09/01/2019

INVITATION TO TENDER

CONSULTANCY SERVICES FOR DEVELOPMENT OF A FINANCIAL MODEL AND A TARIFF STUDY FOR THE ENUGU STATE WATER CORPORATION (ENSWC), NIGERIA

Dear Madam, Sir,

Reference: 47401-08 [2019]

The Stockholm International Water Institute is inviting organisations to submit a tender in the procurement procedure for the above contract.

Should your organisation decide to submit a tender, expressions of Interest must be received before **2019-01-24 12:00.**to the email addresses indicated in Section 2.2.2. If this is not so, we would be grateful if you could inform us in writing to the same email addresses.

The deadline to receive tender proposals is **2019-02-14 12:00 GMT.**

We look forward to receiving further communication,

Yours sincerely,

Anton Earle

STOCKHOLM INTERNATIONAL WATER INSTITUTE
Box 101 87 | SE-100 55, Stockholm, Sweden
Visiting Address: Linnégatan 87A
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1. General Information

1.1 Introduction

The Africa-EU Water Partnership Project (AEWPP) has been jointly initiated by European Union, Sweden and the African Ministerial Council on Water (AMCOW).

The mandate of the AEWPP is to facilitate more public and private capital for water-related infrastructure projects in Africa while encouraging and supporting African governments to invest in water governance through capacity building related to infrastructure financing.

The AEWPP project implementation was granted to the Stockholm International Water Institute (SIWI) via the SIWI African Regional Centre based in Pretoria, South Africa.

As part of the AEWPP, SIWI is supporting the Enugu State Water Corporation (ENSWC) in developing a financial model and a new tariff structure that would allow to be more financially sustainable and to create a favourable environment for future performance-based contracts with the Enugu State.

SIWI is therefore looking to hire services of a consulting company to develop a financial model and tariff study for the ENSWC.

1.2 Stockholm International Water Institute, SIWI

SIWI is a knowledge organization using its expertise and convening power to strengthen water governance for a just, prosperous and sustainable future. SIWI arranges the yearly World Water Week in Stockholm. SIWI is duly constituted as a foundation in Sweden.

Name:	Stockholm International Water Institute
Organization No:	802425-8702
Postal address:	Box 101 87 Stockholm, SE-100 55 Stockholm
Visiting address:	Linnégatan 87A, 115 23 Stockholm
Telephone:	+46 8 121 360 00
Telefax:	+46 8 121 360 01
Webpage:	www.siwi.org

1.3 Subject matter and scope of the procurement

The objective is to provide Enugu State Water Corporation (ENSWC) and the Enugu State Government with the information, advice and methodologies to develop a financial model and a new tariff structure covering the entire categories of water users (including the poor households), thus contributing to achieving universal and equitable access to safe drinking water while taking due consideration that water services must be affordable to all.

The detailed Scope of work and expected deliverables are detailed in *Schedule 1. Specifications*, of this present document.

1.4 The procurement procedure

Candidates are requested to express their intention to submit a proposal to SIWI prior to the date mentioned in section *3.2. Time plan* of the present document to the email addresses mentioned in section *2.2.2. Submission of Tender*.

SIWI intends to sign a contract with one tenderer. Only firms/organisations may apply as tenderer. The tenderer will set up a team of experts that will be assigned to the Project, according to the following sections – *Schedule 1. Specifications*.

In the following, economic operators that are eligible to tender and have expressed their intention as per section *1.4 The procurement procedure* and section *3.2 Time plan* are referred to as 'candidates'. Candidates that have submitted a tender are referred to as a 'tenderers'.

1.5 Procurement documents

The procurement documents form a single unit. The tenderer must read the procurement documents in their entirety. The procurement documents are structured as follows:

1. **Invitation to tender (this document)**
   Contains general information about this procurement as well as information regarding the, conduct of the procurement procedure, administrative conditions, exclusion grounds and selection criteria. The Invitation to tender includes detailed expected deliverables in *Schedule 1. Specifications.*

2. **Tender form**
   Contains information about requirements relating to the tenderer. Consists of a form **to be filled out by the tenderer** regarding identification of the tenderer, non-exclusion and selection criteria.

3. **Technical specifications**
   Contains requirements relating to the subject matter of the procurement. Consists of a form **to be filled in by the tenderer.**

4. **Financial specifications**
   Contains requirements relating to prices, costs and terms of payment. Contains templates **to be filled in by the tenderer.**

1.6 Questions

Candidates may submit questions regarding the procurement procedure. Questions must be sent by email to the contact emails as per *section 2.2.2 Submission of Tender*, stating the reference and the procurement title in the title of the email.

For the question to be answered, SIWI must receive the question no later than **2019-01-24**. SIWI has the right to not provide responses received after that deadline.

Information provided to a candidate in response to a question will be provided to all candidates that express their intention to submit a proposal to SIWI before the date mentioned in *section 3.2. Time plan*.

1.7 Contact

The SIWI contacts for the procurement procedure:

Ziyanda Mpakama
E-mail: ziyanda.mpakama@siwi.org
Telephone.: +27 82 374 9683

Lydie Menouer
E-mail: lydie.menouer@siwi.org
Telephone.: +27 76 431 3696

1.8 Disclaimer

This invitation to tender is in no way binding on SIWI. SIWIs contractual obligation will commence only upon signature of a written contract by the authorized signatories of SIWI and the successful tenderer.

SIWI reserves the right to accept any tender without prior negotiations. SIWI reserves the right to reject any tender and to cancel the process and reject all tenders at any time prior to the signing of the contract, without thereby incurring any liability to the affected tenderer(s).

SIWI will not be responsible for, or pay for, expenses or losses that may be incurred by a candidate or tenderer in the preparation of its tender and/or in connection with the procurement process.

2. Administrative Conditions

2.1 General information about the requirements

This Invitation to tender contains a number of compulsory requirements, which are so designated by the term **must** in bold type. In order for a tender to be evaluated, these compulsory requirements have to be fulfilled.

The procurement documents also contain a number of non-compulsory conditions, which are so designated by the term **should** in bold type.

2.2 Formal requirements relating to the tender

2.2.1 Preparation of the tender

2.2.1.1 One tender only

A tenderer may only submit only one tender for this contract. If more than one tender is submitted by a tenderer, all of its tenders will be rejected.

2.2.1.2 Lots

This procurement is not divided into lots. The tenderer must be able to provide all of the services requested in the procurement documents.

2.2.1.3 Content of tender

The tender **must**:

- be prepared in accordance with the requirements set out in the procurement documents,
- be written in English
- be perfectly legible so that there can be no doubt as to words and figures,
- include all the required information and documents,
- be signed by the authorized signatory of the tenderer.

2.2.1.4 Structure of tender

The tender **must** be submitted as a single pdf-file.

The tender **must** be structured in the following way:

A. Tender form
B. Technical specifications
C. Financial specifications
D. Other (additional information appended by the tenderer).

2.2.2 Submission of tender

The tender **must** be submitted by email as one complete set, as a pdf-file attached to the email.

The tender **must** be submitted to the following email addresses : ziyanda.mpakama@siwi.org and Lydie.menouer@siwi.org

2.2.3 Period of validity of the tender

The tender **must** be valid and binding on the tenderer until 2019-04-30**.**

2.2.4 Ownership of the tender

SIWI acquires and retains the ownership of all tenders received. Tenderers are not entitled to have their tenders returned to them.

2.2.5 Time limit for receipt of tenders

The time limit for receipt of tenders is 2019-02-14 12:00 GMT.

Tenders received by SIWI after the deadline may be rejected.

2.3 Information concerning the tenderer

The tender **must** include the official name, organisation number, vat-registration number or equivalent and the contact information of the tenderer.

2.4 Consortia

In case the tenderer forms a consortium, all members of the consortium assume joint and several liability towards SIWI. Tenderers **must** designate one of the members as a lead member and single point of contact for SIWI for administrative and financial aspects as well as operational management of the contract.

The documents required and listed in the procurement documents **must** be supplied by every member of the consortium.

After the award of contract, SIWI will sign the contract either with all members of the consortium, or with the leader on behalf of all members of the consortium, duly authorized by the other members.

The members of a consortium assume joint and several liability towards SIWI for the performance of the contract as a whole.

2.5 Subcontracting

Subcontracting is permitted, but the main contractor (i.e. the tenderer) **must** assume full liability towards SIWI for performance of the contract as a whole.

Tenderers are required to identify subcontractors whose share of the contract is greater than 20% percent, and those whose capacity is necessary to fulfil the selection criteria.

During the performance of the contract, the change of any subcontractor identified in the tender or any additional subcontracting **must** be subject to prior written approval by SIWI.

3. Description of the Procurement Procedure

3.1 Introduction

This Section contains information regarding the conduct of the procurement procedure and does not require any answer, declaration or any documents to be submitted by the tenderer.

3.2 Time plan

The procurement procedure will be conducted in accordance with the following time plan:

Invitations to tender sent	2019-01-14
Time limit for candidates to express intention to submit a proposal	2019-01-24
Time limit for receipt of questions	2019-01-24
Time limit for receipt of tenders (GMT)	2019-02-14 12:00
Tender opening session	2019-02-15
Announcement of the final decision to tenderers	2019-02-25
Commencement of the contract	2019-03-15

3.3 Opening of tenders

Tenders will be opened at the SIWI offices on 2019-02-15 in a closed session of the evaluation committee.

3.4 The evaluation process

Tenders will be examined to ensure that they were received by SIWI before the deadline stated in *Section 2.2.5. Time limit for receipt of tenders.*

Tenders which are found not to have been received by SIWI within the time limit may be rejected.

Tenders received within the time limit will be examined to ensure that they conform to the administrative conditions stated in *Section 2. Administrative conditions*. Non-conforming tenders may be rejected.

3.4.1 Non-exclusion

Administratively compliant requests to participate will be examined to ensure that none of the exclusion situations listed in *Section 4.1 Exclusion grounds* applies to the tenderer.

3.4.2 Selection of tenderers

Tenderers having submitted an administratively compliant tender and who are not subject to any of the exclusion grounds will be qualified in accordance with the selection criteria in *Section 4.2. Selection criteria.*

3.4.3 Evaluation of tenders

The tenders of qualified tenderers will be evaluated in accordance with the award criteria stated in *Section 6.1 Award criteria*, using the evaluation model described in *section 6.2 Evaluation model.*

3.5 Negotiations

SIWI will negotiate the terms of the contract with one or more tenderers. The minimum requirements set in Section 4.1 *Exclusion grounds* and the award criteria in Section 5 are non-negotiable.

SIWI will award the contract to the tenderer that has submitted to most economically advantageous tender, taken into account improvements made during negotiations. The most economically advantageous tender will be determined in accordance with the award criteria stated in *Section 6.1 Award criteria*, using the evaluation model described in *Section 6.2 Evaluation model.*

SIWI reserves the right to accept the most economically advantageous tender based on the tender submitted, without prior negotiations.

3.6 Notification

SIWI will inform all tenderers of decisions reached concerning the award of the contract, including the grounds for any decision to cancel the procurement procedure.

SIWI will inform all unsuccessful tenderers of the reason for rejecting their tender, by providing them with the detailed scoring obtained from the Evaluation model as per *Section 6.2 Evaluation model.*

Tenderers will be informed of the outcome of this procedure by e-mail. It is the tenderer's responsibility to provide a valid e-mail address together with correct contact details in their tender.

3.7 Processing of personal data

SIWI will process personal data included in tender documents and communications. For information about SIWI's processing of personal data, please use the following link:

Processing of personal data

4. Requirements relating to the tenderer

4.1 Exclusion grounds

A tenderer will be excluded from participation in a procurement procedure where SIWI is aware that the tenderer has been the subject of conviction by final judgement for any of the following reasons:

- participation in a criminal organization,
- corruption,
- fraud,
- terrorist offences or offences linked to terrorist activities,
- money laundering or terrorist financing, or
- human trafficking.

A candidate will also be excluded if a person who has been subject to such conviction is a member of the administrative, management or supervisory body of that economic operator or has powers of representation, decision or control therein.

A tenderer may be excluded from participation in a procurement procedure where SIWI is aware that the economic operator is in any of the following situations:

a) where it has been established by a final judicial or administrative decision that the economic operator is in breach of its obligations relating to the payment of taxes or social security contributions;
b) where it can be demonstrated by appropriate means that the economic operator is guilty of a violation of applicable obligations in the fields of environmental, social or labour law;
c) where the economic operator is bankrupt or is the subject of insolvency or winding-up proceedings, where its assets are being administered by a liquidator or by the court, where it is in an arrangement with creditors, where its business activities are suspended, or it is any analogous situation arising from a similar procedure under national laws and regulations;
d) where it can be demonstrated by appropriate means that the economic operator is guilty of grave professional misconduct;
e) where a conflict of interest cannot be effectively remedied by other less intrusive measures;
f) where the economic operator has been guilty of serious misrepresentation in supplying the information required as a condition of participation in the procurement procedure or has withheld such information;
g) where the economic operator has undertaken to unduly influence the decision-making process, to obtain confidential information that may confer upon it undue advantages in the procurement procedure or to negligently provide misleading information that may have a material influence on decisions concerning exclusion, selection or award.

4.2 Selection Criteria

Tenderers **must** prove that they have the legal, economic, financial, technical and professional capacity necessary for the performance of the contract.

4.2.1 Legal capacity

Tenderers **must** have the legal capacity required for the performance of the contract.

Criterion 1: The Tenderer **must** be registered with the appropriate professional or trade register(s), provided that such registration is a legal requirement in the Tenderer's country of establishment.

Criterion 2: The Tenderer **must** be registered to pay all applicable taxes (e.g. value added tax, withholding tax, employee contributions or similar taxes or charges), provided that such registration is a legal requirement in the Tenderer's country of establishment.

4.2.2 Economic and financial capacity

Tenderers must have the necessary economic and financial capacity to perform the contract until its end. In order to prove their capacity, the tenderer must comply with the following selection criteria.

Criterion 1: Annual Turnover of the last two financial years above EUR 700 000 equivalent; this criterion applies to the tenderer as a whole, i.e. the combined capacity of all members of a consortium in case of a joint tender.

Criterion 2: Ratio between assets and liability above 1:1; this criterion applies to each member of the group in case of joint tender as well as any subcontractor declared as delivering at least 20% of the services.

Evidence to be provided with the tender:

A copy of the financial statements (profit and loss accounts and balance sheet) for the last two years for which accounts have been closed from each concerned legal entity;

If, for some exceptional reason which SIWI considers justified, a tenderer is unable to satisfy the above criteria and/or provide one or other of the above documents, it may prove its economic and financial capacity by any other document which the SIWI considers appropriate. In any case, SIWI must at least be notified of the exceptional reason and its justification. SIWI reserves the right to request any other document enabling it to verify the tenderer's economic and financial capacity.

4.2.3 Technical and professional capacity

Criterion 1: Authorisation of the tenderer to perform the contract under its national law.

Evidence could consist in inclusion in a trade or professional register, or a sworn declaration or certificate, membership of a specific organisation, express authorisation of entry in the VAT register.

Criterion 2: Due to the dimension of the tasks assigned under the scope of work described in *Schedule 1. Specifications*, the tenderer should be able to demonstrate that he can compose a team of qualified experts and ensure the proper execution of the framework contract according to the quality and timeline assigned in the *Schedule 1. Specifications*.

Evidence will consist of:

- CVs of the team responsible for delivery of the service. The team expertise will have to cover at least the profiles (or equivalent) that are listed in *Schedule 1. Specification,* knowing that all staff has to have experience and ability to work in an international and multicultural environment and **must** be Fluent in English (reading, writing and speaking). Each CV should indicate the intended function in delivery of the service. The CV should be detailed enough to show the relevance of the experience. Only the assigned expert's CV should be submitted as part of this application and are not substitutable.

- Details on the allocation of time and human resources and the rationale behind the choice of this allocation. The tenderer should be demonstrative and explain how the organization and structure of the proposed team will allow requirements to be met and expected results to be delivered.

Criterion 3: Due to the dimension of the tasks assigned under the scope of work described in *Schedule 1. Specifications,* especially regarding the component 'knowledge transfer', the tenderer must be able to demonstrate capacity to ensure the right level of communication with the ENSWC.

To that extent, tenderers must demonstrate a local presence in Nigeria. Local presence could either be direct (with the tenderer being registered in Nigeria or having a representation office in Nigeria) or indirectly through a consortium with a Nigerian counterpart that has the necessary expertise and experience.

Evidence will consist in information provided to demonstrate local presence.

If, for some reason, a tenderer is unable to satisfy the above criteria, it must at least provide with elements that would comfort SIWI on the tenderer's capacity to use its knowledge and experience in Nigeria to compensate for the absence of a local presence or representation.

Tenderers that will not manage to demonstrate local presence in Nigeria (directly or indirectly) will be given a lower score as part of the criteria 6.2.1 Delivery of services.

Criterion 4: Relevant previous experience in the provision of services in the field covered by this tender

Evidence: the tenderer should provide a list of the major contracts awarded to the tenderer provided in the past 10 years for similar contracts. For each contract, at least the following information will be provided: Commencement and ending date, client name, assignment title and detailed description of the objective of the contract and will mention the core project team names. References contacts will also be mentioned (name, email, telephone).

Evidence will also consist in a proposed methodology and approach to demonstrate and explain how the tenderer intend to deliver the expected results.

4.2.4 Quality assurance system

This criterion will assess the quality assurance system put in place during the provision of the services and the operational process for coping with multiple assignments run in parallel.

Evidence will consist in the tenderer's quality procedures for delivery of services relevant to this tender, confirming adherence to ISO9000 – quality management – or equivalent, and a copy of the relevant

certificate. Should the tenderer be unable to provide with certificate, the evidence will therefore consist in specific examples.

5. Specific Requirements relating to the services

Requirements relating to the services to be provided/performed under the contract includes travels and/or presence in Nigeria, in Enugu and Abuja.

6. Evaluation of Tenders

6.1 Award Criteria

Only tenderers which have passed the exclusion and selection criteria stages shall be assessed against the award criteria in order to determine the most economically advantageous tenders.

The award criteria, the points available and minimum scores which must be achieved are listed below. No other award criteria, sub-criteria or weightings shall be used by the evaluation committee. Any tender not achieving the minimum points score indicated below for each sub criterion shall be eliminated and not evaluated for price.

Award criteria	Weighting %	Maximum points available	Minimum points which must be achieved
Approach and methodology (cf. section 6.1.1)	50%	50	25
Delivery of services (cf. section 6.1.3)	40%	40	20
Management of the service (cf. section 6.1.2)	10%	10	5

Each evaluation committee member shall score each tender out of the maximum points available for each of the three (3) sub-criterion. The total score to be awarded to each tenderer for each sub-criterion shall be the average score of the points of all the members, calculated to two decimal places. A check shall then be made if the tenderer has met the minimum score required for each sub-criterion. If this has not been achieved, the tenderer shall be eliminated at this stage.

Where the minimum score has been achieved in each sub-criterion, the total points shall then be converted to the weighting percentage for the three criteria mentioned above (Approach and methodology: 50%, Delivery of services: 40% and Management of services: 10%). The final score out of 100% shall be given to two decimal places.

6.1.1 Approach and methodology

Assessment will be based on the tenderers:

- Understanding of the purpose, context and subject matter of the assignment;
- Concretization into a clear methodology and strategy that will allow to implement the tasks assigned to, using the tenderer's knowledge and experience linked to the field of the tender;
- Organization and allocation of work in the project team keeping in view the tasks and competency of the team members;

Proposals shall be credited for well-founded comments and /or alternative suggestions where relevant to methodological specifications, issues and questions outlined. Generic responses and the mere repetition of mandatory requirements set out in the tender, without going into details or without giving any added value, will result in a low score.

6.1.2 Delivery of services

Assessment will be based on the tenderers' assigned pool of experts according to section *4.2.3 Technical and Professional capacity criterion 2 and 3.* Proposals shall be credited when considering the team's overall demonstrated capacity in terms of the following sub criterion:

- Relevant higher education in the respective fields;
- Proven experience in the water supply sector in developing countries and specific experience in policy making, institutional development and reform activities;
- Relevant work experience and knowledge in design and implementation of water supply and sanitation projects in developing countries;
- Relevant work experience and knowledge in designing Tariffs and in utilities operations;
- Relevant work experience in utilities finance / Infrastructure finance and knowledge in valuation of public sector assets;
- Relevant work experience in water and sanitation utilities financial operations and development of financial model;
- Relevant work experience in transfer of knowledge related to the field of the tender;
- Presence in Nigeria (directly or indirectly) and/or sufficient knowledge of Nigerian institutional context. Tenderers that will not demonstrate local presence in Nigeria (directly or indirectly) will be credited with lower score.

6.1.3 Management of the service

Assessment will be based on the tenderer's quality assurance system and procedures described in *4.2.4 Quality assurance system.* Proposals shall be credited when considering the tenderer's capability to deliver the tender expected outcomes on time and with the quality requested.

6.2 Evaluation Model

The contract will be awarded to the tender offering the best value for money, which will be the one with the best quality-price ratio. The quality/price ratio ("value for money") will be calculated by allocating a mark to each tender, applying the following formula:

Total number of points (The final score out of 100 as per section *6.1 Award criteria*) x 100 000 / Total price (financial value of the tender).

The resulting mark gives an indication of the quality of the services offered in relation to their price. The contract will be awarded to the tender, which achieves the highest mark (i.e. the most cost effective).

Schedule 1- Specifications

1. Introduction

1.1 Need assessment and context

Prior to the National Urban Water Supply Reform Programme (NUWSRP - started in 2004), Nigeria water utilities were having serious issues ranging from inadequate water supply and poor infrastructures affecting the production and distribution capacity, which impinged negatively on the water utilities' revenue generation, and financial obligations to suppliers and staff.

Enugu State Water Agency, the Enugu State Water Corporation (ENSWC) has currently only a limited degree of autonomy in organizational, financial or administrative matters. Revenues that are generated by ENSWC are largely insufficient to cover O&M expenses, limited funding for operational expenses are allocated from the State budget and there are no incentives mechanisms in place for cost savings and for maximizing water revenues.

In a bid to close the gap, the Federal Government of Nigeria, through the Federal Ministry of Water Resources and development partners designed a means to fill the identified gaps in water utilities governance and operational efficiency. As such, the Enugu State Government and ENSWC aim at gradually improving recovery of operation and maintenance costs in water supply provision, as well as preparing for an increasing recovery of depreciation and capital costs in the long run.

One of the key overall goals of the NUWSRP is to allow those water utilities to be more financially sustainable and to create a favorable environment for future performance-based contracts with the States.

Under the NUWSRP, The Enugu State Water Corporation (ENSWC) through the Federal Republic of Nigeria has received a loan from the Agence Française de Développement to fund water supply infrastructure investments. As part of the undertakings attached to that loan, ENSWC is to develop and implement an appropriate tariff structure including pro-poor tariffs.

In that specific context, ENSCW requested the support of the Africa-EU Water Partnership Project (AEWPP) for developing a financial model and a new tariff structure that would support the ENSWC in implementing the above assigned objectives.

To this purpose, SIWI has agreed to finance consultancy services to support the ENSWC and seeks to hire services of a consulting company to conduct the following Scope of work as per section 2 below.

2. Outcomes, scope of work, responsibilities and estimated timeline

2.1 Outcomes

The objective is to provide Enugu State Water Corporation (ENSWC) and the Enugu State Government with the information, advice and methodologies to develop a financial model and a new tariff structure covering the entire categories of water users (including the poor households), thus contributing to achieving

universal and equitable access to safe drinking water while taking due consideration that water services must be affordable to all.

Specific outcomes should be:

- Accurate reporting on commercial information, financial expenditure and revenue by ENSWC by conducting a rapid assessment, providing tools and templates, and providing a training to enable ENSWC to improve financial and commercial reporting.

- To conduct a comprehensive cost analysis of the water supply service to determine the average cost of production. Cost elements will be itemized and categorized as fixed and operation and maintenance costs.

- To estimate investment needs for the short, medium and long-term including operation and maintenance costs and operational and financial efficiency improvement needs of the ENSWC (including but not limited to reduction in non-revenue-water, improved energy efficiency, improved processes, improved billing and collection efficiency, reduction in cost per m3 of water).

The above will allow to provide the ENSWC and the Enugu State Government with a document that presents alternative options for a gradual improvement of cost recovery, including an assessment of strengths and weaknesses of the different options. This is to allow for decision making on modification of the current tariff system.

Based on these projections, determine the affordable and appropriate tariff settings (with operation and maintenance cost recovery and with full cost recovery including the investment costs) and structure for all groups of users.

- To survey and classify commercial and domestic users (based on their social and economic status) for different tariff settings. To develop a baseline tariff structure for domestic, industrial and commercial users that will ensure the cost recovery (operation and maintenance) and to allow for subsidy within the limits of affordability.

- Affordability for water services by the population in areas by conducting a representative willingness and ability to pay survey, paying special attention to the poor and vulnerable segments of population.

- Assess and determine type and method of subsidy, at what level and how it is going to be funded for the poor households and ensuring the subsidy is strictly targeted to the poor households.

- Suggest an appropriate gradual adjustment of the tariffs with or without the use of a parameter-based formula (e.g. salaries), combined with an appropriate adjustment of connection fees incl. connection subsidies for the poor, if any.

- Review and assess the existing governance setup including the legal system that governs the tariff setup, approvals and reviews and comment on the gaps and recommend plan to improve the system performance in line with the future applicable law. The objective would be to advise ENSWC on the best approach to set and regulate water tariffs.

To achieve the aforementioned outcomes, the tenderer will have to set up a core project team. The tenderer should be able to demonstrate that he can compose a team of qualified personnel, covering at least the following profiles (or equivalent) knowing that all staff has to have experience and ability to work in an international and multicultural environment and **must** be fluent in English.

The core project team (hereafter 'the project team') will consist of:

- A Team Leader / Expert Water policies or Water utility institutional development. The Team leader shall be responsible for all the deliverables of the assignment. She/he should provide operational capacity to implement and monitor a wide range of activities and must demonstrate excellent strategic thinking as well as proven capacity to carry out similar programs. Graduated (Master, PhD or equivalent), she/he must have a minimum of 15 years relevant work experience in the water supply sector in developing countries and specific experience in policy making, institutional development and reform activities. In addition, a post graduate qualification in economics or any other relevant discipline will be an advantage.

- An Expert Water tariffs: Graduated (Master, PhD or equivalent) in economics or any other relevant discipline, she/he must have at least of 10 years of work experience in designing Tariffs and in utilities operations.

- Expert Accounting/financial modelling: Chartered Accountant or any other relevant discipline, she/he must have about 10 years of work experience in utilities finance / Infrastructure finance and knowledge in valuation of public sector assets, and relevant work experience in water and sanitation utilities financial operations and development of financial model.

2.2 Scope of work

The proposed partnership will be implemented in two consecutive phases, according to a timeline indicated in *section 2.4.2 Time schedule*.

2.2.1 Phase 1 - Financial Model

There is currently no proper tool allowing an efficient financial steering of the ENSWC. The Project team will therefore create a Financial Model (Model) which will serve as a practical tool for the ENSWC. The Model shall provide financial projections allowing the relevant authorities to make decision on tariff modifications, investments choices, and debt and capital management, etc.

The goal of Enugu State Government is that the ENSWC become financially autonomous. It is essential that the Model provide projections which take account of different scenarios around future expenditure, revenue, demand and capital structure.

The Project team will realize three to five financial projection scenarios to be built into the Model. The Model shall be built in such a way that these scenarios can be further refined and not locked down.

The Project team shall ensure that the Model is clear, ergonomic, simple to use and comprehensive enough to accommodate all the necessary details.

The Model must have a base forecast of at least twenty (20) years. It shall enable scenario testing, sensitivity analysis, annual update and extension of the forecasting horizon. Its formulas shall be broken down into separate blocks and organized in several tabs for more clarity, reliability and traceability. The data should not be locked down in the formulas. For quality control, macros could be included to check the homogeneity and integrity of data, and automatically generate error reports.

The Model shall include, but not limited to, modules for assumptions, inputs, workings, outputs and reporting, organized into separate tabs. The modules/tabs shall be properly inter-linked and organized to allow easy auditing and updating of the Model.

The financial model should comply with International Public Sector Accounting Standard (IPSAS).

The modules shall include, but not limited to, the following indicative key parameters:

Assumptions module

- Macro-economic changes (inflation rate, exchange rate, etc.);
- Investment costs (amount, schedule, etc., including a detailed breakdown of the different categories of investment costs);
- Operating costs (including detailed breakdown of the different categories of costs);
- Maintenance costs (amount, schedule) and depreciation factors;
- Etc.

Assumptions shall be provided in real term. The assumptions module shall be designed in such a way to allow users to change data and run sensitivity scenarios on key parameters on selective basis.

Inputs module

- Investment costs (it is suggested to present a detailed investment plan to estimate year by year the level of investment. Beyond the investment period, it is suggested to plan maintenance capex and specific investments if identified);
- Detailed breakdown of Opex to the extent possible;
- Detailed breakdown of the revenue structure to the extent possible;
- Financing costs;
- Fixed assets and work-in progress;
- Capital structure;
- A loans module with existing debt in currencies, and provision for additional debt;
- Taxes computations;

- Etc.

Outputs module

- A worksheet with the financial statements;
- A worksheet with the financial ratios;
- A worksheet per major profit centre;
- Worksheet for specific development projects;
- Etc.

The Model shall provide as outputs all relevant key performance indicators and ratios for water utilities and as required by lending institutions;

Reporting module

The reporting worksheets should include the following information:

- Key dates, main assumptions, main ratios, main results (operating, investments, etc.)
- Breakdown of cash flows;
- Financing gaps;
- Relevant graphs;
- Relevant information for supervision;
- To the extent possible, the Model should include a worksheet with annual financial statements in USD, computed from the conversion of results in Naira.

With the view to ensure and improve availability of adequate financial and commercial information, the Project team will conduct a rapid assessment, providing tools and templates, and providing a training.

The Model will be used by several ENSWC staff for a long period. Sharing of information and transmission of knowledge throughout the life-span of the Model must be a major concern during its design. The Project team is required to document the design of the Model in a specific report, include into the Model a specific tab with the description of its architecture, and provide a User Guide and an Assumption Data Book.

2.2.2 Phase 2: Tariff Study

The implementation of the Tariff Study shall integrate all aspects of the analysis of a water supply service, including: (i) connections by customer category; (ii) water demand by customer category; (iii) financial performances; (iv) ENSWC policies and targets; (v) investment and planning.

The Project team shall undertake, but not limited to, the following tasks:

- Present the current tariff system;
- Provide history of tariff system evolution;
- Analyse the consistency between the water policy and the current tariff system;
- Describe the process followed for the three last tariff review and lessons learnt;
- Review and assess the existing mechanism that governs the tariff elaboration and approvals. Provide recommendations to improve the mechanism in line with the applicable law;
- Following the development of the Financial Model, establish average costs of production and sales;
- Propose categorization of consumers base;
- Assess affordability and willingness-to-pay of different category of consumers;

The affordability-to-pay (AFT) will be assessed using the Human Rights 'perspective, according to which the direct and indirect costs related to accessing these services must not compromise the ability to enjoy other essential needs and human rights, such as the rights to food, education, adequate housing or health.

- Assess and recommend: (i) type and method of subsidy, (ii) sources and flows of funds and (iii) eligibility criteria of beneficiaries;
- Propose tariff structure options in light of international experiences and assumptions underlining options advantages and disadvantages. Following stakeholder's consultation, recommend the best option. The tariff structure shall include a pro-poor policy and propose an appropriate gradual adjustment (for consumption and connections fees);
- Provide recommendations for the implementation of the new tariff structure;

The Project team will organise series of meetings/workshops with representatives of stakeholders to discuss and illustrate all aspects of the tariff study process to ensure the effective transfer of knowledge and information.

2.2.3 Presentations of the reports

To ensure that the outcomes of this mission are embedded, it is important that key local stakeholders own the Financial Model and the Tariff Study. Hence, a dedicated steering cell (the 'Steering cell') with the following members will be established:

- Honourable Commissioner for Water Resources;
- Honourable Commissioner for Finance;
- Senior personal assistant to Governor on budget and planning;
- Representative from State Governor;
- Managing Director, ENSWC;
- Finance Director, ENSWC;
- Chief of Operations, ENSWC

The Project team will organize at least **three workshops/seminars** with Enugu Steering cell as per the timeline in section 2.4.2 Time schedule:

- Workshop 0: introduce its mission, share first thoughts with the dedicated steering cell (to present conclusions of the Inception report).

- Workshop 1: Present the Financial Model and final financial projections scenarios (end of the phase 1); That specific workshop will present to the steering cell alternatives options for gradual improvement of cost recovery and will allow for decision making on modification of the current tariff settings/system. The Steering cell will revert to the Project team and SIWI with feedback and position within the next 30 calendar days, to allow the Project team to proceed with the phase 2.

- Workshop 2: Present the conclusions of the Tariff Study (end of the phase 2). The Steering cell will revert to the Project team and SIWI with feedback within the next 30 calendar days, to allow the Project team to finalise the report of the phase 2.

2.2.4. Training and transfer of knowledge

Aside from the 3 workshops that will be organized with the Steering cell (*section 2.2.3 Presentations of the reports)*, it is also expected that the Project team provides necessary transfer of knowledge.

Indeed, in order to assist the ENSWC in understanding, maintaining, updating and upgrading the financial Model, the Project team will provide specific training sessions to ENSWC staff (in priority staff from the corporate planning division and accounting division) that will be selected by the Steering cell.

The training and transfer of knowledge component will be also presented in the work plan that will submitted by the tenderer. The tenderer will measure the efforts in Number of man-days and will include it in the workplan.

2.3 Responsibilities

2.3.1 Responsibilities of the tenderer

The contractor will be responsible for delivering the outcomes listed in *section 2.1 Outcomes and section 2.2 Scope of work*, according to the timeline of *section 2.4.Time schedule.*

2.3.2. Responsibilities of the ENSWC

The ENSWC will provide support to the contractor for contacts and meetings coordination as well as for data and information collection. The support will be provided through the Project Implementation Unit (PIU). The ENSWC, through its PIU, will make available to the Project team the data listed below. These data are only indicative. The Project team must use them under its sole responsibility. The Project team will be responsible for establishing the missing necessary data.

The data available within ENSWC can be summarized (and not restricted to) as follows and will be shared before the start of the contract:

- EGIS report
- Audited Financial Statements for years 2008 et 2014 (2015 and 2016) draft
- Monthly management accounts
- Royal Haskoning report on Private Sector Participating (PSP) Option Study NUWSRP
- WNL Development Solution Report on Commercialization of ENSWC
- Soft copy of Financial model developed by WNL
- ENSWC diagnostic report by CASTALIA

2.3.3 Responsibilities of SIWI

SIWI will monitor the work progress continuously along the assignment according to the *section 2.1 Outcomes*, and *section 2.4.Time schedule.*

2.4 Total estimated contract value and time schedule

2.4.1 Total estimated contract value

The total estimated contract value will be estimated (net of value added tax) by the tenderer for a contract duration of 8 (eight) months (from the start of the contract). The total estimated contract value will be measured in the number of man-days and EUR equivalent.

For indication purpose only, SIWI has estimated the requested effort at maximum 130 man-days over the contract duration. Tenderers will have to submit their own total estimated contract value based on the estimated number of man-days and associated workplan.

The total estimated contract value will exclude the travels costs required to attend the 3 workshops as well as well as the necessary on-field visits attached to the envisioned scope of work. For clarification purpose, the travel costs will include per-diem costs that are to cover for accommodation and any other expenses related to the travels. The travel budget will be submitted separately together with a proposed travel plan.

2.4.2 Time schedule

The total assignment duration is for a period of 8 (eight) month.

Specific timelines are presented below:

Item	Deliverables	Time schedule
1	Phase 1 - Inception report	Seven (4) weeks after the reception of the order to commence. Workshop 0 will be organized to present the conclusions of the Inception report and the next steps
2	Phase 1 - Financial Model, Financial projection scenarios, User Guide and Assumption Data Book	Will be submitted six (4) months after the reception of the order to commence. Conclusions of the phase 1 will be presented during the Workshop 1.

30 days for SIWI and ENSWC to review and comment the deliverables from the phase 1		
3	Phase 2 Tariff study report	Will be submitted nine (7) months after the reception of the order to commence. Conclusions of the phase 1 will be presented during the Workshop 2.
30 days for SIWI and ENSWC to review and comment the deliverables from the phase 2		
3	Final consolidated report	Will be submitted nine (8) months after the reception of the order to commence

The reports will be written in English. The draft versions will be sent to the ENSWC as bound copies together with an electronic copy, in Word Format, for review and comment. The final versions of the reports will also be sent as hard copy together with an electronic version.

3. Conditions and interfaces

3.1 Service conditions and sustainability

Travels in Nigeria – the city of Enugu and the city of Abuja, will be required to produce the expected deliverables.

4. Implementation, continuous improvement and performance indicators

4.1 Implementation timetable

The implementable timetable in will be discussed more precisely with the contractor and should respect the overall indicated timeline of 8 month (starting for the contracting date). The workshop 0 will validate the exact timeline for in-field missions and workshops.

4.2 Continuous improvement

The expertise provided by the contractor will be completed with a project manager at SIWI level who will be also responsible for project progress monitoring according to the assigned objectives. SIWI will monitor the work progress continuously along the assignment.