

INVITATION TO QUOTE

RFQ Number	[Q23/184/SH (B)]
Description	APPOINTMENT OF A PSP TO INVESTIGATE THE FULL COST OF RAW WATER FOR DIFFERENT USER GROUPS IN THE GREATER UMNGENI CATCHMENT.
Closing Date and Time	15 August at 15:00 am
Contents of RFQ	1. Invitation to quote 2. Bidders information 3. Terms and Conditions 4. Undertaking by Bidder 5. Terms of Reference/RFQ specifications 6. Price Schedule [SBD 3.1] 7. Authority to Sign 8. Bidders disclosure [SBD 4] 9. Preference points claim form (SBD 6.1) 10. Briefing session certificate [only if applicable] 11. Contract Form [SBD 7.1 or SBD 7.2]
Non-Compulsory Briefing Session	[Briefing will be conducted via Microsoft Teams on 02 August 2023 @11h00]
SCM Enquiries	Snenhlanhla Hlongwane Tel: 033 341 1369 Email: Snenhlanhla.hlongwane@umgeni.co.za
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Submissions:	Tip-Offs Anonymous Hotline:
Sealed quotations clearly marked, 'Quote number and description of the required goods/services' Umgeni Water (Head Office) Supply Chain Management Unit 310 Burger Street Pietermaritzburg 3201	Report unethical conduct at Umgeni Water on: Toll-Free Number: 0800 864 463 E-mail: umgeniwater@whistleblowing.co.za Toll-Free Fax: 0800 212 689 Postal: Freeport KZN665, Musgrave, 4062 SMS: 33490 Online: www.whistleblowing.co.za <i>Stop theft / fraud / dishonesty / bribery /blackmail / intimidation, and remain anonymous.</i>

TERMS OF REFERENCE /SPECIFICATIONS OF SERVICE REQUIRED

SCOPE OF WORK/SPECIFICATIONS/ REQUIREMENTS:

The South African National Biodiversity Institute (SANBI) is currently implementing the five-year Global Environmental Facility (GEF) funded Ecological Infrastructure for Water Security (EI4WS) Project in partnership with the Department of Forestry, Fisheries and the Environment (DFFE) and the Development Bank of Southern Africa (DBSA). The project aims to develop policy and capacity incentives for mainstreaming biodiversity and ecosystem values into national, regional and local development policy and finance and is working in two demonstration catchments. One of these demonstration catchments is the greater uMngeni catchment. SANBI has entered into a collaboration agreement with Umgeni Water (UW) to implement some of the project's work in the greater uMngeni catchment.

South Africa is a semi-arid, water-stressed country with an average rainfall of about 450mm, well below the world average of about 860mm per year. The country faces uneven spatial distribution of water, seasonal rainfall and relatively low flow in rivers, which limit the proportion of stream flow available for use. Subsequently, a clear understanding of the amount of water we have, who is using it, and where is key to achieving good water resource management and long-term planning in South Africa.

The National Water Act (NWA No. 36 of 1998) provides for the protection, development, conservation, management, control and use of water resources equitably and sustainably. Section 21 of the NWA defines water use as activities that impact a water resource's quantity, quality and aquatic ecosystem (habitat and biota). This section lists 11 water uses grouped into Domestic/Industry, Agriculture and Stream flow reduction sectors in the 2007 water pricing strategy. Furthermore, sections 26 and 34 of the NWA require water users to register their water uses with the Department of Water and Sanitation (DWS). Water use registration enables systematic and fair recovery of the actual cost of water. Water uses are charged in the pricing strategy as per section 56 of the NWA for:

- Funding water resource management and water resource development.
- Achieving equitable and efficient allocation of water.

- Providing differential rates for water use and Waste Discharge Charge System (WDCS).

Currently, the pricing strategy does not reflect the full cost of water. Emphasis is given to abstraction and stream flow reduction-related uses with minimum or no consideration of Ecological Infrastructure (EI) maintenance/restoration, discharge related and opportunity costs. Hence this RFQ intends to appoint a service provider to assist key stakeholders in investigating the full cost of raw water for different user groups in the greater uMngeni catchment and explore opportunities within the raw water pricing strategy that ensure more equitable allocation of the full cost for water amongst different users. The uMngeni and uMkhomazi catchments have been selected as key focus areas for this project.

5.1 PURPOSE OF THE APPOINTMENT

The purpose of this document is the appointment of a competent Professional Service Provider (PSP) to assist key stakeholders to investigate the full cost of raw water for different user groups in the greater uMngeni catchment and explore opportunities within the raw water pricing strategy that ensure more equitable allocation of full cost for water amongst different users.

5.2 DURATION OF THE PROJECT

The PSP will be required to conclude this project within 12 months. There will be no extensions granted to this 12-month period.

5.3 PROJECT OUTCOMES

The PSP will be required to demonstrate innovative and creative ways to execute the project scope (building on existing information) and build capacity (UW, SANBI and other stakeholders), encouraging and promoting learning and building strategic relationships. The scope of work of the project is outlined below.

5.4 PROJECT SCOPE

The scope of this project is the following:

- Convene and facilitate stakeholder workshop/s to assist stakeholders to identify water user groups within the greater uMngeni catchment.

Please note that the organisation and logistics of these stakeholder workshops will be done together with SANBI and uMngeni Water. SANBI and uMngeni Water will cover the cost of the stakeholder workshops in line with their procurement procedures and policies.

- Undertake a water user analysis with stakeholders for the greater uMngeni catchment.

- Establish the criteria for prioritisation of water user groups for this project and use the criteria to prioritise the water user groups for the study.
- Investigate and select a suitable methodology for investigating the full cost of raw water for the prioritised user groups within the greater uMngeni catchment.
- Determine the full cost of raw water for the prioritised user groups within the greater uMngeni catchment using the selected costing method.
- Develop a process to determine opportunity costs (including identifying any implicit or explicit subsidies within the system and the effects thereof) and economic and environmental externalities of not allocating the total cost of water to the different water user groups.
- Review the current allocation of the cost of raw water for the prioritised water users within the raw water pricing strategy.
- Investigate and recommend opportunities to include EI in the raw water pricing strategy.
- Convene and facilitate stakeholder workshop/s to identify funding mechanisms for the restoration and maintenance of EI for the case study catchments.

Please note that the organisation and logistics of these stakeholder workshops will be done together with SANBI and uMngeni Water. SANBI and uMngeni Water will cover the cost of the stakeholder workshops in line with their procurement procedures and policies.

5.5 DELIVERABLES

The following deliverables are expected as part of the services that the appointed service provider will provide:

- An inception report which must include a detailed work plan indicating the phases of work, timing, key deliverables, milestones and budget breakdown.
- An analysis of the identified water user groups within the greater uMngeni catchment.
- Established criteria for prioritisation of water user groups for this project.
- A methodology for investigating the full cost of raw water for the prioritised user groups within the greater uMngeni catchment.
- A full cost of raw water for the prioritised user group within the greater uMngeni catchment using the selected costing method.
- A process to determine the opportunity costs (including identifying any implicit or explicit subsidies within the system and the effects thereof) and economic and environmental externalities of not allocating the total cost of raw water to the different water user groups.
- Review the current allocation of the cost of raw water for the prioritised water users within the raw water pricing strategy.
- Recommendations for opportunities to include EI in the raw water pricing strategy.
- Identified funding mechanisms for the restoration and maintenance of EI for the case study catchments.

- A simple process infograph for the steps that were followed to undertake the project: Assist key stakeholders to investigate the full cost of raw water for different user groups in the greater uMngeni catchment and explore opportunities within the raw water pricing strategy that ensure more equitable allocation of the full cost for raw water amongst different users.
- A draft final report consisting of but not limited to:
 - An explanation of how skills have been imparted/transferred to project staff from Umngeni Water and SANBI.
 - An analysis of the identified water user groups within the greater uMngeni catchment.
 - Established criteria for prioritisation of water user groups for this project.
 - A methodology for investigating the full cost of raw water for the prioritised user groups within the greater uMngeni catchment.
 - Using the selected costing method, a full cost of raw water for the prioritised user group within the greater uMngeni catchment.
 - A process to determine the opportunity costs (including identifying any implicit or explicit subsidies within the system and the effects thereof) and economic and environmental externalities of not allocating the total cost of raw water to the different water user groups.
 - A review of the current cost allocation for the prioritised water users within the raw water pricing strategy.
 - Recommendations for opportunities to include EI in raw water pricing strategy.
 - Identified funding mechanisms for the restoration and maintenance of EI for the case study catchments.
- Final report.

5.6 SKILLS AND COMPETENCIES REQUIRED

To fulfil the requirements for assisting key stakeholders to investigate the full cost of raw water for different user groups in the greater uMngeni catchment and exploring opportunities within the raw water pricing strategy to ensure more equitable allocation of the full cost for raw water, the service provider should have the following demonstrable experience, skills, and competencies:

- Excellent knowledge of water policies and legislation.
- Strong financial acumen with a good understanding of financial mechanisms in the water sector.
- Excellent research, creativity and innovative skills.
- An ability to incorporate action learning and information transfer.
- Excellent analytical, conceptual and report-writing skills.
- Excellent stakeholder engagement and social process learning skills.

5.7 EXPERIENCE AND QUALIFICATION OF PSP

The key personnel assigned for the study should have expertise in natural science and resource economics with 5 years of experience in undertaking financial analysis in the raw water pricing strategy. Furthermore, the key personnel should have proven knowledge and experience working with stakeholders in the greater uMngeni catchment.

5.8 REPORTING REQUIREMENTS

Following confirmation of the Professional Service Provider (PSP) selection and appointment, a kick-off meeting shall be held between the PSP and the Umgeni Water project team. The purpose of the meeting will be to:

- Confirm the scope of work and any information requirements.
- Obtain additional project background information from Umgeni Water.
- Confirm the project approach, scope and design, reporting requirements and schedule.
- The successful service provider will be required to provide monthly progress, and monthly progress meetings will be held between the PSP and the Umgeni Water project team.

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