

TERMS OF REFERENCE - CONSULTATION SERVICES FOR MARKET FEASIBILITY STUDY & COMPREHENSIVE REPORT TO INFORM PROFITABLE PRODUCT DEVELOPMENT FOR WATER FINANCE PRODUCT

BACKGROUND

KCB Group recognizes the importance of sustainability and more so the importance of water sanitation and health. WASH is a critical enabler of public health, productivity and socio-economic development. According to the UNDP more people die of water-related diseases than in conflicts around the world. In Kenya, millions of people countrywide lack access to reliable and affordable WASH services. Recognizing that access to safe water and sanitation as a fundamental human right is critical to achieving Sustainable Development Goal (SDG) 6 and aligning with national priorities under Kenya's Economic Recovery Strategy for Wealth and Employment Creation (ERS-WEC). At KCB water is part of the SDG that the Bank has adopted as a critical issue.

Findings from various studies show that nearly half of the world's population, who rely on unsafe water sources, live in Africa, with many Kenyan households and small-scale farmers depending primarily on rain-fed systems for their water supply. This dependency increases vulnerability to waterborne diseases, droughts, and the growing unpredictability of weather patterns linked to climate change. Key challenges limiting access to clean water and improved sanitation in Kenya include financial constraints, weak distribution networks, and low awareness about innovative WASH technologies and financing models. For many households, MSMEs, and service providers bare the upfront costs of WASH infrastructure or equipment are prohibitive. At the same time, existing credit products in the market are often not tailored to WASH investments.

To this end, KCB Bank is commissioning a baseline and market assessment to generate context-specific insights. This will identify priority WASH needs, financing demand, market readiness, existing similar solutions, preferred product features, and viable delivery channels. The assessment seeks to identify potential supply-side partners, such as manufacturers, distributors, and service providers to ensure the financial products are backed by accessible, quality WASH solutions. The findings will form the evidence base for product development, marketing strategies, and stakeholder engagement, ensuring that the program is both demand-driven and impactful from inception.

PURPOSE AND JUSTIFICATION.

The overall objective of this exercise is to conduct a comprehensive market survey and feasibility assessment that will:

- a. Identify market opportunities and financing gaps for WASH in Kenya leveraging data on current access to financing for safe water, sanitation, hygiene solutions in target areas, and set benchmarks for key indicators such as household coverage, financing patterns, and awareness levels.
- b. Examine demand for WASH financing among households, MSMEs, SMEs, and water service providers, identifying priority products, preferred loan terms, willingness to pay, and barriers to uptake.

- c. Identify players across the value chain including manufacturers, distributors, contractors, NGOs, and existing WASH financing initiatives for potential collaboration.
- d. Provide actionable insights into customer segments, demand patterns, and willingness to pay.
- e. Assess climate-resilient and cost-effective WASH technologies.-climate-adaptive/resilient WSS solutions (solar pumps, rainwater harvesting, biodigesters).
- f. Assess feasibility, risks, and sustainability of introducing a Water/WASH financing product.
- g. Produce a detailed report and roadmap to guide all stakeholders in the partnership in profitable product development and deployment.
- h. Analyse gender-specific challenges, particularly those affecting women and girls, identify product features that enhance women access to water and sanitation

SCOPE OF WORK

The market study should be able to cover the following segments:

1. Market Analysis:

- Map current demand and supply of WASH services and financing across target demographics (households, SMEs, communities, institutions).
- Analyze existing WASH financing products (local and global comparatives) and their uptake.
- Assess customer willingness and ability to pay for WASH services through financing products including willingness to pay among women led enterprises and identify women focused enterprises in the WASH value chain.
- Identify key barriers to WASH financing adoption (awareness, affordability, regulatory, cultural).
- Competitive analysis of WASH products offered by Banks currently available in the market.
- Analysis of DFIs currently financing WASH activities
- Assess the climate risk analysis including climate aligned financing opportunities and green finance classification.

2. Stakeholder engagement:

- Conduct interviews and focus group discussions with regulators, government agencies, NGOs, microfinance institutions, fintechs, utilities, and private WASH providers.
- Map potential delivery and partnership channels.

3. Feasibility study

- Assess technical, operational, financial, and regulatory feasibility of a Water/WASH financing product in Kenya.
- Estimate market size, potential customer base, and revenue projections.
- Conduct risk analysis and propose mitigation strategies.

4. Product Development Roadmap
 - Recommend viable financing models (e.g., microloans, pay-as-you-go, blended finance, social impact bonds).
 - Suggest operational frameworks and delivery mechanisms for the product.
 - Propose monitoring and evaluation metrics for impact measurement.
5. Comprehensive Report
 - Compile findings into a detailed report with evidence-based recommendations.
 - Present key findings to all relevant stakeholders in a validation workshop.

CONSULTANTS COMPETENCY (RELEVANT QUALIFICATIONS).

You will be awarded this contract for the market feasibility study as follows:

1. Proven track record in market research, financial product development, and feasibility studies (preferably in WASH, microfinance, or development finance).
2. Strong knowledge of Kenya's financial services sector and WASH landscape.
3. Demonstrated experience in working with banks, foundations, and international development organizations.
4. Strong analytical, reporting, and presentation skills.
5. A multidisciplinary team with expertise in market research, finance, WASH, and policy analysis will be an advantage.
6. Demonstrated capacity to deliver high-quality analytical reports.
7. Capacity to conduct research across Kenya
8. Experience designing blended finance
9. Knowledge of Kenya's water utility landscape

DELIVERABLES.

The consultant/firm will be expected to deliver:

1. **Inception Report** – Detailing methodology, workplan, and tools.
2. **Market Survey Report** – Analysis of demand, supply, and stakeholder insights.
3. **Feasibility Study Report** – Financial, operational, and regulatory feasibility with risk assessment.
4. **Product Development Roadmap** – Practical recommendations for structuring and implementing the Water/WASH financing product (this will include financial model for the product).
5. **Final Comprehensive Report & Presentation** – Consolidated, professionally formatted report, including executive summary, recommendations, and annexes. (The raw data will also be required in excel for subsequent analysis by KCB Bank).

CONSULTANCY TIMELINES/DOCUMENT OWNERSHIP

- (i) The consultancy is expected to take a maximum of 8 weeks with the following structure:
 - **Week 1–2:** Inception phase (workplan, stakeholder mapping).
 - **Week 3–5:** Data collection (market survey, stakeholder consultations).
 - **Week 6–7:** Data analysis and feasibility assessment.
 - **Week 7–8:** Draft reports and validation workshop.
 - **Week 8:** Final report submission.

- (ii) Any reports or other materials prepared by the consultant under this Agreement shall belong to and remain the property of the Bank.

EVALUATION CRITERIA

A two-stage evaluation process will be applied to all submitted proposals.

Stage 1: Technical Evaluation

Technical proposals will be evaluated first, based on their responsiveness to the Terms of Reference (TOR). Only bidders who achieve a minimum score of **80% out of 100 points** will qualify for the next stage.

Stage 2: Financial Evaluation

Financial proposals will only be opened and evaluated for bidders who meet the minimum technical threshold of 80%. A comparative financial assessment will then be conducted among all qualifying bidders.

Shortlisted bidders may be invited to deliver a presentation as part of the evaluation process. The contract will be awarded to the successful bidder upon completion of all evaluation stages. Negotiations may be conducted in exceptional circumstances, if deemed necessary.

Budget

The budget for this assignment will be borne by the KCB Strategy and Innovation – Sustainability budget.