

**Terms of reference (ToRs) for the procurement of services below the EU threshold**

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<b>Rapid Appraisal of Targeted Secondary Municipalities</b>	<b>Project number/ cost centre: 20.9086.8-001.00</b>
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## **0. List of abbreviations**

AVB/GTCC	General Terms and Conditions of Contract (AVB) for supplying services and work 2022
BMUV	German Federal Ministry for Environment, Nature Conservation, Nuclear Safety and Consumer Protection
DWS	Department of Water and Sanitation Services
GHG	Green-House Gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IDP	Integrated Development Plan
LCCR	The Low Carbon Climate Resilience Water and Wastewater Management Programme
NDC	Nationally Determined Contribution
NRW	Non-Revenue Water
SALGA	South African Local Government Association
SECO	State Secretariat for Economic Affairs of the Swiss Confederation
ToRs	Terms of reference
WSP	Water and Sanitation Service Provider
WSDP	Water and Sanitation Development Plan

## 1. Context

### Water sector status quo

The South African water and wastewater sector has made strides in providing access to water and sanitation since in the post-Apartheid era. Municipalities have programmes, plans and funding that seek to address challenges such as water security, non-revenue water and energy management. However, despite these efforts, the country is facing a water and sanitation crisis that threatens access to basic water services and is leading to widespread pollution. Poor financial and technical performance of municipal water and wastewater departments and diminishing water resources due to climate change are key contributors to the problem. By 2030, it is projected that demand for potable water could outstrip available supply by 17%.

The Southern tip of Africa is one of the few regions of the world where all climate model projections predict that a comprehensive adaptation response is needed to deal with increasing periods of drought, shifting rainfall seasonality, more frequent extreme weather events and higher temperatures. South Africa is a semi-arid to arid country with increasing vulnerability to water insecurity and exacerbated socio-economic challenges linked to water-related impacts and disasters. Climate change causes increased periods of high intensity rainfall, resulting in extreme flooding events, which damage infrastructure and threaten livelihoods, thereby further exacerbating the vulnerability of the sector and already vulnerable groups.

Barriers to addressing the sector's climate-related challenges include South Africa's greenhouse gas (GHG) intensive energy sector, a lack of vertical integration that links subnational action with national climate change priorities, and a limited awareness about climate risk reduction and resilience measures, which impedes the mainstreaming of climate change considerations into system design and operations.

The water sector, through its treatment and distribution activities, is also energy intensive, making it a significant contributor to national GHG emissions. In terms of electricity consumption alone, water supply and wastewater treatment represent around 25% of all municipal government electricity consumption and offer significant energy efficiency opportunities. Furthermore, the energy demands of urban water supply and sanitation systems (WSSS) are a concern, where large-scale load shedding is commonplace. Power outages not only disrupt service provision, but have cascading effects on other industries and enterprises, with negative economic impacts. In many municipalities, diesel-powered generators are fall-back solutions during power outages, representing a further source of GHG emissions.

In South Africa's updated Nationally Determined Contribution (NDC 2021), the water and energy sectors are both named as high-priority sectors from an adaptation and mitigation standpoint, respectively.

### LCCR Water

The **Low Carbon and Climate Resilience Water and Wastewater Management Project (LCCR Water)** has been commissioned to support the Department of Water and Sanitation (DWS) in making South Africa's water and wastewater sector more resilient to climate change. The project introduces adaptation and energy efficiency measures that contribute to realising national climate change objectives and responds to vulnerable groups' development needs.

The project aims at enhancing water and sanitation services, particularly for vulnerable groups, by expanding water and energy resource efficiency gains, introducing clean energy, reducing water losses, strengthening management capacities, and raising awareness on climate resilience. The planned sets of activities will simultaneously address technical and financial management capacities and practices in at least two secondary municipalities.

The documentation of the strategy behind the interventions, the challenges during their implementation, as well as their results will provide a replicable model for more municipalities. The project supports DWS to progress more rapidly, effectively and based on improved knowledge with the implementation of its National Water and Sanitation Master Plan.

The project is funded by the German Federal Ministry for Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) and the State Secretariat for Economic Affairs (SECO) of the Federation Department of Economic Affairs, Education and Research (EAER), from the Swiss Confederation.

The project is implemented by GIZ together with DWS.

**LCCR Water's** proposed **impact and outcome** are in line with South Africa's NDC priorities for the water and energy sectors. The project seeks to integrate adaptation, mitigation and development objectives at the nexus of water and energy by demonstrating how improved water and sanitation service provision has **a triple win effect by:**

- 1) boosting climate resilience** in a water-scarce country;
- 2) reducing GHG emissions** by decreasing energy demand and shifting to clean energy alternatives and
- 3) providing development benefits** to vulnerable members of the population.

LCCR Water's **indicators at municipal level** include:

Indicator I.1: In two municipalities climate resilience has been increased through an average reduction of Non-Revenue-Water (NRW) of 20% (relative reduction of current NRW level, e.g. from 40% to 32%)

Indicator I.2: Two municipalities have implemented one measure each to improve the climate resilience of water services (e.g. minimisation of climate threats, like flooding, to service provision).

Indicator I.3: In two training of trainer courses of SALGA and /or WRC, two management tools addressing municipal water management are integrated.

Indicator II.1: Energy efficiency in wastewater treatment in two municipalities has been increased by 15% (measured as electricity consumption for wastewater treatment)

Indicator II.2: Two project concept notes/ applications for low carbon and/or resilient infrastructure projects that address wastewater challenges have been approved by municipal councils for submission to national funding programmes or banks.

In addition to these indicators, LCCR Water explicitly aims at supporting municipalities in improving their financial management with regard to water and wastewater services.

Key for the success of LCCR Water will be the selection of suitable secondary municipalities. This selection process comprises 4 steps.

**Step 1** applied a set of predetermined selection criteria, in particular:

- Audit results
- the municipalities' performance related to the Blue Drop Report
- the municipalities' performance related to the Green Drop Report

Applying the selection criteria resulted in a shortlist of 6 municipalities which DWS and GIZ visited to gauge their interest in partnering with LCCR Water (**step 2**)

Of those municipalities, the following 5 were shortlisted, after expressing their interest by means of a motivation letter, for a Rapid Appraisal (**step 3**) which forms part of these ToR.

- uMhlathuze
- Newcastle
- JB Marks
- Drakenstein
- George

Since LCCR Water will only be able to implement in two municipalities, the Rapid Appraisal aims at providing in-depths insights necessary for GIZ and DWS to take an informed decision in the final selection.

The final step of the process (**step 4**) will be the selection of 2 municipalities for the implementation of LCCR Water.

## **2. Tasks to be performed by the contractor**

The contractor is required to conduct Rapid Appraisals in the above listed 5 secondary municipalities to provide an in-depth understanding of the current performance, challenges, opportunities, and plans of each municipality in the areas LCCR Water is targeting. As part of the rapid appraisal, the contractor is also required to indicate potential measures to improve resilient and low carbon water and wastewater service provision.

The contractor is responsible for providing the following services:

1. assess the water supply and sanitation situation in the selected municipalities in terms of institutional, technical, administrative, and financial dimension,
2. assess the municipalities' understanding of and response to potential climate change impacts on their water and wastewater management. This includes an assessment of the level of preparedness through the existence and implementation of respective policies, strategies, plans and procedures aiming at improving the water-resilience of the municipality and its water and wastewater service provision, including the Integrated Development Plan (IDP)
3. assess the size of the vulnerable population in the municipalities, the nature of the vulnerabilities related to water and wastewater and the corresponding risks,
4. based on the above assessments, make preliminary recommendations for actions that would help the municipality to improve in the respective areas

In order to allow for the comparability of the reports, the assessments of the municipalities shall be based on the use of the extensive questionnaire that is integral part of these ToR

(Annex 1). However, the consultants are invited to make suggestions in their Technical Proposal regarding adjustments or extensions of the questionnaire.

The questionnaire covers the following areas:

- General Information
- Climate Change Risk and Vulnerabilities
- Vulnerable population
- Non-Revenue Water (NRW)
- Energy Efficiency in Wastewater Treatment
- Financial Management
- Information Technology
- External Assistance

It is not expected from the contractor to carry out extensive primary data collection but rather use existing data, studies and reports provided by the municipalities and conduct in-depth interviews, or focus groups discussions, etc, guided by the questionnaire, with the relevant stakeholders. The experts are expected to visit all municipalities, for onsite interviews with stakeholders from all relevant departments, to confirm data provided by the municipalities or for the inspection of infrastructure or systems, where considered necessary to provide realistic assessments and recommendations.

For each municipality the contractor shall submit a Rapid Appraisal report using the structure of the questionnaire provided. Each report shall be limited to maximum 50 pages, whereby additional information, studies etc. can be added in an annex to the Rapid Appraisal reports. After submission of the first two reports (first milestone), it is anticipated that GIZ and DWS together with the contractor will review the approach taken for the Rapid Appraisals and, if needed, agree on necessary adjustments before continuing with the remaining municipalities.

In addition, the contractor is required to provide one summary table containing information on all municipalities covered in this Rapid Appraisal. The content of the table will be drawn from the information in the questionnaire. The information to be included in that table is highlighted in the Rapid Appraisal Questionnaire. The table serves to support the comparison of the appraised municipalities and the development of a decision support tool for final selection by GIZ and DWS. The decision support tool itself is not part of the ToR.

The contractor is required to nominate experts qualified to cover the above areas, with profiles meeting the requirements outlined in chapter 4.

Certain milestones, as laid out in the table below, are to be achieved by certain dates during the contract term, and at particular locations:

<b>Milestones/partial works</b>	<b>Deadline/place/person responsible</b>	<b>Criteria for acceptance</b>
Submission of the Rapid Appraisal Reports for the first 2 municipalities	2 weeks after start of assignment / contractor	2 completed reports based on questionnaire submitted
Confirmation / adjustment of RA approach	3 weeks after start of assignment / GIZ and DWS	Not applicable/not payment related

Submission of 2 Rapid Appraisals Reports	5 weeks after start of assignment / contractor	2 completed reports based on questionnaire submitted
Submission of the remaining 1 Rapid Appraisal Reports and summary table	7 weeks after start of assignment / contractor	1 completed report based on questionnaire submitted
Presentation of results to GIZ and DWS (attending 1-day workshop in Pretoria)	8 weeks after start of assignment / contractor	Results presented during 1-day workshop

Period of assignment: from October 2023 until 1<sup>st</sup> week of December 2023.

### 3. Concept

In the tender, the tenderer is required to show *how* the objectives defined in Chapter 2 (Tasks to be performed) are to be achieved, if applicable under consideration of further method-related requirements (technical-methodological concept). In addition, the tenderer must describe the project management system for service provision.

Note: The numbers in parentheses correspond to the lines of the technical assessment grid.

#### Technical-methodological concept

**Strategy (1.1):** The tenderer is required to consider the tasks to be performed with reference to the objectives of the services put out to tender (see Chapter 1, Context) The bidder is required to describe in detail his interpretation of the goals of this assignment and demonstrate a critical assessment (challenges) of the tasks to be performed (1.1.1). Following this, the tenderer presents and justifies the explicit strategy with which it intends to provide the services for which it is responsible (see Chapter 2 Tasks to be performed) In addition, the bidder is required to describe in detail, how the tasks to be performed will be approached and implemented and how expected challenges can be managed (1.1.2).

The tenderer is required to present the actors relevant for the services for which it is responsible and describe the **cooperation (1.2)** with them.

The tenderer is required to present and explain its approach to **steering** the measures with the project partners (1.3.1).

The tenderer is required to describe the key **processes** for the services for which it is responsible and create an **operational plan** or schedule (1.4.1) that describes how the services according to Chapter 2 (Tasks to be performed by the contractor) are to be provided.

**Not relevant** for this tender is the description of the tenderer's contribution to **learning and innovation (1.5)**.

#### Project management of the contractor (1.6)

The tenderer is required to explain its approach for coordination with the GIZ project. In particular, the project management requirements specified in Chapter 2 (Tasks to be performed by the contractor) must be explained in detail.

The tenderer is required to draw up a **personnel assignment plan** with explanatory notes that lists all the experts proposed in the tender; the plan includes information on assignment dates (duration and expert days) and locations of the individual members of the team complete with the allocation of work steps as set out in the schedule.

#### **Further requirements (1.7)**

The bidder is required to critically reflect on the questionnaire and demonstrate their familiarity with the technical / institutional / financial capacities, challenges and limits of municipalities in South Africa (max. 2 pages).

#### **4. Personnel concept**

The tenderer is required to provide personnel who are suited to filling the positions described, on the basis of their CVs (see Chapter 7), the range of tasks involved and the required qualifications.

It is assumed that the period of the assignment specified in chapter 2 requires the contractor to carry out Rapid Appraisals in two municipalities in parallel and that for each Rapid Appraisal, at least two experts will be required on the ground, an expert with operational and managerial experience in the South African water sector and an institutional and financial expert.

The below specified qualifications represent the requirements to reach the maximum number of points in the technical assessment.

#### **Team Leader**

##### Tasks of the team leader

- Overall responsibility for the advisory packages of the contractor (quality and deadlines)
- Coordinating and ensuring communication with GIZ, partners and others involved in the project
- Personnel management, as well as planning and steering assignments and supporting short-term experts
- Regular reporting in accordance with deadlines

##### Qualifications of the team leader

- Education/training (2.1.1): university degree (Master's Degree in Environmental Science, Natural Sciences) or an MBA
- Language (2.1.2): Good business language skills in English
- General professional experience (2.1.3): 10 years of professional experience in the Water and Sanitation and Climate Change sector
- Specific professional experience (2.1.4): 5 years in Municipal Governance
- Leadership/management experience (2.1.5): 5 years of experience in management of complex projects and providing advice for implementation at municipal level
- Regional experience (2.1.6): 10 years of experience in projects in SADC (region), of which 7 years in projects in South Africa (country)
- Development Cooperation (DC) experience (2.1.7): 1 year of experience in the cooperation with/provision of services for technical assistance agencies



## **Technical experts with operational and managerial experience**

### Tasks of experts 1 and 2

- Apply **technical acumen** to the provided **questionnaire** to collect the data and information which is required for the assessment of the technical performance, the specific capacities, municipality specific challenges and opportunities.
- Review the collected information together with the findings during on-site inspections and prepare concise responses to the respective parts of the questionnaire and summarize key findings and recommendations.

### Qualifications of expert 1:

- Education/training (2.2.1): University qualification (MSc equivalent) in a relevant engineering discipline (mechanical, civil, electrical)
- Language (2.2.2): English (excellent verbal communication and report writing skills)
- General professional experience (2.2.3): 7 years of professional experience in the (South African) water sector in public or private water and wastewater service providers (WSP) or a consulting firm working for WSPs
- Specific professional experience (2.2.4): 3 years of experience with the operation, maintenance and management of water and wastewater infrastructure
- Leadership/management experience (2.2.5): 2 years of management/leadership experience as project/plant manager or as manager in a company/organisation
- Regional experience (2.2.6): 3 years of working experience in the South-African water and wastewater sector
- Development Cooperation (DC) experience (2.2.7): 1 year of experience in the cooperation with/provision of services for technical assistance agencies
- Other (2.2.8): 1 year of combined professional experience in the areas of energy efficiency and climate risk assessment or response

### Qualifications of expert 2 (same as expert 1):

- Education/training (2.3.1): University qualification (MSc equivalent) in a relevant engineering discipline (mechanical, civil, electrical)
- Language (2.3.2): English (excellent verbal communication and report writing skills)
- General professional experience (2.3.3): 7 years of professional experience in the (South African) water sector in public or private water and wastewater service providers (WSP) or a consulting firm working for WSPs
- Specific professional experience (2.3.4): 3 years of experience with the operation, maintenance and management of water and wastewater infrastructure
- Leadership/management experience (2.3.5): 2 years of management/leadership experience as project/plant manager or as manager in a company/organisation
- Regional experience (2.3.6): 3 years of working experience in the South-African water and wastewater sector
- Development Cooperation (DC) experience (2.3.7): 1 year of experience in the cooperation with/provision of services for technical assistance agencies
- Other (2.3.8): 1 year of combined professional experience in the areas of energy efficiency and climate risk assessment or response

## **Institutional and financial experts with managerial experience in finance**

### Tasks of experts 3 and 4

- Apply **financial and institutional acumen** to the provided questionnaire to collect the data and information which is required for the assessment of institutional set-up and financial performance of the municipalities' water and sanitation services units, their specific capacities, constraints, challenges and potentials.

- Review the collected information together with the findings during on-site inspections, the assessment of documents (e.g. SOPs) and financial reports and prepare concise responses to the respective parts of the questionnaire and summarize key findings and recommendations.

### Qualifications of expert 3

- Education/training (2.4.1): Business Degree, Accountant / financial management specialist
- Language (2.4.2): English (excellent verbal communication and report writing skills)
- General professional experience (2.4.3): 5 years of professional experience with the financial management, cost accounting, billing and financial reporting in South Africa
- Specific professional experience (2.4.4): 2 years of experience with organizational development, budgeting, cost accounting, billing, collection etc. and financial reporting in a public or private WSP/utility
- Leadership/management experience (2.4.5): 2 years of management/leadership experience as a financial manager in a company/organisation
- Regional experience (2.4.6): 3 years of working experience as an accountant or financial manager in South Africa
- Development Cooperation (DC) experience (2.4.7): 1 year of experience in the cooperation with/provision of services for technical assistance agencies
- Other (2.4.8): experience with 2 accounting software packages which are among the 4 most widespread software packages applied in South-African municipalities

### Qualifications of expert 4 (same as expert 3)

- Education/training (2.5.1): Business Degree, Accountant / financial management specialist
- Language (2.5.2): English (excellent verbal communication and report writing skills)
- General professional experience (2.5.3): 5 years of professional experience with the financial management, cost accounting, billing and financial reporting in South Africa
- Specific professional experience (2.5.4): 2 years of experience with organizational development, budgeting, cost accounting, billing, collection etc. and financial reporting in a public or private WSP/utility
- Leadership/management experience (2.5.5): 2 years of management/leadership experience as a financial manager in a company/organisation
- Regional experience (2.5.6): 3 years of working experience as an accountant or financial manager in South Africa
- Development Cooperation (DC) experience (2.5.7): 1 year of experience in the cooperation with/provision of services for technical assistance agencies
- Other (2.5.8): experience with 2 accounting software packages which are among the 4 most widespread software packages applied in South-African municipalities

### Soft skills of team members

In addition to their specialist qualifications, the following qualifications are required of team members:

- Team skills
- Initiative
- Communication skills
- Socio-cultural skills
- Efficient, partner- and client-focused working methods
- Interdisciplinary thinking

## Short-term expert pool

### Tasks of short-term experts

Provide additional expertise as needed in the fields of climate change and vulnerable population

### Qualifications of short-term experts in pool

- Education/training (2.6.1): university degree (Master's Degree) in relevant discipline
- Specific professional experience (2.6.4): 5 years of experience in analysis and interpretation of climate risks, with particular focus on water resources, water services and sanitation *or* in situational assessment and development of solutions for improvement of water and sanitation related services for vulnerable population

The tenderer must provide a clear overview of all proposed short-term experts and their individual qualifications.

## 5. Costing requirements

### Contract for works:

The following basic calculations for the contract for works are a reference value based on the acceptance criteria for each partial work/milestone specified in Chapter 2 (Tasks to be performed by the contractor).

Since the contract to be concluded is a contract for works, we would ask you to offer your services at a lump sum price. Therefore, please divide the lump sum price into the milestones described below. The price per milestone must contain all relevant costs (fee, travel expenses etc.).

In addition, the assessment of the financial bid is also based on the underlying daily rate. Please also provide the underlying daily rate. A breakdown of days is not required.

<b>Milestones/partial works</b>	<b>Estimated expert days for orientation</b>	<b>Deadline/place/person responsible</b>
Rapid Appraisal Reports for two municipalities and confirmation or adjustment of Rapid Appraisal Approach	41	2 weeks after start of assignment / contractor
Additional two Rapid Appraisal Reports	32	5 weeks after start of assignment / contractor
Remaining one Rapid Appraisal Report and summary table	17	7 weeks after start of assignment / contractor
Presentation to GIZ and DWS	3	8 weeks after start of assignment / contractor

### Flexible remuneration

A budget of ZAR 50.000 is foreseen for flexible remuneration (e.g. for workshops). Please incorporate this budget into the price schedule. Use of the flexible remuneration item requires prior written approval from GIZ.

## **6. Inputs of GIZ or other actors**

GIZ and/or municipalities are expected to make the following available:

- Technical and financial counterparts for interviews during site visits
- Existing reports, studies, plans, and data required to collate the information to complete the Rapid Appraisal Questionnaires

## **7. Requirements on the format of the tender**

The structure of the tender must correspond to the structure of the ToRs. In particular, the detailed structure of the concept (Chapter 3) should be organised in accordance with the positively weighted criteria in the assessment grid (not with zero). The tender must be legible (font size 11 or larger) and clearly formulated. It must be drawn up in English.

The complete tender must not exceed 12 pages (excluding CVs). If one of the maximum page lengths is exceeded, the content appearing after the cut-off point will not be included in the assessment. External content (e.g. links to websites) will also not be considered.

The CVs of the personnel proposed in accordance with Chapter 4 of the ToRs must be submitted using the format specified in the terms and conditions for application. The CVs shall not exceed 4 pages each. They must clearly show the position and job the proposed person held in the reference project and for how long. The CVs can also be submitted in English.

As the contract to be concluded is a contract for works, please offer a fixed lump sum price that covers all relevant costs (fees, travel expenses etc.). The price bid will be evaluated on the basis of the specified lump sum price. In addition, please also provide the underlying daily rate. A breakdown of days is not required.

### **Other Requirements**

- Please submit your proposal (technical and price proposal) in separate files/folder to [ZA\\_Quotation@giz.de](mailto:ZA_Quotation@giz.de) no later than **08.09.2023** all documents must be in PDF.
- Please do not mention any price for this measure on your cover letter/Technical proposal.
- Please submit your tax clearance certificate with the bidding documents.
- Please submit your price proposal in ZAR.
- Our General Terms of Conditions (attached) shall not be changed/amended should you be the winner of this tender. These General Terms and Conditions will form part of the contract should you be awarded this contract. By submitting your proposal, we will conclude that you have read and accepted these terms and conditions.

- Participating more than once in same tender is not allowed and it will lead to your proposal as well as that of the company where you appear more than once being disqualified. The responsibility rests with the companies to ensure that their partners/experts are not bidding/participating more than once in same tender.
- **Bidders are not allowed to communicate directly with any other person regarding this bid other than the procurement official/s. Failure to comply with this requirement may lead to your bid being disqualified.**
- Bidders must strictly avoid conflicts with other assignments or their own interests. Bidders found to have a conflict of interest shall be disqualified. Without limitation on the generality of the above, Bidders, and any of their affiliates, shall be considered to have a conflict of interest with one or more parties in this EOI and tender process, if they:
  - a) are or have been associated in the past, with a firm or any of its affiliates which have been engaged by GIZ or the Interim Supply Chain Management Council to provide services for the preparation of the design, specifications, Terms of Reference, cost analysis/estimation, and other documents to be used for the procurement of the services in this selection process;
  - b) were involved in the preparation and/or design of the programme/project related to the services requested under this EOI and tender;
  - c) are serving or have been serving in the past three months in the structures of the Interim Supply Chain Management; or
  - d) are found to be in conflict for any other reason, as may be established by, or at the discretion of GIZ.

#### Scientific data

In the event of any uncertainty in the interpretation of a potential conflict of interest, Bidders must disclose to GIZ, and seek GIZ's confirmation on whether or not such a conflict exists.

- Similarly, the Bidders must disclose in their proposal their knowledge of the following:
  - a) if the owners, part-owners, officers, directors, controlling shareholders, of the bidding entity or key personnel are family members of GIZ staff involved in the procurement functions and/or the Interim SCM Council or any Implementing partner receiving services under this EOI or tender; and
  - b) all other circumstances that could potentially lead to actual or perceived conflict of interest, collusion or unfair competition practices.
- **Failure to disclose such an information may result in the rejection of the proposal or proposals affected by the non-disclosure.**
- **Questions & Answers will be placed on the link provided.**

- **Bids sent via Dropbox and WeTransfer will not be accepted.**

## **8. Annexes**

Annex 1: Rapid Appraisal questionnaire

Annex 2: Tender Form