



MINISTRY OF LANDS, PUBLIC WORKS, HOUSING AND URBAN DEVELOPMENT
State Department for Housing and Urban Development
Urban Development Department

Second Kenya Urban Support Program (KUSP 2)
Project No.: P177048
Credit No.: 7349-KE; 7350-KE; IDA Grant Number E208-KE
(FIRMS SELECTION)

Contract No.: KE-MOTI-543586-CS-QCBS

**Terms Of Reference (Tor) for Consulting Services to Develop a Model Municipal Solid
Waste Management Service Financing Framework**

APRIL 2026

CLIENT

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1.0 Background

From 2017 to 2023, the World Bank financed the Kenya Urban Support Program (KUSP I) to establish and strengthen urban institutions to deliver improved infrastructure and services in 45 counties and 59 municipalities. The program made significant progress in laying the foundation for structured urban management, but persistent gaps in service delivery and sustainability remained. Building on these gains, the Second Kenya Urban Support Program (KUSP II) was launched to extend support to 45 counties and 79 municipalities, including two refugee-hosting municipalities in Turkana and Garissa, with implementation running up to June 30, 2028. The Project Development Objective (PDO) of KUSP II is to strengthen the capacities of urban institutions to improve the delivery and resilience of urban infrastructure and services, enhance private sector engagement in urban planning and service delivery, and support the transition of refugee camps into integrated host community and refugee settlements.

Solid Waste Management (SWM) has emerged as one of the most pressing urban challenges in Kenya's counties. Most cities/ municipalities experience limited waste collection coverage, weak systems for segregation at source, and inadequate treatment, recycling, and disposal infrastructure. The reliance on open dumpsites remains prevalent, with insufficient investments in sanitary landfills, composting facilities, and waste-to-energy technologies. Despite counties being constitutionally mandated under the Constitution of Kenya (2010), the Urban Areas and Cities Act (2011, amended 2019), Environmental Management and Coordination Act Cap 387 and the Sustainable Waste Management Act 2022 to provide effective waste management services, service delivery remains fragmented. This is characterized by outdated by-laws, weak cost recovery mechanisms, minimal private sector participation, and an overdependence on unpredictable budgetary allocations.

Financing and sustaining SWM services is a persistent challenge. User charges collected from residents and businesses are insufficient to cover operational costs due to weak enforcement frameworks, low willingness-to-pay, and the absence of ring-fenced SWM funds. Counties remain heavily reliant on general revenue allocations, which are often constrained by competing priorities. As a result, investments in modern waste management infrastructure, fleet maintenance, landfill rehabilitation, and climate-smart innovations such as recycling, composting, and circular economy initiatives are limited. This financing gap

perpetuates operational inefficiencies, contributes to environmental degradation, and poses significant public health risks.

The policy and legal environment provides a strong foundation for reform. The Public Finance Management Act (2012) outlines the principles of accountability, transparency, and efficiency in revenue collection and expenditure management at the county level. The Environmental Management and Coordination Act (EMCA), Cap 387, and its subsidiary regulations establish the framework for pollution control and sustainable environmental management. More recently, the Sustainable Waste Management Act (2022) has introduced circular economy principles, extended producer responsibility (EPR), waste classification and segregation and clarified the roles of counties in SWM service delivery. Furthermore, devolution under the Constitution of Kenya (2010) assigns counties the core mandate of waste management as a devolved function, emphasizing their responsibility for planning, regulation, and service provision.

At the global and national levels, Kenya has committed to the Sustainable Development Goals (SDGs), particularly Goal 11 on Sustainable Cities and Communities, Goal 12 on Responsible Consumption and Production, and Goal 13 on Climate Action. These commitments reinforce the need for counties to adopt innovative, inclusive, and climate-resilient approaches to waste management. By aligning financing mechanisms with circular economy and climate resilience principles, counties can not only enhance service delivery but also contribute to national commitments under the Nationally Determined Contributions (NDCs) and Kenya's broader sustainable development agenda.

1.1 Program Result Areas (RAs)

To achieve the Program development objectives (PDO), KUSP II has been structured around five (5) Result Areas (RAs) as follows:

RA 1: Strengthened institutions for urban service delivery. Strengthening the management of urban institutions for improved urban service delivery, through inter alia, institutional capacity building, enabling the delegation of functions, enhancing municipal human resources management and financing, and improving citizen participation. *This assignment directly contributes by building county institutional capacity to design and implement sustainable solid waste financing mechanisms, including ring-fenced funds and revenue collection systems.*

RA 2: Integrated planning for inclusive and resilient urban areas. Enhancing the planning and development control capacity of urban institutions, through inter alia, strengthening

planning instruments, including climate change and gender considerations, and improving their implementation and monitoring through appropriate development control tools and capacity. *While not a primary focus, the model financing framework will complement planning instruments by embedding financial sustainability into SWM planning and investment pipelines.*

RA 3: More inclusive and resilient urban services and infrastructure. Improving access to urban infrastructure and services, as well as strengthening their resilience and sustainability through inter alia, enhancing the capacity for planning, design and implementation of climate-resilient and inclusive urban investments, developing asset registries and management plans, and enhancing operation and maintenance budget of urban institutions. *The financing framework supports this RA by ensuring counties can sustainably finance waste collection, treatment, and disposal infrastructure, while incorporating climate-smart and circular economy solutions.*

RA 4: Improved private sector engagement. Enhancing the private sector's contribution to urban planning and development through inter alia, supporting the development and implementation of an engagement framework and promoting urban development plans informed by dialogue with the private sector. *This assignment will strengthen opportunities for Public-Private Partnerships (PPPs), community enterprises, and private investment in recycling, composting, and EPR schemes, thereby enhancing service delivery efficiency and innovation.*

RA 5: Improved integrated development for refugees and host communities. Supporting the transition of refugee camps into integrated host community and refugee settlements, through inter alia, the establishment and capacity building of unified urban institutions to lead joint planning, infrastructure and service delivery, and economic activity and social cohesion interventions. *Although indirectly related, the framework can be applied in refugee-hosting municipalities to enhance waste service delivery and promote social cohesion through community-led waste enterprises.*

1.2 More inclusive and resilient urban services and infrastructure

Result Area 3 of the Program seeks to strengthen institutional capacities of counties and cities/ municipalities for improved delivery and resilience of urban infrastructure and services. This is being implemented in line with the World Bank Environmental and Social Framework, the Constitution of Kenya (2010), Vision 2030, Physical Land use Planning Act, County Government Act, Urban Areas and Cities Act, Environmental Management and Coordination Act CAP 387, the Climate Change Act cap 387A , and the Sustainable Waste Management Act (2022) among applicable laws.

Solid Waste Management (SWM) remains one of the most pressing urban service delivery challenges in Kenya. Counties, as mandated by the Constitution and the County Governments Act (2012), are responsible for waste management service provision. However, financing remains inadequate, fragmented, and heavily dependent on county annual budgetary allocations. This constrains sustainable service delivery, infrastructure investment, and the ability to leverage private sector participation.

The Sustainable Waste Management Act (2022), the Public Finance Management Act (2012), the Public Private Partnership Act (2021), and Extended Producer Responsibility (EPR) Regulations, 2024 provide an opportunity for counties to establish sustainable financing mechanisms for waste management. The financing may include levies, user fees, EPR contributions, polluter-pays schemes, PPPs, and climate finance instruments. Further the counties should also develop the legal and institutional frameworks to operationalize these mechanisms, ensure compliance, and guarantee transparency, accountability, and equitable access.

The KUSP II therefore intends to engage consulting services to develop a Model Municipal Solid Waste Management Service Financing Framework and a Model Legal Framework that cities/ municipalities can adopt and adapt as per the local situations, to strengthen the financial and institutional capacity of their solid waste management systems.

2.0 Objectives of the Consultancy

Overall objective

The main objective of this consultancy is to design a comprehensive Model Municipal Solid Waste Management Service Financing Framework and model legal framework that cities can adopt to operationalize the financing framework.

Specific Objectives

Specifically, the consultancy seeks to:

- i) Assess and analyze the current solid waste management financing landscape in Kenyan Urban areas
- ii) To assess National and County legal and regulatory provisions and bottlenecks that would support or hinder financing of SWM at municipal levels, and recommend areas of review and alignment
- iii) Identify financial, institutional, and operational challenges in current SWM systems at municipal levels that hinder sustainable, solid waste management and document local initiatives and lessons learnt in resolving these challenges. Review, evaluate existing waste management practices and propose viable financing models from national, regional, and global best practices.
- iv) Develop a practical, policy-aligned model financing framework for municipal solid waste management. Develop a model legal framework (by-law) to operationalize the financing mechanisms consistent with the Model County Policy on County Financing of Urban Areas
- v) Develop a model institutional framework to operationalize the financing model
- vi) Propose an implementation roadmap, including capacity-building measures for both short- and long-term adoption.

3.0 Scope of the Consulting Services and Specific Tasks

The Consultant will undertake the following tasks, with climate resilience, circular economy, and environmental and social aspects integrated as cross-cutting considerations throughout all activities. The assignment will be undertaken using a sample of 21 urban areas based on a combination of factors, including regional representation, City/municipality, population size, services dynamics and inclusion of at least one WHR (Window for Host and Refugee communities) municipality.

Task 1: Situational and Diagnostic Review

- Review all solid waste management related tools developed at the national, county and municipal levels to guide the operations in SWM such KUSP I SWM Strategy and Guidelines, Policy and plan templates, SWM toolkit, and WHR SWM guidelines.
- Assess the current status of SWM financing mechanisms at county and municipal levels, including revenue sources, budget allocations, cost recovery, and expenditure patterns.
- Map institutional and governance arrangements for SWM service delivery, highlighting financing bottlenecks, capacity gaps, and accountability issues.
- Document socio-economic, environmental, and climate resilience impacts of inadequate SWM financing.

Task 2: Policy, Legal, and Institutional Analysis

- Review national and county-level laws and policies relevant to SWM financing (e.g., PFM Act, EMCA, SWM Act, UACA, Climate Change Act, county by-laws).
- Identify provisions that enable or constrain sustainable financing, private sector participation, and circular economy initiatives.
- Assess alignment with Kenya's devolution framework, Vision 2030, NDCs, and SDGs.
- Identify and assess legal and regulatory enablers that would enhance private sector investment, improve service delivery efficiency, and ensure long-term financial sustainability of SWM operations,
- Review the recommendations under SWM Strategy and guidelines as prepared under KUSP 1, leveraging on the recommendations and addressing areas of enhancement.

Task 3: Review of Best Practice

- Analyze national, regional, and international case studies on SWM financing.
- Highlight innovative approaches such as PPPs, EPR, user fees, levies, grants, climate finance, and circular economy models.
- Assess applicability and adaptability to the Kenyan county context.

Task 4: Development of a Model Municipal Solid Waste Management (SWM) Service Financing Framework

- Design a practical, scalable framework that outlines blended financing options, instruments (including tariff, cost recovery, full lifecycle costs, revenue projection), and revenue models for cities/ municipalities that takes into consideration circular economy principles.

- Ensure the framework supports cost recovery, sustainability, affordability, inclusivity, and protection of vulnerable groups.
- Analyze viable PPPP models that could be adoptable by different scales of urban areas.

Task 5: Development of a Model Legal and Institutional Framework

- Draft a model legal framework (by-law/legislation) to operationalize SWM financing mechanisms at county and municipal levels considering the existing arrangements in place.
- Recommend institutional roles for financing and oversight (that integrates the roles played by different actors including municipal boards, County Enforcement Unit/ Directorate and revenue department), accountability measures, environmental sustainability, and citizen engagement structures to support implementation.

Task 6: Stakeholder Engagement and Validation

- Undertake stakeholder analysis and mapping to identify their potential in provision of SWM services.
- Facilitate consultative workshops with national agencies (including Ministry of Environment and Forestry, NEMA, etc), counties, city/ municipal boards, private sector actors, civil society, informal sector (e.g., waste pickers) and community representatives.
- Gather stakeholder input on financing options, legal considerations, and institutional arrangements.
- Validate the draft framework and incorporate feedback.

Task 7: Implementation Roadmap

- Develop a roadmap for phased implementation of the framework in the short and long term.
- Develop a dissemination strategy for municipalities and service providers.

Task 8: Monitoring and Evaluation Framework

- Identify indicators of performance and monitoring and develop a robust Monitoring and Evaluation (M&E) framework that will set out clear indicators to measure the effectiveness of the solid waste management financing framework
- Develop a mechanism for periodic review and recommendations for improvement of the existing system.

Task 9: Finalization and Dissemination

- Prepare a final Model Municipal SWM Service Financing Framework, including legal guidance, institutional recommendations, and an implementation toolkit.

4.0 Duration and Location of the Assignment

The assignment will be undertaken within a **duration of six (6) calendar months** from the contract commencement date. The assignment will be managed from Nairobi but will include activities across 21 urban areas in Kenya. The 21 city/municipalities include Mavoko, Kakamega Emali-sultan, Lamu, Mandera, Kisumu, Bomet, Homabay, Mwatate, Chuka, Busia, , Thika, Ruiru Meru, Kisii, Kapsabet, Narok, Diani, Nakuru and Dadaab

5.0 Reporting requirements and timelines for submission of deliverables

The successful completion of the consultancy is expected to result in the following deliverables from the commencement date:

S. No.	Report/ Deliverable	Timelines of submission	Format/ No. of Copies
1	Inception Report including detailed work plan, methodology, stakeholder engagement approach, and schedule.	2 weeks	Soft copy in MS Word & PDF, 2 Hard copies
2	Situational and Diagnostic Report including Baseline analysis of SWM financing, institutional arrangements, stakeholder analysis and mapping, expenditure patterns, and gaps, alongside a Policy, Legal, and Institutional Review.	Month 2	Soft copy in MS Word & PDF, 2 Hard copies
3	Draft Model Municipal SWM Service Financing Framework & Draft Legal/ Institutional Guidance Note including proposed financing mechanisms, percentage budget allocation options, accountability measures, and supporting tools/templates.	Month 4	Soft copy in MS Word & PDF, 2 Hard copies,
4	Final Report and Consolidated Model Municipal Waste Management Service	Month 6	Soft copy in MS Word & PDF,

	Financing Framework Package including the validated framework, stakeholder consultation/ validation summary report, model legal instrument, implementation roadmap, toolkit, guidelines, and templates.		2 Hard copies,
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Timelines of submission of Reports commences from contract commencement date.

All Reports shall be submitted in both editable electronic format and two (2) hard copies in the subscribed format to the address below:

Program Coordinator

Kenya Urban Support program 2
 State Department for Housing and Urban Development
 P.O. Box 30119-00100
 21st Floor, King Prism Tower
 3rd Ngong Avenue
 Nairobi, Kenya
 Tel: +254-02-2729200

6.0 Payment schedule

The table below highlights the payment breakdown for the consultancy:

Phase	Trigger for Payment	% of Contract Value
First Payment	Upon approval of the Inception Report and Work plan	20%
Second Payment	Approval of 1 st Draft Model Municipal SWM Service Framework and Model Legal framework for Stakeholder Validation	30%
Third Payment	Review and approval of second Draft Model Municipal SWM Service Framework and Model Legal framework and stakeholder validation Report	30%

Final Payment	Acceptance of Final report, Consolidated Model Municipal Solid Waste Management Service Financing Framework and Model Legal Framework Package	20%
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7.0 Minimum Qualifications & Experience

The shortlisting criteria for the Consulting Firm will involve:

- Registered Consulting Firm with a valid certificate of incorporation and at least 10 years of demonstrable experience in municipal finance, solid waste management, and legal/institutional framework development.
- Demonstrated track record in developing financing frameworks, PPP models, tariff and charging systems, or other sustainable service delivery mechanisms in the urban or environmental sector.
- At least two comparable assignments successfully completed in the past ten (10) years, including one within the last five (5) years, preferably under a donor-financed or World Bank-supported program.
- Proven understanding of Kenya’s devolution framework, county governance systems, solid waste management laws and regulations (including EMCA, SWM Act 2022, and County Solid Waste Management Policies/Bylaws), and public finance laws (e.g., PFM Act 2012).
- Experience in participatory stakeholder processes, including multi-stakeholder consultations, capacity-building initiatives, and institutional strengthening at both county and national levels.
- Technical and Managerial Capacity of the Firm-The firm must demonstrate adequate technical depth and managerial competence to deliver the assignment, including:
 - A multidisciplinary team with expertise in municipal finance, waste management, legal drafting, environmental economics, and institutional governance.
 - Evidence of a structured management system for quality assurance, coordination, and timely delivery of outputs.
 - Experience managing multi-county or intergovernmental assignments requiring collaboration among diverse institutions.
 - Availability of in-house or associated financial modeling and legal advisory capabilities relevant to service financing and PPP arrangements.

- o Strong project management and client coordination mechanisms to ensure efficient communication, reporting, and stakeholder engagement throughout the consultancy period.

8.0 Team composition, qualification and experience

The firm shall demonstrate multi-disciplinary, expertise and experience as required and appropriate for the execution of the assignment.

No.	Expert	Qualifications
1	Team Leader/ Institutional Finance Expert	<ul style="list-style-type: none"> i. A minimum of a master’s degree in Public Finance, Public Policy and/ or, Urban Governance from a university recognized in Kenya. ii. Proven expertise in Public Financial Management (PFM), infrastructure financing, and local government fiscal management. iii. A minimum of 10 years of general experience in governance, public sector reform, or regulatory and institutional framework development. iv. Demonstrated experience in leading multidisciplinary teams and working effectively with national and county governments and/or development partners in Kenya. v. Strong analytical, coordination, communication, and stakeholder engagement skills. vi. Duly registered and holding current annual practicing license from a relevant professional body recognized in Kenya.
2.	Solid Waste Management Specialist	<ul style="list-style-type: none"> i. A master’s degree in Solid Waste Management, Environmental Engineering, Environmental Science or a related field from a university recognized in Kenya. ii. At least 7 years’ of general experience in solid waste management systems design, operations, and institutional arrangements. iii. Hands-on experience with county service delivery especially in solid waste management and familiar with international best practices on financing solid waste management and regulation

No.	Expert	Qualifications
		<ul style="list-style-type: none"> iv. Duly registered and holding current annual practicing license from a relevant professional body recognized in Kenya.
3.	Legal Expert	<ul style="list-style-type: none"> i. A master's degree in Constitutional Law, Environmental Law or other relevant field from a university recognized in Kenya. ii. A Minimum 5 years' general experience in county legislation, waste/ environmental law, legal drafting, policy analysis, and institutional framework development, particularly in public finance, PPP, or environmental governance. iii. Specific experience in drafting laws/ regulations, guidelines or contractual frameworks at the national or county level. iv. Must be an advocate of the High Court of Kenya (with a current practicing certificate).
5.	Environmental/ Climate Change and/Resilience Expert	<ul style="list-style-type: none"> i. A minimum of a Bachelor's degree in Environmental Engineering, Environmental Studies, Environmental Planning, Sanitary Engineering, or Development Studies with a specialization in Climate Change or related field, from a university recognized in Kenya. ii. At least 5 years of progressive experience in environmental management, climate change adaptation, or resilience planning. iii. Demonstrated experience in the integration of climate resilience and environmental sustainability into urban service delivery or infrastructure projects. iv. Duly registered and holding current annual practicing license from a relevant institution/ professional body recognized in Kenya.
6	Economist/ Policy analyst	<ul style="list-style-type: none"> i. At least a Bachelor's degree in Economics, Statistics, finance or related field from a university recognized in Kenya. ii. A Minimum of 10 years of experience in financial and economic analysis, institutional reform, or governance strengthening.

No.	Expert	Qualifications
		<ul style="list-style-type: none"> iii. Proven ability to design financial models, revenue projections, cost-benefit analyses, and tariff-setting mechanisms for public utilities or waste systems. iv. Proficiency in modeling tools and preparation of investment plans or viability assessments. v. Duly registered and holding current annual practicing license from a relevant institution/ professional body recognized in Kenya.
7.	Stakeholder Engagement/ Governance Specialist	<ul style="list-style-type: none"> i. Bachelor's degree in Social Sciences, Community Development, Communication, or Public Administration from a university recognized in Kenya. ii. At least 5 years' experience in facilitating stakeholder consultations, workshops, and policy dialogues. iii. Specific experience in consensus-building and negotiation with multiple stakeholders (government, private sector, civil society, development partners).

9.0 Estimated time-inputs for key experts

S. No.	Key Staff	No.	Time-Input (Staff-months)
1	Team Leader/ Institutional Finance Expert	1	6
2	Legal Expert	1	6
3	Solid Waste Management Specialist	1	6
4	Environmental/ Climate Change and/ or Resilience Expert	1	6
5	Economist/ Policy Analyst	1	6
6	Stakeholder Engagement/ Governance Specialist	1	6

	Totals	6	36
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10.0 Management and Accountability

The consultancy will be administered by the State Department for Housing and Urban Development SDHUD through the KUSP2 Program Coordinator. The day-to-day supervision will be provided by the Result Area (RA) 3 Lead supported by the, Urban Infrastructure and Climate Resilience, Environmental and Social Development Specialists in the program.

11.0 Obligation of the client

- (i) The client, State Department for Housing and Urban Development, through the National Program Coordination Team (NPCT) and the Council of Governors (CoG), will provide all the relevant documents, i.e. Urban Governance Instruments, KUSP PAD and POM, existing SWM strategies and guidelines developed under KUSP I and any other developed and available policies that can assist in this assignment.
- (ii) The client will provide introductory letters to key stakeholders to facilitate communication.
- (iii) The Client will facilitate liaison with other program implementing partners.
- (iv) NPCT and CoG will assist in organizing meetings with relevant stakeholders as may be required by the consultant firm.

12.0 Obligations of the consulting firm

- i) The consultant will be answerable to the NPCT Coordinator on day-to-day operations, through the Result Area 3 Lead and will work closely with the 45 Counties and 79 municipalities and the project staff in the execution and delivery of this consultancy;
- ii) The consultant will be responsible for the provision of their own office space, equipment and software as necessary for carrying out this assignment.
- iii) The consulting firm will be required to make their own travel accommodation, insurance, communication and other associated costs arrangements for carrying out his assignment and during consultations with different stakeholders to ensure

- the assignment is carried on smoothly and seamlessly within the timeframe provided;
- iv) The consulting firm will consult and include inputs from the stakeholders and is responsible for organizing, achieving the evaluation and delivering the final report.

13.0 Proprietary rights of client in reports and records

All the reports, data, and information developed, collected, or obtained from the implementing agencies, etc., client, and other institutions during this exercise shall belong to the client. The consultant shall not use them without prior written authorization from the client. Further, at the end of the Services, the Consultant shall relinquish all data, manuals, reports and information (including the database, codes, and related documentation) to the client and shall make no use of them in any other assignment without prior written authority from the client

14.0 Possible Risks and Mitigation

The consultant is expected to identify any risks that may be associated with undertaking this assignment and propose any mitigation options that would ensure successful implementation of the assignment.