

Terms of Reference: Functional Review of Key Water Sector Institutions in the West Bank

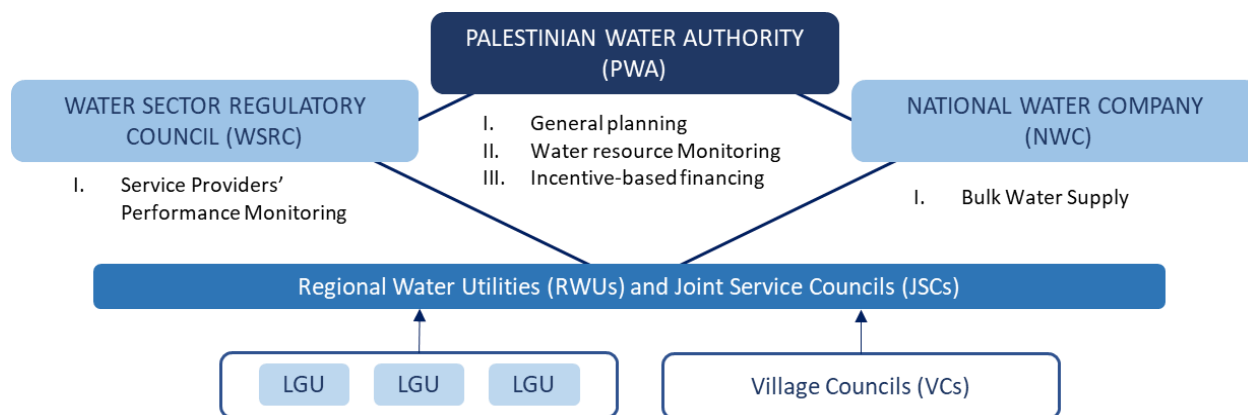
1. Background

The water sector in the West Bank and Gaza (WB&G) is central to public health, economic development, environmental protection, and social stability, yet it operates under acute structural, political, and operational constraints. Since the signing of the Oslo Accords in the mid-1990s, the sector's institutional architecture has evolved significantly, reflecting both reform efforts and adaptation to a highly constrained operating environment. In 1995, sector responsibilities were fragmented and largely transitional, with limited Palestinian institutional capacity and heavy reliance on interim arrangements. Over the past three decades, notable achievements have been realized despite persistent constraints. These include the establishment and consolidation of the Palestinian Water Authority (PWA) as the sector's policy and regulatory body, the establishment of the Water Sector Regulatory Council (WSRC) as the sector's regulator, the enactment of the 2014 Water Law as a major institutional milestone redefining sector governance, regulation, and service delivery roles, and more recently, the 2021 Water Sector Reform Roadmap that articulated water sector reform agenda through a number of strategic bylaws. At the same time, the sector continues to face overlapping mandates, capacity constraints, fiscal stress, and unresolved questions around the long-term sector architecture—particularly regarding the operationalization of the National Water Company (NWC) and the full establishment of Regional Water Utilities (RWUs) which were originally envisaged as part of the 2014 Water Law but are yet to be implemented.

The complexity of the Palestinian water sector is further heightened by the limited access to water resources as defined in Article 40 of the Oslo Accords, which restricts Palestinian extraction and development of water sources and requires coordination with Israel for any significant changes. These constraints have created a challenging operational environment, unequal resource allocation, and lengthy processes to obtain permits for critical infrastructure, which continue to impede effective sector management and long-term planning. As a result, the sector's institutional evolution must balance not only with internal reforms but also with persistent external limitations that shape every aspect of water governance in the West Bank and Gaza.

Since the 2014 Water Law was enacted, the PWA has made significant progress in implementing the sector's new legal framework. This has included the development of various bylaws and technical regulations to guide sector operations. Notably, the 2021 reform roadmap accelerated key steps such as the establishment and registration of the NWC and the formation of its Board of Directors. Additionally, the RWUs bylaw outlines the process for establishing and licensing RWUs, clarifies their roles and authority, and sets up management, financial, and licensing procedures. As part of this roadmap, the number of water service providers is set to decrease from almost 300 to just four RWUs by 2032—three in the West Bank and one in Gaza. Figure 1 illustrates the institutional structure of the water sector as established by the 2014 Water Law.

Figure 1: Institutional Arrangements of the Water Sector prescribed in the Water Law 2014



Although considerable preparatory work has been undertaken to advance sector reforms, the ongoing and increasing complexities—especially in the aftermath of the 2023 war—raise significant concerns about the feasibility of achieving these essential milestones.

Against this context, this Terms of Reference (ToR) is prepared to conduct a Functional Review of key water sector institutions. The review will build on, and explicitly leverage, existing analytical work while avoiding duplication of previous reform roadmaps. It will benchmark institutional evolution since 1995, acknowledge achievements alongside constraints, and assess whether current and planned institutional arrangements remain fit for purpose in the present context. The review shall focus principally on the Palestinian Water Authority (PWA), the Water Sector Regulatory Council (WSRC), and the National Water Company (NWC)/West Bank Water Department (WBWD)¹, together with the institutional interfaces relevant to water service provision, local government, service providers, the transition toward Regional Water Utilities, and the governance of non-conventional water resources.

2. Objectives of the Assignment

The objective of this assignment is to conduct a Functional Review of key water sector institutions in the West Bank and Gaza to improve their efficiency, effectiveness, accountability, and resilience.

Specifically, the review will:

- Assess the mandates, governance arrangements, organizational structures, human and financial resources, systems, and operational practices of key water sector institutions using the institutional architecture since 1995 as a benchmark to track achievements and challenges.
- Identify gaps, overlaps, duplications, and inefficiencies in institutional roles and functions, while explicitly acknowledging areas of progress and good practice.
- Examine the extent to which existing reform recommendations remain relevant in light of subsequent institutional, political, and operational changes.
- Assess whether the current and planned sector architecture, including the Regional Water Utilities, remains appropriate for the West Bank context given the current context.

¹ The review shall also consider the West Bank Water department (WBWD), as it's the institution in transition to the NWC.

- Develop practical, prioritized recommendations to strengthen institutional performance, improve coordination, and enhance the resilience and flexibility of service delivery under conditions of fragility and uncertainty.

The review will also compare actual institutional performance against formal mandates under the 2014 Water Law and the 2021 Water Sector Reform Roadmap, and produce a phased implementation sequencing and monitoring framework, including responsibilities, dependencies, measurable resource implications, and SMART KPIs to support practical follow-through.

3. Scope of Work

The consulting firm will undertake the following tasks, applying robust methodologies including document review, data analysis, stakeholder interviews, workshops, and comparative benchmarking.

Task 1: Inception Phase

- Hold a kick-off meeting with the Client to confirm scope, expectations, methodology, and governance arrangements.
- Review all relevant background documentation, including (but not limited to): sector laws and regulations, notably the 2014 Water Law, institutional mandates, organizational charts, strategic plans, the 2021 Water Sector Reform Roadmap, donor-financed studies, financial and performance reports, and relevant project documentation, together with the recently approved PWA organizational structure, documents related to NWC operationalization and RWU transition, recent audit and regulatory reports, complaint-handling procedures, service provider performance information, and other relevant sector studies including the recent background papers prepared by the World Bank under the PREPARED analytical activity.
- Prepare an Inception Report detailing the proposed methodology, analytical framework, data requirements, stakeholder engagement plan, and work program. The report should include initial hypotheses and key issues to be tested during the review, an initial identification of areas where duplication with parallel initiatives should be avoided, and the proposed approach for assessing progress against the existing reform roadmap.

Task 2: “As-Is” Functional Assessment of Water Sector Institutions

Conduct a comprehensive functional assessment of key institutions, expected to include, as relevant, the Palestinian Water Authority, the Water Sector Regulatory Council, the National Water Company, bulk water entities, regulatory and policy units, regional water utilities, municipal service providers, and other sector bodies. The assessment shall also examine the key institutional interfaces with local government and service providers that affect sector governance, regulation, bulk supply, and service delivery reform. For each institution, assess:

- Mandate and Legal Framework, including clarity of functions, legal and policy constraints, the division of roles under the 2014 Water Law and the 2021 Water Sector Reform Roadmap, and the governance of non-conventional water resources
- Governance and Organizational Structure, including decision-making hierarchy, internal functional alignment, and, for the PWA, the extent to which the recently approved organizational structure is aligned with its legal mandate and free of residual overlaps or redundancies

- Human Resources and Capacity, including staffing numbers, skills mix, role distribution, recruitment practices, performance evaluation, training needs, and change-management readiness
- Core Processes and Workflows (planning, budgeting, procurement, regulation, service delivery oversight, bulk water planning and supply, regulatory monitoring and compliance, tariff and economic review functions where applicable, complaint handling, data reporting, and coordination with service providers and local government)
- Financial Management and Sustainability, including budgeting processes, expenditure controls, revenue streams, cost recovery arrangements, financial reporting, accountability mechanisms, and funding predictability
- Digital Systems, Information Management, and Data Use, including regulatory reporting systems, complaint-management systems, operational data systems, internal information-sharing arrangements, and interoperability gaps
- Performance Management and Existing KPIs, including high-level indicators relevant to implementation of the 2021 Water Sector Reform Roadmap

The assessment should clearly distinguish between formal mandates and actual practice, documenting both constraints and adaptive arrangements developed in response to the operating environment. It should also identify cost-saving opportunities, process-streamlining needs, staffing adequacy issues, complaint-handling and service-equity concerns, financial accountability gaps, and digital capability weaknesses across institutions and at their interfaces.

Task 3: Analysis of Overlaps, Gaps, Efficiency Issues, and Progress Against Reform Commitments

- Identify overlapping or duplicated functions across institutions, including overlaps between sector institutions and local government mandates or service delivery arrangements.
- Identify critical gaps where mandated functions are weak or absent, including functions necessary for effective sector governance, regulation, bulk supply, service delivery transition, complaint redress, and oversight of non-conventional water resources.
- Analyze deviations between legal mandates and operational realities, including cases where institutions are not effectively discharging mandated responsibilities or are taking on roles outside their core mandates.
- Identify sources of inefficiency, including fragmented responsibilities, capacity bottlenecks, and fiscal or procedural constraints, as well as major cost inefficiencies arising from redundant administrative expense, weak data and reporting systems, and high transaction costs.

Assess progress toward the 2021 Water Sector Reform Roadmap using measurable indicators, and identify areas where implementation has stalled, sequencing needs adjustment, or accountability for delivery is weak.

This analytical phase should culminate in a diagnostic assessment that clearly articulates overlapping roles, gaps relative to mandates and reform commitments, institutional and procedural bottlenecks, and the root causes of inefficiency or ineffectiveness.

Task 4: Assessment of Sector Architecture and Reform Direction

- Assess the relevance and feasibility of existing reform pathways, including the roll-out of Regional Water Utilities.
- Examine whether these institutional arrangements remain appropriate given the current political, fiscal, and operational context.
- Review earlier reform recommendations to determine which remain valid, which require adaptation, and where new approaches may be warranted.

Task 5: Recommendations, Sequencing, Monitoring, and Reform Roadmap

- Develop a coherent set of recommendations to strengthen institutional performance, clarify roles, and improve coordination, covering both institution-specific reforms and sector-wide or cross-cutting reforms as appropriate.
- Propose measures to enhance the resilience and flexibility of service delivery in the face of shocks, conflict, and uncertainty, while also improving accountability, financial discipline, and operational efficiency.
- Organize recommendations into short-, medium, and long-term actions, ensuring alignment with, but not duplication of, the 2021 Water Sector Reform Roadmap. The sequencing should set out dependencies, prerequisites, and implementation logic.
- Propose an implementation framework with responsible entities and a concise set of indicators to track progress, including SMART KPIs and high-level performance indicators to monitor implementation progress, institutional performance, and progress against the reform roadmap.

The recommendations should specifically address institutional realignment, including clearer division of responsibilities among PWA, WSRC, NWC, local government, and service providers, including the transition toward RWUs and the governance of non-conventional water resources.

They should also cover process improvements in regulatory oversight, performance monitoring, complaint handling, planning and approvals, data sharing, and coordination with service providers, with attention to cost-saving opportunities and timeliness gains.

Additional recommendations should address organizational structures and staffing, targeted capacity building, financial management and fiscal sustainability, legal and regulatory changes where needed, and priority digital upgrades to improve interoperability, regulatory oversight, and customer complaint handling.

4. Deliverables

All deliverables will be prepared in English, with executive summaries in Arabic, and the Final Report shall be delivered in both English and Arabic with professional-quality translation.

- Inception Report, including agreed work plan, methodology, data requirements, stakeholder engagement plan, initial diagnostic hypotheses, and the approach for assessing progress against the existing reform framework
- Benchmarking and Institutional Assessment Report (or interim presentation), presenting the detailed as-is assessment of each institution and the analysis of overlaps, gaps, bottlenecks, cost inefficiencies, and progress against the 2021 Water Sector Reform Roadmap

- Draft Final Functional Review and Reform Roadmap Report, including findings, analyses, the full set of recommendations, the prioritized sequencing plan, implementation responsibilities, dependencies, and proposed indicators
- Final Report incorporating stakeholder feedback, including the implementation sequencing and monitoring plan, measurable indicators, and relevant annexes
- Presentations and validation workshops with key stakeholders, together with regular progress meetings, biweekly or as agreed, to update the Client on status and preliminary findings throughout the assignment

Indicatively, the assignment should be completed within four months from contract signing, subject to final agreement with MoFP.

Presentations and workshop materials shall be prepared in English, and key slides or bilingual materials shall be provided in Arabic if requested by the Client. The expected deliverables, timing, and associated payment schedule are set out below. The payment schedule is linked to submission, review, and approval by the Client, the Palestinian Water Authority (PWA). The indicative due dates assume timely review by the Client and timely access to data and stakeholders. Any material delay in Client feedback or access to information may require a corresponding adjustment to the schedule.

| No. | Deliverable | Due Date | Payment |
|-----|--|--|---------|
| 1 | Inception Report, including methodology, work plan, stakeholder engagement plan, data requirements, initial hypotheses, and approach for assessing progress against the existing reform framework. | Within 3 weeks of contract start | 15% |
| 2 | Diagnostic / Assessment Report, presenting the as-is institutional assessment, analysis of overlaps, gaps, bottlenecks, and progress against the 2021 reform roadmap. | Around Month 2 | 20% |
| 3 | Draft Final Report, including findings, recommendations, sequencing, responsibilities, and KPIs. | Around Month 3 | 25% |
| 4 | Final Report in English and Arabic, incorporating comments and including the final implementation sequencing and monitoring framework, annexes, and executive summary. | By end of Month 4 | 25% |
| 5 | Presentations, validation workshop(s), and close-out support following acceptance of the Final Report, including draft-stage consultation sessions, final presentation, and regular progress meetings during implementation. | Throughout assignment, completed by Month 4 (after acceptance of Final Report) | 15% |

Estimated Level of Effort (Man-Months)

| No. | Key Expert / Role | Type | Man-Months |
|-----|--|---------------|------------|
| 1 | Team Leader / Institutional Development Specialist | International | 3 |
| 2 | Water Sector / Utility Reform Specialist | International | 1.5 |

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|---|--|---------------|-----|
| 3 | Regulatory and Policy / Legal Specialist | National | 1.5 |
| 4 | Utility Finance and Fiscal Sustainability Specialist | International | 1 |
| 5 | Digital Systems / MIS Specialist | National | 1.5 |
| 6 | National Coordinator / Analyst | National | 3 |

Note: Level of effort is indicative and may be adjusted during inception in consultation with the Client, without changing the total assignment duration.

Requirements for Reports

Reports shall be concise, analytical, and practical. They should avoid unnecessary textbook material and focus on findings, implications, and actionable recommendations relevant to the assignment.

All reports shall clearly distinguish between formal mandates and actual practice, identify evidence sources, and state assumptions, limitations, and data gaps where relevant.

Draft deliverables shall be submitted in editable electronic format, together with any supporting presentations, data tables, interview lists, process maps, or annexes needed to substantiate the analysis.

The consultant shall ensure that all deliverables are presented in a clear and transparent manner and are suitable for review by the Client and key stakeholders.

Review and Approval Procedure

Deliverables shall be submitted to the PWA for review and approval. The PWA shall consolidate comments from relevant stakeholders and endeavor to provide consolidated feedback within approximately ten working days of receipt, unless otherwise agreed. The World Bank may provide review comments on key deliverables, but final approval of deliverables shall rest with PWA, in consultation with the World Bank.

The consultant shall address comments and resubmit the revised deliverable within five working days of receipt of consolidated comments, unless the nature of the revisions requires a different timeline agreed with the Client.

Approval by the Client shall not relieve the consultant of responsibility for the quality, completeness, and accuracy of the deliverables.

Contract Type

The contract shall be a lump-sum contract. Except for any reimbursable items that are explicitly allowed under the contract and approved in advance by the Client, the consultant shall be deemed to have included all professional fees, travel, translation, communications, office support, and other incidentals necessary to complete the assignment in the contract price. Payment for Deliverable 5 shall be due only after completion of the final workshop and submission of all close-out materials following acceptance of the Final Report.

5. Institutional Arrangements

The assignment will be overseen by the World Bank in close coordination with the Palestinian Water Authority and relevant sector institutions. The PWA will facilitate access to information and stakeholders. The consulting firm will work closely with all institutions under review and ensure continuous engagement throughout the assignment. A coordination mechanism should include the principal sector

institutions relevant to the review, including PWA, WSRC, NWC, the Ministry of Finance, the Ministry of Local Government, and other institutions as determined by the Client, to support access, validation, and follow-through. Bi-weekly progress meetings to be organized between the Client, World Bank and the consultant(s)

Client and Executing Agency

The Palestinian Water Authority shall be the Client, executing agency, and primary counterpart for this assignment. PWA shall provide overall strategic guidance, manage the contract, coordinate access to sector institutions and stakeholders, and review and approve deliverables.

Stakeholder Participation and Coordination

The consultant shall work in close coordination with the institutions under review, including PWA, WSRC, NWC / WBWD, relevant ministries, selected service providers, and other stakeholders identified by the Client.

Biweekly progress meetings shall be organized between the consultant and the Client to review progress, emerging findings, data gaps, and required next steps. The Client shall invite the World Bank to participate in such meetings, as appropriate. The World Bank may provide comments and technical observations during implementation, while contract management and formal approval of deliverables shall remain with PWA.

The consultant shall prepare formal presentations, workshop materials, and briefing notes as reasonably requested by the Client at key stages of the assignment.

Steering and Validation Arrangements

A steering and validation arrangement shall be established by the Client to facilitate access to information, guide stakeholder consultations, and validate key outputs. It may include representatives of PWA, WSRC, NWC / WBWD, the Ministry of Finance, the Ministry of Local Government, and other institutions as determined by the Client. The consultant shall support these arrangements through timely briefings, presentations, and response to comments.

Responsibilities of PWA

- Provide overall direction and day-to-day contract management through a designated focal point or task manager.
- Facilitate access to available documents, sector studies, regulations, organizational charts, performance data, and other non-confidential information relevant to the assignment.
- Issue official letters of introduction, where necessary, to facilitate meetings, interviews, and data collection.
- Review deliverables in a timely manner and consolidate comments from relevant stakeholders.
- Make available meeting facilities at PWA premises in Ramallah, upon reasonable prior notice, for workshops or working sessions, subject to availability.

Responsibilities of the Consultant

- Carry out the assignment diligently, professionally, and in accordance with this ToR and the agreed inception methodology.
- Provide all staff, office support, equipment, transport, software, communications, and logistics required to complete the assignment, unless otherwise expressly stated in the contract.

- Maintain effective coordination with the Client and relevant stakeholders, and promptly flag risks, data limitations, or issues that may affect quality or timing.
- Ensure quality control across all outputs, including consistency of analysis, factual accuracy, clarity of drafting, and professional presentation.
- Comply with all applicable confidentiality, conflict-of-interest, and professional ethics requirements.

6. Consultant Qualifications

The consulting firm should demonstrate:

- Proven experience in institutional and functional reviews in the water or infrastructure sectors.
- Strong familiarity with utility governance, regulation, and service delivery in FCV contexts.
- Experience working in the West Bank or comparable settings.
- Ability to mobilize a multidisciplinary team combining institutional, legal, financial, and technical expertise, including expertise in utility finance and fiscal sustainability, digital systems and MIS, regulatory and legal analysis, and stakeholder facilitation.

Firm Qualifications

- At least 10 years of proven experience in institutional development, public sector reform, utility governance, or advisory services of similar complexity.
- Demonstrated experience in carrying out functional reviews, organizational assessments, institutional restructuring, public utility reform, or comparable assignments involving multiple institutions and stakeholders.
- Relevant experience in the water sector, public utilities, infrastructure governance, regulation, service delivery reform, or closely related sectors.
- Experience in developing or fragile contexts, preferably in the Middle East or contexts with significant institutional and access constraints.
- Demonstrated ability to mobilize and manage a multidisciplinary team and to provide strong internal quality assurance and backstopping.

Key Experts - Minimum Requirements

| Expert | Minimum qualifications and experience |
|---|---|
| 1. Team Leader / Institutional Development Specialist | Advanced degree in public administration, governance, institutional development, management, engineering, economics, or related field. At least 15 years of experience in organizational reform and institutional analysis, including 5 years as team leader on comparable assignments. Strong analytical, facilitation, and English reporting skills. Working proficiency in Arabic is strongly preferred; alternatively, the consultant shall ensure that at least one key expert is fully fluent in Arabic and available for stakeholder interviews, workshops, and review of Arabic-language materials. |
| 2. Water Sector and Utility Performance Specialist | Degree in civil engineering, environmental engineering, water resources management, utility management, or related field. At least 10 years of experience in water sector governance, utility operations, bulk water supply, service delivery reform, performance assessment, or utility benchmarking, with familiarity across policy, regulation, bulk supply, and service provision. |

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|---|--|
| 3. Financial Management and Utility Finance Specialist | Degree in finance, accounting, economics, business administration, or related field, with professional accounting qualification or advanced degree preferred. At least 10 years of relevant experience in budgeting, financial controls, tariff and cost-recovery analysis, fiscal sustainability, financial reporting, and utility or public sector financial management. |
| 4. Regulatory and Legal Specialist | Degree in law, public policy, regulatory economics, or related field. At least 10 years of experience in legal and regulatory analysis, institutional mandates, licensing, compliance, complaint-handling frameworks, drafting or reviewing by-laws and regulations, and public or utility sector reform. |
| 5. Organizational Development, HR, and Change Management Specialist | Degree in human resources, management, organizational development, business administration, or related field. At least 10 years of experience in organizational design, staffing assessments, job descriptions, HR systems, capacity development, and change management in public institutions or utilities. Experience in public sector or utility HR transformation is highly desirable. |

Non-Key Experts and Support Inputs

The consultant may propose additional non-key experts as needed, such as specialists in digital systems and MIS, data analysis, local stakeholder facilitation, translation, process mapping, utility benchmarking, or public sector economics.

Roles may be combined where appropriate, provided that the proposed team collectively covers institutional reform, water sector governance, regulatory and legal analysis, utility finance, HR and change management, and digital systems.

The consultant shall provide adequate home-office backstopping, technical quality assurance, and administrative support throughout the assignment. These costs shall be deemed included in the contract price.

Additional Proposal Requirements

The proposal shall include a staffing schedule, allocation of level of effort by expert, and a clear methodology aligned with the scope of work.

The consultant shall explain how risks related to data access, stakeholder coordination, and the operating environment will be managed without altering the agreed scope of work.

Local knowledge and the ability to work effectively in the West Bank context shall be considered a strong advantage.

7. Timeline

Indicatively, not more than four months from contract signing, subject to agreement with MoFP.