interference at all levels through the introduction of commercialised operations; and public-private partnerships, where appropriate.

1.2.2 **Kenya** adopted a new Water Act in 2002, separating the roles of all the stakeholders whose activities touch on the use, management and development of water services. The Water Act 2002 is currently being implemented and the new institutions, which have been established, are currently recruiting core staff internally. Through the Economic Recovery Strategy Paper (2003-2007), provision of safe water supply and sanitation have been identified as cross cutting issues on the way to achieving the country's socio-economic goals. The paper highlights the fact that as a water scarce country, Kenya needs institutional reforms (as stipulated in the Water Act 2002) in this sector and increased investment in water and sanitation infrastructure to manage the scarce supply and meet the demands of the growing population.

1.2.3 In **Tanzania's** Revised Water Policy of 2002 and the National Water Sector Development Strategy 2005 to 2015, the management of water supply and sanitation activities has been decentralized to the lowest appropriate levels. The water policy together with the ongoing sector reforms stipulate that water is considered a basic right and all should have equitable access to, and adequate sustainable supply of, clean safe water both in rural and urban areas. The National Strategy for Growth and Reduction of Poverty (NSGRP) and the PRSP (2000) also consider water as a basic right and all should have equitable access to, and adequate sustainable supply of, clean safe water both in rural and urban areas.

1.2.4 In **Uganda**, the aims of the sector reform are: to ensure that water supply and sanitation services are provided with increased performance and cost effectiveness, and to reduce the government's financial burden without compromising the provision of equitable and sustainable services. The first step in the reform process was to strengthen the regulatory framework, and to provide a basis for cost-recovery, through the introduction of the 1999 National Water Policy. The sector reform process in Uganda has been participatory, with strong links to the PRSP process, and thus to the Government's objective of poverty alleviation. The Country Strategy for attaining the MDG for the water and sanitation sector (2003) and the Poverty Eradication Action Plan - PRSP (2000) call for support to the sector through capacity building and

implementing water and sanitation services for the marginalized urban poor (section 4.3.2 in Country Strategy report).

1.2.5 **Burundi** has developed a national Water Action Plan from as far back as 1992, and has recently concluded the National Water Resources Management Policy. Principles of water resources management have also been incorporated in a number of official documents for cross-cutting sectors, including the Poverty Reduction Strategy Paper – PRSP (2006) which calls for the development of water sources and rehabilitation of potable water supply systems; strengthening water production facilities; strengthening existing sanitation programs and their expansion nationwide; promotion of community management of water supply; including training and informing populations about hygiene and sanitation techniques appropriate to their environment.

1.2.6 **Rwanda** has a National Policy Paper on Water from 1996. Water resources management issues are also covered in the Poverty Reduction Strategy Paper – PRSP (2002). The PRSP (2002) sets out the main objectives in water and sanitation sector, including: i) to improve the water supply and extend its network; ii) to encourage community management of water supply; iii) to increase access to sanitation services; iv) to develop a sector strategy; and v) to build capacity at the central and district levels.

1.3 Problem Definition

1.3.1 The rapidly growing secondary towns in the Lake Victoria Basin are playing an important role in the development of the economy of the region and in providing non-agricultural employment to the population. But most of these towns are experiencing unplanned, spontaneous growth and their sustainability is seriously threatened by the run-down and often non-existent basic infrastructure and services. The most affected are the poor living in urban and peri-urban areas, most of whom remain outside the reach of municipal services. Official statistics do not reveal the underlying causes of the unplanned urban development and the intense pressure on basic infrastructure which impose significant impacts on both the living and natural environments and, importantly, on the fragile ecosystem of the Lake.

1.3.2 The lake is a major trans-boundary natural resource that is heavily utilized by its bordering countries for fisheries, transportation, tourism, water supply and waste disposal. Its outflow is an important component of the Nile. In recognition of the of the challenges presented by the rapid urbanisation in the basin, the exploitation of the natural resources and its relationship to livelihoods and poverty, the East African Community has formulated a framework to reverse the deteriorating conditions in the Lake. A *Protocol on Sustainable Development of the Lake Victoria Basin* signed in November 2003 and ratified in November 2004 sets out an agreement of cooperation in a number of key areas that include improvement in of public health with specific reference to sanitation.

1.3.3 In 2005, the EAC Secretariat published its “Vision and Strategy Framework for Management and Development of Lake Victoria Basin”, a document which essentially establishes a shared vision and a long term strategic plan for the sustainable management of the resources of the Lake Victoria Basin and the

economic development of the region. The Framework outlines sectoral strategies in five policy areas, i) Ecosystems , Natural Resources and Environment, ii) Production and Income Generation, iii) Living Conditions, Poverty and Quality of Life, iv) Population and Demography, and v) Governance, Institutions and Policies.

1.3.4 Within the third policy area entitled Living Conditions and Quality of Life, cross-cutting strategies are developed under five key themes of (i) vulnerability and poverty alleviation (ii) Water Supply and Sanitation (iii) Health Services (iv) Education and Training (v) Infrastructure. Key indicators in respect of the Water Supply and Sanitation are increase in the number of communities with safe and clean water and increase in the number of communities with proper sanitation. In this way the members of the Community have collectively identified the sector of water and sanitation as a key area of cooperation in respect of the Lake Victoria Basin.

1.3.5 By 2004 UN-HABITAT, in consultation with national and local authorities and local stakeholders, had undertaken an initial assessment to identify water and sanitation investment and related capacity building needs in 30 pre-selected secondary towns in the Lake region, through questionnaires, interviews and town hall meetings. Overall, the assessment revealed that in all the urban centres, lack of water and sanitation was a major problem, especially in low-income settlements. The coverage levels of water, sanitation and waste management services were often little better than 20-30%, though the current "official" statistics, which are based on inappropriate indicators, grossly underestimate the crisis.

1.3.6 The assessment concluded that the secondary towns in the Lake region urgently needed a strategic water and sanitation initiative that would address the water and sanitation needs of the people, particularly the poor, in an integrated manner, taking into account the physical planning needs of these towns together with attention to drainage and solid waste management as an integral part of environmental sanitation.

1.3.7 In order to implement the initiative it is necessary to progressively identify needs and define investment programmes to cover first the most pressing needs in terms of rehabilitation and rationalization of existing facilities, then addressing the capacity building needs, as well as the medium to long term physical expansion needs. The present project is consequently directed at the next set of towns to follow on the initial group of seven.

1.4 Beneficiaries and Stakeholders

1.4.1 The principal beneficiaries of the overall development that would result from the preparation project will of course be the under- and the un-served women, men and children in the secondary urban centres. Particular interventions will be designed to address marginalised groups, especially particularly the poor. Water user groups would also benefit directly as a consequence of their being supported to get organized as part of the initiative. Other beneficiaries of the project include local communities, water user groups, NGOs and CBOs, WATSAN Service Providers, Advisors and Policy Makers, Municipal Authorities and Sector Professionals..

1.4.2 The immediate beneficiaries of the *preparation project* are the local institutions and organizations responsible for service provision, which will benefit from a detailed understanding of needs and opportunities for developments, detailed designs of the immediate works and subsequently the enhanced capacity and more efficient operation. They include the direct services providers such as the water utility agencies and local governments in the different territories. Key secondary beneficiaries include NGOs and CBOs who in the future are expected to play an increasing role in service provision; newly formed utilities under the sector reform process; small-scale service providers providing services to the poor; local agencies responsible for environmental monitoring; and local government bodies in areas of development planning and regulatory functions.

1.5 Partners and Partnerships

1.5.1 A special category of stakeholders are the development partners currently financing programmes in some of the secondary centres. Many will be identified in detail during the implementation of the preparation project. Most importantly the Initiative should ensure collaboration and harmonization of activities amongst these partners so as to realize synergies and cut down transaction costs of the participating utilities.

2 THE PROJECT

2.1 Impacts

2.1.1 The overall goal of this preparation project is to assist high priority secondary towns of the Lake Victoria Basin to develop water supply and sanitation infrastructure and so contribute to improvement in the health and livelihoods of their residents. This goal will be achieved through definition of a holistic development path that integrates physical growth of services with the development of capacity of both the institutions dealing with the service and the communities benefiting there from.

2.1.2 As a result of the project, the national agencies charged with responsibility for asset holding in the selected towns in the Lake Victoria Region will have the capacity to secure funding for, and execute, the development of physical infrastructure and human and institutional capacity. As a result the towns will be on track to achieve the MDG targets for water and sanitation by 2015, in terms of water supply and sanitation coverage, improved health and livelihood of the population through improved water and sanitation services and improved water quality in the Lake Victoria and its key tributaries.

2.2 Outcomes

2.2.1 The objective of the project is therefore to assist the high priority secondary towns in the Lake Victoria Basin identify their immediate and long term needs in water and sanitation taking into consideration the ecological demands of the lake and its tributaries and to define solutions in terms of the detailed designs of immediate works and the long term investment program for financing with the aid of regional Governments and external support agencies.

2.2.2 The key outcomes of the project outputs below are (i) detailed designs of the immediate works and (ii) validated investment plans consisting of a description of the proposed physical interventions in the form of preliminary designs of the long term programme and detailed designs of the immediate works, capacity building programmes for each project town as well as the estimated costs, financing and implementation schedule.

2.2.3 The designs and investment plans will be used to formulate a project proposal to be submitted to prospective funding agencies that will include the African Development Bank Group, and will include Social and Environmental Management Plans and Implementation Manuals.

2.3 Outputs

2.3.1 The key outputs of the project formulation process include the following:

Sector Context

2.3.2 The review activity will have as an output the documentation and analysis of the sector context of the project in terms of national policies and goals, institutional structures..

Priority Needs-Consensus and Specifications

2.3.3 Documentation of areas requiring immediate attention in the project towns together with detailed specifications of these works in such a way as to permit invitation of bids will be the as a result of activities involving the identification of needs and preparation of designs below.

Investment Plans.

2.3.4 Detailed investment plans at each town aggregated to the project at the level of the basin will be a result of processes and activities consisting of identification of long term demands, development of alternative solutions and selection of the best based on a multi-criteria analysis and preparation of statement of work and cost estimates. Investment plans shall cover priority areas in each of the sectors of water and sanitation including solid waste and storm-water drainage and will consist of physical solution with appropriate balance of demand management and supply augmentation as well as institutional and community capacity development.

Institutional, Financial, Economic, Environmental, Social and Gender Impacts Appraisal

2.3.5 This output shall consist in a detailed appraisal of the impacts of the project on the institutional financial economic environmental social and gender spheres. Through an iterative process, any negative aspects would lead to revision of related areas of the investment plan.

Financing and Implementation Plan

2.3.6 The implementation and financing plan will be a detailed presentation of the execution arrangements of the investment plan in term of institutional responsibilities and suggested financing terms taking into consideration the nature of each component of work. It will include the implementation schedule.

A monitoring and evaluation and reporting framework

2.3.7 The last output will be framework for monitoring and evaluation of the programme proposed, including requirements for reporting to stakeholders. It shall be results-oriented and include available baseline information as well as definition of means for collection of data during implementation, which may include additional baseline information just prior to commencement.

2.4 Activities

General

2.4.1 In order to achieve the abovementioned outputs the Executing Agency, the LVBC, shall recruit an Individual Technical Assistant (TA) and a firm of Consultants. The TA will help oversee the assignment and coordinate the roles of stakeholder and a firm of consultants to undertake studies of the above issues.

2.4.2 The Technical Assistant, whose Terms of Reference are attached as Annex 5 to this report, shall be recruited to assume duty as soon as the Grant is effective in order to assist the Executing Agency to (i) procure the services of the Consulting firm and to (ii) enlist the service of the national agencies in order to identify the fifteen towns to be included in the project. The prioritization and selection shall be based on readily available information, and shall include as key criteria the impact on the quality of the Lake as a trans-boundary common resource; the availability, or otherwise, of alternative financing for the town and appropriate ranking of measures of 'need' for immediate intervention in the town such as the level of undersupply of critical basic services.

2.4.3 The Consulting Company (the Consultants) shall undertake a desk review of all available relevant information and reports on the project areas leading to the attainment of the objectives of the assignment and shall with the prior agreement of the client do field surveys to collect additional information as necessary to complete the analyses.

2.4.4 The areas to be investigated fall under the broad sub-sectors of (i) water supply, (ii) sanitation considering ECOSAN principles but also wastewater collection, treatment and disposal, (iii) safe disposal of faecal matter, (iv) solid waste and finally (v) storm-water drainage. Secondary towns will differ in terms of the priority to be accorded to each of the sub-sector and not all of these may be prioritised in any priority town. For each sub-sector, solutions will consist of a viable combination of compatible developments of a technical, financial and institutional nature and shall community capacity building and strategies aimed at influencing policy and physical

planning. Solutions should also adequately balance supply augmentation with demand management.

2.4.5 The Consultants Terms of Reference form Annex 2 of this report.

2.4.6 Project formulation activities include the following:

Over view of the –sector in member countries and the Lake Basin

2.4.7 The project shall obtain a rapid overview of the sector organisation, and performance in the member countries to provide a backdrop to the project activities. This include a review of sector goals, policies and strategies, ongoing and planned developments, and assessment of the extent to which the countries are on track to meeting the MDGs.

2.4.8 The analysis shall then focus on the project area as defined by the Lake Victoria watershed. Overall descriptors of sector performance in these areas shall be developed and will include impact of current service provision on the quality of the lake and on human health and poverty.

2.4.9 Using existing reports and the results of surveys and studies a review will be undertaken, of small urban centres the Lake Victoria Basin with respect to the issues and constraints in the water supply, sanitation, solid waste and drainage sub-sectors. Consultations with the Project Management Units (PMUs) and the Multi-Stakeholder forums (MSFs) that have been established under the ongoing Lake Victoria Water and Sanitation Initiative will be carried out as part of the review.

2.4.10 During this exercise the Consultants shall obtain a consensus with the client and key stakeholders on the criteria to be used to select (a) priority outcomes and their corresponding activities and outputs (b) desired options among competing alternatives (c) more detailed parameters such as design periods, parameters for financial and economic analyses, technical design criteria etc.

Assessment of critical needs in the selected priority towns

2.4.11 The Consultants shall assist the service providers with a detailed documentation of existing works in each of the selected towns, noting the actual, as against the theoretical, capacity of each component of work based on age and condition of physical assets. Based on this analysis the consultant shall help the service providers determine bottlenecks in service supply in the form of limiting constraints that can be addressed with the minimum of investment in physical assets and time, in the form of rehabilitation and limited expansion while yielding a significant benefit to consumers.

Detailed Designs of the Immediate Works

2.4.12 The Consultants shall prepare detailed designs and Tender Documents for the immediate works component of the investment plan. Detailed designs shall conform to standard engineering practice and proposed method of contracting out works and

may necessitate field topographic surveys. The detailed design shall permit the concerned utilities to begin the much needed rehabilitation and improvements with high pay off at limited costs to be implemented as soon as funds are available. This will initiate the process of continuous incremental improvements in service provision and form a basis for capacity building initiatives.

Estimation of Demand and Long Term Requirements

2.4.13 The Consultant shall undertake a rapid assessment of the socio-economic situation of each of the selected centres so as to establish the baseline condition and to form the bases for assessment of long term needs. Data to be collected shall be disaggregated by gender and by type of social grouping and shall profile neighbourhoods and communities according to the sources of livelihoods and capabilities, including level of education, conditions of health, employment and income.

2.4.14 Based on the sample assessment of consumption and prices charged for services as well as interviews with representatives of consumers as in the Multi Sector Forums the consultant shall estimate the current demand for services in the towns.

2.4.15 Based on an evaluation of the towns plans for growth and development of other forms of infrastructure, observed rates of growth the study shall present scenarios of growth in terms of location of demand centres, size of population and per capita demand

Formulation and Validation of Proposed Investment Plan

2.4.16 A proposed investment plan will be prepared in sufficient detail for discussions at a stakeholders' workshop. The plan will provide a description of the proposed physical interventions and capacity building programmes for each project town as well as the estimated costs.

2.4.17 The Investment plan shall be formulated from examining a number of alternative solutions to meet the needs identified both in the immediate and medium to long term and selecting alternatives that meet the predetermined criteria (See section 3.6 of TOR).

2.4.18 A stakeholders' workshop will be organized to review and discuss the proposed investment plan. Inputs from the stakeholders will be incorporated into the finalization of the investment plan.

Develop Scope of Work and Cost Estimates for the Project

2.4.19 Once the investment plan for the project has been validated by the stakeholders, the scope and cost estimates for the project will be prepared. The components to be prepared will include the project concept and rationale; a description of the main physical, demographic and environmental features of the project area; a detailed narrative description of the objectives and scope of the project; a summary of the environmental impact of the project; and project cost estimates presented in the format set out in the AfDB's Operations Manual.

Impact Analyses

2.4.20 The Investment plan should be subjected to a detailed impact analyses as follows:

Institutional Analysis, Capacity Building and Training

2.4.21 The institutional capacity of relevant local government departments, utility companies, and CBOs to undertake the roles they have been assigned under the project will be assessed. Based on this assessment, a training and capacity building programme will be developed to support the implementation of the physical interventions and as a key component of the project to ensure sustainability. Institutional Capacity should include revisiting policies, rules and practices that constrain adoption of appropriate technologies aimed at the needs of the poor.

Financial and economic evaluation of the Project

2.4.22 A financial and economic evaluation of the project will be undertaken based on the established procedures. The financial evaluation will address the fiscal and financial sustainability of the project and the economic shall address viability of the proposed interventions. The results of these analyses may be used to iteratively revisit aspects or components of the project design or feed back to policy decisions such as tariff levels and demand assumptions.

Social and Gender Analysis

2.4.23 The impacts, in terms of accrual of benefits and costs, and participation of the different social groups and men and women shall be examined from the point of view of each group. Inequities shall be purposefully addressed, with special consideration given to the poor and women.

Environmental Impact Study

2.4.24 All relevant studies and reports relating to environmental conditions in the Lake Victoria Basin will be reviewed and an environmental impact study of the project undertaken. This work will (i) identify and quantify positive and negative environmental impacts, (ii) identify environmental risks relevant to each component during construction and operation, and (iii) identify mitigation measures, which should incorporate catchment management measures upstream of the sources supplying the centres. The Study will review and build on the environmental assessments carried out under previous programmes.

Sustainability and Risks of the Project

2.4.25 An assessment of the sustainability and risks of the project will be undertaken, building on the monitoring protocol and sustainability check that has been developed for Phase 1 of LVWATSAN. The assessment will address the elements the following issues, among others: a quantification of the recurrent costs of the project, disaggregated by project town; a review of existing tariff structures and an analysis of the extent to which recurrent costs can be recovered from user charges; a proposal on tariff adjustments needed to make the project sustainable; an assessment of the impact of the project on the revenues of the town organizations and the national governments

in the participating countries; an analysis of the financial viability of the institutions that will be responsible for project operation and maintenance.

Prepare a Project Implementation and Financing Plan

2.4.26 A project implementation plan will be prepared in close consultation with UN-HABITAT and the participating countries. It will address the institutional arrangements for project management and supervision, procurement and contracting arrangements as well as financial management and reporting. The plan will include a specific focus on the participation of women and poor communities in the planning, implementation and operation of the Project.

2.4.27 A financing plan for the project will be prepared in consultation town water and sanitation service providers in the participating countries, showing how each component will be funded and which components should be allocated for grant financing and which for loan financing, as the case may be.

Design a Monitoring and Evaluation Framework

2.4.28 The monitoring and evaluation (M&E) system established under on-going phase of the LVWATSAN will be adapted as necessary to design the Monitoring and Evaluation framework for the project. The framework should include indicators for tracking the progress and impacts of the project, the means of data collection for assessment of the indicators, the institutional arrangements for project monitoring and evaluation and the project reporting system.

2.5 Risks

2.5.1 The principal risks for the project formulation activities and measures to mitigate them are:

- Continued political commitment by national governments to support the project formulation process. There is a risk that Government counterpart support such as staff time and other resources will not be met in a timely manner. Early consultation and sensitizing of government officials will avoid this.
- Continued interest and willingness of the local stakeholders to be engaged in the project formulation process. Lack of interest on the part of local stakeholders could be a hindrance to the project formulation process. Stakeholder consultations will sensitize and effectively involve stakeholders in the process.
- Finally, the ability of the study to contribute to the long term impacts of the project are contingent on the project being able to attract funding from the national Governments and External Support Agencies. It is important for project preparation to factor in the specific requirements of prospective funding agencies.

2.6 Cost and Financing plan

2.6.1 It is estimated that the cost of project formulation would be of the order of EUR 998,500. A budget breakdown is provided in the Table 2.1 below:

Table 2.1 Project Costs

Item Description	AWF Grant (EUR)	Others (EUR)	Estimated Amount (EUR)
A. Consultant's Personnel	574,000		574,000
B. Travel Expenses and Per Diem	226,000		226,000
C. Sundry Expenses and Costs	50,000		50,000
D. Workshops	79,000		79,000
E. Individual Technical Assistant to LVBC	65,000		65,000
Office Accommodation for TA		4,500	
Total Budget	994,000	4,500	998,500

2.6.2 The African Water Facility grant would meet the cost of the Consultancy Services and the Technical Assistant. The East African Community would meet the cost of accommodation for the Technical Assistant in kind. This contribution is valued at EUR 4,500 as shown in the table above.

3 IMPLEMENTATION

3.1 Recipient

3.1.1 The Recipient will be the East African Community Secretariat which will be working in partnership with the United Nations Human Settlements Programme to execute the project.

3.1.2 The EAC has been coordinating and managing development programmes in the Lake Victoria Basin since 2001 when a Lake Victoria Development Programme (LVDP) was set up to coordinate the multi-stakeholder and Partner States interests in the Lake Basin. In recognition of the critical importance of Lake Victoria to the Partner States of the EAC, a Protocol for Sustainable Development of the Lake Victoria Basin was concluded and signed in November, 2003. The Protocol provided for, among others, the establishment of the Lake Victoria Basin Commission which is the apex institution of the Community responsible for all initiatives in the Lake Victoria Basin.

3.1.3 The EAC Secretariat directs the development activities in the Lake Victoria Basin, largely through National Focal Points in each Partner State and through partnerships and cooperation with other Stakeholders, including development partners.

3.1.4 Since June, 2006, the EAC has been collaborating with UN-HABITAT on the implementation of the first phase of the Lake Victoria Water and Sanitation Initiative. This partnership is now being strengthened through a formal Memorandum of Understanding being finalized for signature by the two Organizations. UN-HABITAT and the African Development Bank have also signed a Memorandum of Understanding defining cooperation between the two institutions.

3.2 Implementation Arrangement and Capacity

3.2.1 The East African Community's Lake Victoria Basin Commission (LVBC) will be the Executing Agency (EA) responsible for the implementation of the project formulation exercise. The EA will establish a Project Steering Committee to give overall strategic guidance to the project and to provide overall supervision for the project formulation study. The Steering Committee shall be composed of the Executive Secretary of the Lake Victoria Basin Commission, five Representatives of the participating states' Ministries responsible for water supply and sanitation, UN HABITAT and up to three representatives of key stakeholders (to be identified) which shall include Lake Victoria Region Local Authorities Cooperation (LVRLAC). The LVBC will make arrangements to apprise members of the Council of Ministers on progress on the project.

3.2.2 The LVBC shall maintain regular liaison with focal officers representing the Ministries responsible for water from each of the five member countries. It will facilitate the work of the consultants in the project towns by ensuring that focal points are designated in each town to work with the consultants during field missions. It will also make available to the Consultants all previous studies, reports, assessments and other relevant background documents for the assignment that have been undertaken by the EAC.

3.2.3 LVBC's capacity to supervise the project is low due to staff numbers in relation to the work load. Pending recruitment of permanent operative staff in the field of water and sanitation, the Commission has requested that AWF funding include for a Technical Assistant for the duration of the Project. The Technical Assistant's role has been described in section 2.4 above. This expert will oversee the day to day activities of the project on behalf of the Executive Secretary of the Commission to whom he or she shall be responsible. A total of nine person months are intended to allow the TA Study Coordinator to assist with the procurement of the firm of consultants and to complete the project closure activities.

3.2.4 LVBC shall recruit a firm of Consultants to execute the project. The firm is expected to deploy an estimated sixty (60) work months of personnel consisting of Engineers, Economists, Financial Analysts, Environment Impact Assessment expert, Community Development Expert, Land Surveyor, and Electro Mechanical Engineer to execute the work. In order to meet the strict deadline expected of this project, it is proposed that two team of engineers would work concurrently in the five member countries.

3.2.5 UN-HABITAT will collaborate with the Executing Agency and shall have specific responsibilities of providing the outputs resulting from the baseline surveys and monitoring system already finalized for the 15 towns in the Basin. It will also provide the Consultants with all publications, tool kits, assessment reports, maps, information, technical designs and cost data that have so far been generated from Phase 1 of the Lake Victoria Water and Sanitation Initiative.

3.3 Performance Plan

Results (Outcomes and Outputs)	Indicators	Indicative Targets and Time Frame
OUTCOMES		
Investment Plans validated	Recommended Plans accepted by Validation Workshop	
Preliminary Designs of Immediate works available	Design Report accepted by beneficiary utilities	By August 10, 2008
OUTPUTS		
Sector Context	Report Available and accepted by key stakeholders	By Week 05 (See implementation schedule)
Priority Needs	Report accepted	By Week 13
Designs of Immediate Works	Report accepted	By Week 24
Investment Plans	Plans Validated	By Week 25
Impacts Analysed	Report accepted	By Week 26
Financing Plan available	Report accepted	By Week 27
Monitoring Plan available	Report accepted	By Week 30

3.4 Implementation Schedule:

3.4.1 The project is expected to be completed over a total of 30 weeks following the engagement of the firm of Consultants: Based on funding being approved in mid-November and allowing a period of two months to obtain signature and effectiveness of the grant as well as recruitment of the Consultants and Technical Assistant, the most likely commencement date is February 1, 2008. The remainder of the programme would be as follows

3.4.2 A detailed implementation schedule is provided as an Appendix to the Terms of Reference forming Annex 2 of this Report.

3.5 Procurement and Execution

3.5.1 Procurement of goods, works and services financed by AWF will be in accordance with African Development Bank Group Rules of Procurement as duly modified for use on AWF projects. Procurement arrangements are summarized in Table 3.5 below:

Table 3.5 Summary of Procurement Arrangements

Categories of Expenditure	ICB	NCB	Other ¹	Shortlist	NBF ²	Total
1. Consultant Services						
1.1 Technical Assistant				75,000 [75,000]		75,000 [75,000]
1.2 Consultants				919,000 [919,000]		919,000 [919,000]
2. Miscellaneous					4,500	
Total				994,000 [994,000]	4,500	998,500 [994,000]

3.5.2 Consultant Services: Consultant Services, estimated at EUR 919,000 will be procured through competition on the basis of a shortlist using the selection procedure combining technical quality with price consideration. The Consultants services will be to support Executing Agency in the manner explained in the Terms of Reference.

3.5.3 Services of an individual Technical Assistance estimated at EUR 75,000 will also be procured through competition advertised in the East African Region on the basis of a shortlist using the selection procedure for individual Consultants. The Technical Assistants services will be to support the Executing Agency supervise the Consultancy Services.

3.5.4 Miscellaneous Expenses: The cost of coordination of the project including accommodation for the Technical Assistant will be met by the Recipient and its partners

3.5.5 The Recipient shall obtain the AWF's 'no objection' prior to the issue of the approved Request for Proposals, for the consultants' evaluation and the conformed contract.

3.6 Disbursement Arrangements and Expenditure Schedule

3.6.1 The Special Account method will be used for disbursement of funds from the AWF. The project will open a Special Account with local commercial bank, into which the advances will be deposited. The Special Account will be replenished on the condition that the preceding advance has been utilized and justified up to at least 50 percent and that the other advances have been fully justified. The external Audit of the project shall include an audit of the use of the special account and attestation that: i) the requests for replenishment of the revolving fund submitted are consistent with relevant information, ii) the internal controls and procedures used for their preparation, are reliable enough to justify the requests for replenishment, and iii) the goods and services financed from the special account have been received by the project.

¹ National Shopping and Direct Purchase

² Non-Bank Funded

3.6.2 To protect the interests of the recipient and the AWF, the bank holding the special account must issue an irrevocable undertaking that:

- funds held in the Special Account will not, under any circumstances, be set off, seized or attached to satisfy amounts due to the bank by the project (for example by attachment) or be used as sundry collateral;
- monthly statements of the Special Account will be issued and communicated to the project; and
- the account and related documents will be placed at the disposal of the Bank staff and its appointed auditors.

3.6.3 The duration of the Project will be thirty weeks from the point of recruitment of the Consultants and it is expected that funds will be expended over a period of nine months. The expected Expenditure Schedule is shown in the Table 3.4 below

Table 3.4: Expenditure Schedule.

Cost Items	Q1	Q2	Q4	Total
Personnel Costs	233,900	278,300	61,800	574,000
International Travel	36,000			36,000
Local Transport	20,000	20,000	20,000	60,000
Per diem and Accommodation	35,000	75,000	20,000	130,000
Workshops (15x2) +Ministerial Meeting	30,000		49,000	79,000
Surveys and Investigations	30,000	20,000		50,000
	151,000	115,000	89,000	355,000
	384,900	393,300	150,800	- 929,000
Technical Assistant	20,000	20,000	25,000	65,000
Office Accommodation	1,500	1,500	1,500	4,500
	406,400	414,800	177,300	- 998,500

There may be need to synchronise clearly with Table 2.1 and Annex 4

3.6.4 . Payments to the Consultants shall include an advance amount paid at the time of mobilization and subsequent payments to be made upon submission and acceptance of the project reports. Disbursements to the Special Account will follow this expected schedule. Based on these consideration an approximate Disbursement Schedule in Euros would be as follows:

Condition	%	Quarter
Upon Mobilization	20	Q I
- Advance		
Immediate Works Recommendations Report	30	Q II
Immediate Works Detailed Designs, and Draft Investment Plans	30	QIII

Draft Project Report	10	QIV
Final Report	10	QIV
	100	

3.7 Accounting and Audit Arrangements

3.7.1 The LVBC will be responsible for the maintenance of proper and separate accounting system to ensure that the use of the funds is accounted for at all times. The project's funds will be accounted for in accordance with *Financial Management procedures* of the Recipient, incorporating any specific additional requirements of the AWF. They will therefore be subject to internal audit as well as external audit under arrangements specified by the AWF. The audit of the project shall include an audit of the Special Account as stated in the section on Disbursement. LVBC shall provide AWF with certified audited report on the use of funds.

3.7.2 AWF has the right, at its own expense, to have the records of the LVBC pertaining to the implementation of the project reviewed and audited.

3.8 Monitoring, Evaluation and Reporting Arrangements

3.8.1 The Consultants will produce (i) an inception report by the end of the first month, (ii) progress reports every three months as well as interim and final reports as other deliverables in the manner prescribed in the Terms of Reference.

3.8.2 The Recipient shall collect and process information necessary to monitor the attainment of results as indicated in section 2.3 or as duly revised. Furthermore he shall prepare and share with stakeholders the progress Reports of the project in the form acceptable to the AWF. The reports shall show progress in the implementation of procurement and execution of the project, present the reasons for any deviations and make provisions in the subsequent periods for their correction. The Reports shall also cover the financial aspects in terms of commitments, expenditures and disbursement.

4 PROJECT BENEFITS

4.1 Effectiveness and Efficiency

4.1.1 Provision of water supply and sanitation to the Lake Victoria Basin implies at once addressing one of the highest concentrations of poor people in East Africa, and at the same time addressing the environmental problems of the Lake Victoria. The Preparation Project as such does not address the problems directly, but provides the initial step in identifying appropriate actions to address them and facilitating the mobilization of financial and material resources from local sources as well as the external support partners.

4.1.2 The project preparation emphasises a clear pro-poor focus, and is intended to generate desirable outcomes that would have a lasting effect on the poor. The final beneficiaries being the un-served citizens in the secondary urban centres, particularly the poor, the preparation addresses the key outcome of the resulting project as the full

achievement of millennium development goals in the participating secondary urban centres. Particular interventions will be designed to address marginalised groups, in particular women and children.

4.1.3 It is to be noted that LVWATSAN will provide town-wide improvements in water supply and sanitation (as also drainage and solid-waste management) and therefore final beneficiaries will also include town populations who are currently receiving poor and unreliable services and will be recipients of improved services.

4.1.4 Final beneficiaries of the Action will include women-headed households (estimated at about one-thirds of total households in the secondary towns, and rising due to the prevalence of HIV/AIDS) who will have access to safe water and adequate sanitation within reasonable reach.

4.1.5 The integrated approach adopted by the project brings in a balanced focus on water supply, sanitation, waste management, drainage and physical planning. This integrated nature of LVWATSAN will thus enhance health and wellbeing of the populations in the secondary towns.

4.1.6 The Lake resource is currently perceived as a “free good”. One of the major expected results of the interventions to be proposed (particularly the provision of the “full sanitation chain”) is a decrease in pollution of Lake Victoria. Sources of pollution related to medium sized settlements will be more easily identified during preparation so that interventions will be developed, and through collaborative efforts with others the Lake water resource as a whole will be more holistically managed and the perception of a free good gradually changed with these interventions.

4.2 Sustainability

4.2.1 The outcomes of the preparation project have a better chance of being implemented than traditional studies since they isolate the immediate works for which funds can be readily found, but which allow the beneficiary utilities to begin to make a difference in performance. As performance increases, internally generated funds should increase allowing these utilities to plough back some of these funds into small extensions to distribution systems. The approach to the programme also allows that, within the project based on the immediate works the final designs of the long term works can be included as component thereby allowing a continuous process of development.

4.2.2 The project also address issues of long term sustainability in terms of recommendations to be made on technological choices, financial management, institutional development, greater participation of CBOs, NGOs, and the local private sector in the provision of water supply and sanitation service. By incorporating other urban service such as drainage and solid waste the project approach ensures the synergy necessary for sustainability. In the longer term then, governance of water issues will be strengthened and there will be improved equity in service provision. In terms of other secondary beneficiaries:

- Newly formed utilities under the sector reform process in the member states will benefit from guidelines for improved financial management and enhanced revenue

generation, developed within the framework of the preparation project to be implemented with the infrastructure development implementation. These areas constitute priority areas of the key capacity-building initiative of the programme, and will move towards financial sustainability;

- The programme will promote active involvement of NGOs and CBOs in the establishment of improved services, particularly through stakeholder workshops and multi-stakeholder forums, which will be established by the programme in each secondary town. The formation of water users associations will also be promoted in each participating town.
- The institutional component of the preparation process will explore various possibilities of institutional solution including greater involvement of the NGOs, CBOs and the local private sector and households themselves in the process of service provision, thus relieving the centralized services of areas beyond their competence. It will address capacity development of all concerned and address areas of cooperation and partnerships with local and central authorities including various levels of government.
- The overall initiative which the preparation project forms part of promotes regional cooperation will be promoted with particular reference to the Protocol for Sustainable Development of Lake Victoria Basin, November 2003, specifically in areas of public education and awareness, water resources monitoring, protection of the basin and its ecosystem, mainstreaming gender concerns etc. The preparation project will contribute to this ideal through sharing of experiences and cross pollination of ideas during the creative stages of the development of the investment plans, a process that should continue under the resulting project.

4.2.3 The preparation project requires the Consultants to put emphasis on relatively simple and well-known technologies that require minimum inputs for operation and maintenance. It supports the approach of the on-going reforms including the establishment of new entities that will differentiate the management of water and sewerage revenues from other councils' or governments' revenues, and thus allow for the direct use of internally generated funds for normal operations and recurrent costs of these investments. It will permit targeted assistance to the water and sanitation supply companies WSSCs and WSBs in the crucial areas related to business planning, and programme management, and thus assist in improving the sector governance framework.

5 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

5.1.1 The proposed project is part of a long term programme initiated by the ongoing Lake Victoria Region Water and Sanitation Initiative (LVWATSAN) and aims to prepare a project to extend water supply and sanitation services to an additional 15 towns in the now five member countries of the East African Community and the Lake Victoria Basin Commission. The project that will be prepared will, in addition to meeting the needs of the population, also address to some extent the

environmental problems of the Lake Victoria associated with community water supplies and sanitation in the beneficiary centres.

5.1.2 The integrated approach adopted by the programme, of which the present project forms a part, is increasingly being recognized as an effective means of attaining objectives through synergy. It may be emulated under similar circumstances.

5.1.3 The project is suitable for financing by the African Water Facility, under the focal area of Strategy Investments, under the subcategory of Project Preparation with the purpose of leveraging of investments. It will permit the beneficiary countries and communities to seek funding from external support agencies, while also identifying a role for the local private sector to intervene within their capabilities.

5.2 Recommendations

5.2.1 It is recommended that an amount of **EUR 994,000** be granted to the East African Community for the purposes of the project described herein under the normal conditions of the AWF Grants, in particular that

Condition(s) precedent to first disbursement:

5.2.2 Prior to first disbursement the Recipient EAC shall have give evidence that the Lake Victoria Basin Commission has

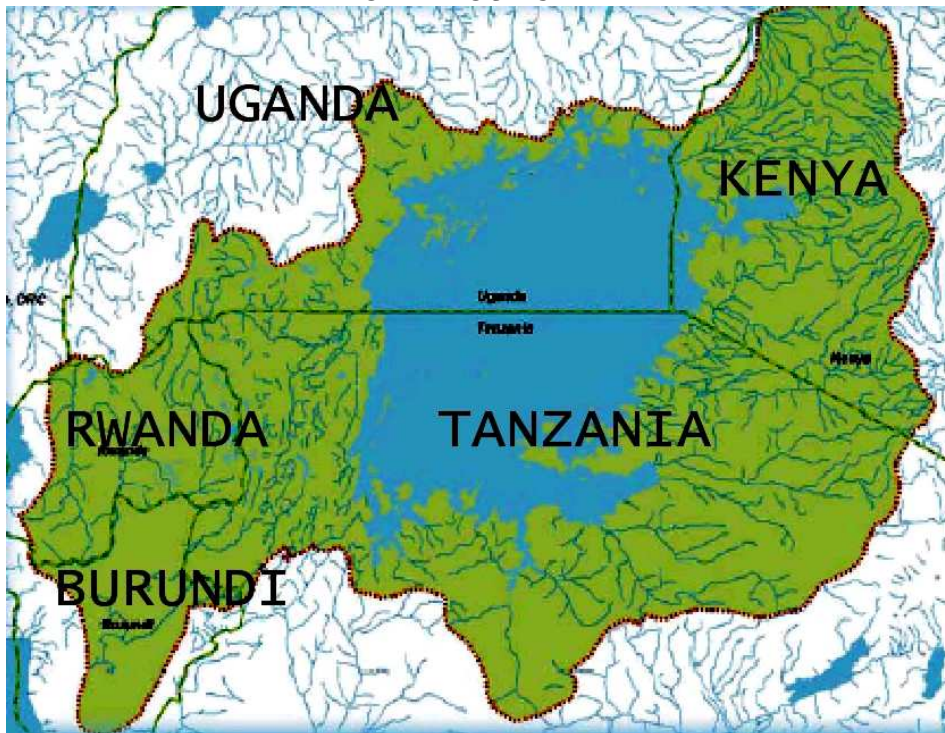
- (a) Opened a Special Account with a Bank acceptable to the AWF
- (b) Constituted a Steering Committee for the study, consisting of members whose qualifications shall be acceptable to the AWF.

Other Condition(s)

5.2.3 There are no other conditions.

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MAP OF PROJECT AREA



Disclaimer

This map has been drawn by the African Water Facility exclusively for the use of the readers of the report to which it is attached. The names used and the borders shown in it do not imply on the part of the Facility and its members any judgment concerning the legal status of the territory nor any approval or acceptance of these borders

ANNEX 2: DRAFT

LAKE VICTORIA BASIN COMMISSION: TERMS OF REFERENCE FOR CONSULTANCY SERVICES FOR PREPARATION OF A PROJECT FOR

EXTENSION OF THE WATER SUPPLY AND SANITATION INITIATIVE TO FIFTEEN MORE small urban centres

IN

Kenya, Tanzania, Uganda, Burundi & Rwanda

1. BACKGROUND

Lake Victoria is the world's second largest freshwater lake and the largest in Africa, with a total catchment of 250,000 square kilometres, of which 68,000 km is the actual lake surface. Located in the upper reaches of the Nile River Basin, the lake waters are shared by the three East African Countries of Kenya (6%), Uganda (43%) and Tanzania (51%). Rwanda and Burundi are a part of the upper watershed that drains into Lake Victoria through the Kagera River and between them, occupy about 18% of the lake catchment. The lake is a major trans-boundary natural resource that is heavily utilized by its bordering countries for fisheries, transportation, tourism, water supply and waste disposal. The Nile Basin outflow is an extremely important freshwater resource for the countries of Uganda, Sudan and Egypt. A Map of the Lake Victoria Basin is provided at Annex 1.

The Lake Victoria Basin supports an estimated population of 30 million people with large concentrations along the lake edge and within the Kagera River Basin which is shared by Burundi, Rwanda, Tanzania and Uganda. Although there are a few large cities such as Kampala, Kisumu and Mwanza, most of the population lives in rural villages and small towns. However, the region has experienced a process of rapid urbanization over the recent past with the towns, many of which are concentrated along the lake edge, growing at rates far in excess of the regional average of 3% per year. The urbanization process has been accelerating under the impact of several factors, including rural poverty, land pressures and lack of job opportunities in the rural areas.

The economy of the region is characterized by a heavy dependence on the fisheries resources of Lake Victoria, which accounts for over 25% of the Region's GDP. Other important sectors include agriculture, agro-processing, tourism, and small scale manufacturing. The Lake Victoria Basin supports one of the densest and poorest populations in the world with population densities of over 100 persons per square

kilometre. Average per capita income is estimated to be less than US\$270, which is about 40% of the average per capita income in sub Saharan Africa. The problems of human poverty and unemployment are widespread, and are compounded by the rapid increase in population, the ongoing public health challenges posed by the high incidence of HIV/AIDS and malaria, unplanned urbanization and environmental degradation.

For the past 30 years, Lake Victoria has been under considerable pressure from a variety of interlinked human activities, including over-fishing, destructive fishing practices, pollution from human and industrial activities, siltation from the erosion of deforested watersheds and enhanced urban runoff with high sediment loads and large volumes of waste products. The sources of pollution are many, and include, untreated sewage, human and animal waste discharged into rivers and drainage channels, maritime transport waste and direct contamination of lake water by human activities on the shore line. The cumulative impact of these activities are now clearly in evidence with Lake Victoria showing various signs of severe environmental distress, including depleted oxygen levels, eutrophication, reduced transparency and increasing levels of microbiological and chemical pollution.

The critical and multi-faceted role of the lake as the most important economic resource, the source of much of the region's water supplies, and the ultimate sink for the increasing volumes of waste and erosion material that are generated in the catchments, has created a close linkage between environmental conditions in the lake basin and issues of human poverty and socio-economic development in the region. In recognition of this linkage, the East African Community (EAC) has taken steps to establish the necessary framework to reverse the deteriorating conditions in the lake, promote a more sustainable approach to the management of the resources in the basin and enhance the socio-economic development of the people living in the Lake Victoria Region.

A Protocol on Sustainable Development of Lake Victoria Basin was signed by the three partner states of the East African Community (Kenya, Uganda and Tanzania) on November 29, 2003, and ratified in November, 2004. The Protocol addresses environmental concerns in and around the lake and sets out an agreement of cooperation in a number of key areas, including, "the sustainable development, management and equitable utilization of water resources" and "the improvement of public health with specific reference to sanitation". The Protocol further established the Lake Victoria Basin Commission as a "body for the sustainable development and management of the Lake Victoria Basin" with a broad range of functions, including guidance on implementation of sector projects and programmes, promotion of capacity building and institutional development and initiation and promotion of programmes that target poverty eradication.

In 2005, the EAC Secretariat published its "Vision and Strategy Framework for Management and Development of Lake Victoria Basin", a document which essentially establishes a shared vision and a long term strategic plan for the sustainable management of the resources of the Lake Victoria Basin and the economic development of the region. The Framework outlines sector strategies in five policy areas, i) Ecosystems, Natural Resources and Environment, ii) Production and Income Generation, iii) Living Conditions, Poverty and Quality of Life, iv) Population and Demography, and v) Governance, Institutions and Policies.

The Framework outlines a number of strategies to reduce the environmental pollution of Lake Victoria and improve the living conditions of the increasing number of people living in the Lake Basin. These include, improved waste management, both solid and liquid, expanded water supply coverage in both urban and rural areas, and better environmental sanitation. The need to build the capacity to plan, construct and manage service delivery systems is also highlighted as well as the need to adopt a coordinated approach within the framework of regional cooperation.

For the past three years, the vision and strategy framework of the stakeholders in the Lake Victoria Basin, as articulated by the EAC, has already been translated into a number of programmes as part of a broader agenda to strengthen shared interest and regional cooperation. These programmes include the Nile Basin Initiative (NBI), the East African Communities Organization for the Management of Lake Victoria (ECOVIC), the Lake Victoria Environmental Management Programme (LVEMP), the Lake Victoria Local Region Local Authorities Co-operation (LVRLAC) and the Lake Victoria Water and Sanitation Initiative (LVWATSAN).

LVWATSAN is a regional water and sanitation initiative, currently being implemented in 7 towns in the Lake Victoria Basin through cooperative agreements between UN-HABITAT and the 3 East African Governments of Kenya, Uganda and Tanzania. The Government of the Netherlands has approved the funding of the first phase of the Programme to the tune of approximately US\$15 million. The programme comprises an integrated package of interventions, including water supply and sanitation improvements, solid waste management, drainage improvements in key areas, as well as capacity building and training. The programme has served as a platform for strengthening the partnership between EAC and UN-HABITAT for the development of the Lake Victoria Basin and the EAC has recognized the important role that the LVWATSAN is playing in establishing a replicable model for an integrated approach to addressing water and sanitation and waste management issues in the secondary towns around Lake Victoria. The overall goal of the Programme is to meet the MDG targets in water and sanitation in the project towns and to ensure the long term sustainability of the physical interventions. The specific objectives are as follows:

- Support pro-poor water and sanitation investments in the secondary urban centres in the Lake Victoria Region;
- Build institutional and human resource capacities at local and regional levels for the sustainability of improved water and sanitation services;
- Facilitate the benefits of upstream water sector reforms to reach the local level in the participating urban centres;
- Reduce the environmental impact of urbanization in the Lake Victoria Basin

Implementation of the LVWATSAN is now ongoing in 7 towns, 2 towns in each of the three participating countries and one town (Mutukula) which straddles the border between Tanzania and Uganda. The implementation strategy for the Programme is based on a 3-phased approach with the first phase comprising immediate interventions which are designed to address the most urgent water and sanitation needs in the 7 towns. The second phase will focus on training and capacity building while the third phase will address long term interventions. It is expected that the immediate

interventions in the 7 towns will be completed in December, 2007 and the long term interventions in June 2009. The capacity building programme is now being formulated and is expected to start in April, 2007 and will be implemented in parallel with the immediate and long term interventions. A key component of the Programme, is the establishment of a monitoring system, with a comprehensive set of baseline information, to monitor progress in meeting the MDG targets in the project towns. The system is now being established in 15 towns, five towns in each of the 3 participating countries.

The Lake Victoria Water and Sanitation Programme has been designed as a model setting initiative to be replicated, in additional towns in the Lake Victoria Basin. Based on initial assessments carried out by UN-HABITAT in a sample of 30 towns in the three countries of Kenya, Tanzania and Uganda, there are urgent needs for water, sanitation and solid waste improvements to improve living conditions, reduce poverty, improve environmental conditions and reduce the pollution loads entering Lake Victoria.

With the first phase of the Programme now under implementation, the EAC, now wishes to achieve an expansion of the Programme into fifteen other towns. Since the joining of Rwanda and Burundi in EAC, the countries have expressed a wish to join the initiative. The new phase of the project will therefore include Rwanda and Burundi, both from the point of view of town –level and regional activities. Three towns from each country will therefore be included in the formulation activities

2. OBJECTIVE OF THE CONSULTANCY ASSIGNMENT

The objective of **the consultancy assignment** is to prepare an investment plan for second phase of the Lake Victoria Water and Sanitation Initiative in fifteen selected secondary centres to be presented for financing by external support agencies including the African Development Bank (ADB), based on the lessons learnt from the ongoing Programme in order. Accordingly, the report from this assignment should be prepared to a sufficient level of detail to enable the prospective donors to evaluate and conduct an appraisal of the project.

The Consultant shall implement the overall approach adopted by the LVWATSAN in terms of quickly identifying the most critical deficiencies in the provision of services that can be addressed in the form of “immediate works”, to allow the services providers time to identify the more “long term” requirements while also developing institutional capacity. The immediate works shall be developed in sufficient details to allow bids to be issued for the work to proceed. The *long terms works* shall be defined only up to the preliminary design stage, that is, in enough detail to allow for overall appraisal of the investment plan and resulting project, but the related detailed designs shall be prepared during the implementation of the “immediate works”.

3. SCOPE OF SERVICES

3.1 Overall Approach

3.1.1 Prior to commencement of the Consultant’s assignment, LVBC in collaboration with the national governments shall have completed prioritisation of 15 centres in the Lake Victoria Basin, three in each of the member states to constitute the project area.

3.1.2 The consultant shall undertake a desk review of all available relevant information and reports on the project areas leading to the attainment of the objectives of the assignment and shall, with the prior agreement of the client, do field surveys to collect additional information as necessary to complete the analyses.

3.1.3 The areas to be investigated fall under the broad sub-sectors of (i) water supply, (ii) sanitation with specific reference to ECOSAN principles, including wastewater collection, treatment and disposal, (iii) safe disposal of faecal matter, (iv) solid waste and finally (v) storm-water drainage. Secondary towns will differ in terms of the priority to be accorded to each of the sub-sector and not all of these may be prioritised in any priority town. For each sub-sector, solutions will include physical developments and institutional and community capacity building. Solutions should also adequately balance supply augmentation with demand management

3.1.4 Consensus building and Workshops. The Consultants shall cooperate with the LVBC which will coordinate the activities of the stakeholders. During the mobilization period the consultant shall obtain a consensus with the key stakeholders on critical issues including criteria for various decisions. The Initial Workshop at which national focal points and other key stakeholders will take part, will consolidate the consensus.

3.1.5 The Consultant will also collaborate with the services providers in each of the selected agencies. The process of identifying “immediate works” shall deeply involve these agencies through using the exercise to update operational records as the most practical capacity building possible.

3.2 Overview of the Policy and Institutional Framework in the EAC countries.

3.2.1 The consultants shall present an overview of the policy and institutional framework of the water sector in each of the member countries of the EAC. This will include national policies, strategies and development plans/priorities (including poverty reduction strategies) and how they impact on town-level provision of water, sanitation and solid waste management services.

3.2.2 They shall document key aspects of institutional framework in the EAC countries, that will impact on the project implementation, noting commonalities and differences the position the water and sanitation services within the overall urban sector development as well as the broad WATSAN challenges of the project area, being the Lake Victoria basin.

3.2.3 The analytical phase of this process shall especially identify areas of policy and institutional arrangement that continue to marginalize the poor and disfavour women and children and make necessary recommendations for them to be addressed at the correct levels. Urban legislation that would prohibit market entry into the service provision for small local private sector, or exclude the adaptation of appropriate forms of sanitation such as the ecological sanitation should be given special attention. In general the recommendations shall pay particular attention to the needs of the poor, women, children and other special social groups to ensure equitable sharing of benefits.

3.3 Over view of the Sector in member countries and in the Basin

3.3.1 The Consultants shall obtain a rapid overview of the sector organisation, and performance in the member countries to provide a backdrop to the project activities. This include a review of sector goals, policies and strategies, ongoing and planned developments, and assessment of the extent to which the countries are on tract to meeting the MDGs.

3.3.2 The analysis shall then focus on the Lake Victoria Basin. Overall descriptors of sector performance in these areas shall be developed and will include impact of current service provision on the quality of the lake of, on human health and poverty. The Consultant will use these to provide a description of the sector, an assessment of the development issues and challenges facing the small towns and their interrelationship with the environmental conditions in the lake, and relate these to analysis of Government policies and plans for the respective sub-sectors in the Basin, provide an overview of regional programmes and an assessment of the on-going programmes and projects to establish the lessons learnt which can guide the formulation and design of future programmes. The consultations to be carried out as part of the review, should include consultations with the Project Management Units and the Multi-Stakeholder Forums (MSF) that have been established under the ongoing Lake Victoria Water and Sanitation Initiative.

3.3.3 During this exercise the Consultants shall obtain a consensus with the client and key stakeholders on the criteria to be used to select (a) priority towns (b) within these towns the priority outcomes and their corresponding activities and outputs (c) desired options among competing alternatives (d) more detailed parameters such as design periods, parameters for financial and economic analyses, technical design criteria etc. A key element in the criteria to be developed should be the environmental impact of existing activities in the town on the condition of Lake Victoria. This will include the contribution to waste entering the lake, the distance to the lake shore etc.

3.3.4 The exercise shall conclude with an identification of priority centres to receive more detailed examination in terms of need for short and long term investments in infrastructure and institutional and community capacity building, in consultation with the EAC, the participating Governments, and UN-HABITAT. For this purpose a workshop will be held to validate information on the sector, agree on criteria and selection of the project towns three of which will have been selected in each of the five member countries.

3.4 Assessment of needs the selected project towns

3.4.1 Based on the approach followed by UN-HABITAT and the participating countries in formulating on-going phase of the Lake Victoria Water Sanitation Initiative, the Consultants will undertake a rapid assessment of the project towns leading to the definition of the “immediate works”.

3.4.2 To do so it is necessary to collect and analyse information in each town pertinent to the following :

- Infrastructure investment potential

- Current and planned donor-supported projects and investment plans
- Existing governance structure at the local level
- Capacity building **needs** for the management of water and sanitation, solid waste collection and disposal and environmental protection services in the towns
- Local **capacity** to plan and manage investment projects and to undertake environmental impact assessments
- Information on the main environmental problems resulting from urbanization and insufficient service provision.

3.4.3 To assess the infrastructure investment potential stated above the consultants shall assist the service providers prepare a detailed documentation of existing works in each of the selected towns, noting the actual (as against the theoretical) capacity of each component of works based on age and condition of physical assets. Outcomes/Consequences of current state. Based on this analysis the consultant shall help the service providers determine bottlenecks in service supply in the form of limiting constraints that can be addressed with the minimum of investment in physical assets and time in the form of rehabilitation and limited expansion while yielding a significant benefit to consumers.

3.4.4 The rapid assessments will draw on the experiences of previous assessments and studies carried out by the EAC, UN-HABITAT and others. Where such rapid assessments have already been carried out, these assessments will be updated by the Consultants. The rapid assessments should be carried out with the participation of the respective Ministries responsible for water and sanitation and environmental protection in the participating countries as well as local stakeholders in the towns. To this end, local stakeholder workshops will be held in each town at which the Consultants will be required to participate and make presentations on the proposed physical interventions and capacity building activities.

3.5 Detailed Designs of the “Immediate Works”

3.5.1 The consultant shall prepare detailed designs and Tender Documents for the immediate works component of the investment plan. Detailed designs shall conform to standard engineering practice and proposed method of contracting out works and may necessitate field topographic surveys. The detailed design shall permit the concerned utilities to begin the much needed rehabilitation and improvements with high pay off at limited costs to be implemented as soon as funds are available. This will initiate the process of continuous incremental improvements in service provision and form a basis for capacity building initiatives.

3.6 Long Terms Demands and Priorities

3.6.1 Concurrently with the definition of the immediate works programme, the Consultant shall undertake a rapid assessment of the socio-economic situation of each of the selected centres so as to establish the baseline condition which form the basis for assessment of long term needs. Data to be collected shall be disaggregated by gender and by type of social grouping especially to profile neighbourhoods and

communities according to the sources of livelihoods and capabilities, including level of education, conditions of health, employment and income

3.6.2 Based on the demographic information available (or estimates using remote sensing data), on sample assessment of consumption and prices charged for services as well as interviews with representatives of consumers as in the Multi Sector Forums the consultant shall estimate the current demand for services in the towns.

3.6.3 The Consultant shall design appropriate means of rapid collection of information that will adequately capture the perceptions of the local population in terms of demand for services. For this purpose personnel engage in this information collection shall have adequate knowledge of gender and social analysis and should appropriately disaggregate data from different social groups.

3.6.4 The Consultants' engineers and economist shall collaborate in determining *effective demand* for priority services based on a willingness and ability to pay. Where externalities would distort demand appropriate assumptions used in derivation should be made explicit, while policy recommendations should be developed to address distortions. National policies should be consulted as to the treatment of basic per capita consumption with special regard to the poor in the demand measurement.

3.6.5 Based on an evaluation of the towns plans for growth and development of other forms of infrastructure, observed rates of growth the study shall present scenarios of growth in terms of location of demand centres, size of population and per capita demand.

3.6.6 Based on these analysis demand side measures should be developed to address the identified issues with regard to sector services, which may include economic and institutional measures to be incorporated in the study of alternatives. Inefficient use of water should be curbed by appropriate institutional measures and the freed resources redirected to more beneficial uses. The principle of the *polluter paying* should be implemented to create disincentives for pollution and spread of diseases by 'free riders'. Appropriate taxation through the municipal system should be developed for the section of service provision subject to natural monopoly and externalities such as sewerage transmission and treatment, solid waste collection and treatment and storm-water drainage.

3.7 Development and selection of Alternative Solutions

3.7.1 For each of the sub-sectors (water supply, wastewater and excreta disposal, solid waste and storm water drainage in accordance to the importance in each town), in terms of the immediate needs as well as the medium and long term requirements, and in terms of both the infrastructure and institutional capacity needs the consultant shall identify possible alternative courses of action. The alternative courses of action shall be considered at the level of choices concerning specific key components of the programme as well as alternative development scenarios in terms of the long term programme.

3.7.2 A development scenario may be a combination of internally consistent set of both technical and institutional solutions, including demand management measures. The Consultant shall apply the criteria developed during the sector review to select

the preferred alternative courses of action using an appropriate form of multi-criteria analysis.

3.7.3 As a minimum the selected alternatives would meet the required demands, subject to the environmental quality constraints and meet the criteria of financial sustainability and economic feasibility. The phasing of development will take into consideration the advantages associated with rehabilitation, when this is feasible, optimise the design period taking into consideration the economies of scale factors, as well as any other considerations determined by local factors.

3.8 Formulation and Validation of Proposed Investment Plan

3.8.1 The Consultants should prepare a proposed investment plan for each project town in sufficient detail for discussions at a stakeholders' workshop. The plan should provide (i) a description of the Scope of Work for proposed physical interventions and capacity building programmes for each project town (ii) the base cost estimate for each identifiable component of work (iii) timing and scheduling of the work item based when it is required

3.8.2 The Consultants will assist the EAC/LVBC, and the participating Governments to organize and conduct a stakeholders' workshop to review and discuss the proposed investment plan. Inputs from the stakeholders will be incorporated by the Consultants into the finalization of the investment plan.

3.9 Develop Scope of Work and Cost Estimates for the Project

3.9.1 Once the Investment Plan for the Project has been validated by the stakeholders, the Consultants will prepare the scope and cost estimates for the project. The components to be prepared should include the following:

- A discussion of the project concept and rationale, *highlighting the regional dimensions of the project*, the role of the project in the environmental sustainability of Lake Victoria the lessons learnt from the first phase of the project and how the project fits into the vision and strategy framework for the management of the Lake Victoria Basin.
- A description of the main physical, demographic and environmental features of the project area, including an analysis of the socio-economic issues of the area.
- An examination of the strategic context of the project, including a discussion of how the project fits into the respective sector strategies of the participating governments and their efforts to forge collaborative approaches to the management of the Lake Victoria Basin
- A detailed narrative description of the objectives and scope of the project. This should include a description of the outputs of the project and the activities needed to achieve each stated output. The narrative description should be supported by a Logical Framework in accordance with the format set out in

the ADB Operations Manual. The project outputs should be disaggregated into immediate interventions, long term interventions and capacity building.

- A summary of the environmental impact of the project (based on the detailed environmental impact study carried out under task 3.7) which should analyse the positive and negative impacts, proposed mitigation measures and associated costs. The environmental impact study should also address the legal and institutional measures that are needed to improve environmental management in the Lake Victoria Basin.
- An assessment of the social impact of the project, in particular, the impact of the project on the poor and women. The assessment should include the measures that should be taken to mitigate negative social impacts of the project and a programme of action to mainstream gender considerations into the planning and implementation of the project and the operation and maintenance of project facilities.
- Preparation of cost estimates. Cost estimates should be disaggregated into immediate interventions, long term interventions and capacity building and should make allowances for physical and price contingencies, in accordance with ADB's Guidelines. **Outline designs** should be developed for the physical facilities to provide a basis for the development of Bills of Quantities and cost estimates. The cost experience of the Phase 1 Project should supplement the consultants professional experience to prepare the estimates. The cost estimates should also include the cost of project management and implementation, including consultancy services for the design and supervision of the physical works. The cost estimates should be presented in the format to be agreed with the Executing Agency after consultation with prospective funding agencies.

3.10 Evaluation of the Investment Plan

3.10.1 The Investment plan should be subjected to a detailed analysis from the (i) Institutional (ii) Financial (iii) Economic (iv) Social and Gender (v) and Environmental aspects: Adjustments to the scope of work to address negative impacts or to take opportunity of positive ones should be incorporated into the project definition and costs revised to suit.

Institutional Analysis

3.10.2 The Consultants will review and assess the institutional capacity of relevant local government departments, utility companies, and Community Based Organizations to undertake the roles they have been assigned under the project. Based on this assessment, and using the capacity building framework similar to that which has been developed under the Phase 1 of the Programme,, the Consultants will (i) identify a need to assign roles and when necessary introduce new players to fill gaps in sector provision and (ii) prepare a training and capacity building programme to support the implementation of the physical interventions and as key component of the project to ensure sustainability.

3.10.3 Institutional Capacity should not be limited to human and organisational aspects, but should consider necessary changes in rules and policies as well as practices. Outdated urban legislation that prevents the adoption of appropriate sanitation should be subjected to scrutiny and appropriate awareness creation developed for decision makers to make the changes.

Financial and economic evaluation of the Project

3.10.4 The Consultants will undertake a financial and economic evaluation of the Project. The financial evaluation should address the fiscal and financial sustainability of the beneficiary **entities** as well and the financial viability of the proposed **interventions**.

3.10.5 The economic evaluation should assess the economic viability of the project based on the Net Present Value (NPV) and Economic Rate of Return (ERR) criteria. The results of the financial and economic evaluation, including the cost tables, should be presented in accordance with the formats and tables in the ADB Operations Manual.

3.10.6 The different evaluation parameters such as the discount rates in PV calculations, shadow prices, etc shall have been agreed with the Executing agencies during the development selection criteria

3.10.7 The resulting parameters such as the NPV and rates of return shall be subjected to a sensitivity analysis, based on the likely range of the significant input parameters.

Social and Gender Analysis

3.10.8 The Consultant shall undertake a social and gender analysis of the effect of the project across the different social and income classes and between men and women to ensure equitable distribution of benefits and that no category is excluded by virtue of difference.

Environmental Impact Study

3.10.9 The Consultants will review all relevant studies and reports relating to environmental conditions in the Lake Victoria Basin and undertake an Environmental Impact Study of the project. This work will (i) identify and quantify positive and negative environmental impacts, (ii) identify environmental risks relevant to each component during construction and operation, and (iii) identify mitigation measures. The Study will review and build on the environmental assessments carried out under previous programmes and the Consultants will work closely with Environmental management specialists working on the various regional programmes that aim to improve environmental conditions in the Lake Victoria Basin. The study will also include an examination of the legal and institutional issues relating to environmental management in the Lake Victoria Basin, and will draw up a programme of action under the capacity building component to address identified deficiencies in environmental management, at the local, national and regional levels.

3.10.10 The result of the EIA study shall be presented together with that of the Social and Gender Analysis in an Environmental and Social Impact Analysis report in accordance with the format to be agreed with the executing agency after consultation with prospective funding agencies and the national environmental management agencies of the member countries. It shall include a summary for public information.

Sustainability and Risks of the Project

3.10.11 The Consultants shall undertake an assessment of the sustainability and risks of the project. The sustainability assessment should build on the monitoring protocol and sustainability check that has been developed for the first phase of LVWATSAN and should address the following elements:

- A quantification of the recurrent costs of the project, disaggregated by project town;
- A review of existing tariff structures and an analysis of the extent to which costs, especially the recurrent costs, can be recovered from user charges;
- A proposal on tariff adjustments needed to make the project sustainable
- An assessment of the impact of the project on the revenues of the town organizations and the national governments in the participating countries
- An analysis of the financial viability of the institutions that will be responsible for project operation and maintenance;
- A review of the legal and institutional framework to ensure that activities initiated under the project will be sustained after the project is completed
- Design of the necessary institutional arrangements to ensure enhanced stakeholder participation and ownership of the project and beneficiary buy in into the project
- An assessment of the critical risks of the project and the measures that have been structured into the project design to mitigate these risks.

3.11 Prepare a Project Implementation Plan and Project Financing Plan.

3.11.1 The Consultants will develop a Project Implementation Plan which should address the institutional arrangements for project management and supervision, procurement and contracting as well as financial management and reporting. The Implementation Plan should be developed in close consultation with the EAC, UN-HABITAT and the participating countries, and include a specific focus on the participation of women and poor communities in the planning, implementation and operation of the Project. The Project Implementation Plan should encompass the following areas:

- A description of the proposed Executing Agency of Agencies for the Project, including its legal status, functions, organizational structure, staffing and previous and ongoing experience in executing projects
- A description of the institutional arrangements for the management of the project, including the proposed project management structure and a description of the roles and functions of the different entities involved, including the project stakeholders at the town level, and how women and poor

communities will be involved in the project. The Consultants should consider the management model adopted for the implementation of Phase 1 of the Lake Victoria Initiative and should adopt and/or modify this model based on the lessons learnt.

- An Implementation Schedule showing the duration and schedule of each project component, including training and capacity building
- A schedule of disbursements for each project component
- A proposed procurement and contracting plan
- Proposals on the setting up of a project accounting and financial management system
- A description of the necessary coordination arrangements to be established with other donors and programmes in the area.

3.11.2 In consultation with the EAC, the participating countries, the Consultants should prepare a Financing Plan for the Project, showing how each component will be funded and which components should be allocated for grant financing and which for loan financing, as the case may be. The Financing Plan should include an Expenditure Schedule in tabular form showing the projected expenditure of funds by project component and financing source, over the implementation period of the project.

3.12 Performance Monitoring and Evaluation and Reporting Framework

3.12.1 The Consultants will familiarize themselves with the monitoring and evaluation system established by UN-HABITAT under Phase 1 of the LVWATSAN and will adapt this system as necessary to design the monitoring and evaluation framework for the project. The monitoring and evaluation framework should include results indicators for tracking the progress and performance of the project, the institutional arrangements for project monitoring and evaluation and the project reporting system.

3.12.2 Arrangements should be made to collect the baseline data for the indicators not collected within the present study early during the implementation of the project.

4. KEY OUTPUTS OF THE ASSIGNMENT

The key outputs of the assignment include the following:

Sector Context

Documentation and analysis of the sectoral context of the project in terms of national policies and goals, institutional structures will be the result of overview activity.

Priority Needs-Consensus and Specifications

Documentation of areas requiring immediate attention in the project towns together with detailed specifications of these works in such a ways as to permit invitation of bids will be the as a result of activities involving the identification of needs and preparation of designs below.

Investment Plans.

Detailed investment plans at each town aggregated to the project at the level of the basin will be a result of processes and activities consisting of identification of long term demands, development of alternative solutions and selection of the best based on multi-criteria analysis, and preparation of statement of work and cost estimates. Investment plans shall cover priority areas in each of the sectors of water and sanitation including solid waste and storm-water drainage and will consist of physical solution with appropriate balance of demand management and supply augmentation as well as institutional and community capacity development.

Institutional, Financial, Economic, Environmental, Social and Gender Impacts Appraisal

This output shall consist in a detailed appraisal of the impacts of the project on the institutional financial economic environmental social and gender spheres. Through an iterative purpose any negative aspects would lead to revision of related aspects of the investment plan.

Financing and Implementation Plan

The implementation and financing plan will be a detailed presentation of the execution arrangements of the investment plan in term in terms of institutional responsibilities and suggested financing terms taking into consideration the nature of each component of work. It will include the implementation schedule.

A monitoring and evaluation and reporting framework

The last output will be framework for monitoring and evaluation of the programme proposed including requirements for reporting to stakeholders. IT shall be results oriented and include available baseline information as well as definition of means for data collection of data during implementation, which may include additional baseline information just prior to commencement.

5. REPORTING REQUIREMENTS AND TIME SCHEDULE

The assignment will last for 30 weeks and the Consultants will be required to produce (i) an inception report by within three weeks, (ii) interim and Final reports in accordance with the schedule below. The draft final report should present a complete result of the assignment consolidating the interim reports in the format acceptable to the African Development Bank. The final report will incorporate comments of the EAC, and relevant stakeholders. Tentative guidelines for the implementation time frame are as follows:

Award of contract	1 February, 2008
Production of inception report	17 February, 2008
Immediate Works Recommendations	4 May 2008
Immediate Works Detailed Design	27 July 2008
Draft Investment plans for validation	15 June, 2008
Draft Project Report	27 July, 2008
Final Report submitted	10 August, 2008

An Implementation Schedule is provided at Annex 2.

7. IMPLEMENTATION ARRANGEMENTS

The East African Community (EAC) through the Lake Victoria Basin Commission (LVBC) will be the Executing Agency responsible for the implementation of the consultancy assignment. The EAC will be assisted by UN-HABITAT and will establish a steering committee comprising *inter alia* LVBC and UN-HABITAT to guide the work of the Consultants, coordinate the inputs of all stakeholders and to provide overall supervision for the project formulation study. The responsibilities of the EAC are further detailed below at Section 7. The Steering Committee will assume overall responsibility for the organization of the stakeholder workshop.

The assignment will require an estimated 62 person-months of consulting services over a 30 week period. The Consultants staffing schedule is shown at Annex 3. The Consultant's team shall comprise the following experts:

- A Team Leader who should be an experienced project manager with proven expertise in the water, sanitation and environmental management sectors, and related training and capacity building activities
- Field Engineers to cover participating countries who should be water and sanitation engineers with experience in design, cost estimating, and technical assessments for water, sanitation, solid waste, drainage environmental management projects. Each should have appropriate language experience for the proposed area of geographical assignment.
- An electro-mechanical engineer with experience in outdoor equipment in the tropical environments.
- A community development specialist who should have extensive experience in community-based approaches to the formulation and implementation of water, sanitation and environmental management programmes, gender mainstreaming issues, local cultural practices and customs, as well as to the assessment of training and capacity building needs for community based organizations and local NGOs.
- An Environmental Specialist who should be well versed in environmental impact assessments and the specific environmental issues of the Lake Victoria Region

- Financial Analyst with background knowledge of the institutional environment of secondary towns in Africa, and recent reform experiences for this sub-sector
- An Economist who should have extensive experience in project appraisal techniques, including the analytical tools used by the ADB in carrying out the financial and economic appraisal of investment projects.

8. COUNTERPART SUPPORT

The EAC will facilitate the work of the consultants in the project towns by ensuring that **focal points** are designated *in each town* to work with the consultants during field missions. The EAC will also make available to the Consultants all previous studies, reports, assessments and other relevant background documents for the assignment that have been undertaken either by the EAC or UN-HABITAT. The EAC will assist the Consultants in accessing other reference documents. In this regard, the list of reference documents is provided at Annex 4.

The EAC and UN-HABITAT will also provide the Consultants with all publications, tool kits, assessment reports, maps, information, technical designs and cost data that have so far been generated from Phase 1 of the Lake Victoria Water and Sanitation Initiative.

ANNEX 4: BUDGET BREAKDOWN

	Work weeks	Rate	Amount
Team Leader	35	2,400	84,000
Team I Engineers	85	2,000	170,000
Team II Engineers	90	2,000	180,000
Social and Gender Specialist	10	2,000	20,000
Environ-mental	10	2,200	22,000
Financial and Institu-tional Specialist	18	2,000	36,000
Micro-Econo-mist	10	2,000	20,000
Electro Mech (E&M) Engineer	8	2,250	18,000
Surveyor	12	2,000	24,000
Total	291	-	574,000
International Travel			36,000
Local Transport			60,000
Per diem and Accomodation			130,000
Workshops (15*2) + Ministerial Meet			79,000
Surveys and Investigations			50,000
Total			355,000
			929,000
Technical Assistant			65,000
Office Accomodation			4,500
Total			998,500
AWF			994,000
LVBC			4,500
			998,500

Terms of Reference for the Technical Assistant (TA) to the LVBC

The Technical Assistant shall be an Engineer with senior degree in Water and Sanitation Engineering or equivalent, a minimum of 15 years experience in management of water and sanitation projects. (S)He must be conversant with the procedures of international financing institutions in particular those of the African Development Bank.

The TA shall report to the Executive Secretary of the Lake Victoria Basin Commission or his duly appointed representative. (S)He shall:

- a. Manage the project on behalf of the LVBC;
- b. Convene meetings of the Steering Committee and Focal Points/Country Representatives as necessary.
- c. Coordinate the Selection of Fifteen Priority Centres to benefit from the project
- d. Prepare the Letter of Invitation and Request for Proposals for the Consultancy Services
- e. Coordinate the evaluation of offers under the Executive Secretary
- f. Administer the Consultancy Contract on behalf of the LVBC,
- g. Receive Reports from the Consultant and arrange for Review and Feedback
- h. Assist the LVBC to liaise with the national governments.
- i. Assist the LVBC in executing payment of Consultants invoices and preparing disbursement applications to the AWF.

Prior to the recruitment of the Consultants the Technical Assistant shall assist the LVBC to collect information from the national agencies responsible for water supplies in the small urban centres in the Lake Victoria Basin to permit it to prioritize these centres.

LVBC shall develop a ranking scheme according to three categories of criteria

A. Need for Sanitation and Water Supply Services

These will include such parameters as the average per capita water available in the area, the quality of drinking water and average time of collection for the population in the urban centres.

B. Impact of current practices on the aquatic ecosystems in the Basin

Based on this criterion urban centres posing a high risk to the pollution of the Lake will receive higher priority than otherwise. Such centres will most likely be located close to the Lake shoreline or discharging wastes to the Kagera main channel

C. Other Measures of Need

Urban centres already enjoying support from other on-going projects will not be included in the programme.

Other considerations will be developed in detail by LVBC in consultation with the national authorities with responsibility for sector service in the Lake Basin. These factors could include Effectiveness. For example centres with high density of population and those with closely accessible water sources would be preferred in this early phase of the Initiative.

ANNEX 6 :LIST OF REFERENCE DOCUMENTS

1. UN-HABITAT, 2006. Lake Victoria Region Water and Sanitation Initiative - **Strategic Environmental Assessment for 15 towns in the Lake Victoria Basin in Kenya, Uganda and Tanzania**, Unpublished.
2. UN-HABITAT, 2004. Lake Victoria Region Water and Sanitation Initiative - **Rapid appraisal of water and Sanitation in 30 Selected Urban Centers**, Unpublished (Blue Book).
3. UN-HABITAT, 2005. Lake Victoria Region Water and Sanitation Initiative – **Consultant reports on immediate and long-term infrastructure interventions in water and sanitation, solid waste management and drainage for selected secondary towns around Lake Victoria**, Unpublished.
4. UN-HABITAT, 2006. Lake Victoria Region Water and Sanitation Initiative – **Report of the Capacity Building Workshop**, held at the UN-HABITAT Headquarters in Gigiri, Nairobi 16-18 October 2006.
5. UN-HABITAT, 2007. Lake Victoria Region Water and Sanitation Initiative – **Programme Brochure** (Updated), UN-HABITAT.
6. UN-HABITAT, 2006: Lake Victoria Region Water and Sanitation Initiative – **Analysis of the Financial Viability and Economic Justification of the programme**, Unpublished.
7. UN-HABITAT, 2006. **Water and Sanitation in the World’s Cities 2006: Meeting Development Goals in Small Urban Centres**, Earthscan Publications Ltd.
8. UN-HABITAT, 2004, **Environmental Assessment Requirements: A Guide for UNHABITAT Supported Activities**, UN-HABITAT.
9. UN-HABITAT, 2001. **UN-HABITAT Policy on Mainstreaming Gender Equality and Women’s Rights**, 2001.
10. East African Community, **Protocol on Sustainable Development of the Lake Victoria Basin**, November 2003.
11. World Bank, 1999. **Nile Basin Initiative**, World Bank Group.
12. Eric O. Odada, Daniel O. Olago, Kassim Kulindwa, Micheni Ntiba and Shem Wandiga, **Mitigation of Environmental Problems in Lake Victoria, East Africa: Causal Chain and Policy Options Analyses**, Ambio Vol. 33 No. 1–2, Feb. 2004, Royal Swedish Academy of Sciences 2004. <http://www.ambio.kva.se>
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14. World Bank 1996. **Kenya, Tanzania and Uganda: Lake Victoria Environmental Management Project.** GEF Documentation Report No. 15541 – ARF.
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