DOWLAD JUBALAND
EE SOOMAALIYA
WASAARADA TAMARTA
& KHAYRAADKA BIYAHA

JUBALAND STATE OF SOMALIA
MINISTRY OF ENERGY & WATER RESOURCE

TOR FOR ENGAGING MFI

WASH FINANCING AND TRANSFORMATION (WASH-FIT) INITIATIVE

1. Background

Current WASH service delivery in Jubaland is shaped by persistent affordability, infrastructure and financing constraints, alongside rapid urbanisation, population growth, displacement and recurrent climate shocks. These pressures have increased demand for reliable water and sanitation services while household capacity to absorb the upfront costs of service connections remains constrained. The sector consequently continues to depend substantially on donor financing and private-sector service provision, while investment needs remain significant.

Recent household evidence from Doolow provides a more specific basis for understanding these challenges and for targeting the WASH-FIT intervention. Water in Doolow is delivered through boreholes, shallow wells, piped distribution networks, communal water points and household connections, with the Doolow Water Management Company operating the local water system under a public-private partnership arrangement. Assessments indicate that piped water already plays an important role in IDP settlements: approximately **40%** of surveyed householdss reported accessing piped water directly in their dwellings and about **42%** reported piped water to their plots. However, **40%** of surveyed households indicated that available water supply was inadequate to meet their needs, demonstrating that physical network access does not necessarily ensure adequate or reliable service.

Socio-economic vulnerability further strengthens the case for targeted household connection support. Against this background, a pro-poor household water-connection financing mechanism could help eligible low-income households near the piped network meet upfront connection costs through affordable financing. The intervention would expand formal household connections, improve reliable access to safe water, reduce dependence on communal sources and strengthen the customer base and financial sustainability of the local water utility. At its core, the model will establish a revolving loan facility implemented through a selected Microfinance Institution (MFI), with catalytic financial support from UNICEF and UNCDF. Eligible households will be able to access affordable and flexible financing for household water connections, with repayment arrangements designed to be manageable and, where feasible, integrated into utility billing systems.

The model will operate through close coordination among the MFI, the Dollow Water Management Authority, the Ministry of Energy and Water Resources and other relevant partners, ensuring that household financing is directly linked to actual service delivery. Dollow is an appropriate pilot location because household evidence demonstrates both a continuing gap in piped-water access and the need for solutions that address affordability alongside infrastructure. The model will prioritise low-income and underserved households, for whom the upfront cost of connection may otherwise prevent access to safer and more reliable piped-water services.

Overall, the WASH Social Access Model is intended to demonstrate a practical and scalable approach that combines financial inclusion with sustainable WASH service delivery. By converting catalytic funding into a revolving financing mechanism, recovering repayments and reinvesting them in additional household connections, the initiative seeks to progressively expand access, strengthen the sustainability of service provision and generate evidence on the viability of pro-poor financing for household water connections in dollow .

2. Objective

The overarching objective of the WASH Financing and Transformation (WASH-FIT) initiative is to test and operationalize the Social Access Model to improve inclusive and sustainable access to safe water and sanitation services for low-income households, including internally displaced persons (IDPs). The Model is being piloted in Dollow District, Jubaland

Specifically, the Ministry of Water Resources Development aims to:

Pilot a Sustainable Social Access Fund to Expand Inclusive Access to Safe Water Services

- Establish, through the Ministry of Water Resources Development, and in partnership with the Dollow Water Management Authority, a selected Microfinance Institution (MFI), and with financial and technical support from UNICEF and UNCDF, a financing mechanism to provide microloans covering household connection costs for piped water.
- Ensure that these microloans are repaid through affordable monthly chardolowges integrated into household water bills, thereby providing a seamless, accessible, and sustainable repayment mechanism for low-income users.

Expand Pro-Poor Access to Water Services

- Facilitate access for low-income households, including IDPs, to safe and reliable piped water services that would otherwise remain unaffordable.
- Leverage blended financing to mobilise donor resources, development partner contributions, and private capital, with a view to expanding the reach and sustainability of service provision.

Establish a Revolving Fund to Scale Impact

- Reinvest repaid capital to finance additional household connections, thereby progressively expanding service coverage.
- Demonstrate a scalable and financially sustainable model for pro-poor WASH service delivery in Jubaland.

Strengthen Institutional and Operational Capacities

- Enhance the capacity of the Ministry of Water Resources Development, the Dollow Water Management Authority, and the participating MFI to manage financing mechanisms, monitor service delivery, and ensure operational efficiency.
- Build the technical and administrative systems required to effectively manage a revolving social financing facility for water and sanitation services.

Promote Durable Solutions and Equitable Access to WASH Services

- Link access to essential WASH services with financial inclusion and broader socio-economic empowerment of households.
- Contribute to improved well-being, health outcomes, and socio-economic integration of low-income and displaced populations.
- Contribute towards equitable access to WASH services for women, youth and other vulnerable members of society.

Through this approach, the WASH-FIT initiative seeks to demonstrate an innovative, scalable, and sustainable financing model that addresses affordability constraints, strengthens institutional capacity, and promotes equitable access to safe water services for vulnerable populations.

3. Scope of Work

The WASH Social Financing Mechanism under the WASH-FIT initiative establishes a pro-poor revolving loan facility to enable low-income households, to access safe and reliable piped water services in Dollow District, Jubaland. The revolving nature of the facility ensures that repaid capital is continuously reinvested to finance additional household connections, thereby expanding access over time. The initiative is implemented by the Ministry of Water Resources Development (MoWRD), in partnership with the Dollow Water Management Authority, with technical and financial support from UNCDF and UNICEF.

In this context, the Ministry of Water Resources Development invites a qualified Microfinance Institution (MFIs) to undertake the following tasks:

A. Facility Design and Operational Systems

- Design affordable, Sharia-compliant financing products, specifying eligibility criteria, financing amounts, repayment terms, appraisal requirements and disbursement procedures. Determine

household affordability thresholds, considering both water charges and loan instalments, to inform product design.

- Develop the facility's operating manual and establish loan administration, accounting and internal control systems. In consultation with MoWRD, Dollow Municipality and BWMA, incorporate standard operating procedures, institutional responsibilities and arrangements for continued fund management beyond the pilot.
- Test and refine the financing products and procedures using evidence on household uptake, affordability and repayment performance.

B. Community Awareness and Mobilisation

- Conduct targeted outreach through community leaders, women's groups, IDP representatives, organisations representing persons with disabilities and other relevant stakeholders, explaining eligibility requirements, financing terms and the benefits of household piped-water connections.
- Explain borrowers' repayment obligations, collection through water bills and how repayments finance additional household connections. Provide practical guidance on budgeting for water charges and loan instalments.
- Use accessible communication formats and outreach arrangements that address literacy, language, disability and mobility barriers.

C. Household Profiling and Inclusive Beneficiary Selection

- Establish and maintain a beneficiary database containing household socioeconomic profiles, vulnerability characteristics and baseline information on water access and use of formal financial services. Record previous borrowing separately from other financial service use, applying the disaggregation and data-protection requirements specified in Section G.
- Select eligible households with Dollow Municipality using transparent, gender-responsive criteria that consider income, vulnerability and repayment capacity, prioritising female-headed and vulnerable households where appropriate and ensuring inclusive access for women, youth, IDPs, persons with disabilities and other underserved groups.
- Confirm network coverage and connection feasibility with BWMA before enrolling selected households.

D. Loan Appraisal and Water Connection Financing

- Support previously unbanked and underserved households to access appropriate formal financing through the facility. Assist applicants with documentation and enrolment requirements, particularly first-time borrowers and persons facing accessibility barriers.
- Appraise applications, approve loans and disburse financing for connection costs in accordance with the approved procedures.
- Coordinate disbursements with BWMA's installation schedules and maintain linked records of financed connections and verified installations.

E. Repayment Collection and Revolving Fund Management

- Operationalise repayment collection through BWMA's billing system, including arrangements for recording, remitting and reconciling collections, with water charges and loan repayments separately identifiable.
- Monitor repayment performance, follow up on arrears and apply appropriate recovery measures to maintain portfolio quality. Analyse borrower repayment behaviour and portfolio trends, documenting recovery risks and the effectiveness of mitigation measures for reporting under Section G.
- Account for recovered principal and systematically reinvest it in additional eligible household connections.

F. Institutional Capacity Development

- Train MoWRD, Dollow Municipality and BWMA personnel on their respective responsibilities for facility oversight, beneficiary coordination, revolving fund management, financial monitoring and connection verification, and train MFI staff in portfolio management, performance tracking, risk analysis and reporting. Tailor training to capacity gaps identified at inception.
- Transfer operational knowledge, procedures and management tools to the relevant personnel to support continuity beyond the pilot and strengthen institutional readiness for replication and scale-up across Jubaland.
- Provide follow-up coaching and practical assessments to verify that trained personnel can apply the operating procedures, use monitoring tools and perform their assigned functions.

F. Monitoring, Reporting, Learning and Scalability Assessment

- Track and report on agreed indicators, including loan uptake, disbursements, repayment rates, portfolio quality and revolving fund utilisation.
- Monitor changes in household affordability, socioeconomic conditions and access to water and sanitation services among beneficiaries.
- Document implementation lessons, borrower repayment behaviour, affordability thresholds, portfolio performance, operational risks and mitigation measures.
- Submit regular progress reports to the Ministry of Water Resources Development, UNICEF and UNCDF, highlighting performance, challenges and recommendations.
- Conduct a final assessment of the pilot to identify lessons and recommend measures to strengthen sustainability and guide replication and scale-up of the WASH Social Access Model across Jubaland.

4. Expected Outcomes

- **Operational Pro-Poor Revolving Loan Facility:** A fully operational, Sharia-compliant revolving loan facility is established in Dollow District to provide affordable financing for household water connections, with transparent eligibility criteria, appropriate financing terms, effective loan administration, and mechanisms for loan recovery and reinvestment.
- **Increased Access to Safe and Reliable Water Services:** Low-income households, internally displaced persons (IDPs), and other vulnerable populations benefit from increased household-level access to safe and reliable piped-water services through financing arrangements that reduce the upfront cost of water connections.
- **Improved Financial Inclusion:** Previously unbanked and financially underserved households gain access to formal financial services through participation in the facility. Financial inclusion outcomes, including first-time borrowing, uptake of financial services, and continued engagement with formal financial institutions, are systematically tracked and reported.
- **Enhanced Household Affordability and Repayment Capacity:** Beneficiary households gain access to affordable financing for water connections, supported by repayment arrangements aligned with their financial circumstances. Changes in household affordability, repayment capacity, socioeconomic conditions, and access to water services are monitored to assess the facility's contribution to household well-being.
- **Sustainable Revolving Fund and Effective Pro-poor Loan Portfolio Management:** A transparent and efficient loan recovery system is established, integrating repayments into the water utility billing system where feasible. Recovered funds are systematically reinvested to finance additional household connections, while effective portfolio management supports repayment compliance, controls financial risks, and safeguards the long-term sustainability of the facility.
- **Effective Household Targeting and Beneficiary Management:** A reliable household profiling and beneficiary management system is operational, enabling the transparent identification and selection of eligible households based on socioeconomic circumstances, vulnerability, service access, and repayment capacity. The system supports equitable access, including for IDPs and other underserved groups, and provides a sound basis for monitoring results.

- **Increased Community Awareness and Demand for Affordable Water Connections:** Targeted community awareness and engagement initiatives improve understanding of the facility's eligibility requirements, Sharia-compliant financing arrangements, repayment modalities, and the benefits of household piped-water connections, supporting informed participation and increased uptake.
- **Strengthened Institutional and Operational Capacity:** The Ministry of Water Resources Development, Dollow Water Management Authority, and Dollow municipality have strengthened institutional, technical, and operational capacities to administer the pro-poor loan facility, manage financing flows, monitor service delivery, oversee loan recovery, and ensure transparent and accountable fund management. Standard operating procedures and administrative systems are established to support effective implementation and continuity.
- **Improved Monitoring, Reporting, Accountability, and Learning:** A robust monitoring and reporting framework generates reliable data on household beneficiaries, loan uptake and disbursements, repayment rates, portfolio quality, revolving fund utilisation, financial inclusion, household affordability, and water connection outcomes. Implementation lessons, borrower repayment behaviour, operational risks, and mitigation measures are documented to inform adaptive management and future programme design.
- **Strengthened Gender, Equity and Inclusion**: Women, female-headed households, IDPs, persons with disabilities, and other vulnerable groups benefit from more equitable access to household water connections and financial services, supported by gender-responsive targeting and inclusive beneficiary selection, with results systematically monitored through disaggregated data on sex, age, disability and displacement status.
- **Evidence-Based and Replicable Blended Financing Model for Inclusive WASH Service Delivery:** A comprehensive assessment of the Dollow pilot demonstrates the operational feasibility, financial sustainability, social impact, and scalability of the WASH Social Access Model. The assessment documedents the potential of revolving finance and complementary financing arrangements to expand inclusive, pro-poor WASH service delivery in urban and peri-urban contexts and provides practical recommendations for replication and scale-up across Jubaland and, where appropriate, other parts of Jubaland.

4. Results Framework and Key Performance Indicators

The MFI shall establish a results-based monitoring framework with agreed indicators, baselines and targets to track water connections, financial inclusion, loan repayment, revolving fund sustainability, operational efficiency, and gender and social inclusion. Performance shall be reported periodically to the Ministry, UNICEF and UNCDF, with data disaggregated by sex, age, disability and displacement status. A final assessment shall evaluate the pilot's effectiveness, sustainability and potential for replication and scale-up.

4.1. Results Framework

Results area	Key performance indicator	Proposed target	Means of verification
i. Household enrolment and targeting	Number of eligible households enrolled in the financing scheme	Target established during inception	Beneficiary register and household profiles
	Percentage of enrolled households meeting the agreed low-income eligibility criteria	100%	Household socioeconomic assessments and eligibility records
	Percentage of beneficiaries who are women or female-headed households	Target established during inception, based on the eligible population	Disaggregated beneficiary register

	Percentage of beneficiaries who are IDPs or members of other vulnerable groups	Target established during inception, based on local needs and eligibility criteria	Beneficiary profiles and vulnerability assessments
ii. Access to water services	Number of household water connections financed through the facility	Target established based on available financing and connection costs	Loan records and water utility connection registers
	Percentage of approved loans resulting in completed and verified water connections	At least 90%	Loan disbursement records and connection verification reports
iii. Financial inclusion	Percentage of borrowers accessing formal financial services for the first time through the facility	Target established during inception following baseline assessment	Borrower surveys and MFI customer records
	Number of first-time borrowers enrolled in the facility	Target established during inception	Customer records and baseline financial inclusion data
	Percentage of beneficiaries reporting increased access to or use of formal financial products	Target established following baseline assessment	Baseline and follow-up household surveys
iv. Financial performance and sustainability	Loan repayment rate, measured as repayments received against amounts due during the reporting period	At least 90%	Loan portfolio reports and repayment records
	Revolving fund recovery rate, measured as principal recovered against principal due for repayment during the reporting period	At least 90%	Fund accounts and loan recovery reports
	Percentage of recovered principal reinvested in financing new eligible household connections	100% of recoverable principal received, subject to agreed fund rules	Revolving fund ledger and disbursement records
	Portfolio at risk over 30 days (PAR30)	No more than 10%	MFI portfolio quality reports
v. Operational efficiency	Average loan processing time from receipt of a complete application to a financing decision	No more than 10 working days	Application register and loan approval records
	Percentage of approved loans disbursed within the agreed timeframe	At least 90%	Loan approval and disbursement records
vi. Gender, equity and inclusion	Percentage of beneficiary and performance records disaggregated by sex, age, disability status and displacement status	100%, subject to appropriate data protection and consent arrangements	Monitoring database and periodic reports
	Evidence of gender-responsive and inclusive targeting in beneficiary selection	Applied consistently throughout implementation	Eligibility criteria, selection records and monitoring reports

vii. Institutional capacity and accountability	Standard operating procedures for facility administration, loan management and revolving fund oversight developed and adopted	Completed and approved during the inception and start-up phase	Approved procedures and operational guidelines
	Submission of progress and financial performance reports in accordance with the agreed reporting schedule	100% of scheduled reports submitted on time	Reports submitted to the Ministry, UNICEF and UNCDF
vii. Learning and scalability	Final pilot assessment completed, including financial sustainability, social impact, financial inclusion and replication potential	One final assessment completed before pilot closure	Final assessment report and documented recommendations

5. Key Deliverables

The MFI shall be responsible for producing the following deliverables:

Deliverable	Required outputs
i. Inception and facility design report	Financing model, Sharia-compliant loan products, eligibility and affordability criteria, operational framework, implementation plan, and results framework with agreed indicators, baselines and targets.
ii. Household profiling and beneficiary database	Household profiles, eligibility assessments and beneficiary register, including baseline water access and financial inclusion data, disaggregated by sex, age, disability status and displacement status.
iii. Operational revolving financing facility	Functional loan appraisal, disbursement and portfolio management systems; repayment collection through BWMA's billing system; and accounting controls for fund reconciliation and reinvestment.
iv. Household connection financing records	Linked records of beneficiaries, approved loans, disbursements and completed water connections verified with BWMA.
v. Community awareness and mobilisation reports	Documentation of outreach activities, population groups reached and participation, covering eligibility, financing terms, repayment obligations and the revolving mechanism.
vi. Institutional capacity development package	Standard operating procedures, practical management tools, training materials and records, and assessments of staff capacity to perform their assigned functions.
vii. Periodic monitoring and performance reports	Consolidated performance against agreed targets, covering loan repayment, fund recovery and reinvestment, portfolio quality, water access, financial inclusion and equity outcomes, with identified risks and corrective actions.
viii. Final pilot assessment and scalability report	Assessment of operational feasibility, household affordability, financial sustainability and social outcomes, with implementation lessons and practical recommendations for sustaining, replicating and scaling the model across Jubaland.

6. Coordination, Governance and Reporting Arrangements

The MFI shall operate under the overall guidance of the Ministry of Water Resources Development (MoWRD), in coordination with Dollow Municipality and the Dollow Water Management Authority (BWMA). UNCDF and UNICEF shall provide technical oversight and support within their respective mandates.

The MFI shall designate a focal person responsible for day-to-day coordination, implementation and reporting. Monthly coordination meetings shall be held among the MFI, MoWRD, Dollow Municipality and BWMA to review implementation progress, loan disbursements, household connections, repayment performance and operational challenges. UNICEF and UNCDF shall participate as appropriate. Joint monitoring visits shall be conducted quarterly to verify household connections, assess beneficiary feedback and review the facility's financial and operational performance.

The MFI shall submit monthly operational and financial reports to MoWRD, UNICEF and UNCDF, covering beneficiary enrolment, loan disbursements, completed connections, repayments, revolving fund utilisation, financial inclusion and gender and social inclusion indicators. MoWRD shall provide overall policy guidance, while BWMA shall verify connection requirements and installations and coordinate the integration of loan repayments into water bills, where feasible. Dollow Municipality shall support community mobilisation and beneficiary identification.

Operational issues shall first be addressed by the MFI and the relevant municipal or BWMA counterpart. Unresolved issues shall be referred to MoWRD for resolution, with matters requiring programme or financing decisions escalated to UNICEF and UNCDF within their respective mandates. Decisions, agreed actions, responsible parties and deadlines shall be documented in meeting minutes and tracked to completion.

7. Mandatory requirements of the MFI

No.	Mandatory requirement	Assessment
1	Central Bank licence permitting operation as an MFI or financial service provider in Somalia	Pass/Fail
2	Business registration issued by the relevant authority (Ministry of Commerce)	Pass/Fail
3	Current tax clearance certificate (Ministry of Finance)	Pass/Fail

Additionally, it would be a plus if the MFI has:

- Proven capacity in loan portfolio management, credit assessment, repayment collection and revolving fund administration.
- Experience serving low-income households, women, IDPs and other vulnerable populations.
- Capacity to collect, analyse and report socioeconomic, gender and financial inclusion data.
- Experience working with public institutions, utilities and development partners.

8. **Application Submission**

- Interested Microfinance Institutions (MFIs) or implementing partners are invited to submit their applications to the *MoWRD -*, including the following documents:
- **Organisational profile** demonstrating experience in microfinance, pro-poor lending, or related financial services.
- **Technical proposal** outlining approach to loan design, household mobilisation, coordination with MoWRD and Water Utility, repayment management, and monitoring & evaluation.
- **Financial proposal** including proposed management of seed capital, revolving fund, and sustainability measures.
- **Evidence of experience** with similar projects, including references, contacts, or reports.

- **Staff qualifications** relevant to implementation, including loan officers, community mobilizers, and M&E personnel.

5. Technical and financial Point

Criterion	Assessment focus	Points
Understanding of the assignment and methodology	Understanding of WASH-FIT; practical approach to Islamic-compliant financing, household targeting and profiling, awareness, utility coordination, disbursement, repayment, revolving fund management and reporting.	30
Technical team	Relevant qualifications and experience in microfinance, Islamic-compliant financing, mobilisation, financial management, monitoring and reporting; clear roles and availability.	25
Implementation workplan	Realistic timelines, milestones, deliverables and responsibilities covering all TOR activities and utility coordination for 185 household connections.	15
Total technical score		70

Technical Qualification Threshold: A bidder scoring **50 points or more out of 70** shall be considered technically qualified and shall proceed to financial evaluation. Any bidder scoring **below 50 points** shall not be technically qualified and shall not proceed to financial evaluation.

6. Finical Creatia

Financial proposals will be checked for completeness, arithmetic accuracy and consistency with the TOR. The evaluated price comprises service costs for Activities 1, 2, 3 and 5, plus the USD equivalent of the Activity 4 commission. Seed capital shall be shown separately.

Financial score = (Lowest evaluated price ÷ Bidder's evaluated price) × 30 Only technically qualified bidders are compared. The lowest evaluated price receives 30 points; other qualified bidders receive proportionately lower scores.

No.	Description	Quantity	Amount (USD) / Rate (%)	Expected Results
1	Design and pilot pro-poor water connection financing products, including eligibility criteria, financing terms, disbursement procedures and repayment integration with the Water Utility.	185 households	USD _____	Financing products developed and piloted, with clear eligibility criteria, affordable repayment terms and procedures agreed with the Water Utility.
2	Mobilize and enroll low-income households through community-led targeting, awareness activities and client recruitment.	185 households	USD _____	At least 185 eligible low-income households identified, informed about the financing mechanism and enrolled.
3	Prepare socio-economic and water service access profiles for beneficiary households.	185 households	USD _____	Complete and verified profiles prepared for 185 households to support eligibility assessment and monitoring.

4	Facilitate household water connections jointly with the Water Utility; manage financing disbursements and repayments; and reinvest recovered funds to sustain the revolving portfolio.	185 households	**MFI commission: _____%**	At least 185 low-income households connected to the water grid, with financing disbursed, repayments tracked and recovered funds reinvested in additional connections. **Indicate only the proposed MFI service commission rate (%) for 24 months**	
5	Conduct community awareness campaigns explaining access to financing, eligibility criteria and repayment through the utility billing system.	185 households	USD _____	At least 185 households reached with clear information on financing eligibility, application procedures and repayment obligations.	

Submission Details:

Deadline for Submission: 23/NOV/2026, 3:59 PM Somalia time (UTC+3)

Submission Address: procurementjssmoewr@gmail.com cc, hradminfin-moewr@jubalandstate.so

Submission Format: Applications should be submitted in **PDF format**, clearly labelled with the institution's name and "Application for WASH-FIT MFI Partnership." A printed copy may also be submitted by hand to the Ministry of Energy and Water Resources (MoEWR), Jubaland