RTI (www.rti.org) is an independent, non-profit organization dedicated to conducting innovative, multidisciplinary research that improves the human condition. With a worldwide staff of more than 5,000 people, RTI offers innovative research and development and multidisciplinary services.

RTI International in collaboration with Plan International and other partners are implementing a 4-year USAID funded Effective Water, Sanitation, and Hygiene (E-WASH) program. E-WASH will provide technical assistance to and will work in collaboration with state governments to improve urban water service delivery by strengthening the governance, financial, and technical viability of six (6) State Water Boards (SWBs) in Nigeria. The overall goal is improvement of urban water and sanitation service delivery.

The overall objective of E-WASH is to assist the Government of Nigeria to expand and improve urban water service delivery by strengthening the governance, financial and technical viability of select State Water Boards (SWBs) in Nigeria. The E-WASH activity will concentrate on solidifying state, municipal, and utility level governance gains, manifested in improved water supply services, and an improved ability to regulate, manage, and expand sanitation services.

**Advert for International STTA for undertaking of Credit Risk Assessment of six SWBs**

E-WASH is seeking to recruit a short-term international consultancy to undertake a credit risk assessment of the six urban water service providers in Nigeria (commonly known as State Water Boards or SWBs). E-WASH is currently supporting the transformation of urban water service governance systems in six states. Part of the result of the transformation is access to private sector financing for infrastructure development as well as for operations. In order to reach this stage, it is necessary to undertake the appetite from the private sector financing institutions to lend money to the transformed SWBs. Hence the need to undertake a credit risk assessment.

**Rationale for the study;**

Water supply utilities are commonly required to meet financial and social objectives set by its stakeholders - currently mainly the state governments. This requires that it meets its financial objectives by generating enough funds through water rates to meet not only its operating and maintenance costs, depreciation and debt service, but also to contribute to the cost of investment. Unfortunately, in most instances the cash flow. On the social objective, it is required to ensure that all sections of the population have access to potable water to such an extent as to safeguard public health and at a price that even the poor can afford. Often revenue from water sales is not sufficient for some capital investment. Public finance – either from state capital budgets or from multi-lateral development banks are dwindling. Alternative and innovative ways have to be found to finance the ever-increasing need for infrastructure development

The most effective way of ensuring sustainable provision of services to the ever-increasing customer base by water service providers is their ability to attract private financing. In order to determine whether the water service providers are financially viable and ready to attract private financing, the following information/data should be analyzed.

**OBJECTIVES OF THE ASSIGNMENT**

- To provide expert advice and recommendations on credit risk
- Design approaches that can be adopted by service providers to reduce or mitigate the risk of borrowing;
- Conduct an assessment of the risk factors for borrowing from the private sector market.
- Assess available products for lending including loan guarantee mechanisms that exist in the country;
SCOPE OF WORK AND RESPONSIBILITIES

i. Legal framework under which the new water utilities will be registered
   a. the level of corporatization of the SWBs;
   b. asset’s current ownership structure; conflict resolution mechanisms;
   c. contract enforcement rights;
   d. ability to seek recourse for breach of contract; and
   e. the legal treatment of water, water infrastructure and property rights, highlighting collection
      rights and ability to enforce service suspension in the case of non-payment; and other protection
      mechanisms of private investment especially in the water sector in the individual states

ii. Population in the service area and percentage served

iii. Water sources and also,
   a. Installed water treatment capacity if any
   b. Water production per month over the last 12 months
   c. Daily demand – Rationing program is water is not sufficient

iv. Total connections
   a. Active connections
   b. Dormant connections and reasons
   c. Terminated connections and reasons

v. Tariff adequacy, monthly billing and collections and calculate billing and collection efficiencies over the
   last 12 months
   a. Customer willingness and ability to pay – beyond the historical daily demand for water in each
      selected state, a survey to assess customers willingness and ability to pay water tariffs should
      be conducted to help determine the ability of the service provider to set and collect tariffs on a
      cost recovery basis

vi. NRW per month over last 12 months (Breakdown of commercial and technical losses) and whether
    there exists a NRW reduction strategy and budget.

vii. Review 3 years financial statements to check performance trend, liquidity, asset maintenance budget,
    aged debtors and creditors and capacity to take debt.

viii. state government’s ability to finance ongoing maintenance of the infrastructure without Meet with
      various banks and other finance markets to get their perspective on what it would take to enable
      financing/credit to the SWBs, including guarantees for loans and credit.

ix. SWB’s emphasis on transparency, customer relations, customer outreach & engagement, and the
    strength of its communication strategy

x. Facility/asset specific reviews – should include:
   a. an indication of the asset’s location within the state (urban vs peri-urban areas);
   b. consumer density within the asset location;
   c. an indication of facility size in order to assess possibilities of economies of scale, gauge the risk
      of excess capacity and assess other possibilities of cost/funding efficiencies; and
   d. other location-specific considerations

xi. Senior staff qualifications and experience in the sector, staff compliment, terms of employment,
    productivity, performance management systems etc.

xii. Customer service department – Complaints registered on a daily basis, Customer outreach and
     education programs, customer service charter.

Timeline & Deliverables

Specifically, the Consultant is expected to

<table>
<thead>
<tr>
<th>DATES</th>
<th>MILESTONES / DELIVERABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>TBD</td>
<td>Determine the credit risk of the State Water Boards.</td>
</tr>
</tbody>
</table>
TBD • Develop the key information pack that may be required by potential lenders and develop appropriate templates for use by the SWBs to apply for loans.

TBD • Design the risk mitigation plans for the State Water Boards.

TBD • Assess the need for credit guaranties

Estimated level of effort

a) It is anticipated that this work will have a total of 25 days as LOE to be provided during the months of November and December 2019.

b) The consultant will be answerable to the Utility Operations Advisor E-WASH works on a five-day work week; however, consultants are authorized for up to a six-day workweek, with prior written approval.

Qualifications and Experience

If you meet the following minimum qualifications and experience, then do kindly apply.

i. At least a Masters (M.Sc) in finance, accounting, mathematics or related field with at least 10 years’ experience or Bachelor’s degree with at least 15 years’ experience in financial management related activities

ii. Knowledge and experience in Credit risk assessment especially related to water agencies in developing Countries

iii. Experience in discussing or negotiating with Banks on giving loans to state owned enterprises

iv. Ability to use current MS Word computer package

v. Experience in the WASH sector is desirable

vi. Excellent knowledge of written and spoken English language

Method of Application

Interested and qualified candidates should submit by e-mail only an Application letter and a CV as ONE SINGLE WORD document to (not more than 7 pages) to stta@ewash.rti.org not later than November 8th, 2019.

In the SUBJECT line of your e-mail put the position you are applying for.

• We offer a highly competitive remuneration.
• Interested Consultants are encouraged to apply as soon as they see this advert
• Only shortlisted candidates will receive an invitation for negotiations.
• Women are strongly encouraged to apply.