

## **Terms of Reference**

### **For**

## **National Programme to Develop Regional Water Utilities in Palestine (Phase I)**

### **1. Introduction**

The issuance of the new Water Law on 14 June 2014 establishes for a new phase for the development of the water sector, its governance and management. The Water Law includes directives for PWA responsibilities to establish Regional Water Utilities (RWU) in coordination with relevant authorities, for the provision of water and wastewater services in accordance with a regulation issued by the Cabinet of Ministers. Regional Water Utilities are responsible for the provision of water and wastewater services to consumers for various uses in line with sustainable economic, social and environmental principles, and meeting the needs of water of suitable quality and wastewater services through implementation of required and appropriate measures and the development of necessary plans and programs to develop these services.

The Palestinian Water Authority (PWA) is seeking Technical Assistance (TA) to provide support in the Establishment operationalization of Regional Water Utilities in (i) Water utility in Tubas Governorate, and (ii) North Jenin District (North West Utility, and North East Jenin Joint Service Council, in addition to Jenin Municipality) as detailed in the scope of work .

### **2. Context**

#### **2.1. Background**

The status of the water sector in Palestine, as it exists today, is a direct outcome of the terms and conditions determined by the Oslo II Interim Agreement of 1995 and the occupation and closures imposed on the Palestinian territory by Israel. Palestinians suffer from restricted access to their entitled share, in accordance with international water law, of the trans-boundary water resources. This manifests itself with low per capita water availability, inadequate water service in terms of access, reliability and water quality, and major seasonal water shortages particularly acute in rural areas. The sewerage sector has fared no better with chronic underinvestment leading to partial coverage, very low rate of wastewater treatment, and widespread environmental damage.

The PWA was created in 1995 through a Presidential decree in order to regulate the water sector, improve and sustain water resources, planning and service delivery provision. It was assessed that the institutions and institutional framework created since 1995 to manage water resources and water uses, including the provision of water and wastewater service are insufficient for their purpose and consequently do not meet the needs of the Palestinian people. The lack of clear institutional mandates had contributed to a situation of ineffective governance and weak capacity in the Palestinian water sector, which combined with occupation-related restricting factors, impaired the development of adequate policies and strategies for water resources management, infrastructure development and service provision. The institutional fragility of the water sector in Palestine was generally acknowledged, as reflected in a number of reports.

#### **2.2. Water Sector Reform**

On Dec 14th 2009 the Cabinet of Ministers of the Palestinian National Authority endorsed an “Action Plan for Reform” (from here on referred to as “the Action Plan”) towards the definition and implementation of a comprehensive program of institutional and legislative reform in the Palestinian water sector (“the Sector Reform”). As the central body in the sector, the Palestinian Water Authority (PWA) has the mandate to lead the reform process. The overall reform included the reorganization of the water sector and the institutions within, capacity building, and the developing of strategies and policies. The reform objectives have been defined as follows, with regards to:

1. Institutions; the Sector Reform will establish strong (capable) and sustainable institutions within a legal framework that clearly defines their roles, responsibilities and the interface (relationship) between them.
2. Infrastructure needs; the Sector Reform will improve water supply and sanitation strategies, policies, investment programs, project designs, and the implementation of projects, in an effort to substantially accelerate infrastructure development.
3. Service provision; the Sector Reform aims to accelerate equitable access to a quality service, while providing improved efficiency and cost-recovery of effectively regulated water operators.
4. Water resources management; the Sector Reform will help to build the institutional knowledge, policies, and monitoring and enforcement capacities, as part of an effort to achieve a more sustainable water resources management strategy.
5. Water consumers; the Sector Reform will aim at improving water demand management and public health awareness in line with the development of water conservation, environmental and public health policies.

### **2.3. New Water Law**

The President of State of Palestine issued a decree endorsing the new Water Law on 14 June 2014. The issuance of the new law establishes for a new phase for the water and wastewater sector, its governance and management, as the law states that the Water Authority will be under the responsibility of the Cabinet which goes in line with the basic law for having the authorities under the Cabinet umbrella. In addition, the law splits policy from regulatory functions, which was previously carried out by PWA since its establishment. The new water law grants the establishment of Water Sector Regulatory Council. The Water Sector Regulatory Council has been established by the Cabinet and has a Board of Directors derived from the public sector, private sector, and civil society. Its mandate makes it responsible for water prices and monitoring the performance of Water and Wastewater Service Providers.

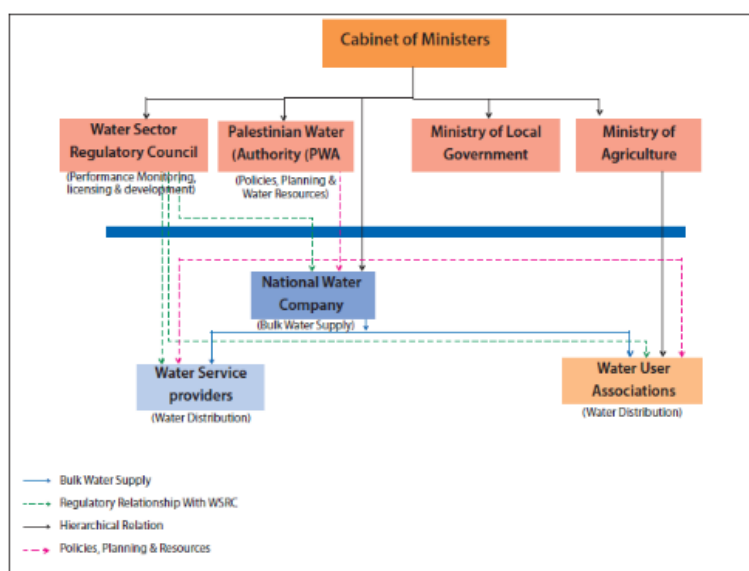
The Water Law includes directives to transform the West Bank Water Department (WBWD) into a National Water Company (NWC) which will be owned by the State of Palestine. For this reason, the Law states PWA need to develop a temporary Bylaw to facilitate this transitional period (transfer the West Bank Water Department into a company) and provide a mechanism to transfer the assets to the National Company. The Law also states that the company legal status will not change except by a Law. The National Water Company is responsible for supplying Bulk Water and any tasks as assigned by the Water Authority. The National Water Company will have Board of Directors formed by the Cabinet based on recommendations from the Head of the Palestinian Water Authority. The BoD is the supreme authority for the adoption of decisions in the company, and it is entrusted with the implementation of the Company's policies and overseeing the management of its operations for the advancement of the policy approved by PWA .

The new law gives PWA the mandate, supported by a bylaw endorsed by the Cabinet, for establishment of Regional Water Utilities and Water User Associations.

The Law includes articles protecting water resources and defined protection zones. In addition, to monitoring water resources and provides the Head of PWA the mandate to provide judicial policy. It also contains articles which allows for sanctions for the infringement of Water resources.

### **2.4. Current and future organization of Water Sector**

The current organization and relationships between the main administrative bodies involved in the sector are briefly presented in **Error! Reference source not found.** The "National Water Company" has not been fully established yet. It is supposed to integrate the current West Bank Water Department (WBWD) in charge of managing and operating the bulk water supply system in the West Bank.



**Figure 1 Water sector framework (source: PWA, cited in [WSRC, 2017])**

The reorganization of the water service providers is also part of the Water Sector Reform.

## 2.5. Diversity of Service providers

Water and Wastewater Service Providers are presented as water and wastewater department at the level of Local Government Units (LGUs) and Village Councils (VCs), or in the form of Joint Service Council (JSC), or water utilities:

- ✓ Three Service Providers that function as independent water utilities (Jerusalem Water Undertaking (JWU), Coastal Municipal Water Utility (CMWU), Water Supply and Sanitation Authority (WSSA)), as they have a significant level of autonomy for staff recruitment, day-to-day management, business strategy, etc.; they provide a high standard of water and wastewater service delivery in a difficult context and with limited access to water resources.
- ✓ Service Providers that provides services to several municipalities, in the framework of Joint Service Council (e.g. West Jenin utility, JSC Dura, JSC Eastern Nablus, JSC North west Jerusalem, JSC Mythaloun, Tubas Utility, etc.);
- ✓ Some 120 technical departments of municipalities, who manage water services for many local communities that are not yet covered by an independent water utility; many of these stakeholders take advantage of local natural water resources (springs, wells) under the practice of inherited “right-of-use”; they are mere technical departments of the municipalities and therefore have no autonomy for human resources management, financial management or investment; their accounts are aggregated with those of the municipalities.
- ✓ Some 140 technical department of village councils (the existing Local Government Units (LGU) structure at the level of villages that are not classified as municipalities);
- ✓ Around a dozen small industrial, cultural and tourist institutions (Aroub farm, Aroub School, Hadda Tourist Village, Herodion, Qabatiya Research Centre, Huda fuel company, etc.) that are directly supplied by West Bank bulk water operator (West Bank Water Department (WBWD)), but they represent a negligible fraction of the demand for drinking water (< 0.2% of the total water supplied).

## 2.6. Establishment of Regional Water Utilities

Currently, there are more than 270 small and local water Service Providers (SP) established at the level of Local Government Units (LGUs) and Village Councils (VCs). These water service providers are responsible for providing a safe and affordable water supply to over 3.2 million Palestinians. While the Multiple indicator cluster survey 2021 shows that 99% of the Palestinian households in the West Bank

have access to safely managed water supply services, more than 620,000 people are receiving less than 50 liters of water per capita per day (l/c/d) which is only half of 100 l/c/d recommended by WHO. The shortage in the water supply is caused by, among others, the high-water losses on the distribution pipelines through leakages which currently stands at 29% in the West Bank. In addition, the water service providers' limited operation and maintenance capacities in the West Bank and poor water demand management practices among the West Bank communities also contribute to the high-water loss. Furthermore, inadequate water governance practices are reported to contribute significantly to the increasing water scarcity and inequalities in water distribution among different social groups.

PWA has no technical or administrative control over LGUs, which creates a governance gap in the sector. Although the Ministry of Local Government (MoLG) exercises administrative supervision of the LGUs, water service delivery is not systematically supervised. The operational and financial performance of these providers is not sustainable, and this constrains their ability to provide reliable services to the population.

Given the importance of improving governance arrangements and creating efficiencies in the water sector, and as part of the water sector reform, water supply and wastewater shall be delivered by Regional Water Utilities (RWU) which are yet to be established. The Water Law calls for the aggregation of the existing small service providers (water departments at the LGU level) into regional utilities to enhance the sustainability of the service delivery level.

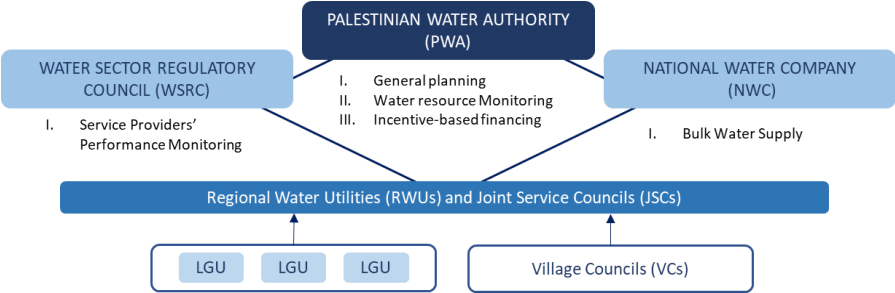


Figure 2. Institutional Arrangements of the Water Sector prescribed in the Water Law 2014 (to be operationalized)

The planned RWUs are a critical element of the reform process, as they will provide vital water and wastewater services at the local level. The recommended approach consists of gradually reducing the number of service providers from almost 300 in 2018 to four RWUs by 2032 (three in the West Bank and one in Gaza) according to a Road Map that was developed with the support of the EU. This process will occur by transferring provision of water and wastewater services from SPs in LGUs and VCs to RWUs as shown in Figure 3 for the West Bank. The approach will improve governance in the sector as a small number of utilities will be responsible for service provision while operating on a commercial basis and reporting to the PWA. As the RWUs become operational, the reform will reduce inefficiencies and result in economies of scale. In Gaza, the aim of the sector reform is to transform the Coastal Municipalities Water Utility (CMWU), established as a Joint Service Council (JSC) under the Local Authorities Law of 1997, into the Gaza RWU. Consolidation of all 25 municipal SPs in Gaza into the CMWU has already started and is moving forward, albeit at a slow pace. The risks and constraints to creating RWUs have been identified and will need to be addressed and monitored during the different stages of the regionalization process. As most service providers are LGUs, regionalization of water and wastewater service provision means that the LGUs will be losing an important cash flow that allows them to finance non-charged services such as street cleaning and lighting, among others.

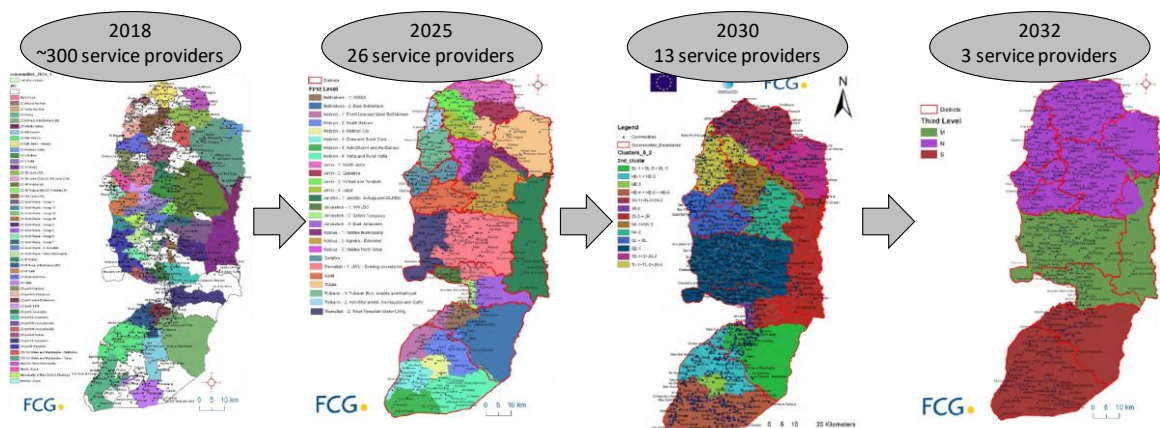
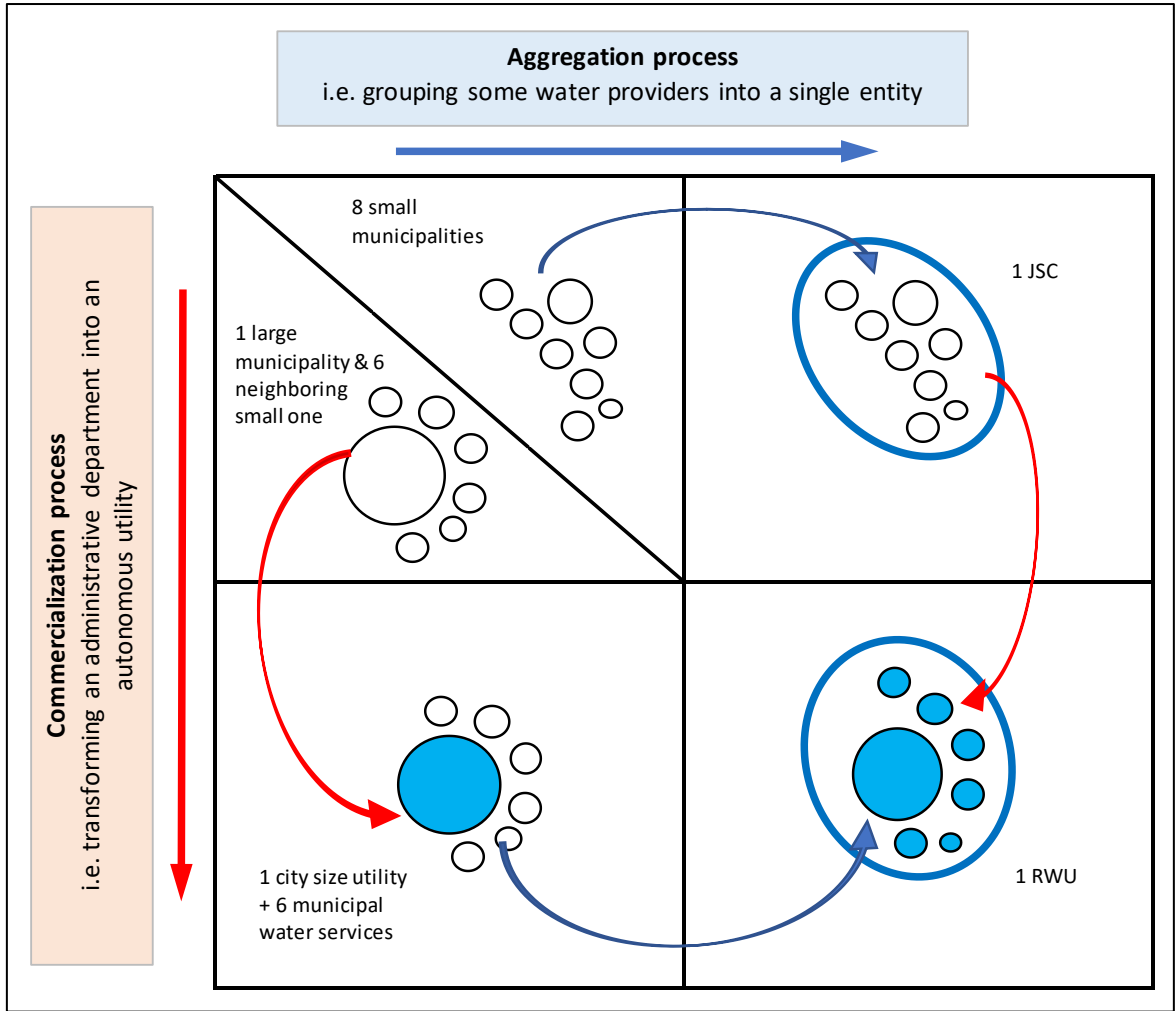


Figure 3. Proposed consolidation of the water service providers in the West Bank (Source: FCG Sweden, 2018)

There are different ways shown in Figure 4 (below) in which a RWU can be formed including:



- (1) A Joint Service Council (JSC) is set up and subsequently transformed into a water utility : Some local Government Units in West Bank and the Gaza Strip have already embarked on an aggregation process, forming Joint Service Councils (JSCs). JSCs includes the technical services of several village councils and municipalities to achieve economies of scale and improve performances. Although the creation of a JSC is a true aggregation process. However, it does not help ensure autonomy from municipal officials. Accordingly, JSC transformation into a RWU is required to be more independent.

- (2) Municipal service of a large municipality is transferred into a water utility, then surrounding Service providers and utilities are aggregated within a RWU . This will involve supporting a large municipality to transfer its water service into a water utility (such as Jerusalem Water Undertaking - JWU). This modernized water utility can then act as an incentive for neighboring municipalities to integrate their water and wastewater services into RWU so that their population can benefit from an improved level of service. Such a pathway could be relevant for Nablus, Jenin Municipality, Hebron, Ramallah (JWU) or Bethlehem (WSSA).

## 2.7. Establishment of Regional Water Utility for North Jenin District and Tubas.

In line with the PWA development priorities, PWA intends to improve the institutional, technical and operational capacities of Tubas Utility, Jenin Utility, and transfer North East Jenin Village Council (NEJVC) through transferring into a Utility.

### **Tubas Utility:**

Tubas Joint Water and Sanitation Council was turned into Tubas Water Utility on 09 July 2023 were the General Assembly and the Board of Director were formulated upon the issued Decree for the establishment of Tubas Utility . Previously, the T-JWSSC was established, in August 2010, by the Minister of Local Government for the municipalities of Tubas, Tammoun, Aqqaba and Tayasir (45,000 inhabitants). The Tubas Utility is currently providing the following main services: (i) provides water and wastewater services; (ii) connects households to water networks; (iii) collects periodic water metering reading and (iv) distributes water and wastewater bills and collects due fees; (v) participates in water and wastewater infrastructure development projects; (vi) issues necessary guidance for subscription to safeguard water according to PWA policy and water law.

munTubas Utility provides the service to the residents in the towns and villages of Tubas, Tammoun, Aqqaba, Tayaseer, Alaqabah, Atoof, and Ras Alfaraa. The Board of Directors (BoD) of Tubas Utility is formed of members: two members from Tubas city, one representative for Tammoun town, one representative for Aqqaba town, and one representative for Tayaseer village, one representative of MoLG, and one representative from MoLG. Tubas Utility is located in the Northeast part of the West Bank as shown in the Figure 5. Tubas Utility has a total coverage area of 111 square kilometers (about 1.96% of the total West Bank area) and a total population of 51,601 inhabitants (Palestinian Central Bureau of Statistics

projections 2021).

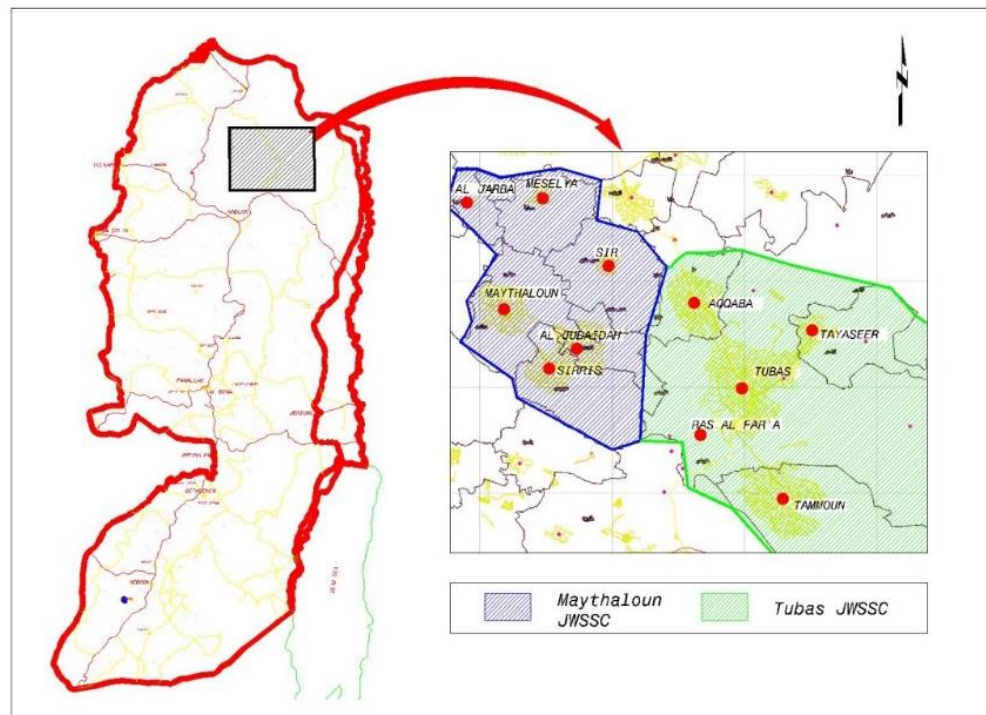


Figure 5: Geographical location of Tubas Utility and Maythaloun JSC service areas in West Bank

The main drinking water source for Tubas district is the groundwater which is being extracted from three wells. Two of the three wells are owned and operated by WBWD (Tubas and Tamoun wells) and the third well is a private well owned by Aqqaba Municipality together with the private sector. The percentage of the Unaccounted for Water (UFW) in 2019 was estimated to be 32.5% and the average Daily per Capita Water Consumption was 77.2 liters per day.

According to the Road Map for the establishment of Regional Water Utility, the proposed 1st Stage of West Bank Clusters, includes merging Tubas and Maythaloun in one regional water utility. However, upon agreement with Ministry of Local Government, the Palestinian Water Authority (PWA) decided to take an initial step to transfer T-JWSSC into one Regional Water Utility. This was accompanied by a request from the Board of Directors (BoD) of T-JWSSC to PWA to provide needed support for the establishment of the RWU for Tubas as part of the water sector reform process in the area on behalf of the JSC members.

### ***North Jenin Utility***

The North Jenin Area is located in the very northern part of the West Bank. It has a total coverage of 184 km<sup>2</sup> and this constitutes 3.25% of the West Bank area and 32% of Jenin Governorate.

**The municipality of Jenin** was established in 1886. The served areas by the municipality includes Jenin, Jein Camp, Wadi Ad Dabi', and 'Aba. The water department of the Jenin Municipality is providing the following main services: (i) provides water services, (ii) connects households to water networks; (iii) collects the fees of the water service, (iv) participates in water and wastewater infrastructure development projects. The total population in the served area is 77,000 inhabitants. Jenin Municipality is currently discussing the establishment of water utility together with eastern Jenin villages that have currently municipal water supply facilities. As part of PWA effort to build capacity and develop infrastructure, a project titled Strengthening the Capacity of Water Service Management in Jenin Municipality in Palestine (with JICA), started in September 2017 and completed in October 2022 with Jenin Municipality including its Water and Wastewater Department (WWD) as the main counterparts (C/P). The purpose of the project was to improve Jenin Municipality's water service management capacity is strengthened, while tackling NRW reduction activities and strengthening bill collection, capacity to formulate plan for water service management of Jenin Municipality was strengthened, NRW reduction capacity of Jenin Municipality was strengthened, and Direction for improvement of bill collection of Jenin Municipality was presented (Pre-paid water meter was successfully introduced). As second phased was requested from JICA with the objective of improving the capacity of Jenin municipality to be part of the regional Water Utility.

**Joint Services Council for Jenin Western Villages (JSC-JWV)** was turned into North Jenin Water Utility on 07 March 2023 were the General Assembly and the Board of Director were formulated upon the issued Decree for the establishment of North Jenin Utility. Previously, the Joint Services Council for Jenin **Western Villages (JSC-JWV)** was established in August 1998, by the Minister of Local Government to serve eleven Local Governmental Units (LGUs). The served LGUs by the Utility are Al-Yamoun, Silat Al-Harithaya, Kufr Dan, Anin, Al-Taybah, Rommaneh, Zububa, Al-Araqa, Kufr Qud, Te'nek and Al-Hashimya. The total population in the served area is 65,000 inhabitants. The Utility is providing the following main services: (i) provides water services, (ii) connects households to water networks; (iii) collects the fees of the water service, (iv) participates in water and wastewater infrastructure development projects, and (v) issues necessary guidance for subscription to safeguard water according to PWA policy and water law. Northeast Jenin Villages include Marj Ibn Amer LGUs and Birqin municipality with total population of more than 30,000 inhabitants. A new project under the World Bank financing will support construction of Water Distribution System for Deir Abu Daief, Jalaboun, Arabuna, Northern Beit Qad, and Southern Beit Qad making up to about 1,500 new connections (residential, institutional and commercial). The Board of Directors (BoD) of JSC-JWV is formed of eleven members; one member from each served LGU. JSC-JWV is located in the Northwest part of Jenin Governorate as shown in the Figure 6. The main water resource for Jenin area is groundwater, being abstracted in the pilot area from 13 wells and supplemented by additional water delivered through two WBWD's connections.

Out of the 13 wells, 4 wells are owned and operated by WBWD (Sanur, Qabatia, Abu Arab, Arraba) and all of them are deep wells (depth more than 500 m), and located outside the pilot area, but produced water is shared with many LGUs inside and outside the North Jenin pilot. Jenin city abstracted water from two wells; Jenin 1 and Jenin 2 wells. Jenin 1 well is shallow, 17 m deep, produces water at a rate of 70 m<sup>3</sup>/h, and highly polluted. Jenin 2 well is deep (984 m) and produces water at a rate of 150 m<sup>3</sup>/h. In addition to the 13 wells, some wells licensed for agricultural purposes, and used for domestic purposes, and produces water at a rate of 5-30 m<sup>3</sup>/h.

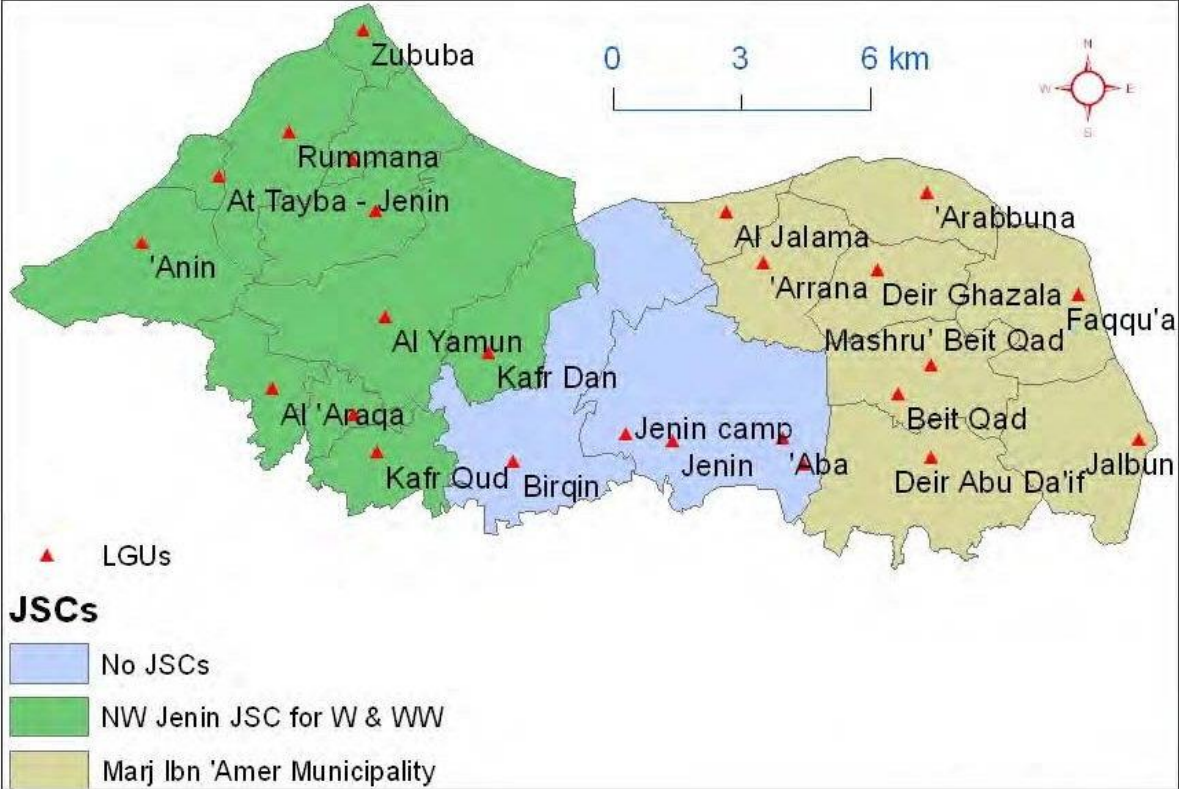


Figure 6: Geographical Location of North Jenin Service Area in West Bank

The main drinking water source for Jenin west area is groundwater, being abstracted in the area from 2 main wells; Al Yamoun Well and Kufeiret Well, with total production of 1,700,00 cubic meter (CM)/Y. There is another main connection for WBWD, Salem Connection, which is used to deliver water from the Israeli Mekorot company to JSC-JWV.

According to the Road Map for the establishment of Regional Water Utility, the proposed 1st Stage of West Bank Clusters, includes merging Jenin West Utility, Jenin Municipality (JM), North East Jenin Joint Service Council ( Marj Bin Amer and Bruqin ) in one regional water utility. However, upon agreement with Ministry of Local Government, the Palestinian Water Authority (PWA) decided to take an initial step to transfer the Joint Service Council for Jenin Western Villages into one Regional Water Utility,.. Currently, Jenin Municipality is aiming to split its water and wastewater department to become an independent Utility with support from JICA. In parallel, support will be provided to establish separate Utility Northeast Jenin.

**3. Objectives of this Assignment**

The proposed Technical Assistance will support the Palestinian Water Authority (PWA) to establish Regional Water Utilities (RWUs) through developing a detailed implementation plan for merging water and wastewater Service Providers with each other towards creating RWU – guided by the road map. As part of the Technical Assistance, piloting for establishing RWU will be conducted through technical, institutional, legal, and financial support and assistance to Tubas Utility, and North Jenin District (North West Utility, and North East Jenin Joint Service Council) towards transferring it into RWU.



#### 4. Scope of Work

The Technical Assistance will provide support PWA by providing the required assistance in legal, technical, institutional, and financial aspects for the establishment of the RWU in two pilot areas (i) **Tubas Utility, and (ii) North Jenin Governorate (North West Jenin Utility , North East Jenin Joint Service Council)**. Technical support for Jenin will be covered by JICA, however, it is the Consultant responsibility to support merging Jenn municipality to be part of North Jenin Governorate, if possible. These selected pilot areas expressed interest to PWA and sent an official request to become part of the Regional Water Utility.

The Consultant will closely collaborate and coordinate with the PWA to carry out the following tasks in order to support the two proposed utilities:

##### **Task 1: Supporting Service Providers in Transitioning to Regional Water Utility (RWU)**

The consultants conduct a comprehensive assessment to identify the key issues in the SPs; focusing on performance, legal compliance, corporate governance, and existing manual and policies related to the overall SPs operations

- 1.1. Review and analyze the existing operating policies and procedures for financial, procurement, technical, operational, commercial, chief of staff, human resource management, internal audit/control, gender, and water/wastewater managements departments.
- 1.2. Review and analyze all the financial and accounting issues, budgeting, financial reporting, asset management, inventory and stock management, administration procedures, financial statements of each SP for last five years, all relevant manuals, and all procurement issues and procedures.
- 1.3. Conduct an appraisal of existing management, leadership, supervision, coordination, internal controls, planning and budgeting, performance measuring (including non-revenue water losses), auditing and evaluation of performance, service coverage, customer service, water quality, and other support systems Gender aspects must consider and analyzed in all the above elements.
- 1.4. Review the current organizational structure, job description of key staffs, recruitment and staffing procedures, staff evaluation methods and policies, human resource management manuals, and all other required human resource activities to help strengthening overall management system.
- 1.5. Review and analyze the process and procedures related to customers recording process (CIMS and ledger), bookkeeping records in customer department, water meter reading, billing process to customers, new customers connection process, payment process in the bank by customers, overall Billing and collection methodology, recording all revenue and receivable transactions, and other required commercial activities if any
- 1.6. Determine existing resources and processes to increase working ratios, capacity development, and help providing water and sewerage services to water supply consumer.
- 1.7. Review performance of SPs and identify the challenges they have faced in providing services to water supply consumer. The consultant is responsible for reviewing all procedures between PWA, WBWD WSRS and SPs to identify gaps, barriers, and challenges in term of reporting.
- 1.8. Develop and implement an asset management strategy for utilities to incorporate depreciation into revenue statements

The consultant will **submit a Task 1 report** “Assessment Report for the pilot areas” covering all the aspects detailed above

**Task.2: Support in defining the Legal Structure of the new Regional Water Utility:** The objective of this task is to define the legal structure of the new RWU in each pilot area, based on a review of existing legal documents such as laws and regulations. The consultant will carry out the following activities based on the review of the existing legal documents (laws, regulations, etc.) legal framework, the consultant shall carry out the following:

- Propose a distinct legal identity for a new RWU under which the corporate and organization structure and ownership is clearly identified. Utility shall be established according to the Water Law, the Regional Water Utility establishment and licensing Regulation and Instruction.
- Draft the internal legal regulations for each Utility. The consultant will draft internal legal regulations for each utility covering aspects such as status, responsibilities, representation, structural framework, these regulations will be developed in consultation with the involved LGUs, PWA and MoLG.
- Consultation and Collaboration: the consultant will work with the two pilot areas administration (LGUs, Municipal Councils, BoD, technical staff, the community). The aim is to ensure the establishment of an independent water and wastewater Utility. The consultant will engage in discussions and consultations to address any concerns and ensure compliance with legal requirements, and support PWA in the establishment process of the Utilities.

**At the end of this Task 2** the consultant will submit a comprehensive report on the legal status of establishing the autonomous water and wastewater utilities including, the development of internal regulation<sup>1</sup>. The report will cover the progress made in establishing the (i) Tubas Utility, and (ii) North Jenin Governorate Utility (North West Utility, and North East Jenin Joint Service Council))By effectively completing Task 2, the consultant will provide a solid legal foundation as part of the establishment of the regional water utility in each pilot area, facilitating the provision of independent water and wastewater services.

**Task 3 –Support Human Resources. The Consultant shall do the following:**

1. Conduct consultations with relevant institutions and the public to enhance knowledge and awareness of the new concept of the RWU drawing from diverse regional experiences and showcasing examples.
2. Develop the organizational structure of the RWU ensuring that it aligns with the operational business model for such water utilities. This includes job classification, job description, job specification, salary scale, etc.) of the RWU and make sure that it reflects operational business model for such water utilities.
3. Establish professional criteria and work with the PWA to facilitate the transition of staff from the old systems to the new RWUs while complying with the Palestinian laws and regulations.
4. Design and implement a human resources system for the RWUs providing training to the staff on its effective utilization.
5. Collaborate with the RWUs to develop a strategic development and investment plans, which encompasses 3 years action plan
6. Segregate and evaluate the assets, finances, and operations of water department namely Tubas Utility, and North Jenin District (North West Utilitiy, and North East Jenin Joint Service Council) from other municipal operations. Assist in creating financial account in the established RWUs.
7. Based on a training needs assessment, design and deliver training modules for the RWUs staff. These models will cover technical training and support in various areas, such as assets management, leak detection (including the implementation of water system sectorization and installation of districts meters), water network management (distribution), supervisory control and data acquisition (SCADA) system, operation and maintenance, water quality, and water safety plan during disasters and emergencies)

---

<sup>1</sup> Draft internal regulation is developed by PWA and can be further improved and customized

8. Provide support for establishing the required institutional set up, including office equipment, software, and furniture. This support will be assessed and approved by PWA based on reimbursable costs.
9. Assist the staff during the TA support period in preparing progress reports and arranging meetings for the Board of Directors (BoD) and for the General Assembly (GA) using a predefined format. . .

**At the end of Task 3,** Upon completion of Task 3, the consultant will submit a comprehensive report to the client. The report will include details on produced outputs such as :the organizational structure for the targeted utilities; the establishment and functioning of water and wastewater utilities (one for Tubas Utility and one to three utilities for North Jenin); the developed human resource system, the strategic development plan and implementation plan, the conducted training program based on needs assessment and on prioritized topics from Task 1.2 (covering eight topics for 20 staff per each target area, and 50% of training being international and 50% local, each training lasting five working days); and the opening of financial accounts for the Utilities

#### **Task 4–Establishment of Financial and Operational Management Systems**

The Consultant is required to thoroughly analyze the existing financial and accounting management, billing and collection, inventory and asset management systems Based on their analysis, the firm will design a system that meets the requirements of International Financial Reporting Standards (IFRS). The financial management system should be documented in an Operational Manual, which include documenting system of internal accounting and administrative controls. The system must fully comply with IFRS t and all International Accounting Standards, based on principles of accrual accounting and double-entry bookkeeping. Also, the system must fulfil all the legal and regulatory requirements of Palestinian Authority.

It is important to note that financial management architecture that would emerge at the end of this assignment will form basis for the functional design/ requirement of the IT based solution – to be implemented as the logical next step. Thus, this work will provide critical input to the future deployment of ERP solutions by the RWU comprising:

- Financial Management and Accounting System
  - Billing and Collection System
  - Inventory and Asset Management System
- A. Diagnostic /assessment of existing institutional, legal and operational frameworks
  - B. Future / desired state: Proposed financial management framework/design document
  - C. Implementation road map

The detailed activities under each task are as follows:

##### **A. Diagnostic Review:**

The review will encompass a detailed evaluation of the existing state of financial operations at SPs. This evaluation will include the following:

- **Understand the existing FM regulatory and institutional frameworks** covering the adequacy of controls over key finance processes including revenue collection, expenditure payment, asset management, internal accountability (internal audit), and transaction recording and reporting of financial performance.

- **Benchmarking the financial management system** against current finance policies, processes, procedures and practices, and identifying gaps with respect to International Financial Reporting Standards (IFRS) requirement.
- **Assessing the skills and competences** of the existing finance team to perform accounting and financial reporting activities as well as evaluating the existing procurement system and capacity.
- **Reviewing the information management system** especially in terms of revenue leakage and asset management and evaluating the use of technology in enabling the financial reporting process. Also, reviewing the adequacy of critical documents utilized within the processes, such as forms and templates. **Conducting** a review of the accounting and reporting system, covering chart of accounts management, general ledger management, month-end closing and internal accountability framework including existence and role of internal audit This should also include proposing capital investments financed by water revenues and other sources.
- **Developing Metering strategy** that include replacement of old and non-calibrated meters, and reallocation of meters that are not accessible. Additionally, assessing on the potential use of Pre-Paid Water Meters- where needed, as part of a comprehensive metering strategy.
- **Developing and implementing strategy to collect and/or deal with outstanding arrears of water bills as well as developing internal control mechanism to manage income and expenditures.**

#### **B. Financial management organizational structure**

- Chart of account and existing books of accounts
- Internal controls over payments and revenue
- Revenue collection, reconciliation, recognition and recording mechanism.
- Existing billing mechanism, monitoring and leakage.
- Budget procedures
- Financial reporting process and statutory reporting requirements,
- Financial management capacity and FM Skills gap

The Consultant is to prepare **after completing Task 4 a report**, with the following

- The financial management organization structure, etc mentioned above
- A Billing and Collection plan for improving efficiency through improvement in metering and accounting system
- A new affordable but cost recovery water tariff that is applied and endorsed by relevant Authority

#### **Task 5 –Support improvement of Technical Performance**

1. The technical assistance will include:

- a. Developing and supporting the implementation of a NRW reduction strategy by providing assistance to each Utility in developing a District Metered Zone (DMZ) strategy for separation of service zones.
- b. Establishing and mentoring a qualified network repair team; supporting each Utility in the installation of new water meters and continuous replacement / recalibration of old meters, while assessing priority water meters for quick win;
- c. Assessing priority tools and equipment to be procured to support the operation and maintenance of water system for each Utility

- d. Improving internal transparency by introducing a reporting and documentation system with respect to technical standards, performance indicators and warehouse management (MIS).

At the end of this task, **the consultant will submit a report that** includes

- Recommended priority tools and equipment to support operations and maintenance of water system which will be procured and delivered for the targeted Utilities
- A plan for Improving accountability to affected population through establishment of customer services department as part of the proposed utility organization plan, along with an enhanced customer care and complaint management system
- Based on the asset management, the consultant is expected to prepare a strategy for reducing NRW and an investment plan for its implementation,

## 5. Deliverables

### List of deliverables

The outputs expected from the Consultant are presented in the table below.

Outputs	Due date (T is the date of commencement of the Services)
Inception Report: including work plan including clear key stages and milestones, results framework and consultant's staff responsibilities.	T+1 month
Task 1-Towards transition to RWU	T+2month
Task.2 - Legal Structure of the new Regional Water Utilities	T+ 4month
Task 3 –Support Human Resources.	T+7 month
Task 4 –Financial and Operational Management Systems	T+ 8 month
Task 5 –Technical Performance Improvement	T+ 9 month
Completion Report	T+10month

### Requirements for Reports

- All documents shall be as comprehensive as possible avoiding lengthy textbook sections.
- They should comply with the following requirements:
  - Compliance with the terms of reference
  - Clarity, soundness and relevance of their content
- The reports will be submitted in soft copy and three (3) hard, colored copies; all reports shall be bound.
- It is important that the deliverables presented by the Consultant be clear and transparent.

- The Consultant, in close coordination with PWA and relevant stakeholders shall conduct quality reviews to obtain feedback on all draft versions of deliverables as appropriate.

### **Approval procedure of deliverables**

Deliverables will be submitted to PWA for approval. PWA will review and organize comments from all relevant stakeholders within two weeks after reception. The Consultant shall integrate the requested modifications and comments within 2 weeks after receipt of PWA comments, unless otherwise indicated, prior to submitting the final version.

The reports will be shared with the World Bank for review and comments

## **6. Project organization**

### **Project executing agency:**

The Project executing agency is the Palestinian Water Authority (PWA).

### **Stakeholder participation**

For the success of the Project it is important that all relevant stakeholders (governmental bodies including relevant Ministries, Service Providers, WSRC, etc.) are involved in the progress of the Project and the decisions to be taken during the course of the Project. Therefore, throughout the Project, the team leader - and other experts if required - shall be available for meetings called by the PWA and for ad-hoc telephone or internet consultations on any matter concerning the Project. Biweekly progress meeting shall also be organized between the consultant, PWA, Representative of the SPs to review progress. The World Bank team shall be invited to the meeting.

The Consultant shall be ready to prepare a couple of formal presentations on the results of the Project at various stages. The audience for the presentation will be decided by the PWA and may include funding agencies.

### **Steering committee**

A steering committee will be created to monitor the progress of the Project, assist in providing all the information and support necessary to facilitate the implementation of the different tasks of the projects. It will be composed of representatives from:

- The Palestinian Water Authority (PWA)
- The Ministry of Local Government (MoLG)
- Other participants as deemed necessary.

The steering committee shall meet at least at both kick-off and on quarterly basis of the Project. Its responsibility consists in assisting the PWA in leading the Project and in validating the deliverables.

## **7. Responsibilities of PWA**

- PWA will coordinate and supervise the work of the Consultant and will oversee the activities on a day to day basis thus following the progress of the Project. PWA will review and provide comments on the Consultants' deliverables in a timely manner. PWA review does not alleviate the Consultant of his responsibilities for ensuring that his work is completed diligently and accurately.
- PWA and pilot areas representatives will provide the Consultant with relevant available information and data and any other documents of general nature relevant to the assignment, the vast majority of which is available in English. The existing documents shall be made available by PWA before the start of the consulting activities on site.

- PWA will provide at its facilities in Ramallah meeting room for meetings (with needed facilities, and refreshments) upon prior notice. This will be provided free of any costs to the Consultant. The Consultant will work closely with the relevant PWA staff.
- PWA will not provide office space, furniture or related services in its premises
- All of the above mentioned items will be provided by PWA, any other items needed must be provided by the consultant.

## **8. Responsibilities of the Consultant**

- The Consultant shall carry out his duties in a timely, diligent and professional manner according to the present TOR. As mentioned above, the Consultant is requested to review the TOR in his proposal, but also during the inception phase to amend - if necessary - the tasks in order to come up with final deliverables fulfilling the intended purpose of the Project.
- The Consultant shall cover all costs needed to accomplish the requested tasks indicated in the TOR and deliver quality outputs. This shall include the necessary office space and equipment, transportation, etc.

## **9. Qualification of the Firm**

- General Experience: Have been in business for at least the past 20 years in institutional development field.
- Specific Experience: Evidence of Firm capability and relevant experience in the execution of Consultancy Assignment of a similar nature, including the nature and value of the relevant contracts, as well as works in hand and contractually committed (list presented should not exceed 10 relevant assignments. The first 10 assignments will only be considered).
- The evidence shall include successful experience in the execution of at least one (1) similar assignment, or sum of two(2) or three (3) Consultancy Services that are similar in nature to and size and complexity during the last five (5) years, with focus on implementing part.
- The total estimated level of effort for completion of this assignment is 40 person Months for Key experts. Non-key expert shall be also be considered in the consultant team.

## **10. Requirements for Experience and Qualifications**

### **10.1. Staffing**

#### **Key Experts**

- Key Experts (KE) have a crucial role in the implementation of the contract. This Terms of Reference contain the required key experts' profile. The bidder shall submit CVs and Statements of Exclusivity and Availability for the key experts:
- The technical assistance needed includes:
  - o Water Utility Expert
  - o Financial and Accounting systems expert
  - o Water operational Expert
  - o Customer services and Communication Expert
  - o strategic planning expert
  - o Legal expert
- The Consultant must select and hire other experts as required according to the profiles identified in the Organization and Methodology and in this Term of Reference. It must clearly indicate the experts' profile so that the applicable daily fee rate in the budget breakdown is clear.

- All experts must be independent and free from conflict of interest in the responsibilities they take on.
- Qualification and experiences requested from the team are as follows:

### **KE1: Team Leader, Water Utility / Institutional Expert**

The team leader should be a water utility/ institutional expert. He / she should be specialized in the field of water management, policies, and institutions. The expert has a deep understanding of the governance structures, legal frameworks, regulations, and practices related to water sector issues. The expert should have strong backgrounds in fields such as water resource management, hydrology, environmental science, or policy. The expert should be familiar with the challenges and complexities associated with water management, including issues like water scarcity, water quality, water rights, water governance, and water-related conflicts.

The utility expert will be responsible and will provide valuable insights, analysis, and recommendations to improve water governance, develop sustainable water policies, and address water-related challenges in an effective and equitable manner. His/ her expertise can contribute to the development and implementation of strategies for efficient and well performing water utilities. They may also play a role in promoting stakeholder engagement, fostering cooperation between different sectors, and facilitating dialogue and decision-making processes related to water management at local, regional, or national levels.

The Team Leader will be in charge of the overall management of the key and non-key experts. He/she will ensure that a system of quality control is put in place and the timely delivery of highest quality results. He/ she will also be the contact point for the implementation of all activities.

#### Qualifications and skills

- o A MBA and/or MSc in Management and/or MSc in Engineering (Hydraulic / water resource Management) or any other relevant discipline, from a recognized institution.
- o 15 years of experience in Management in public utilities.

#### Specific professional experience

- o 10 years of experience as a water and/or wastewater utility manager or branch manager.
- o 5 years of work experience as Project Team Leader in international projects for public utilities creation and development.
- o Experience of working in developing countries (in Middle East) context would be an asset.
- o Proven experience in leading a team of technical resources & excellent team building capacity as to managing a large team of diverse professionals.
- o Expertise in financial management & reporting including Finance, Budgeting, Accounting, Costing, MIS, Audit & Statutory requirements,
- o Proven and well-developed skill in communication (both oral and written), Project planning, institutional development & stakeholder facilitation, and training & capacity building.
- o The Team Leader will be responsible for the overall management of the TA
- o He/she shall be proficient in English. Knowledge of Arabic would be an asset.

### **KE2: Financial and Accounting System expert**

#### Qualifications and skills

- o A MBA and/or A master degree in Economics, Finance from a recognized institution.

#### General professional experience

- o At least 15 years of experience with Financial **management** and accountancy in public utilities.

#### Specific professional experience



- At least 15 years of experience on advising and supporting commercialization, framework development in the water sector;
- At least 10 years of experience on previous involvement in the finance and audit of public institutions and **private companies**;
- Experience of auditing Utilities and in particular Water Utilities would be a strong asset;
- Fluency in English is a must. Native speaker of Arabic would be an asset

### **KE3: Water Operational Expert**

A specialized knowledge, skills, and experience in managing the operational aspects of water utilities with deep understanding of the technical, logistical, and regulatory aspects involved in the provision of water services. The water operational expert will be responsible for drafting the Operational management, maintenance and repairs, regulations, technology and innovation, staff training and development manuals for the utility

#### Qualifications and skills

- A Master degree in **Water** Engineering or other relevant field from a recognized institution.

#### General professional experience

- 10 years of experience on hydraulic modelling, operational and maintenance of utilities infrastructure (production, storage, networks) in developing countries
- Technical experience in analysis and validation of the information submitted by the Service Providers

#### Specific professional experience

- Proven skills and experience in technical diagnosis of water and wastewater utilities;
- ;
- Fluency in English is a must. Knowledge of Arabic would be a strong asset.

### **KE4: Customer Services and Communication Expert**

#### Qualifications and skills

- A Master degree in Communication, Marketing or other relevant field from a recognized institution.

#### General professional experience

- At least 8 years of experience on designing and developing communication and marketing tools to bring changes in attitudes of consumption

#### Specific professional experience

- Proven professional experience in working with major development and/or communication agencies with a minimum of 10 years of experience in team leadership and planning and management of public awareness campaigns.
- Experience of Public Awareness Campaigns
- Experience of Marketing techniques to improve sales
- Fluency in English and Arabic is a must.

### **KE5: Strategic Planning Expert**

#### Qualifications and skills

- A bachelor degree in business administration, management or equivalent, from a recognized institution; A higher degree will be considered to be of added value;

#### General professional experience

- Minimum of 10 years of practical experience in developing strategic and business planning, and in developing Organization Structure and job description;

#### Specific professional experience

- Proven skills and experience in water and wastewater utilities; Fluency in English and Arabic is a must.

### **KE6: Legal Expert**

#### Qualifications and skills

- A Master degree in Law or other relevant field from a recognized institution.

#### General professional experience

- At least 10 years of experience similar to the assignment in developing countries

#### Specific professional experience

Proven skills and experience in technical diagnosis of water and wastewater utilities; Fluency in Arabic and English is a must.

- All experts must be independent and free from conflicts of interest in the responsibilities they take on.
- Home-based working days requires prior approval from the Contracting Authority

### **Non-Key Experts (NKEs)**

- The profile of the non-key experts for this contract should cover indicatively those areas: change Management, MIS/GIS, Economist-Tariff , customer relation and socio-economy.
- CVs for the non-key experts should not be submitted in the tender, but the bidder will have to demonstrate in their offer that they have access to experts with required profile.
- The selection procedures used by the bidder to select these other experts must be transparent, and must be based on pre-defined criteria, including professional qualifications, language skills and work experience. The findings of the selection panel must be recorded. The selected experts must be subject to approval by the Contracting Authority before the start of their implementation of tasks.

### **Support staff and backstopping**

The Consultant will provide support facilities to their team of expert (backstopping) during the implementation of the contract. Backstopping and support staff costs must be included in the fee rates of experts.

The Consultant shall provide backstopping services from home office for the duration of the project. He will provide timely inputs as required to satisfy different activities of the project as shall insure that a high quality of expertise and input is provided as necessary to deliver the Term of Reference.

Backstopping staff shall ensure that the project meets and satisfies the expectations of the Contracting Authority and takes immediate corrective and sustainable actions should this not be a case;

- Coordination from the Consultant's headquarters of overall Project activities.
- Timely management and deployment of the Project team.
- Ensuring proper administrative control of the project's expenses, the preparation of invoices with supporting documents and the timely delivery of reports.

### **10.2. Office Accommodation**

Office accommodation of a reasonable standard and approximately 10 square meters for each expert working on the contract is to be provided by the Consultant.

### **10.3. Facilities to be provided by the Consultant**

The Consultant must ensure that experts are adequately supported and equipped. In particular it must ensure that there is sufficient administrative, secretarial and interpreting provision to enable the experts

to concentrate on their primary responsibilities. It must transfer funds as necessary to support their work under contract and to ensure that its employees are paid regularly and in a timely fashion.

**11. Time Frame of the Project**

The Consultant shall commence his work after the signature of the Contract within the time period stipulated in the Contract. The Consultant shall carry out all tasks of the Project within an estimated total period of ten (10) months from the date of Commencement of Services.

The assignment is expected to start early January 2024 and to be completed by October 2024.

**12. Contract type and payment schedule**

The contract is a lump-sum contract. Payments will be arranged according to the following plan and following submission and review and approval of the client

Associated Invoice (% of lump- sum contract)	
.	
Inception Report: including work plan including clear key stages and milestones, results framework and consultant’s staff responsibilities	10%
Task 1 Report- Providing support to Service providers towards the transition to RWU	10%
Task 2 Report - Defining of the legal structure of the new Regional Water Utility in each pilot area	15%
Task 3 Report - Support Human resources.	15%
Task 4 Report - Establishment of financial and operational management systems	20%
Task 5 Report–Improvement of technical performance	15%
Completion Report	15%