

TERMS OF REFERENCE FOR ASSESSING THE RESPONSIVENESS OF BANKING SECTOR CREDIT POLICIES TO WASH FINANCING AND STRENGTHENING CREDIT RISK ASSESSMENT FOR SANITATION FINANCE

I. Introduction

About the Uganda Bankers Association

The Uganda Bankers' Association (UBA) is an umbrella organisation for financial institutions licensed and supervised by the Bank of Uganda (BoU). Established in 1981, UBA is currently made up of 34 members, including 23 Tier 1 Commercial Banks, 3 Development Banks, and 8 Tier 2 & 3 Financial Institutions. (Total has remained 34, but constitution of membership has changed between Tier 1 vs Tier II & III UBA promotes and represents the interests of the member financial institutions; works closely with the regulator to promote financial sector growth; undertakes policy research on the banking sector; and acts as a platform for advocacy for a strong, vibrant, and respected financial services industry.

About Water For People Uganda

Water For People is an international development organization that exists to promote the development of high-quality drinking water and sanitation services, accessible to all, and sustained by strong communities, businesses, and governments. It envisages a World where every person has access to reliable and safe water and sanitation services.

About the Ministry of Water and Environment

The Ministry of Water and Environment (MWE) is the Government of Uganda agency responsible for sound management and sustainable utilization of water and environment resources for betterment of population of Uganda. The Ministry of Water and Environment established the Water Resources Institute as a center of excellence that provides cutting edge applied research and training for professional skills development across all levels on water resources management.

II. Background to the Assignment

Recently, the Uganda Bankers Association signed an MOU with Water For People aimed at enhancing the position of WASH financing interventions in the banking sector. To this end, several activities were identified, and key to this was to undertake a Sanitation Credit Market Assessment. This assessment was aimed at fostering financial inclusion within the sanitation sector through a data-driven understanding of sanitation credit market dynamics in order to bridge financing gaps across the sanitation ecosystem.

The Sanitation Credit Market Assessment revealed that sanitation financing in Uganda is constrained by systemic market and financing barriers and points to the need for targeted interventions that strengthen linkages between demand, supply, and finance. Thus, the assessment recommended that it was crucial to strengthen institutional capacity to assess sanitation-related credit risk and inadequate integration of WASH considerations into credit policies and lending frameworks.

The assessment will provide evidence-based recommendations to enhance the responsiveness of banking sector credit policies to WASH financing, improve sanitation lending practices, strengthen credit risk assessment frameworks, and support increased private sector investment in sanitation services, thereby contributing to sustainable and inclusive WASH sector development

It is against this backdrop that UBA therefore seeks a qualified and experienced consultant/s to undertake this assignment for a period of 30 days, including submission of the final report.

2.1. Objectives of the Assignment

The overall objective of the assignment is to assess the extent to which UBA member financial institutions have integrated WASH considerations into their credit policies and risk assessment frameworks, and to recommend measures for strengthening sanitation finance within the sector.

2.2. Specific Tasks of the Assignment

The consultant/s shall support the execution and delivery of the following tasks:

- Conduct a rapid online survey targeting Credit Committee members and relevant credit/risk personnel of UBA member institutions.
- Identify financial institutions that have existing WASH-responsive credit policies, lending products, or financing frameworks.
- Review selected credit policies and lending guidelines to assess their responsiveness to WASH and sanitation financing.
- Identify key barriers and opportunities for integrating sanitation finance within existing credit risk assessment processes.
- Develop practical recommendations for strengthening credit risk assessment for sanitation finance within financial institutions.

III. Scope of the Assignment

The scope shall focus on supporting the execution and delivery of the specific tasks presented in Section 2.2 above. The project targets a total number of 34 UBA members. In view of the defined deliverables, the Consultant/s will be required to perform tasks throughout various stages of this project in liaison with the reporting officer. The expected outcome of this activity is a strengthened financial institution's capacity to assess and manage sanitation-related credit risk, including review of internal credit policies to improve responsiveness to WASH financing.

Specifically:

- **Inception and Methodology** – including holding inception meetings with UBA and Water For People; Develop an assessment methodology and work plan, and Design survey tools and policy review templates.
- **Online Survey** – Design and administer an online survey to Credit and the Risk Committee members of UBA member institutions. Collect information on:
 - Existing WASH financing products.
 - Credit policy provisions relating to WASH financing.
 - Risk assessment approaches for sanitation-related lending.
 - Challenges faced in financing sanitation and WASH-related investments
- **Credit Policy Review** – Obtain and review selected credit policies and related lending guidelines from participating institutions; Assess the extent to which

policies facilitate or constrain sanitation financing and identify good practices and policy gaps.

- **Analysis and Recommendations** – Analyse survey and policy review findings; Assess the sector's readiness to scale sanitation finance; Develop recommendations for strengthening credit risk assessment and policy responsiveness to WASH financing, and Propose potential actions for UBA and member institutions.
- **Validation and Reporting** – Present preliminary findings to UBA and Water For People; Incorporate feedback from stakeholders and submit a final report.

IV. Expected Deliverables

- Inception report including methodology, survey tools, and work plan.
- Online survey Report on the responsiveness of credit policies to WASH financing.
- Credit policy review Assessment Report highlighting strengths, gaps, and opportunities.
- Final analysis recommendations for strengthening sanitation finance credit risk assessment.
- Final Consolidated Report and presentation of findings

V. Timeframe

The assignment is expected to be conducted on average over a period of 30 days and is expected to commence immediately upon the consultant's onboarding.

VI. Technical Requirements of the Consultant (s)

The consultant/consulting firm should demonstrate strong technical competence and practical experience in financial sector research, credit risk assessment, and policy analysis. Specifically, the consultant(s) should meet the following requirements:

- Demonstrated experience in conducting assessments, research studies, or advisory assignments involving financial institutions, credit risk management, and lending frameworks.

- Proven knowledge of Water, Sanitation and Hygiene (WASH) financing, with a clear understanding of their relevance to financial sector operations and lending decisions.
- Demonstrated experience in reviewing institutional policies, credit manuals, lending guidelines, risk management frameworks, or related governance documents within financial institutions.
- Proven track record in designing and administering surveys, conducting stakeholder consultations, analysing quantitative and qualitative data, and producing evidence-based recommendations.
- Prior experience working with commercial banks, development finance institutions, microfinance institutions, or other regulated financial institutions in Uganda or similar markets will be an added advantage.
- The Team Leader should possess at least a postgraduate qualification in Finance, Economics, Banking, Risk Management, Public Policy, or a related discipline, with a minimum of seven (7) years of relevant professional experience.
- Other key experts should possess relevant academic qualifications and at least five (5) years of experience in credit risk assessment, financial sector development, policy analysis, WASH financing, or related fields.
- Demonstrated experience in preparing high-quality analytical reports, policy reviews, diagnostic assessments, and strategic recommendations for financial sector stakeholders.

VII. Application process

Interested consultants and firms can apply for the assignment by submitting an expression of interest to take up the assignment, with the following documents:

- **Technical proposal:** The technical proposal should include the relevant experience, technical approach and methodology, proposed training implementation plan, team composition and CVs of key experts, evidence of executing similar work previously.
- **Financial proposal:** The financial proposal should include a detailed budget in UGX, including Professional fees.

- Both the technical and financial proposals should not exceed 20 pages in length.
- **Interested applicants** should submit their application and supporting documents to secretariat@ugandabankers.org with the subject line **"UBA Credit Risk Assessment for UBA Financial Institutions in WASH Financing"** no later than **1st July 2026**. Only short-listed candidates will be contacted.

VIII. Evaluation Criteria of Assignment

Criterion	Scores %
Relevant experience in conducting a similar assignment	30
Technical approach and methodology	30
Qualifications and experience of key experts	20
Financial proposal and value for money	20
Total	100

IX. Contract Management

The contract shall be managed through the following processes:

- The consultant/s will report to the Senior Research Officer of the Uganda Bankers Association.
- The consultant/s will be responsible for undertaking the specified tasks of the project, and the Senior Research Officer will provide technical support where necessary.
- Payments will be made based on agreed milestones and deliverables under the consultancy contract.