MINISTRY OF WATER, SANITATION AND IRRIGATION

WATER SECTOR TRUST FUND

THE REPUBLIC OF KENYA

MINISTRY OF WATER, SANITATION AND IRRIGATION

HORN OF AFRICA - GROUND WATER FOR RESILIENCE PROJECT (HOAGW4RP)

PROJECT ID NO.: P174867 **CREDIT NO. IDA-7082-KE**

REQUEST FOR EXPRESSIONS OF INTEREST (REOI) FOR CONSULTING SERVICES – FIRMS SELECTION

ASSIGNMENT TITLE: CONSULTANCY SERVICES FOR PERFORMANCE-BASED GRANTS INDEPENDENT VERIFICATION AGENT.

REFERENCE NO: KE-WSTF-563832-CS-QCBS-IVA.

1. The Government of the Republic of Kenya has received financing from the World Bank toward the cost of the Horn of Africa Groundwater for Resilience Project (HoAGW4RP), and intends to apply part of the proceeds for consulting services.

2. The consulting services ("the Services") include: Verification of Operations and Maintenance performance and ensure each Rural Water Supply Scheme's performance is updated in the county Management Information System and more broadly support county water sector monitoring, and most importantly to build respective County Water Department's (CWD's) capacity for future verification beyond the project life.

3. The detailed Terms of Reference (ToR) for the assignment found at the following websites: https://waterfund.go.ke/downloads/tenders; http://www.tenders.go.ke.

4. The Water Sector Trust Fund now invites eligible Consultants to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The short-listing criteria is:

   a. Core business as a consulting firm in the water sector within the last ten (10) years with experience involving verification of performance-based financing of projects.

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b. Demonstrated experience in results verification, Audit and/or technical auditing expertise, with at least 10 years of operation experience since the firm/consortium began operations. Should preferably have one (1) similar assignment, completed or ongoing, in the last five (5) years. Details of the assignment - Name and address of the client, scope, value, and period shall be provided.

c. Technical and managerial capability of the consulting firm to undertake the assignment which should be supported by detailed company profiles providing details about staff skills and their experience to undertake the assignment.

5. The Consultant will be selected based on the Quality Cost Based Selection (QCBS) method as per the World Bank's Procurement Regulations for IPF Borrowers July, 2016, revised in February 2025 (6th Edition) which can be found at the following website: www.worldbank.org/procurement.

6. The contract will be initially for a 12-months period. WaterFund will re-evaluate the need for extension based on the assignment and implementation of project activities.

7. The attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank's "Procurement Regulations for IPF Borrowers" Fourth Edition November 2020 ("Procurement Regulations"), setting forth the World Bank's policy on conflict of interest.

8. Consultants may associate with other firms to enhance their qualifications, but should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected. However, the experience of a sub-consultant will not be considered while short-listing.

9. A Consultant will be selected in accordance with the quality cost-based selection (QCBS) method set out in the Procurement Regulations.

10. Further information can be obtained at the address below during office hours [**weekdays Monday to Friday 0800hrs to 1700hrs local time excluding public holidays**]. Interested Consultants are required to continually check the Water Sector Trust Fund website https://waterfund.go.ke/downloads/tenders for any additional information or clarification that may arise before the submission date.

The Chief Executive Officer
Water Sector Trust Fund,
CIC Plaza, 1st Floor, Mara Road, Nairobi,
P.O Box PO Box 49699 - 00100,
Nairobi, Kenya
Telephone: +254 (0)20 272 90 17 / 8

Email address: info@waterfund.go.ke

11. Expressions of interest must be delivered in a written form to the address above (in person, or by e-mail **hoa_reoi@waterfund.go.ke** by **1st September, 2026**. The physical submission will be placed in a **tender-box** at the Water Sector Trust Fund's office, CIC Plaza 1, 1st Floor.

12. The Expression of Interest should be clearly marked with assignment title and the reference number clearly indicated.

MINISTRY OF WATER,
SANITATION AND IRRIGATION

WATER SECTOR TRUST FUND

HORN OF AFRICA – KENYA GROUNDWATER FOR RESILIENCE PROJECT (Credit No. IDA 7082-KE; Project No. P174867)

Terms of Reference:

CONSULTANCY SERVICES FOR INDEPENDENT VERIFICATION OF RESULTS UNDER THE PERFORMANCE-BASED OPERATION AND MAINTENANCE (O&M) SUPPORT FACILITY.

Activity Reference No. KE-WSTF-563832-CS-QCBS-IVA

August, 2026

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1. BACKGROUND

Water Sector Trust Fund (WaterFund) is a State Corporation under the Ministry of Water, Sanitation, and Irrigation (MoWSI) and established under the Water Act, 2016, with the mandate to assist in financing the provision of water services in areas of Kenya without adequate services.

The WaterFund was first established under the Water Act, 2002, as the Water Services Trust Fund with the mandate to provide funding assistance towards water and sanitation projects to underserved and low-income rural and urban areas.

The WaterFund has continued to invest in the implementation of Water, Sanitation Services, and Water Resource Management activities through the following investment programmes:

Rural Investments: These are programmes applied towards financial support to Implementing Agents in the underserved rural areas to apply for, manage, implement, and maintain their own water and sanitation facilities. The main stakeholders are the Community Based Organisations (CBOs) and Rural Water Services Providers, in collaboration with the County Governments.

Urban Investments: These are programmes applied towards improvement of access to underserved Low-Income Areas in Urban Areas of Kenya. The key implementing partners in this approach are the Water Service Providers (WSPs) in collaboration with the County Governments.

Water Resources Investments: These are programmes for supporting Water Resource Users Association (WRUAs), promoted by the Water Resources Authority (WRA), to manage their water resources within sub catchments.

Results-Based Financing: In this investment programme, Water Services Providers and other implementing partners obtain project loans from commercial banks against bankable proposals. WaterFund then subsidises the implementer for the loan at an agreed percentage once deliverables / milestones are attained.

Research and Innovation Financing: Support towards financing of research and innovation initiatives within the sector. The outputs of these initiatives are geared towards generation of new knowledge in the sector, provision of innovative, practical and cost-effective solutions in the realization of sustainable provision of water, sanitation and sewerage services, in addition to water resources management as well as addressing gaps through collaborations and adaption of innovative models for better service delivery.

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2. HORN OF AFRICA GROUNDWATER FOR RESILIENCE PROGRAMME (GW4R)

2.1 Problem Context – The Groundwater management and governance challenge

Although groundwater accounts for more than 97% of the world's freshwater supply, the general understanding of its availability, occurrence, and sustainable use remains limited and is still evolving. Its invisibility (being buried beneath the earth's surface) compounds the technical and political difficulty of its sustainable quantification, abstraction, and utilization for human development. While there have been significant investments in the abstraction of groundwater, the acquisition of knowledge on the status of groundwater resource base in most countries or the threats posed by poor land use, pollution, over abstraction, seawater intrusion, and even poor drilling techniques have frequently received inadequate investments. In Kenya, the unsustainable management and governance of groundwater presents numerous challenges. The majority of water policies favor surface water. Over the past two decades, the global development community has engaged in a variety of efforts to elevate and improve knowledge about groundwater at both the technical and policy levels, including the vast opportunities groundwater offers for enhancing adaptive capacity and resilience. Numerous global forums, such as the 9th World Water Forum, which was held in Dakar, Senegal, where the 2022 *UN World Water development Report: Making the Invisible Visible* was released, demonstrate the growing awareness of the importance of groundwater in water supply.

Regional Context of the Project

The Government of the Republic of Kenya (GoK), through the Ministry of Water, Sanitation, and Irrigation (MoWSI), has received a credit by the International Development Association (IDA) of the World Bank Group to implement the HORN OF AFRICA GROUNDWATER FOR RESILIENCE PROJECT (GW4R). The preparation of the GW4R project is built on the foundations of the **Horn of Africa (HoA) Initiative**. During the World Bank Group/IMF Annual Meetings held in October 2019 in Washington, D.C., the Ministers of Finance, and other representatives of the Horn of Africa (HoA) countries highlighted the importance of developing a coordinated approach and came together in the Horn of Africa Initiative, bringing the nations together to address shared regional challenges. The Intergovernmental Authority for Development (IGAD) convened the Finance Ministers of the Horn of Africa (HoA) countries on October 28, 2020, under the auspices of the Horn of Africa Initiative. As part of the HoA Initiative's Resilience Pillar, this meeting emphasized and ranked the importance of groundwater in the HoA region. Following the meeting, the Finance Ministries of Djibouti, Ethiopia, Kenya, and Somalia issued a communiqué in which they committed to continuing investment and policy action and urged development partners to accelerate the preparation and approval of projects they intend to support.

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Project Scope and Components

The Development Objective of the GW4R project is to increase the sustainable access and management of groundwater in the Horn of Africa borderlands. The primary project beneficiaries will be an estimated 704,250 people in the rural communities of the five counties of Turkana, Wajir, Garissa, Marsabit and Mandera through the rehabilitation, construction, and sustainable management of boreholes as well as from aquifer restoration, recharge, and conservation activities. The project is also envisioned to benefit the institutions of Kenya that work on groundwater at the National, County, and transboundary levels. These include the Ministry of Water Sanitation and Irrigation, the Water Resources Authority, Water Sector Trust Fund, the Regional Center on Groundwater, the National Drought Management Authority, the County Water Departments of participating counties and Water Service Providers. By giving more visibility to groundwater through policies, strategies, regulations and guidelines, the institutions and groundwater management will be strengthened. These institutions will also benefit from training, capacity building programs and the acquisition of equipment required to undertake their mandate. The Project is structured to be implemented through the four components as shown in figure 1.

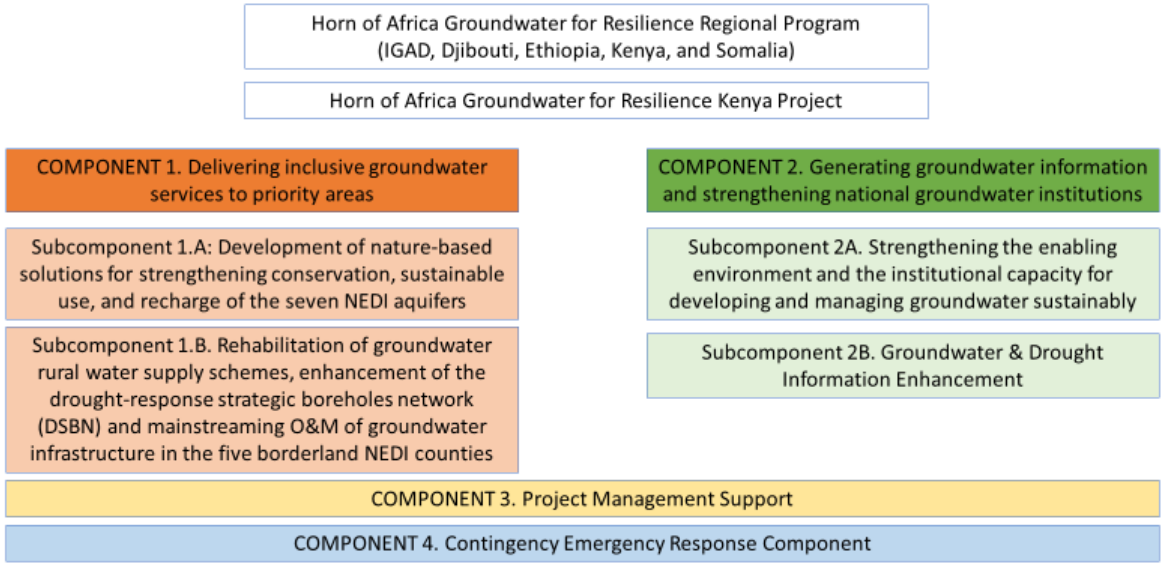


Figure 1 - Kenya GW4R Project Components

2.2 Rural Water supply management and governance in the ASALs of Kenya

In the Arid and Semi-Arid Lands (ASALs) of Kenya, groundwater plays a critical role towards building drought resilience. In times of drought, when surface water dries or pans silt up, communities particularly women and children, walk long distances in search of the few available productive boreholes. Drought does not only threaten the livelihoods and food security of these communities (in the last decade, it's estimated that drought related livestock losses amounted to US$1.08 billion), but also creates water tensions on the few available water points. This exacerbates conflict and fragility within Kenya, particularly in the borderlands.

The Kenyan ASALs remains historically the most under-developed part of the country and are the most vulnerable areas in terms of climate and water scarcity. In order to build the resilience of

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vulnerable communities living in these areas, tapping the region's groundwater's potential is key. Strengthening the ability of these communities to better prepare for and respond to the impact of shocks and stressors, to adapt to change, and to potentially transform is of paramount importance. This requires robust groundwater development and disaster risk management that tackles the information and infrastructure challenges, as well as institutional and inclusion aspects at local, national, and transboundary levels.

Sustainable management of existing water supply systems is one of the main problems facing dry lands in sub-Saharan Africa and in particular the ASALs of Kenya today. Despite increased investments in rural water infrastructure in the region, the persistent lack of an effective approach to Operations and Maintenance (O&M) has led to a high failure rate of the existing groundwater-based small piped schemes often consisting of stand-alone boreholes, diesel generator or solar PV powered pumping systems, water storage tanks, short distribution networks and water kiosks/public taps. Various studies indicate that up to about two-thirds of rural water systems in the ASALs of Kenya become non-functional within 3-5 years post-construction.

The Kenya Water Services Regulatory Board (WASREB) recognizes that while the voluntary community-based management of small-scale water schemes has been the de facto practice in rural Kenya for over three decades, the approach has failed to ensure sufficient post construction good management practices leading to the high failure rate. Additionally, these operational sustainability challenges are exacerbated by significant reduction of well yield during periods of intense drought coupled with increased demand arising from population and livestock migration.

In summary, key challenges to sustainably managing rural water supply schemes (RWWSS)~~s~~ and strategic boreholes include: (i) the lack of preventive maintenance with a prevalence of a costly "Fix upon Failure" approach; (ii) underfunding of local county government water offices to provide O&M support post construction; (iii) lack of user contribution to cost of service delivery and where present, inadequate tariffs limited by affordability of services, lack of economies and inadequate tariff collection; (iv) use of diesel engine-based pumping systems and other complex technologies that attracts high O&M costs beyond the ability of the users to fully pay for, (v) lack of an adequate information management system for rural WSS limiting sector-wide planning and evidence-based policies and decision making in day-to-day operations, (vi) lack of enabling environment for professional water services delivery, capacity limitations, and poor accountability and oversight structures for the predominant community-based approach to O&M; and (v) lack of political commitment for O&M with a greater emphasis on access through new infrastructure as opposed to service delivery linked to affordability, reliability and safety of water services.

Women and children disproportionately bear the devastating burden of these water system failures. It is estimated that women and girls are responsible for water collection in up to 80% of the households with no water service on premises. These infrastructure failures further weaken community resilience to climate change induced recurrent droughts in the ASAL regions. Therefore, rehabilitating existing RWSS and addressing the root causes of low reliability/functionality of RWSS through institutional reforms on the systems for Operation and Maintenance (O&M) in place and systematically aligning strategic borehole networks to effectively and efficiently respond to predictable emergencies presents a low-hanging fruit for immediate implementation under the GW4R. This is true, among others, since it is more economical (as it utilizes sunk costs) and could quickly deliver the scarce and badly needed water. In addition, the

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spillover effect of such investment may influence other stakeholders to make similar new investments. It will also contribute to national efforts of instilling sustainability by planning and working towards sustainability as at entry than the business-as-usual practice of doing the limited short-lived activities, such as training and local Water Users Association formation as part of "exit strategy" witnessed in many initiatives.

2.3 Project Background

The Government of the Republic of Kenya (GoK), through the Ministry of Water, Sanitation, and Irrigation (MoWSI), has received financial support from the International Development Association (IDA) of the World Bank Group, to implement the **HORN OF AFRICA GROUNDWATER FOR RESILIENCE PROGRAMME (GW4R)**. The Water Sector Trust Fund (WaterFund/WSTF) and the Water Resources Authority (WRA) will implement the Project. The overarching Project Development Objective (PDO) is to increase the sustainable access and management of groundwater in the Horn of Africa borderlands. The primary project beneficiaries will be an estimated 704,250 people in Kenya living in the rural communities of the five counties of Turkana, Wajir, Garissa, Marsabit, and Mandera. This will be achieved through the rehabilitation, construction, and sustainable management of boreholes as well as aquifer restoration, recharge, and conservation related investments.

The project will also benefit the government institutions in Kenya that work on groundwater at the transboundary, National, and County levels. These include the Ministry of Water, Sanitation, and Irrigation, the Water Resources Authority, the Water Sector Trust Fund, the Regional Center on Groundwater, the National Drought Management Authority, County Water Departments (CWDs) and Water Service Providers of participating ASAL counties. By giving more visibility to groundwater through policies, strategies, regulations and guidelines, the institutions and groundwater management will be strengthened. These institutions will also benefit from training, capacity-building programs, and the acquisition of the necessary equipment required in carrying out their respective mandates. GW4R is structured to be delivered in four components as follows.

Component 1: Delivering inclusive groundwater services to priority areas

This component will fund groundwater conservation, infrastructure development and service delivery improvement activities in the five borderland counties of Turkana, Marsabit, Mandera, Wajir, and Garissa. The component comprises of two interrelated sub-components:

- Sub-component 1.A: Development of nature-based solutions for strengthening groundwater conservation, sustainable use, and recharge of seven selected aquifers in the ASALs of Kenya including (i) Elwak aquifer, (ii) Merti aquifer, (iii) Neogene (Lamu Embayment) aquifer system, (iv) Lotikipi Basin aquifer system, (v) Lodwar/Napuu aquifer system, (vi) Walda/Rawana aquifer system, and (vii) the Logologo-Shuur aquifer system.
- Subcomponent 1.B: Rehabilitation of an estimated 150 number groundwater-based rural water supply schemes, enhancement of the designated drought-response strategic

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boreholes network, and mainstreaming Operations and Maintenance (O&M) of groundwater infrastructure in the targeted five counties.

Component 2: Generating groundwater information and strengthening regional and national groundwater institutions

This component will finance activities focused on strengthening the enabling environment for sound groundwater development and management through two interlinked subcomponents:

- **Subcomponent 2.A:** Strengthening the enabling environment and the institutional capacity for developing and managing groundwater sustainably. The aim is to support (I) the development of a groundwater management and development Strategy, Guidelines, and Regulations; (ii) Address institutional gaps in transboundary instruments for the management of shared aquifers through the completion of Transboundary Waters Policy, and related Memorandum of Understanding (MoUs) with riparian countries; and (iii) Support towards groundwater management capacity improvements across national and subnational institutions.
- **Subcomponent 2.B:** Groundwater & Drought Information Enhancement: Enhancing the knowledge base on the aquifer systems and the usability of this knowledge for management and development purposes through (i) comprehensive Aquifer assessments, and the preparation of development and management plans for the (i) Elwak aquifer, (ii) Merti aquifer, (iii) Neogene (Lamu Embayment) aquifer system, (iv) Lotikipi Basin aquifer system, (v) Lodwar/Napuu aquifer system, (vi) Walda/Rawana aquifer system, and (vii) the Logologo-Shuur aquifer system; and (ii) enhancing groundwater knowledge and information sharing through the upgrade of the existing groundwater database and the development of mobile App to improve users' interface with the database. The project will also include development of Nairobi and Nakuru aquifer management and development plans.

Component 3: Project Management Support

This component will fund operational costs of the National Project Coordination Unit (PCU) at MoWSI and the Project Implementation Units (PIUs) at WRA, WSTF and the Sub-PIUs at the 5 County Governments to manage the project efficiently.

Component 4: Contingent Emergency Response Component

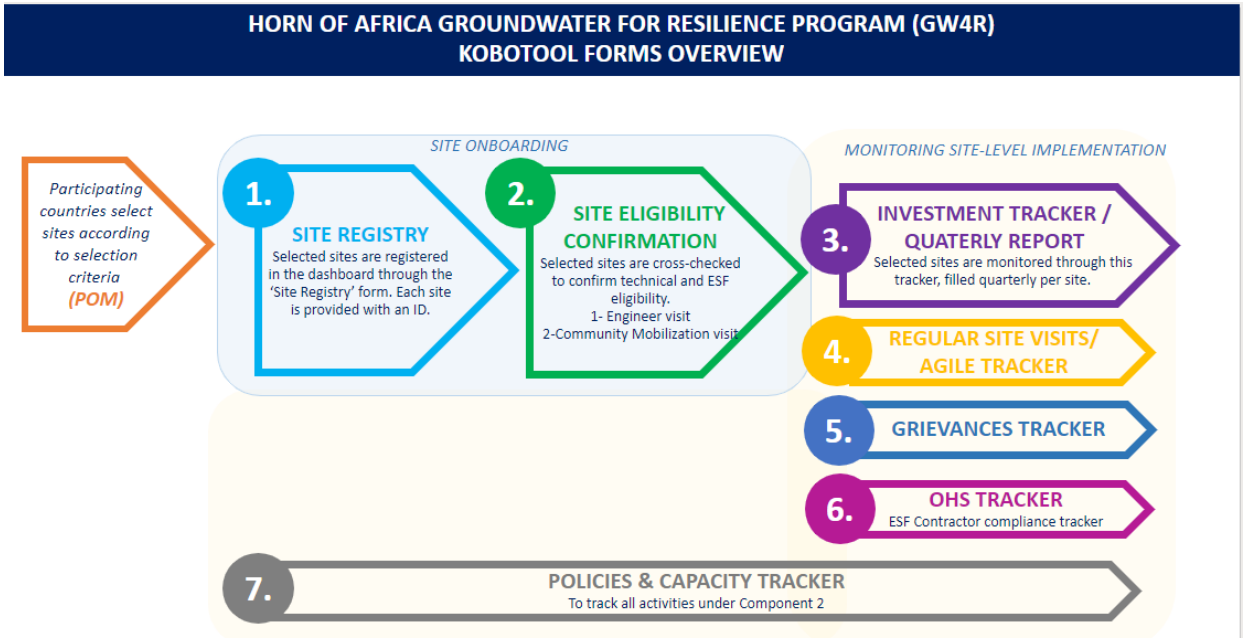
This component is provided as contingency measure to finance eligible expenditures under the Immediate Response Mechanism (IRM) in case of natural or man-made crises or disasters, severe economic shocks, or other crises and emergencies in the project area.

GW4R will be implemented over a period of five years, with an anticipated start and end dates of July 2022 and December 2027 respectively.

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2.4 Onboarding and M&E System of the Regional Program

To ensure effective supervision and monitoring in this complex environment, the World Bank team with CIWA donor support is developing, an onboarding and monitoring tool to register all project sites, cross-check their eligibility, and allow quarterly monitoring of its progress. This tool develop in close consultation with the client will allow supervision and aggregation of data from the three participating countries and IGAD. The data generated from this tool will become key for the project quarterly and annual monitoring reports, to ensure adaptive management and inform upcoming projects. This digital and georeferenced project monitoring dashboard (GW4R dashboard) will feed from a variety of questionnaires. All project actors will be trained and familiarized with these tools for cohesive and coordinated implementation. The consultant is expected to actively interact with these tools and monitoring dashboard.



2.5 Introduction to Sub-Component 1B of the GW4R

Subcomponent 1B of the GW4R will support: (1) rehabilitation of groundwater rural water supply schemes (RWSS), (2) enhancement of the designated drought-response strategic boreholes network (DSBN), and (3) the mainstreaming of operation and maintenance (O&M) of groundwater infrastructure through a ***Performance-Based Grants (PBGs)*** mechanism. The aim is to build resilience of rural communities and water service providers by supporting the establishment of institutional measures for guaranteeing O&M of rural water for reliable and sustainable services.

Further details on specific investments to be financed through the PBG mechanism under Subcomponent 1B are provided below:

1. Rehabilitation and upgrading of groundwater rural water supply schemes - This activity will finance civil works on rehabilitation and upgrading of existing groundwater-based rural water supply schemes (RWSS), to improve the quality of service. Approximately 150 rural schemes are earmarked for this investment.

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2. Mainstreaming of O&M for existing rehabilitated, and new boreholes through an O&M Support Facility - This activity will finance an O&M support facility for existing, rehabilitated, and newly developed schemes in the five target counties. Counties, however, will be required to satisfy various operational performance conditions to benefit from PBGs under the O&M support facility.
3. Strengthening and enhancement of the DSBN through rehabilitation and upgrading of existing boreholes, and drilling of new strategic boreholes - This activity will finance the civil works to rehabilitate and/or drill new high yielding boreholes in the five counties.

The funds will be disbursed to the five target County Governments as PBGs contingent on achievement of the following performance objectives:

- Satisfactory completion of civil works on rehabilitation of existing RWSS and expansion/drilling of RWSS/DSBN.
- Continuous operational functionality and financial performance of installed RWSS.

The WaterFund is the Project Implementing Unit for the PBG facility, and will provide the necessary Technical Assistance (TA) through the GW4R to all five participating Counties to support successful delivery of the investment activities above. In addition, the WaterFund will engage a third-party Independent Verification Agent (IVA) who will remain neutral to the PBG contracting parties, for results validation.

3. OBJECTIVE

The specific goal of this TOR is to recruit a specialized Consultancy firm to provide Independent Verification Agent (IVA) services to the PBG facility. The main task of the IVA will be to support the WaterFund in verifying if the agreed performance targets have been achieved (or not) in accordance with the Performance-Based Grant (PBG) facility's objectives as outlined in the Manual Annexed of the Project Operations Manual (POM). The IVA will report its findings and conclusions in Results Verification Reports submitted to the WaterFund.

3.1 Performance-Based Grant Results Monitoring and Reporting Requirements

The five participating Counties are expected to receive grants towards improving groundwater-based rural water supply infrastructure and for supporting operation and maintenance of water supply systems upon successful completion of construction. The grants will be subject to the achievement of performance conditions linked to the following.

(i) Achieving sustained operational functionality of installed rural water supply schemes through a well-designed and implemented O&M program.

The achievement of these performance conditions will be progressive and staggered to be realized at different stages throughout the lifetime of the GW4R. Some are to be achieved at the onset of implementation while others will be realized in the subsequent years of GW4R implementation.

The performance outcomes to be achieved by Counties and requiring independent verification by the IVA are linked to functionality and financial performance.

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(ii) Performance Conditions linked to the Continuous Functionality and Financial performance of installed rural water supply schemes

Upon completion of the rehabilitation works and/or construction of new systems as well as identification of priority pilot sites for O&M support facility, the rural water supply scheme will be enrolled into a county O&M support facility. The IVA will support the WaterFund in undertaking the O&M performance verification.

4. DETAILED SCOPE OF SERVICES FOR THE IVA

The main tasks to be performed by the Independent Verification Agent (IVA) are indicated below. These tasks are presented separately however, should be performed in parallel during GW4R implementation and, among others, requiring biannual progress reports in line with the schedule of deliverables and timelines below.

Task 1: Verification of Operations and Maintenance performance

- ✓ After every six-month cycle of operation of the newly installed or rehabilitated RWSS enrolled for the O&M support facility, the IVA shall undertake a verification of operational and financial performance of the RWSS.
- ✓ The verification will aim to validate a 6 months O&M Performance Report for all RWSS enrolled for the O&M support facility in a County, submitted by the CWDs/sub-PIUs to the WaterFund as evidence of achievement of outputs claimed.
- ✓ The IVA shall review the O&M performance report and undertake a verification to establish the actual performance. In order to validate the PBG claim submitted by a County/Sub-PIU, the IVA will verify all pre-agreed operational and financial performance conditions through an exhaustive desk review of the Counties and O&M operator(s) records. Specifically, this review is intended to ascertain that the performance conditions achieved for which the PBG requested is real and complies with agreed standards. The IVA is expected to also verify funds flow (status, completeness, timeliness) of results-based payments from WSTF and counties, to the O&M operator.
- ✓ Methodology – The Consultant is expected to propose and continually iterate for a cost-effective methodology of achieving verification objectives of this task and combining documents review and physical verification. The methodology for each 6-month cycle will be agreed with the WaterFund and progressively adapted to take into account capacity for remote verification, quality of data submitted by Counties, verification costs, required degree of confidence, among other considerations. The verification methodology shall include community feedback on quality of services provided by the RWSS O&M Operator(s) in the 6-month period under assessment, which may require the IVA to complete surveys, interviews or focus group discussions as needed to ascertain. Verification for all enrolled RWSS must be completed within 60 days following end of each 6-month cycle.
- ✓ The verification shall be done against the following performance conditions:

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1. Reliability – Qualifying criteria based on the rural water supply schemes with functionality rates exceeding the minimum threshold of 95%, measured by uptime and being the proportion (%) of days a water point is operating when needed (out of the total time possible). This condition assesses reliability in relation to response to mechanical breakdown of equipment, NOT seasonality, source supply capacity, water quality, abandonment, or insecurity/conflicts related non-functionality, which would be beyond the control of an O&M operator.

2. Local revenue/user payments – Actual payments by water users as a measure of financial performance and perceived user value.

✓ Verification of O&M performance against the above two conditions shall be assessed at the individual RWSS level using the approach shown in Table below.

Performance Condition	Stage 1 Assessment/Qualifying Criteria	Comments
1. Minimum Uptime level of 95% **The proportion of time the facility is functional out of the total time possible (182 days).**	• Inspection of - repair logs and meter readings to confirm water supply. • Calculation of total downtime in a 6-month period related to mechanical breakdowns. • Pass/Fail	• Implies RWSS should not be non-functional for more than 9 days in a 6-month reporting period (182 days). • This excludes shutdowns due to seasonality, source capacity, water quality, abandonment, or insecurity/conflicts
2. Quarterly report submitted to CWD[1]	• Inspect copies of operator reports filed at the CWD • Pass/Fail	• Submitted performance report to the CWD for the period under review.
3. Maintenance of O&M Records	• Inspect O&M records maintained by the operator centrally or at the RWSS. • Pass/Fail	Maintained a complete and accurate record at RWSS for the quarter, on: • Meter readings/volumes supplies to users. • Tariff and billing for all uses • Revenues collection • Operating costs breakdown. • Customer complaints register • Repairs logs/register

[1] Operator(s) will submit quarterly reports; however, performance assessments and payment will be on a bi-annual (6-month cycles) basis.

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		• Population & Livestock served

Each RWSS must satisfy ALL three minimum conditions in Table above to proceed to Stage 2. Any RWSS with an uptime level less than 95% or failing condition 2 (quarterly report not submitted) or 3 (proper O&M records not maintained), will be disqualified and shall not proceed this payment stage.

STAGE 2

Each RWSS must satisfy ALL three minimum conditions above to proceed to Stage 2. Any RWSS with an uptime level less than 95% or failing condition 2 (quarterly report not submitted) or 3 (proper O&M records not maintained), will be disqualified and shall not proceed this payment stage.

In stage 2, the variable O&M grant due to an individual RWSS will be calculated as follows. Definitions of the various parameters in the payment formula are detailed in Box 2. Based on the formula below, individual RWSS that fully cover their O&M costs in a reporting period will not qualify for O&M PBGs.

Bi-Annual PBG Payment = 100% X {Total Eligible O&M Expenses for the 6-month reporting period *less* Revenue (Surplus or Deficit) after the Operator's staff costs are paid}.

BOX 2:

1. **Eligible O&M Expenses:** refers to the actual costs incurred on various eligible operations and maintenance activities as outlined in Section 7.4.1 above, needed to keep the RWSS functional over the 6-month reporting period. Staff compensation and benefits are NOT an eligible expense.
2. **Revenue surplus or deficit;** is limited to actual amount of water fees collected (tariffs only) by the RWSS from users over a 6-month reporting period, and refers to the net revenue, positive or negative, after the Operator's staff compensation and benefits are paid.
3. **Staff Costs** refer to salaries and wages, including field allowances and DSAs but limited to personnel directly engaged part- or full-time on operation and maintenance of a qualifying RWSS under the GW4R. Expenditures related to staff costs must be supported by a verifiable satisfactory timesheet, payroll records, payment vouchers, etc.

- The IVA will then issue an **O&M Performance Verification Report** to WSTF confirming or not, the authenticity of results reported by each county. The performance report will calculate payments due to counties, form the basis for the variable O&M grant disbursements to Counties, and provide clear recommendations for performance improvement associated with each County or its Operator(s).

Task 2: Capacity building and Sustainability of Verification Approach

- In-County verification activities will be completed in close collaboration with the CWDs, specifically the area Sub-County Water Officer (SCWO) for respective RWSS or other

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persons nominated by the CWD, to mitigate risk of disputes with respect to the performance verification, ensure RWSS's performance is updated in the county MIS and more broadly support county water sector monitoring, and most importantly to build respective CWD's capacity for future verification, beyond the GW4R. To this end, the IVA is expected to design and deliver capacity building/training to the CWD on performance-based verification.

5. DELIVERABLES

The key outputs/deliverables of this assignment are as follows:

a) **An Inception report** detailing **Performance Verification Protocol (PVP)**: the consultant shall issue the PVP within 2 months from the date of contract commencement and outline the methodology that the IVA will use to assess and verify performance as detailed in Tasks 1 and 2 above. The Protocol will clarify, among others:

   (i) the standards being used to assess performance.
   (ii) the necessary methods and techniques that will be applied in measuring and assessing relevant results expected under the Performance-Based Grant facility.
   (iii) the instruments and other reporting protocols and format that will be used.
   (iv) the required records and documents the that all relevant parties implementing the Performance-Based Grant will need to make available in order to conduct the verification.
   (v) the travel, logistical arrangements and staff/experts deployment proposed by the IVA to undertake the verification simultaneously in all 5 participating counties.
   (vi) Work plan for execution of the assignment.

b) **Bi-annual O&M Performance Verification Reports** detailing Task 1 verification findings, conclusions, and recommended actions for the WaterFund and Sub-PIUs. The WaterFund shall issue written instructions to the IVA to commence O&M performance verification activities as detailed in Task 2, to be triggered by a 6-month O&M Performance Report for all rural water supply schemes in a County submitted by the respective Sub-PIU to the WaterFund. The review to include completed KOBO form 4 as completed by the Counties/SPIUs on quarterly basis.

   Note: The reporting will be on bi-annual basis and for each County.

c) **Final Report** detailing the overall outcome of verification exercise across the five counties, lessons learnt and actions that can be carried forward by the Counties.

6. CONSULTANTS QUALIFICATION AND EXPERIENCE

The Consultant shall be a reputable firm with at least experience in two similar assignments in the last ten (10) years and relevant experience in water sector in developing countries.

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Legal eligibility of the selected Firm/consortium:

i. Legal status recognized by the Government of Kenya. **NB:** The successful bidder/firm will be required to further provide information on the Beneficial Ownership using the Beneficiary Ownership Disclosure Form to be provided in later stages, to be published as part of the Contract Award Notice.
ii. The Firm to have an office or a representation in the Country
iii. In case of Joint Venture (JV), the consortium must provide written agreement between the members, which clearly define the responsibility of member heading the partnership and shared responsibility, accountability of each member of the consortium.

Firm level Experience:

i. At least two similar assignments of the same scale involving verification of performance-based financing of the operations and maintenance of water supply systems in the last ten (10) years;
ii. Results verification, Audit and/or technical auditing expertise, with at least 10 years of operation experience since the firm/consortium began operations. For JV, the lead consultant must have at least 10 years of operation experience.
iii. Knowledge of GW4R Counties, including the rural contexts, social practices/norms, and customs.
iv. Demonstrated experience in the design, implementation, and analysis of results/data/information in water supply and sanitation relating to operational performance.

The Consulting firm is required to provide the following team of experts:

- A team leader, who will be responsible for managing the team and for delivering quality reports to WaterFund.
- The team members will need to demonstrate a minimum of 8-10 years of relevant experience in rural water supply system management and will need to demonstrate significant knowledge and understanding of results-based funding mechanisms, engineering and management of small-scale piped water supply schemes, data analytics in the rural sub-Saharan Africa context.
- The Consultant is at liberty to propose other non-key experts who will support in the delivery of the assignment.

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It is expected that the Consultant shall have the following number of experts:

No.	Expertise description	Placement	Remarks
1.	Team Leader	1	
2.	Water services delivery/Operation and Maintenance Specialist	5	One per County
3.	Finance/Economic Analysis Specialist	2	
	Total	**8**	

Key Experts	Qualification and Experience
Team Leader	**Academic qualifications** • Masters' Degree in either Business administration, Engineering, Environment, Economics or other relevant field of study. **Professional experience** • At least 15 years cumulative relevant work experience in the water and sanitation sector. • Experience in water and sanitation institutional development in Sub-Saharan Africa especially in ASALs of Kenya. • Should have experience in at least three projects funded by the World Bank or multilateral agencies in the capacity of an Independent Verification Expert or equivalent role. • Must be registered with a relevant professional body and be in good standing.
Water services delivery/Operation and Maintenance Specialist	**Academic qualifications;** • Degree in either Civil, Water Engineering, Natural Resources Management, Business Administration or related field **Professional experience;** • At least 10 years' experience in water infrastructure operation and maintenance, O&M performance monitoring, or water utility management in technical or commercial roles. • Should have experience in implementation of projects funded by the World Bank or other multilateral agencies. • Demonstrated experience structuring O&M service delivery for water supply systems through performance-based delivery/financing approaches. • Registered with a professional body, where applicable, and in good standing.
Finance/Economic Analysis Specialist	**Academic qualifications; -** • Degree in either Finance, Accounting or Economics • A Certified Public Accountant for Finance or Accounting expert

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Key Experts	Qualification and Experience
	Professional experience; • Must have at least 10 years of experience in economic and financial analysis of water supply services delivery systems in developing countries. • Specific experience in analysis of the O&M for water supply systems including design, implementation and monitoring of relevant standards, tools, templates, instruments etc. • Must be registered with relevant professional body where applicable and be of good standing.

7. DURATION OF CONTRACT

The contract will be initially for a 12-months period. WaterFund will re-evaluate the need for extension based on the assignment and implementation of project activities.

8. MANAGEMENT OF THE ASSIGNMENT

The IVA will work under the overall guidance and report to the WaterFund, who are the designated Programme Implementation Unit (PIU). In delivery of the tasks, the Consultant will also work closely with the Sub-PIUs in the five target Counties as well as consultants engaged under the project.

9. CLIENT OBLIGATION

WaterFund will provide the following inputs to the firm/consortium to inform delivery of the assignment:

- Field protocol of verification and linkages between the Consultant and the Design and Supervision Consultant as well as the Sub-PIUs.
- Security Management Plans and Standard Operating Procedures.
- Relevant GW4R related manuals and studies.
- Updated GW4R progress reports and Operation Manuals for reference.

10. METHOD OF SELECTION

The Consultant will be selected based on the Quality Cost Based Selection (QCBS) method as per the World Bank's Procurement Regulations for IPF Borrowers July, 2016, revised in February 2025 (6th Edition).

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