



TERMS OF REFERENCE FOR OUTPUT-BASED AID (OBA) INDEPENDENT VERIFICATION AGENT (IVA)

ENERGY

I. Background

II. Project Description¹

1. OBA scheme/project or component objective [as applicable depending on whether OBA scheme is a component of a larger operation with other input-based components or fully output-based]
2. Funding structure (total project size, percentage covered by service provider, customer and WB/GPOBA)
3. Target area/beneficiaries
4. Community/household eligibility criteria
5. Output definition²
6. OBA subsidy level - unit cost per output and affordability
7. Subsidy disbursement system
8. Implementation arrangements and flow of funds
9. Role of independent verification for triggering subsidy disbursement

III. Objectives of the Assignment

The objectives of the IVA are to (i) verify that the pre-agreed outputs [as defined in OM] have been physically delivered and properly documented, and (ii) recommend reimbursement of OBA subsidy to the service provider by [fiduciary agent/implementing agency/WB/GPOBA³].

¹ Disclosure: The information provided in this section is solely intended to offer a cursory summary of this project and its objectives. The Independent Verification Agent selected for this work must review and thoroughly understand all project documents beyond what is provided here. The information provided in the project's Grant Agreement and Operations Manual shall supersede all information provided in these Terms of Reference.

² Typical physical monitorable outputs include: effective installation of photovoltaic panels; working gas connections; biogas installations according to technical specifications. Service outputs include: satisfactory operation of installations after x months; x months billed; monthly revenue levels.

³ (ii) is a recommendation, **not** clearance of service provider's invoice. It is the TTL's responsibility to clear claims.

IV. Scope of Work

Task 1: Baseline Verification

Collect/or validate/or update [as applicable] baseline data

- Baseline data definition for OBA projects typically include: (i) current access rate in project's target areas/communities [i.e. percentage of population currently served, e.g. house connections, installed and functioning biogas plants; photovoltaic systems], (ii) level of service [e.g. service quality of existing installations, contractual quality standard for service providers; affordability of service (including informal payments)]; (iii) poverty proxy; [(iv) may include demographic information such as family size, and indicators of development impact such as health outcome, reduced consumption of alternative fuels, time saved for women]
- Baseline work will require documentation both review and visiting a sample of [households/communities] (minimum [X%])

Notes: 1) Baseline data collection only applies in the case above specific data has not been collected as part of project preparation (for example, different data have been collected).
2) Baseline validation does not apply if an independent consultant had carried out baseline data collection.
3) Baseline data update only applies if project effective over [18] months after Bank approval.

Task 2: Output Verification

Objective: Verify relevant pre-agreed indicators as evidence of achievement of outputs claimed

In order to validate subsidy claim submitted by service provider, the IVA will verify all pre-agreed indicators as evidence of the achievement of the outputs claimed, through an exhaustive desk review of the service provider records. Specifically, this review is intended to certify that (i) verified results claimed are consistent with output definition [confirm installation and use], (ii) claimed output reimbursement is consistent with agreed unit reimbursement.

Typical indicators include:

- Number of installations have been effectively completed to the required standards [photovoltaic systems, biogas plants, house connections]
- Number of service providers that have received training/are accredited to participate in the program
- Pre-determined user contribution has been received (e.g. upfront contribution and residential tariff)
- Services provided and billed (including invoiced amount; invoiced amount deemed eligible for reimbursement)

- Evidence of targeting of beneficiaries [e.g. poverty assessment score sheets or address]
- Unit cost is in pre-agreed range
- Amount of subsidy per output requested is equivalent to pre-agreed subsidy level

In addition, the IVA will check if adequate procedures (e.g. up-to-date customer database) are in place to ensure that no outputs are subsidized that have been delivered prior to the project start date (in the case of retroactive financing the cut-off date) or that have been funded by other sources (e.g. other donors or customers paying unsubsidized fees) to determine whether service has been delivered as agreed. The IVA is encouraged to make recommendations as to how to ensure this.

Task 3: Physical Verification

Objective: Verify reality and quality of outputs claimed

The IVA will carry out on-site random physical verification of at least X% of [outputs] (e.g. connections/households including appliances) for which a payment is requested. For each [output], the IVA will physically certify that it is properly installed and functioning according to the applicable regulation/required standards stated in the Operational Manual, and will verify the associated records kept at the offices of the service provider.

In addition, the IVA will ask a short household questionnaire on 1) service quality, *and* 2) *for GPOBA-funded projects only*, gender aspects, (i.e. number of females in the households/community, and the impact of GPOBA project on the lives of women/girls).

Sequence of the work may be as follows:

- a) Physical verification of completion and functionality of installations
- b) Test/verification of conformity of installations with applicable law or regulation, effective operation of the service (e.g. capacity of SHS installations e.g. expected 50 Wp)
- c) Pictures of each verified installation (e.g. solar home systems, gas connections and stoves, meter count, beneficiary's house/living environment)
- d) GPS positioning of household
- e) Questions to beneficiary household/community members:
 - satisfaction on service level (hours of service, perception of quality)
 - how many females (women and girls) *-mandatory only for GPOBA-funded projects*
 - what change project has brought to women/girls lives *-mandatory only for GPOBA-funded*

Task 4: Sustainability of Quality Service Verification

Objective: Verify service provided is continuing (according to acceptable standards) and users are satisfied, through both documentation review and physical checks

At the end the specified period of output delivery, the IVA will verify service provided is continuing (according to the specified standards), and users are satisfied, through both documentation review and physical checks, as follows:

- a) Technical and financial records/audited performance reports/statements: same as list in Task 2 above
- b) Scheme management records - Rural specific
- c) Quality supply and characteristics of installation continue to meet required standards and applicable law or regulation

Sample will be [X]% of the outputs purported to be working in past [three]/[six] months].

[OPTIONAL] Task 5: Project Data Collection

To be completed in close collaboration with implementing agency responsible for overall project oversight/M&E or the project technical and financial auditor.

[Annually] verify some of the following as required in project OM (vary by project):

- a) Baseline summary
- b) Comparison with projections
- c) Average household consumption
- d) Average household income of beneficiary households
- e) Average amount of monthly user bill
- f) Average monthly collection rate
- g) Average project cost per beneficiary and per output
- h) Average unit cost and evolution over time
- i) Average amount of contributions received for each output: users, World Bank, service provider, others
- j) Average subsidy per beneficiary and per output
- k) Average hours of supply, number and duration of interruptions
- l) Any requests rejected or user complaints received
- m) Gender impacts aspects as required
- n) Employment creation
- o) Average capacity of installations
- p) Collecting efficiency

V. Methodology and Resources

Documentation review will typically include the following:

- a) Technical records – designs, contracts, commissioning certificates, completion of works, results of service quality -to verify: (i) number and quality of

- [installations] achieved for which subsidy payment is requested, and (ii) unit cost for each installation
- b) Financial records/audited statements -to verify (i) upfront user contribution received; (ii) number of months tariff was paid as applicable; (iii) consumption reading as relevant (if meeting is required as part of the service) (iv) revenue from energy service, (iv) other funding received; (v) GPOBA contribution claimed
 - c) Contractor invoices – to verify (i) actual unit cost; (ii) invoicing for the works compliant with contract specifications
 - d) Signed service agreement for each beneficiary
 - e) Client record/billing database or general procedures for registering client demands for new service – to verify eligibility criteria of beneficiaries as per OM criteria were respected; allows sufficient distinction from outputs funded from another source than GPOBA

For field verification, the sampling methodology proposed by the IVA will have to be acceptable to the World Bank. Possible sampling of facilities and beneficiaries may be done randomly (e.g. any output in project area), or in two stages: random selection of specific areas followed by the verification of all OBA outputs in the selected areas.

VI. Deliverables

Inception Report: This report will describe the pre-investment conditions in each area/community that will directly benefit from grant funds, will demonstrate that eligibility criteria are met, and propose (i) a format for the subsequent Output Verification Reports, and (ii) sampling methodology for physical verifications. This report will be submitted prior to the first disbursement request.

[Quarterly] Output Verification Reports: These reports will contain a summary of baseline conditions along with a detailed description of the post-investment situation in each community according to the information listed in Task 1 to 4 above, and as appropriate, with the M&E data listed in Task 5 above on an [annual] basis. Each report will be delivered to the hiring agency with a copy to the World Bank [X] days after the issue of the disbursement request for comments. After the IVA report is finalized based on comments received, the implementing agency/service provider will attach the IVA report together to each disbursement request to process the subsidy payment.

VII. Selection of the Independent Verification Agent and Minimum Qualifications

The Independent Verification Agent for this project will be selected following the World Bank's Guidelines: Selection and Employment of Consultants by World Bank Borrowers (May 2004, Revised October 2006). The recruiting method will be either QCBS, fixed budget, or comparison of consultants.

The Borrower or grant recipient will execute the consultant selection process. In exceptional circumstances, the World Bank will execute the consultant selection process,

e.g. if there is explicit conflict of interest between the hiring entity and the task of the IVA.⁴

Typical general qualification requirements include:

- Engineer demonstrating minimum of [10] years of relevant experience in electricity/gas service and regional/country experience
- Economist/financial specialist demonstrating minimum of [10] years of relevant experience in health financing and regional/country experience
- Be fluent in the languages of the project's target population or have the capacity to obtain translation services
- Survey support staff knowledgeable in culturally appropriate practices needed to work with the project's target population

VIII. Duration of the Assignment

The duration of this assignment is expected to be [Project Duration] years. The consultant is expected to start the assignment [date before construction works start/effectiveness].

IX. Inputs to the Consultant

- Financing agreement
- Operational Manual
- Standard conditions for Grants made by World Bank
- Disbursement guidelines for WB Loans/Grants
- Memorandum of understanding
- Relevant project related studies, e.g. feasibility studies, poverty assessment, willingness to pay/affordability studies

X. Payment Schedule

The Independent Verification Agent's services shall be remunerated in installments as suggested below, with each deliverable being linked to a specific amount expressed as percentage of the total contract amount according to the following criteria:

Contract Award	10%	One installment
Inception Report	20%	One installment
Output Verification Reports	70%	XX installments
Total	100%	XX installments

XI. Reporting and Management of the Assignment

⁴ In addition, project financial/technical auditors may qualify for IVAs if there are sizeable economies of scale and it is possible to add IVA tasks in the auditor's TOR. An assessment will be made by the project team as to whether combination of the auditor and IVA roles could be made based on considerations such as, obvious task overlaps, common use of international experts/travels, possibility of a more consistent contract generating more interest and competition by bidders in risk-countries, minimizing reporting requirements for small projects.

The selected consultant will work under the overall guidance of the [hiring entity]. The consultant will also work closely with [relevant agencies, stakeholders] throughout the assignment. The main contact will be [XXX].