**Annex-1**

**The Consultant’s Terms of Reference**

**Background**

1. The Government of Kyrgyz Republic is planning to implement the “Rural Water Supply and Sanitation Improvement Project, Phase 2”. The objective of the project is to provide sustainable access to clean drinking water and sanitation services for remote rural population and to strengthen the local capacity to manage water supply and sanitation system in Jalal Abad province. This project is expected to improve the access to sustainable drinking water supply system and sanitation for approximately 192,000 residents, in 71 remote villages of Jalal Abad region.
2. The project will prevent the water-borne diseases due to the existing poor water quality, such as diarrhea, dysentery, E. Coli infection, etc. It will also mitigate the contamination of underground water from the infiltration of sewage through the provision of improved sanitation facilities.
3. The Executing Agency of the project is intended to be the Community Development and Investment Agency (ARIS), under the Department of Drinking Water and Sanitation (DWSS).
4. The Bank is considering the financing for the project with the timeline of processing to the Board of Executive Directors meeting in 2024. In order to meet the Bank’s quality at entry requirements, a comprehensive project design document is required.

**Objective of the Consultancy Assignment**

1. The overarching objective of the assignment is to address gaps of information and to validate the feasibility of the project by developing a comprehensive feasibility study and project design report. This will include undertaking all necessary due-diligence and analysis, verification/ validation of report and preparation of additional sections.
2. The Bank is seeking the services of a qualified consulting firm for the following purposes:
   1. Prepare a feasibility study and comprehensive project design report which shall cover the sections as outlines below.
   2. Support the IsDB Project Team in preparation of Project Preparation and Review Report and Project Appraisal Document
   3. Join the IsDB Team, virtually or physically, as the case may be during project preparation and appraisal mission exercises.

**Scope of Work**

1. Consultant will prepare a comprehensive project document that will include the following sections:

**Sector Analysis and Context**

1. Sector/sub-sector analysis including the Government’s policies, strategies and institutional aspects, key issues and challenges, relevance of the project to the sector development plans/ sector strategy, general and socio-economic related data of the project areas.
2. Alignment of the project to the sector strategy.
3. Government development plans and information on key ongoing programs in the sector.
4. Interventions by other Development Partners (DPs) helping to improve this sector in the country / address sector challenges.
5. Assessment on the potential critical challenges addressed by the project.

**Project Objectives and Components**

1. Clearly articulate project development objective and results, including development goal, outcomes, and outputs.
2. Expected contributions to Sustainable Development Goals, and benefits.
3. Development of project problems’ tree and the result-based logical framework with indicators and targets (SMART indicators).
4. Define a clear project scope in terms of key project components, key technical details and feasibility of various components, and financial aspects.
5. Identify project beneficiaries and targeting criteria, including mainstreaming of women and youth.
6. Undertake stakeholder consultations and prepare stakeholder management matrix.
7. State the location of the project site (s), region/ provinces, highlighting the access to the project site, verification on the availability and sustainability of drinking water sources as well as the suitable sanitation infrastructure.
8. Identify the various project design alternatives and prioritization based on costs and benefits analysis.
9. Development of a mechanism for sustainable operation of a rural municipal water and sanitation entity.
10. Bring innovation, modern, applicable/feasible technologies and practices in rural water supply and sanitation to the project design
11. Identify lessons learnt from other similar projects and incorporate them in project design.

**Project Justification**

1. **Demand analysis**. Develop a comprehensive demand analysis in the project areas (including their specific needs, preferences, and challenges related to water and sanitation), income and affordability (ability to pay for improved water and sanitation services), future growth and changes.
2. **Technical feasibility**. Develop and analyse technical feasibility of the project from all perspectives including institutional capacity, technical and technological soundness of the design, operations and maintenance.
3. **Economic feasibility**. Prepare the financial and economic analysis including the FIRR, EIRR and ENPV as well as risk scenario analysis.
4. Explain the main assumptions and parameters underlying the financial and economic analysis.

**Project Cost and Financing Plan**

1. Develop and validate the project costs based on market analysis, by considering the most recent similar projects in the country (comparing the BoQs). Prepare a detailed cost table.
2. Provide the project financing plan which shows the suitable mode of financing and the various sources of funds for each project component in project currency.

**Project Risks**

1. Identify potential risks associated with the project, the degree/level of the identified risks, and the mitigation measures, including not limited to:-
   * Technical/engineering risk.
   * Operational risk.
   * Stakeholder risks
   * Country risks
   * Economic risks
   * Environmental Risks
   * Social risks
2. Highlight the identified high impact risks during implementation of the project for overall project risks mitigation.

**Sustainability**

1. Outline key measures for sustainability of the project and its results in the medium- to long-term perspectives, including technical/operational sustainability, economic/financial sustainability, and institutional/social and environmental sustainability of the project.
2. Environment & Social Impact Assessment.
3. Summarise the effectiveness of the measures by the stakeholders to ensure sustainability.

**Implementation Arrangements**

1. Undertake thorough capacity assessment of the Executing Agency in terms of technical capacity, procurement capacity, financial management capacity etc to implement the project successfully and suggest capacity building measures in project design and implementation arrangements as necessary.
2. Review the readiness of the project for implementation, including readiness of the Executing Agency in terms of preparation/ capacity for managing the project, status of land for the project if relevant, climate and social actions.
3. Validate/ develop a detailed institutional mechanism for project implementation, indicating role of each agency involved and structure of Project Management Unit.
4. Implementation arrangements in terms of project management and relationship between various stakeholders and agencies.
5. Detailed project implementation schedule (Gantt chart) for each component.
6. Prepare a procurement strategy and procurement plan for the project, including assessment of procurement risks and mitigations as well as Executing agencies capacity to manage the procurement.

**Fiduciary Due Diligence**

1. Provide a brief description and justify the procurement arrangements covering the plan, strategy and any possible risks of the procurement selected.
2. A brief on the financial management and audit arrangement of the project including the assessment of the financial management system, the status of the system, accounting policies and procedures etc.
3. Disbursement arrangement of the project including the EA’s capacity and the disbursement method.

**Project Thematic Orientation**

1. Provide the assessment of the project’s cross-thematic support, including undertaking assessment on climate change adaptation and mitigations (including project climate co-benefits, linkages to NDCs, NAPs or other climate relevant SDG goals), environment, social and gender assessment of the project interventions.
2. Provide a brief analysis on women and youth empowerment, fragility, and employment generation (where applicable) and how that is integrated in the project design.
3. Undertaking preliminary fragility/post conflict, and disaster risk management analysis.
4. Propose indicative mitigation-management framework for each of the key risks determined. This will serve as input to preparation of Environment-Social Impact Assessment and Management Plan during Project implementation phase.

**Methodology**

* Consultant will prepare the feasibility study and project document by undertaking consultations with key government agencies, meeting other MDBs, and conducting stakeholder analysis. He will also undertake field visits as necessary to validate his findings.
* Consultant will coordinate with IsDB Project Team leader throughout his assignment. Coordination will take place through at least 1 weekly meeting of around 2 hours to debrief on progress and key findings of the consultant.
* The consultant will also physically or virtually, as be requested by IsDB team, participate in IsDB preparation and appraisal missions (1 week each).
* IsDB will facilitate the meeting of the consultants with the various government agencies and stakeholders.
* IsDB will provide any internal documents, including any evaluation reports, to facilitate consultants work.

**Deliverables**

* The key deliverable of the project is a feasibility study and a project design report covering aspects as detailed in the above scope of work. An indicative template is hereby attached.
* All deliverables shall be prepared in English and submitted in an electronic copy (in Word format).
* The deliverable during the preparation and appraisal mission shall be any necessary write-ups or written material the project team may request to complete the project preparation and appraisal exercise, building on the scope of the initial report.

**Schedule**

* Consultant is expected to submit his final report within 65 days from commencement of work. The deadline for various milestones is as follows:
  + Draft-1: Within 30 days from commencement of assignment
  + IsDB Review: To be provided within 10 days
  + Draft-2: To be submitted within 10 days after IsDB’s review.
  + IsDB final Review: to be provided within 5 days
  + Final Report: to be provided within 10 days of IsDB’s review.
* Consultant will be required to join the appraisal and preparation mission, if requested, within 2 months after receipt of the report by IsDB