

AFRICAN DEVELOPMENT BANK
AFRICAN WATER FACILITY

REQUEST FOR EXPRESSIONS OF INTEREST

**RECRUITMENT OF CONSULTING FIRMS TO UNDERTAKE URBAN SANITATION
COUNTRY DIAGNOSTIC STUDIES IN SELECTED AFRICAN COUNTRIES FOR THE
AFRICA URBAN SANITATION INVESTMENT INITIATIVE**

- 1) The African Water Facility (AWF) is a Special Fund hosted and administered by the African Development Bank. Its overall purpose is to support African countries to mobilize and apply resources for the development of the water and sanitation sector towards the successful implementation of the Africa Water Vision 2025 and achievement of the Sustainable Development Goals (SDGs).
- 2) Africa Urban Sanitation Investment Initiative (AUSII) is a new urban sanitation dedicated financing window being established in the AWF which will, once fully operationalized, provide Grants, Technical Assistance, concessional, blended financing and guarantees.
- 3) The African Water Facility (AWF) hereby invites eligible Consulting Firms to indicate their interest in being considered for the following Assignment: **Country Diagnostic Studies on Urban Sanitation in twelve African Countries for The Africa Urban Sanitation Investment Initiative.**
- 4) The assignment to be undertaken in twelve (12) African countries, will be awarded to two firms under separate contracts organized in two lots of six (6) countries each, based on country's official languages, anglophone and francophone as shown below:

Lot -1	Lot-2
Namibia	Togo
Kenya	Chad
Ethiopia	Senegal
Tanzania	Madagascar
Uganda	Central African Republic (CAR)
Nigeria	Democratic Republic of Congo (DRC)

- 5) The services to be provided under the Assignment entail undertaking Country Diagnostic Studies in each of the selected countries covering the following areas:
 - *Legal and regulatory environment for the development and provision of urban sanitation services and the circular economy in the country*
 - *Policy environment and strategies for the provision of urban sanitation services*
 - *Sanitation market size and demand in the country globally*

- *Existing and potential demand for urban sanitation investments*
 - *PPP potential in urban sanitation service provision*
 - *Country and market readiness for AUSII operations*
 - *Identified immediate and potential scope and size of AUSII operations over the next 5, 10, 15 years.*
 - *Indicative project/investment pipeline and estimated value of AUSII interventions in the country over the next 5, 10 15 years*
- 6) The AWF invites Consulting Firms to indicate their interest in providing the above-described services. Interested eligible Consulting Firms or associations of Consulting Firms shall provide information on their qualifications and experience demonstrating their ability to provide the services (documentation, references for similar services, experience in comparable assignments, availability of qualified staff, local presence etc.).
- 7) **Interested Firms may indicate their interest in either one or both lots separately. However, separate contracts will be awarded to two different firms for the two lots.**
- 8) The eligibility criteria, the establishment of a short list and the selection procedure shall be in conformity with the African Development Bank’s **Procurement Policy and Procedure for Corporate Consultants Recruitment**. Please, note that interest expressed by a Consulting Firm does not imply any obligation on the part of the Facility to include it in the shortlist.
- 9) Interested firms may obtain further information at the address below during office hours from 8:00 to 12:00 a.m. and 2:00 to 5:00 p.m. local time in Cote D’Ivoire.
- 10) Expressions of interest must be delivered in French or in English to the address below by **Friday, June 14, 2024, 5.00pm GMT** and mention “Expression of Interest: Urban Sanitation Diagnostic Studies – Lot X”

Attn: African Water Facility
African Development Bank
Mr. Mtchera Chirwa, Coordinator, AWF

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- 11) Please see Terms of Reference (TOR) of the assignment below:



TERMS OF REFERENCE

COUNTRY DIAGNOSTIC STUDIES ON URBAN SANITATION

Lot I & Lot II

May 2024

African Water Facility
Africa Urban Sanitation Investment Initiative

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1. Introduction and Background

The Bank: Established in 1964, the African Development Bank (AfDB) is the premier multi-lateral development finance institution fostering economic growth and social progress in Africa. The AfDB's primary goal is to reduce poverty and improve living standards by mobilising resources in and outside the continent and providing financial and technical assistance for development projects and programs in Africa.

The Complex: The Agriculture, Human and Social Development Complex (AHVP) leads in implementing two of the five priority areas "High 5s", namely: "Feed Africa" and "Improve the Quality of Life for Africans". The Complex comprises five departments: (i) Agriculture and Agro-Industry Development; (ii) Agriculture Finance and Rural Development; (iii) Gender, Women and Civil Society; (iv) Water Development and Sanitation; and (v) Human Capital, Youth and Skills Development.

The Department: The Water Development and Sanitation Department (AHWS) is part of the Agriculture, Human and Social Development Complex. The Department is responsible for the coordination of the Bank's water development and sanitation-related activities to enhance synergies and contribute to achievement of all High 5s. The Department leads the scaling-up of the Bank's contribution to Africa's efforts to attain water security and sanitation for socio-economic transformation through the identification and promotion of sustainable and integrated solutions across the water and sanitation value chain. AHWS supports regional hubs offices in the development and promotion of new knowledge, approaches and tools for green and inclusive water resources development and management, and improved sanitation. The African Water Facility (AWF) is housed under AHWS.

The African Water Facility (AWF) is an initiative of the African Ministers' Council on Water (AMCOW) conceived to mobilize resources to finance water sector development and investment activities in Africa. Since its operationalization in 2006, the AWF has developed at portfolio of at least 140 projects in 52 countries. The resources of the AWF are primarily allocated to water resources projects and programmes focused on improving the enabling environment for sustainable national and regional water resources management. AWF provides resources for strategic and small-scale investments while preparing projects and programs for immediate capital investments. The Africa Urban Sanitation Investment Initiative (AUSII) is a new financing window within AWF.

The Africa Urban Sanitation Investment Initiative (AUSII) is an initiative of AfDB with support of the Bill and Melinda Gates Foundation (BMGF) and other partners to scale up financing for urban sanitation services in Africa. Its conceptualization and development has culminated into

the creation of a new operational window within the AWF, dedicated to urban sanitation financing and investment.

The objective of AUSII is to increase investment flow to the urban sanitation sub-sector in Africa. AUSII seeks to create scale and impact in urban sanitation development through innovative financing of urban sanitation projects. AUSII will position itself between service providers and governments on one hand, and commercial and development finance institutions on the other, to facilitate the alignment of sanitation activities with financing options.

The AUSII will enhance the credibility and preparedness of service providers and governments, helping them deliver bankable propositions to the financial institutions. AUSII is aligned with the AWF's revised strategy (2017-2025), which is in tandem with Africa Water Vision (AWV) 2025 and in line with the Bank's water policy and the Bank water strategy (2021-2025). The AUSII will contribute to the efforts of African governments to meet the targets of the UN's Sustainable Development Goals (SDGs) for water and sanitation. The strategic pillars of AUSII are:

- i) **Preparation of citywide inclusive sanitation (CWIS) focused sanitation projects and programmes** that will attract follow-on investments, and piloting innovative technologies and approaches that may lead to widespread adoption.
- ii) **Catalytic Investments** to diffuse innovation and provide evidence for private stakeholders to invest, whilst leveraging resources for sanitation projects and programmes.
- iii) **Investment Promotion** to increase the number of public and private investment opportunities in the urban sanitation sub-sector and to mobilize higher levels of financing for projects, particularly from the private sector.

In this regard, the AWF seeks to engage a **Consultancy Firm** to undertake Diagnostic Studies in a number of selected countries. The scope and deliverables outlined in this TOR is to inform AUSII operations.

2. Objective And Scope

The objective of the Diagnostic Studies is to undertake an in-depth analysis of the status and prospects for the development of urban sanitation in the selected countries to inform the AUSII and other partners engagements and support into the future. The Diagnostic Studies will be required to research and analyse data and information on legal, regulatory, institutional, financial, technical and policy aspects determining and influencing the development and provision of sanitation services in urban areas within the respective countries, including prospects for developing a circular economy.

The Diagnostic Studies will cover the following areas:

1. *Legal and regulatory environment, including institutional, jurisdictional, and administrative aspects, for the development and provision of urban sanitation services and the circular economy in the country*
2. *Policy environment and strategies for the provision of urban sanitation services*
3. *Sanitation market size and existing and potential demand for urban sanitation investments in the country*
4. *Assess political commitment and championship by country authorities*
5. *Look at how the sector has been prioritized in the national development plans and assess the countries pursuit to the SDGs related to sanitation*
6. *PPP frameworks/policies in-country and the potential in urban sanitation service provision*
7. *Country and market readiness for AUSII operations*
8. *Identified immediate and potential scope of AUSII operations and indicative pipeline and estimated value of AUSII interventions in the country over the next 3 (short term), 5 (medium term) 10 years and beyond (long term)*

The Diagnostic Studies will provide necessary analytical inputs to enable the AWF to reduce the long list of countries to a short list based on their performances in the abovementioned areas and identify the initial focus in these countries to start AUSII operations.

Initially, AUSII envisages to start its operations in a set of five or six countries and later, based on the progress made on its operations and the experience gained, building up of the potential project portfolio, and the resources attracted, this number of countries will increase further, with the ultimate objective to become active in most African countries. The initial selection will be driven by the outcomes of the diagnostic studies with an assessment of the achievements on the above mentioned objectives.

The assignment will be undertaken as a combination of desk study, consultations with relevant Bank staff, and targeted physical in-country interviews/ consultations in the long-listed countries covering key government representatives, parties active in sanitation, private sector parties/operators in the sanitation market, relevant financing institutions operating in the country with a remit or active development and/or sanitation portfolio, and users' associations financing institutions and intermediaries.

The Diagnostic Studies will be carried out under two separate contracts, covering two sets of six countries for each Lot. Eligible firms may express interest for both lots as separate applications.

Lot -1	Lot – 2
Namibia	Togo
Kenya	Chad
Ethiopia	Senegal
Tanzania	Madagascar
Uganda	Central African Republic (CAR)
Nigeria	Democratic Republic of Congo (DRC)

3. The Consultant’s Responsibilities

Based on the objectives and the scope of the studies, the Consultant is expected to carry out the following tasks to come up with comprehensive Diagnostic Reports for each of the countries assigned to them and a Synthesis Report containing evaluation grids per country based on the predetermined selection criteria and a suggested scoring system of countries reflecting the relative attractiveness of countries.

Task 1: Review of existing documents for selected countries

Review documents on the urban sanitation sector of the country as available from various sources and collected information from the country itself on various aspects as may be required for the Diagnostic Studies. Some of document sources are indicated below but not limited to:

- Country reports from international financiers, such as the African Development Bank, the World Bank, the Islamic Development Bank, the EIB, the EU, OECD database and bilateral financiers
- Reports from the EIU (Economist Intelligence Unit)
- AMCOW reports
- Reports from African research institutes & knowledge institutions
- JMP reports on sanitation, other relevant UNICEF/WHO reports
- Master plans, national sanitation strategy & reports
- Policy, laws and regulations on sanitation, decentralization, responsibilities, PPP structures; pro poor reporting
- Reports of the national regulator; reports of the utilities for example on client satisfaction related to service delivery
- Commercial banks activities reporting on WASH

- Reports on the current sanitation service levels
- Reports on regional differences; regional development plans
- National sanitation strategy; PPP strategy
- National reports from ministries responsible for sanitation
- JMP reports
- WBCSD (World Business Council for Sustainable Development) reports
- And any other useful reports for the studies

Task 2: Analyse country urban sanitation sector policies, strategies, and plans

Provide in-depth insights on the sanitation sector in terms of institutional setup and the structure of the responsibilities, laws & regulations, future plans; political commitments; role of the utilities and other service providers, and the existence of the private sector involvement, major policy changes, and new strategic directions expected from government. Identify broad legal and policy deficiencies and recommend actions to improve the setting of the urban sanitation sector.

Task 3: Assess market size and demand for urban sanitation investments and financing requirements

Assess the urban sanitation market size, and the gap between the demand and supply in urban sanitation, required investments, short-term and long-term development plans with available financing sources including private sector and the potential for a the circular economy.

Task 4: Identify and conduct Stakeholder consultations and analysis

Identify key stakeholders and profile their relative influence and contribution in the sector. Consult with stakeholders both on national and sub-national level that are relevant for the urban sanitation policies and strategies and service delivery and provide insight on the status of the country sanitation sector, strategies & policies, main challenges and backlogs, maturity of the market and access to finance, capacity of the sector from the public and private sector perspectives, and actionable. Broadly the consultation is expected to cover the following stakeholders but not limited to:

- Decision- and policy makers, both at national and sub-national level
- Service providers of urban sanitation at national and sub-national level
- Private sector/ SMEs,
- Commercial banks, national development banks and other financing sources for investment to the sanitation sector
- Donors/ DFI country focal points or coordination group

- Civil society, user groups

Task 5: Assessment of the size private sector in the urban sanitation market and the potential to engage the private sector in urban sanitation

The Consultant is expected to do a thorough analysis of the private sector potential in the urban sanitation market; assessment the current size of the private sector in urban sanitation and the activity areas, the impediments, access to finance from local institutions, government supports, and provide clear recommendations to make the sector more attractive for the private sector through a sanitation value chain approach.

Task 6: Profiling urban sanitation service providers and SMEs

With urban sanitation perspectives, the Consultant(s) is/are expected to carry out in-depth analysis of sanitation service providers and the quality of the service level provision, the service level gaps, constraints and challenges in the sector capacity, the financial and operational performance of the service providers, the responsibilities for investments and operations and ownership structures, the strategic priorities and future plans, tariff structure and the main impediments and actions needed for performance improvements. its legal and regulatory framework, ease of doing business such as required restructuring.

Task 7: Conduct readiness analysis for AUSII interventions

Important for AUSII is have information on the current level of development of the sanitation sector and what is needed to make a significant step change and impact for further development of the sector and the readiness of the country for the AUSII interventions; based on the assessments done through the above Task 1 through Task 6 , the Consultant should analyse and propose based on the three different types of financial instruments of AUSII given in section 1.

- Immediate opportunities for AUSII and appropriate interventions to address the needs in the short (3 years), medium (5 years) and long term (10 years and beyond).
- The needs of the urban sanitation sector and what innovations may be needed to better serve these needs
- The intervention areas for AUSII as well as the financial instruments needed
- The absorption capacity of the country
- Most adequate financing instruments would be needed and phasing of interventions

The Consultant shall acquaint themselves with the relevant financing instruments of the Bank and the High-level Business Plan of the AUSII.

A readiness analysis per country, based on clear criteria should be part of the assignment; the Consultant should develop a methodology how to assess readiness and what strategy should be followed to improve readiness.

Task 8: Scope and size of AUSII interventions for the short, medium and long term

The Consultant shall prepare the scope and size of the AUSII interventions for the short, medium and long term for each of the countries assigned to them, based on the analysis of the needs, the absorption capacity, the readiness analysis and the inputs of the other donors.

For the short-term interventions, the Consultant should make an inventory of proposed measures, which are urgently needed to improve the performance of the sector.

Proposals for urban sanitation interventions should be presented at concept-note level with a clear narrative, timeframe, objectives and outcomes with broad indications of required investments.

Task 9: Need assessment of capacity building

There is a need to analyse current capacities of government and its related institutions, service providers and financiers to meet the needs of the sanitation sector. A high-level gap analysis in terms of expertise, knowledge levels is needed and recommendations what capacity enhancements and measures to take to overcome possible deficiencies.

Task 10: develop a project pipeline of eligible and bankable sanitation projects

The Consultant should make an inventory of potential sanitation projects that could be financed by AUSII; to kick start AUSII operations, but also for the medium to long-term.

Proposals for urban sanitation projects should be presented at concept-note level with a clear narrative, timeframe, objectives and outcomes with broad indications of required investments and the AUSII interventions through various interventions like grant, TA and other financing instruments. In so doing, the Consultant shall compile an indicative project and investment pipeline for AUSII for each of the countries analysed.

Based on the above tasks, the Consultant should report the actual situation in the countries, more specifically the Consultant should:

- Prepare a Diagnostic Study for each of the countries assigned to them and to assess the potential for AUSII/AWF to engage in urban (non-sewered) sanitation, CWIS and other relevant urban-sanitation approaches, covering issues like the appetite or readiness of governments, the maturity of the sanitation market, the volume of the urban sanitation activities, the potential for the private sector, the potential for AUSII to develop urban (non-sewered) sanitation and the financial instruments (TA, grant, concessional financing,

guarantees and other innovative financing instruments) as well as the impediments & challenges that hamper engaging in urban sanitation and necessary reform agenda's.

- The Synthesis Report should be prepared with the main findings of the diagnostic studies and the evaluation grids on the performances of each of the countries.
- Undertake interviews with relevant AWF/Bank staff and staff in country offices to draft the Diagnostic Studies and test the outcomes of these studies. Use the local offices to calibrate the findings with relevant government decision makers.
- Develop a project pipeline for urban-sanitation projects of some good project ideas on urban (non-sewered) sanitation that could be financed through AUSII/AWF, looking at the short, medium, and longer term.

4. Experience and Skills

The suitable consultancy firm to be considered for engagement shall be of a high calibre with the following attributes:

- A reputable internationally operating consultancy firm, with thorough experience in development studies, WASH and urban (non-sewered) sanitation, CWIS and other relevant sanitation approaches, urban sanitation policies & strategies and in project identification.
- To be able to retrieve information from and be acquainted with the latest relevant developments in the countries, the Consultant should ideally have local offices or have local partners that have adequate representation in those countries. These partners will have to have a partnership agreement before the proposal is submitted to AWF.
- Acquainted with the current international state-of-the-art thinking on urban (non-sewered) sanitation, CWIS and other relevant sanitation approaches and the prevailing international discussions on urban (non-sewered) sanitation and meeting the sanitation challenges.
- Availability of an expert team that covers all relevant disciplines for this assignment, such as sanitation experts, financial & PPP experts, policy & governance experts, social & environmental experts, data analysis etc.
- Prior development work experience in Africa, and in most of the long-listed countries is required.
- Prior experience with the AfDB, or in similar assignments for other MDBs/DFIs or international financiers is highly desirable

5. Deliverables

The following are the deliverables of the Consultant in accordance with the timeline proposed in the table in section 11 below.

- A concise Inception Report of maximum 20 pages in which the approach, methodology & implementation plan to this assignment is provided, based on the first assessment of reports and the first interviews
- A concise monthly progress report
- Draft Diagnostic Reports for each of the countries assigned to the Consultant. The main report with the main findings & conclusions should not be more than 20 pages; the rest of the information should be annexed to the main report
- Final Diagnostic Report for each of the countries assigned to the Consultant. These will be considered as a knowledge product
- There should be a Synthesis Report of maximum 20 pages providing the main conclusions of the Diagnostic Reports and with the evaluation grid of each of the countries considered and a suggested ranking of the respective countries based on pre-determined performance criteria. The evaluation grid and ranking of countries should only appear in the Synthesis Report
- The language of the reporting is English/French as determined through the country set

6. Accountability

The Consultant shall work in close coordination with the AUSII core team under the overall supervision of the AWF Coordinator, who shall be responsible for the following:

- a) Providing all necessary documents, reports, guidelines, etc. available at the AWF as may be required to carry out the assignment
- b) Assisting in arranging all formal and informal consultations with the Bank's internal and external stakeholders
- c) Organizing internal and external review of the draft reports submitted by the Consultant

7. Time Frame

The consultancy will commence in July 2024 for a period of 6 months.

8. Reporting and Remuneration

The contract will be a lump sum, output-based contract. remuneration will be linked to the delivery of the inception report and clearance of the Diagnostic Reports by the AWF Coordinator. The payment schedule will be based on the deliverables identified in section 11 and is as follows.

Deliverable	Percentage of total
Submission and acceptance of final Inception Report	15%
Submission and acceptance of the final version of the first Diagnostic Report	20%
Submission of Draft Diagnostic Reports	40%
Submitted and acceptance of the Final Diagnostic Reports	15%
Submission and acceptance of final Synthesis Report	10%

9. Eligibility

The eligibility criteria, the establishment of a short list and the selection procedure shall be in conformity with the Bank's procedure for Recruitment of Consultancy Firms. Please note that interest expressed by a candidate does not imply any obligation on the part of the Bank to include the Firm in the shortlist.

10. Selection Process and Criteria

An eligible firm may express interest for both as separate applications. However, two separate contracts will be entered for the two sets of the Diagnostic Studies for Lot I and Lot II. Eligible and successful applicants to the Request for Expressions of Interest will be shortlisted for one or both Lots, and these applicants will be invited to submit a full technical and financial proposal. A minimum of 70 marks on the Technical Proposal will be required for the proposals to be eligible for the opening of Financial Bids on least cost basis.

Selection will be carried out based on the criteria described in the Section 4.

The evaluation criteria for Technical Proposal are as follows:

Sn	Criteria	Marks
A	Demonstration of Understanding of the TORs	10

B	Proposed Approach and Methodology	30
C	Experience in Similar Assignments and Urban Sanitation	20
D	Experience in Africa and the listed countries	10
E	Qualifications and Experience of Team proposed for the assignment	30
	Total	100

11. Key Deliverables

SN	Delivery	Activities	Deliverables after signing the Contract
1.	Draft Inception report	Update workplan & staff input, approach, methodology	15 days
2.	Final Inception Report		30 days
2.	1 st Draft Diagnostic Report	Completing all the tasks as specified in section 3	2 months
3.	Clearance of the 1 st Diagnostic Report by the AWF	Incorporated all review comments	3 months
3.	Draft Diagnostic Reports and Synthesis report	Report and presentation	5 months
4.	Final Diagnostic Reports and Synthesis Report	Incorporated all review comments	6 months

ANNEX 1: PROPOSED TABLE OF CONTENTS

Indicative Table of Content: Country Diagnostic Report (*Consultants are expected to propose the structure of the report and Table of Content for a qualitative presentation*)

- 1. Introduction**
 - 1.1 background
 - 1.2 Applied approach and methodology.
- 2. Urban sanitation policies, strategies and plans**
- 3. Profile of urban sanitation sector**
 - 3.1 Service providers and stakeholder assessment and analysis (including the role and contribution of the private sector)
 - 3.2 urban sanitation market: demand and funds availability
 - 3.3 capacity building needs assessment
- 4. AUSII interventions proposals**
 - 4.1 Readiness analysis
 - 4.2 Scope and Size of AUSII Interventions for the short, medium and long term
 - 4.3 Pipeline of eligible and bankable sanitation projects
- 5. Conclusion and recommendations**