

COAST WATER SERVICES BOARD



TERMS OF REFERENCE (TOR)

FOR

TARIFF STUDY FOR THE COAST BULK WATER SUPPLY.

April 2019

1.0 PROJECT BACKGROUND

1.1 Coast Water Services Board

The Coast Water Services Board (CWSB) is a parastatal (Government Owned and Autonomous) created under the Water Act, 2002 and established through a Gazette Notice No. 1328 of 27th February 2004. The Board operates under the Parent Ministry of Water and Sanitation under:

- i) The provisions and regulations of Water Act, 2002
- ii) The State Corporation Act Cap 446
- iii) Relevant Provisions of the laws of Kenya and
- iv) Rules and Regulations issued in form of circulars by the Government.

The Board's main responsibility is the provision of efficient and economical water and sanitation services to the people of the Coast region. Its area of jurisdiction is approximately 83,040km². This area covers 6 Counties namely:- Mombasa, Kilifi, Kwale, Tana River, Taita, Taveta, and Lamu. The current estimated population of the Coast Region (according to the 2009 Census) is projected to be 3,380,000 people. The main economic activity in the region is tourism. The coastal region contributes approximately 70% of Kenya's tourism.

Coast Bulk Water Company supplies water to five WSPs (Kwale, Mombasa, Malindi, Kilifi and TAVEVO).

The key development objectives of Coast Water Services Board are to:

- (a) Increase access to reliable, affordable and sustainable water supply and sanitation services;
- (b) Institutional Strengthening and;
- (b) To improve the water and wastewater services in the areas served by the organization.

To ensure that tariffs balance commercial, social and ecological interests by ensuring access to all while allowing Water Service Boards (WSBs) and Water Service Providers (WSPs) to recover justified costs, CWSB would like to engage the services of a consultant to carry out a Study on Tariff regime in the its area of jurisdiction.

1.3 Existing Situation

CWSB has established a Bulk Water Unit at Mazaras which is mandated amongst others, to supply water in bulk to Mombasa, Kwale, Kilifi and Malindi WSPs and charge the

official gazette tariff of 20/= per cubic meter. This tariff expires by the end of 2019/2020 financial year. The Board is therefore seeking services of a consultant to undertake a Tariff study which will form the basis of a new tariff review. This will be submitted to WASREB for approval.

1.3.1 Tariff in use

1. From 1999 to 2008, all Public Water Supplies relied on National Tariff which was gazetted in 1999 and required an average of 1m³ to be charged Kshs 20.
2. Coast Water Services Board applied to the regulator for a tariff adjustment and was granted a fixed rate Ksh.20 per cubic metre.
3. This tariff is however expiring in June 2020 hence the need for a new tariff review. This tariff review will only be possible with the support of a tariff study.

2.0 The Study

2.1 Objectives of the Assignment

Specifically, the assignment aims at promoting efficient use of resources by ensuring investments and operations are made efficient and effective through appropriate pricing of water. The tariff review should take into consideration the repayment of donor loans plus interests thereon.

2.2 Scope of Services

The consultant will undertake a Tariff Study, which will assist the Board in any potential tariff review with regards to the provision of water and Sanitation services in Coast Region. Further, the consultant will be required to apportion the World Bank and AFD loans to each recipient and factor in the tariff review. This report is within the Coast water Services Board's premises. The Study finding will form the basis for review, which will be presented to the Water Services Regulatory Board as a supporting document(s).

In particular, the consultant will carry out the following:

Desk Study Review

- a) Water Services Regulatory Board Tariff Guidelines Model dated April, 2008

Under the Water Act, 2002 the Government of Kenya adopted a new approach for the provision of water services and established a new institutional structure for the sector. As part of this structure, the Government created a Water Services Regulatory Board

(WASREB) to regulate Water and Sanitation Services. Among the key functions of the WASREB is to develop guidelines for the fixing of tariffs for the provision of water services. The objective is to establish tariffs that balance commercial, social and ecological interests by ensuring access to all while allowing Service Boards (WSBs) and Water Service Providers (WSPs) to recover justified costs.

In view of the above, the Government has established the basic tariff policy that will guide the Regulatory Board in setting water tariffs in the short to medium term.

As precondition of carrying out Tariff Study for the Water Service Providers, the Consultant is requested to study carefully the Water Services Regulatory Board Tariff Guidelines Model dated April, 2008 to ensure that apart from his methodology confirming to this TOR it should conform to the Tariff Policy.

Furthermore the consultant is required to study the CWSB tariff study that was undertaken in 2011 to acquaint him/herself with the challenges in the provision of water services.

b) Coast Water Services Board Quarterly Management Progress Report

Coast Water Services Board prepares Quarterly Management Progress Reports which present an overview of the activities which have taken place including Technical, Commercial and financial aspects

c) Extra Ordinary Tariff Review

During request for tariff adjustment, CWSB complied with the Government of Kenya Tariff Policy by filing all the required forms and deducing the required average tariff for sustainability.

The Consultant is requested to review and form his opinion on the Tariff Request.

Analysizing

The consultant is requested to use simple computer program packages while analyzing the data.

In general, the Consultant should aim at providing the following in his output: -

1. Current technical, financial, economic and institutional performance of the Coast Water Services Board
2. Existing threats to the Water and Sanitation Services
3. Propose sustainable Tariff regime which should be cost recovery.

Key staff and qualifications required

The required minimum key staff and their qualifications are as specified below:

- i) Team Leader – At least a master’s degree in civil/sanitary engineering and should have at least 10 years’ experience in the field of civil /sanitary engineering (with bias in water supply) and not less than 5 years relevant experience in a similar position;
- ii) Financial Specialist – At least a Bachelor’s degree in commerce and should have experience and skills in financial issues with at least 3 years relevant experience and
- iii) Economist – At least a bachelor’s degree in Economics and should have experience and skills in Socio-Economics with at least 3 years relevant experience;

Time Schedule

The Study is expected to be completed within two (2) weeks after commencement of the contract.

Reporting and Schedule of Deliveries

All reports and communications related to this assignment shall be in the English language and shall be submitted to the Employer in the number and form specified below.

Reports	Submittal Date	Copies	
		Hard Copies	Electronic Copy in CDs
Inception Report	3 days after Contract Effective Date	2	1
Interim Report	5 days after Contract Effective date	2	1
Draft Tariff Study reports	8 days after Contract Effective Date	2	1
Final Tariff Study and RTA proposal Reports	10 days after Contract Effective Date	2	1

Client and Consultant Responsibilities

The Coast Water Services Board (CWSB), as the client, shall have overall responsibility for managing this consultancy, its procurement and its contract, and shall supervise the job on site. The consultant will be reporting to the Chief Executive Officer of Coast Water Services Board.

The CWSB will provide free of charge all available existing information, data, reports and maps as far as available and will assist the Consultant in obtaining other relevant information and materials from governmental institutions and state authorities as far as possible. However, it is the duty of the Consultant to check availability, quality and suitability of this information. The information, data, reports etc. as mentioned above will be available for the Consultant's unlimited use during execution of the proposed services.

2.6 Data and References

The consultant may refer to the following listed documents for reference:-

- a) Water Services Regulatory Board Tariff Guidelines Model dated April, 2008
- b) Coast Water Services Board Quarterly Management Progress Reports
- c) WSP Service Provision Agreements (SPA)
- (d) Water Act 2002
- (e) National Water Services Strategy
- (f) Strategic Plans of CWSB and WSPs
- (g) CWSB Tariff Study report 2011
- (h) Any other relevant reference material