

## **Terms of Reference (ToRs) for Independent Verification Agent (IVA) for the Off-Grid Energy Grant Facility in Mozambique**

Maputo, April 2024

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## 1. BACKGROUND

Expanding access to electricity services for all Mozambicans by 2030 is at the centre of the government’s social and economic development agenda. In the last ten years, the country has seen a threefold increase in grid electricity accessibility through both grid expansion and densification. Despite these advancements, the emergence of an off-grid energy sector presents new opportunities. Nonetheless, the nation confronts a substantial challenge in bringing electricity to rural areas, where nearly 20 million of its people live in widespread, off-grid communities<sup>1</sup>.

To achieve universal electricity access by 2030, the government plans to extend and densify the grid and enhance off-grid solutions, such as mini-grids and standalone systems. The National Electrification Strategy (NES) outlines roles for EDM and FUNAE in leading on-grid and off-grid initiatives, respectively, promoting a dual approach suitable for a low-income, predominantly rural country.



In Mozambique, the demand for solar home systems among households without access to grid is projected to reach around 4.2 million by 2030. Just over 1.68 million households are expected to have the financial capacity to afford these systems without needing subsidies, leaving the majority in need of financial support or subsidies. Beyond the issue of affordability, challenges such as securing working capital, meeting the comprehensive financial needs of consumers, navigating the complexity of funding sources for solar home systems (SHS) and scaling up for productive uses stand as significant barriers.

Mozambique is characterized by low levels of income per capita, which constitutes a constraint to accelerating the improvement of population access to modern energy cooking services. Rural areas are more dependent on traditional stoves and fuels such as firewood, which they collect. A combination of charcoal with fuels such as LPG or electricity is the predominant pattern in urban areas such as Maputo, Matola, Beira and Nampula. However, households face issues related to affordability, availability of alternative options and consistent supply.

To support the implementation of the NES and the “Programa Nacional de Energia para Todos” [Electricity for All National Program], the World Bank has provided financing to the Government of Mozambique under the Sustainable Energy and Broadband Access in Rural Mozambique

<sup>1</sup> The Government’s National Electrification Strategy estimates that 70% of the population will be connected to the grid by 2030, with the remaining balance to be served by off-grid solutions.



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Project and is setting up an Off-Grid Grant Facility with a corresponding independent verification mechanism.

A Facility Manager (FM) will manage the Off Grid Finance Facility “Grant Facility”, that will conduct screening of the companies and their business plans. An Independent Verification Agent (IVA) will support the monitoring of the project results and signal for the disbursement of the result-based financing (RBF) funds to the grantees.

The “Grant Facility” will provide a combination of pre-financed milestone-based financing (Catalytic Grants) and Results-Based Financing, complemented with technical assistance and business development services to build sustainable supply chains. The objective is to incentivize companies to deliver renewable energy technologies to customers in remote rural areas, by (i) supporting sustainable access to quality verified off-grid solar products and systems; and (ii) encouraging growth of early-stage, local solar companies where possible. Also, include improved and clean cooking solutions (thereby providing incentives to attract private investments based on performance targets.

The "Grant Facility" aims to foster sustainable supply chains by offering a blend of pre-financed milestone-based financing, Results-Based Financing, alongside technical assistance and business development services. Its purpose is to motivate companies to distribute renewable energy technologies and improved & clean cooking solutions by: (i) ensuring sustainable access to certified quality products, and (ii) fostering the growth of emerging, businesses in challenging markets.



The Facility will require an efficient and transparent verification of the results upon which the payments will be triggered, which will be the main responsibility of the IVA.

## 2. OBJECTIVE

The goal of this task is to independently verify claims and activities submitted by awardees and applicants seeking or having received financing from the Grant Facility. Contracts under this facility will detail specific triggers, performance metrics, disbursement timelines, and other verifiable elements.

The Independent Verification Agent (IVA) is tasked with confirming the accuracy and authenticity of sales claims, milestones, results achieved, or other agreed-upon triggers submitted by awardees for eligible products or services within the program.



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Furthermore, the IVA will design the verification process to guarantee result integrity and minimize the risk of fraud.

Additionally, a critical objective is to enhance the integration of DRE companies' electronic sales and information management systems when available with the data management platforms utilized by the Facility Manager and the IVA. This includes ensuring the integrity, security, and efficiency of data exchange to support the accurate monitoring, verification, and reporting of project outcomes.

### 3. VERIFICATION AND DISBURSEMENT PROCESS

The Fund Manager (FM) will lead the operational design, guidelines, and initiation of the Facility, in addition to overseeing the application process. This includes evaluating applicants against the eligibility criteria, liaising with other grant providers, requesting and reviewing grantee reports, aiding in the contracting process, and managing grants and performance monitoring. The FM will also prepare disbursement forecasts for review, oversee fund disbursement to awarded firms following verification, and handle general grant administration.

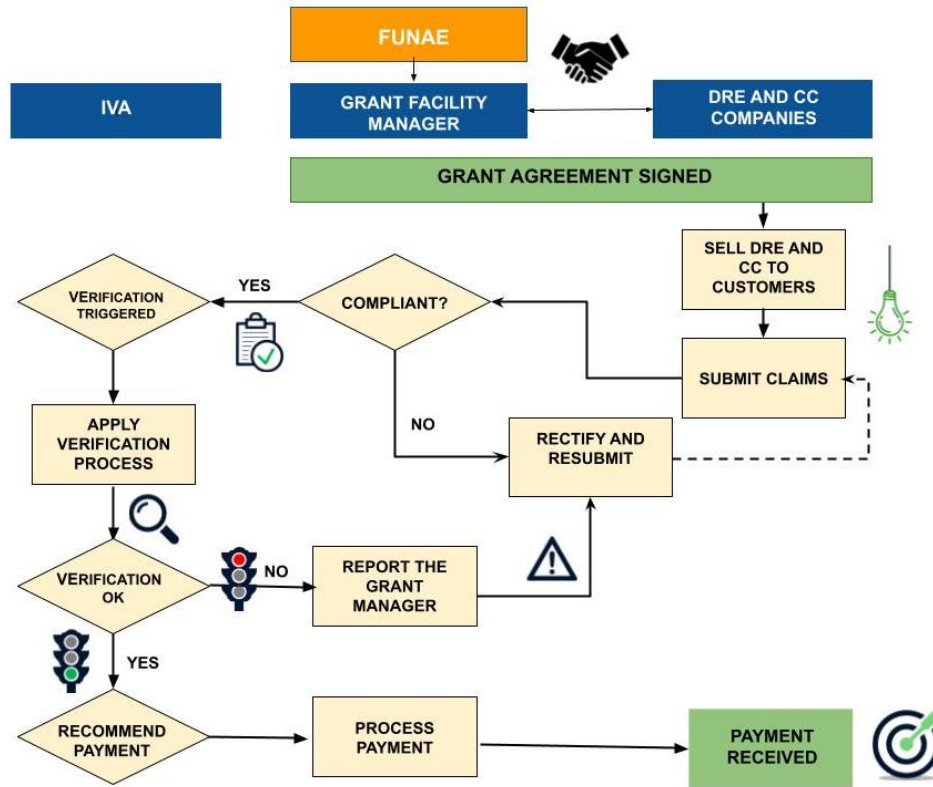
The Independent Verification Agent (IVA) and the FM will collaborate to establish the metrics for measurement, decide on the data collection process including timing and methods. Verification processes may encompass site visits, phone surveys, document inspection (such as receipts for incurred costs), or data submission to the FM (like electricity production figures or sales data for equipment or Solar Home Systems or improved and clean cooking solutions).



To ensure the program's success, a multi-tiered monitoring and evaluation framework is recommended, starting with awardee self-reporting. An escalating, risk-based verification approach is advised for the IVA, which should outline in their proposals a verification strategy that aligns with best practices and offers a balance between cost, accuracy, and reliability.

The overall verification process is outlined in the following flow chart:



## Outcome-Based Grant Verification and Disbursement Scheme



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#### 4. SCOPE OF WORK

The Independent Verification Agent (IVA) will ensure the integrity and effectiveness of the Outcome-Based Grant Verification and Disbursement Scheme within the Grant Facility managed by the Fund Manager (FM).

The assignment comprises the following **key responsibilities**, as follows:

1. **Collaboration with FUNAE and the FM:** Work closely with the FM to develop and refine the metrics for measuring project success, ensuring these are aligned with the Facility's goals and objectives.
2. **Development of Verification Strategies:** Design and propose comprehensive verification strategies that adhere to best practices. These strategies should effectively balance cost, accuracy, and reliability while being adaptable to the evolving needs of the Facility.
3. **Data Collection and Analysis:** The strategy for data collection and analysis emphasizes the use of remote platforms to obtain detailed metrics on electricity use, production, sales, and collection rates. This approach is primarily designed to leverage digitally sourced data for in-depth and precise analysis. When remote data is not comprehensive or available, additional methods such as site visits, telephone surveys, and the examination of relevant documents, including receipts and contracts, will supplement the initial data gathering efforts. This multi-faceted approach ensures a thorough assessment across a broad spectrum of performance indicators, facilitating an effective and informed verification process.
4. **Implementation of Verification Processes:** Execute the verification processes in accordance with the strategies established, prioritizing the analysis of data from remote platforms as the principal method. This analysis will include reviewing digitally sourced information such as electricity production, sales data for authorized products and services, and collection rates. When data from these platforms is insufficient, supplementary





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methods will be utilized, including performing field visits, conducting phone surveys, and inspecting relevant documents. These additional steps ensure thorough compliance checks against the Facility's criteria, allowing for a comprehensive assessment of grantee performance and adherence to operational standards.

5. **Monitoring and Evaluation Framework:** Implement a multi-tiered monitoring and evaluation (M&E) framework starting with awardee self-reporting, followed by an escalating, risk-based verification approach. This framework should allow for the continuous assessment of the Grant Facility's performance and the timely identification of areas for improvement.
6. **Reporting:** Develop detailed reports based on the outcomes of the verification processes, capturing assessments of grantees' adherence to contractual obligations, fulfillment of performance indicators, and proper allocation of disbursed funds. The format and frequency of these reports will be determined in agreement with the Facility Manager (FM) to ensure the verification and disbursement processes are efficiently synchronized. Reports must be submitted to the FM following the agreed-upon guidelines, with the entire process—from claim presentation to report submission—not exceeding three weeks, streamlining the verification and disbursement timeline.
7. **Recommendations for Improvement:** Provide actionable recommendations based on verification findings to enhance the Facility's operational efficiency, grantee performance, and overall effectiveness of the disbursement scheme.
8. **Fraud Prevention and Integrity Assurance:** Develop and implement measures to prevent fraud and ensure the integrity of the verification process, thereby safeguarding the Facility's resources and the effectiveness of the grants.





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**Additional Tasks:**



1. **Energy Solutions Product Supplier Qualification:** Oversee the qualification, registration, and notification of suppliers for energy solutions products.
2. **Quality Control System Management:** Implement a quality control system, including spot checks on installations and supported energy solutions products, to maintain high standards.
3. **Progress Reports Preparation:** Draft regular progress reports with recommendations for scheme modifications to the Fund Manager, aiming for continuous improvement.
4. **Mid-Term and Completion Report Preparation:** Prepare comprehensive Mid-Term Evaluation and Project Completion Reports, summarizing findings, impacts, and lessons learned throughout the Facility’s lifecycle.
5. **Development and implementation of verification processes** that specifically consider the alignment of DRE and clean cooking companies' electronic information systems with the FM and IVA's data management requirements. This includes establishing best practices for data integration, ensuring comprehensive compliance checks, and enhancing fraud detection mechanisms.

**5. LEVELS OF VERIFICATION FOR THE RBF INCENTIVES**

The Grant Facility requires a multi-tiered approach to monitoring and evaluation. At its core, this system relies on self-reporting from the grantees. It is recommended that the Independent Verification Agent (IVA) begins with an escalating, risk-based verification method. IVA applicants are expected to detail in their proposals a preferred auditing approach that aligns with best practices, efficiently balancing cost, accuracy, and reliability.

The IVA will determine the precise methodology of verifications but below are some suggested audit levels that the IVA could operate.



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AUDIT LEVEL	NAME	WHEN TO APPLY
<b>Audit Level 0</b>	Remote Verification	Whenever possible, verification will be done through remote monitoring technologies, such as smart meters for mini grids, pay-as-you-go systems for SHS, and pay-as-you-cook technologies for clean cooking.
<b>Audit Level 1</b>	Telephone Sample	As needed, in the absence of remote verification.
<b>Audit Level 2</b>	Field Sample	Apply if, during a Level 1 audit, more than 10% of the customer telephone numbers called cannot be contacted.
<b>Audit Level 3</b>	Grantee Process / Systems Audit	Apply if a Level 2 audit fails.
<b>Audit Level 4</b>	Full Customer Audit	If there is evidence of, or concern about, a significant lack of integrity in the claims data of a grantee.

Companies must submit each Claim Form, with supporting documents, to the FM using the approved format and submission system that will be developed jointly by the IVA and the FM. The Facility Manager may use a suitable IT platform to manage calls for proposals and the database of customer sales and grant claims and disbursements.

## 6. TIMING AND TRIGGERS OF INDEPENDENT VERIFICATION

Claims for payment of Results-Based Grants may be submitted by Grantees once each month. Claims submitted between the 1st and the 15th of that month will be processed the same month otherwise the claim will be processed the following month. The minimum number of units for a claim to be considered will be set by the Grant Facility Manager.





## 7. VERIFICATION OF MILESTONES CATALYTIC GRANTS

The Independent Verification Agent (IVA) is tasked with ensuring the integrity and effectiveness of Catalytic Grants by conducting thorough evaluations of grant proposals, monitoring eligible market development activities, and verifying milestone achievements. This outlined scope is a proposal for the IVA's responsibilities; however, the consultant is encouraged to propose, in coordination with the Facility Manager, the most efficient and effective methods for verification, allowing for flexibility and adaptability in approach to meet the Facility's objectives.

The IVA will determine the precise methodology of verification of the milestones Catalytic grants but below are some suggested audit tasks that the IVA could operate.

MILESTONE	VERIFICATION ACTIVITY	APPLICABILITY
<b>Proposal Submission</b>	Review of proposal detailing funding details, co-investments, planned milestones, and anticipated outcomes.	At the time of grant application
<b>Approval and Initial Disbursement</b>	Verification of grant approval and processing of initial disbursement up to % of the grant amount.	Following grant approval
<b>Market Development Activities</b>	Ongoing verification of eligible market development activities, excluding non-eligible expenses.	During grant execution phase for eligible activities
<b>Milestone Achievement and Reporting</b>	Evaluation of milestone completion based on reports, financial audits, and outcome assessments.	Upon completion of agreed-upon milestones
<b>Final Disbursement</b>	Final grant disbursement contingent upon the comprehensive achievement of specified deliverables.	At the completion of grant activities and final reporting

The verification tasks for the Catalytic Grants are outlined as a foundational framework, encompassing essential responsibilities such as proposal evaluation, approval verification, activity monitoring, milestone reporting, and disbursement approval. These tasks represent the minimum expectations for the Independent Verification Agent (IVA). However, the consultant is anticipated to suggest additional tasks, enhancing the depth and efficacy of the verification process in coordination with the Facility Manager, to ensure comprehensive oversight and support of the

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Catalytic Grants program.



- **Proposal Evaluation:** Conduct thorough reviews of proposals submitted by companies, focusing on the completeness, feasibility, and alignment with Catalytic Grants objectives, including co-investment details and projected milestones.
- **Approval Verification:** Confirm the approval of grants and ensure the initial disbursements are processed correctly, in line with the grant agreement terms.
- **Activity Monitoring:** Regularly monitor and verify the execution of eligible market development activities by grantees, ensuring adherence to the approved proposal and exclusion of non-eligible expenses.
- **Milestone Reporting:** Evaluate the completion of milestones through detailed analysis of grantees' reports, conducting financial audits and assessing the outcomes against the set objectives.
- **Disbursement Approval:** Recommend the final disbursement of grants based on a comprehensive evaluation of the achievement of specified deliverables and the overall success of the project activities.

## 8. INDEPENDENT VERIFICATION ACTIVITIES

The IVA will report on the verification outcomes based an agreed upon template with the Facility Manager.

In addition to the structured approaches outlined below, the IVA is encouraged to suggest improvements or alternative strategies based on industry best practices and an understanding of the specific operational context, including the integration of a risk-based approach to enhance the effectiveness of these activities:





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**Phone Verification:**

- The IVA will determine and justify a phone verification approach and sampling size using justifiable sampling methods relevant to the claims at hand.
- Conduct phone checks on select users identified through sampling from the grantee's sales database, as detailed in their claims report.
- Grantees with GSM-capable products in areas with GSM coverage are expected to integrate their API systems with the verification platform. This allows for remote confirmation of customer connections, enhancing confidence and potentially reducing the need for extensive manual checks. Nonetheless, additional user information may still be required.
- During phone verifications, confirm:
  - ✓ That the identified person is the actual user of the products.
  - ✓ That the contact and location details of the user are correct.
  - ✓ That the user acquired the stated products including the correct product model claimed by the grantee.
  - ✓ Total cost of the product to the user
  - ✓ Down payment/deposit/part-payment by end user
  - ✓ Credit and repayment period (only for loans)
  - ✓ That the user is familiar with the product specifications and their capabilities.
  - ✓ Status of payment for the products Phone interviews should be conducted in a language the user understands.
- Use a standardized questionnaire for consistency, with all findings reported in English.
- Identify any discrepancies or areas needing further investigation during phone verification to guide subsequent field verification efforts.
- Based on phone verifications, the IVA may recommend rejecting certain claims if



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discrepancies are found.

- Provide an evaluation of fraud risk, indicating if additional investigations are warranted.



**Field Verification:**

- Following the phone verification phase, the Independent Verification Agent (IVA) will initiate field verification should it be impossible to reach more than 10% of the contacted customers. Selection for field visits will be informed by:
  - ✓ A rigorously defined sampling strategy tailored for field verification.
  - ✓ Users flagged for further investigation during the phone verification stage.
- ✓ During field visits, the IVA will interview a sample of customers to directly confirm their access to energy via the supplied products.
  - Interviews will be conducted in a language the customers are comfortable with.
  - Responses will be collected using a standardized set of questions, incorporating those used in phone verifications.
- ✓ The IVA is tasked with documenting the geographic coordinates (GIS coordinates) of each household visited.
- ✓ Photographic documentation of the customers and their products is required to support verification efforts.

For customers residing beyond the GSM network's reach, acknowledging the challenge in remote monitoring and verification, the IVA must employ a rigorous verification method. This approach should be designed to effectively mitigate the risk of fraud and collusion, especially concerning sales claims involving these customers.

For all field verification activities, it is mandatory to obtain signed consent from customers, granting permission to gather, utilize, and store their information, as well as consenting to the use of any photographic material captured during the process.



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**Full Audit:**

Should inconsistencies arise in the course of using the two primary verification methods mentioned above, or if the grantee does not pass the systems audit, the IVA will escalate the process to a full audit. This extensive audit involves:

An in-depth review of the grantee's management and record-keeping systems to ascertain the presence of any record-keeping errors or potentially fraudulent activities.

**Incorporation of Risk-Based Approach:**



To make verification activities more effective, it's proposed that the IVA implements a risk-based approach, applying verification efforts according to the risk profiles of the grantees.

**9. REPORTING, MEDIATION, PROPOSED ADJUSTMENTS**

The Independent Verification Agent (IVA) is tasked with documenting outcomes and suggesting amendments following both phone and field verification efforts.

- (i) After completing the verification tasks, the IVA will report their findings and suggestions to the Fund Manager (FM).
- (ii) The IVA is also expected to include in their reports photographs of customers and their products captured during the field verification phase, where relevant.
- (iii) Based on the results of the verification, the IVA will recommend adjustments to the incentive claims. These adjustments may involve increasing, decreasing, or entirely eliminating specific items or categories within the claims. It is the IVA's duty to highlight inaccuracies or missing information in the claims and suggest how to address these issues. While the FM is not obligated to follow the IVA's recommendations, these insights are crucial for making well-informed decisions.
- (iv) The IVA will suggest specific thresholds for postponing or halting a claim, grounded



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in a risk assessment and taking into account the progress of related activities.

(v) An evaluation of potential fraud risks will be provided by the IVA, indicating if further examination is warranted.

(vi) To enhance the efficiency of monitoring and verification, the IVA will collaborate with the providers of the digital online platform to seamlessly integrate these processes into the platform's operations.

(vii) When conditions grant the need the Facility Manager may request that IVA to escalate the level of verification.

## 10. KEY DELIVERABLES FOR THE INDEPENDENT VERIFICATION AGENT (IVA)



To ensure the integrity and efficacy of the Results-Based Financing (RBF) and Milestone Grants verification process, a series of key deliverables will be provided by the consultant.

These key deliverables are designed to establish a comprehensive framework for verifying claims, assessing compliance, detecting fraud, and facilitating disbursements based on verified achievements.

1. **Verification Strategy and Approach Report:** This foundational document will outline the tailored methodologies, tools, and strategies for conducting verifications. It includes specifics such as sampling sizes, methodologies for spot checks, and the development of questionnaires for both phone and field verifications. This report will be prepared in close collaboration with the Facility Manager (FM) to ensure alignment with project goals and requirements.
2. **Field Verification Kit:** A comprehensive toolkit equipped with standardized questionnaires, interview protocols, and guidelines for selecting verification sites and





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participants. It is designed to facilitate effective on-site assessments of grantee compliance and the achievement of project milestones.

3. **Phone Verification System:** A structured framework for conducting telephone verifications, featuring a series of pre-defined questions and criteria. This system is aimed at efficiently assessing grantee claims and progress through direct engagement with users and stakeholders.
4. **Fraud Detection Framework:** Advanced methodologies and indicators specifically developed to identify and assess risks of fraud within RBF and Milestone Grants submissions. This includes the incorporation of risk assessment tools and guidelines for conducting in-depth investigations when necessary.
5. **Monitoring and Evaluation (M&E) Dashboard with Progress Tracking:** A dynamic, real-time monitoring and evaluation solution designed for tracking the progress, compliance, and achievements of grants. This dashboard will also feature capabilities for verification completion labeling and progress tracking, facilitating a clear view of the verification process at any given moment.
6. **Verification Reporting Module:** A specialized module for the compilation, analysis, and presentation of verification outcomes. This module will generate reports that serve to trigger the disbursement process, highlighting compliance, achievements, discrepancies, or any issues identified during verification.
7. **Survey and Interview Toolkits:** Custom-designed surveys and interview formats to support both phone and field verification efforts. These tools are essential for gathering detailed qualitative and quantitative data from grantees, beneficiaries, and other relevant stakeholders.
8. **Risk Management Toolkit:** A guide and toolkit dedicated to the identification, assessment, and management of potential risks associated with the verification of RBF and



Milestone Grants. This advisor will offer strategies for mitigating risks and ensuring the integrity and reliability of the verification process.

9. **Quarterly Reporting:** Regular, detailed reports to the FM, summarizing the volume and outcomes of claims processed and verifications completed. These reports are crucial for maintaining transparency and informing continuous improvement in the program.

**Additional Consideration:**

Proposals are encouraged to include a Recommendations Engine and Quality Assurance component. While not listed as a separate deliverable, incorporating an analytical tool combined with procedural standards for generating actionable recommendations based on verification findings and ensuring the verification process's quality and integrity is highly recommended. This addition should aim at enhancing the overall effectiveness of the verification efforts and contributing to the continuous improvement of the program.

**Note: All Reports should be submitted in both languages: English and Portuguese.**



The following table details the timelines and specific responsibilities associated with each deliverable, guiding our collective efforts towards successful project implementation and management.

DELIVERABLE	DESCRIPTION	DELIVERY DEADLINE	IMPLEMENTATION PHASE	ONGOING EVALUATION
<b>Verification Strategy and Approach Report</b>	A comprehensive report that includes customized methodologies, tools for RBF and Milestone Grants verification, sampling sizes, spot	Week 2	Week 3 for implementation review	As needed



	checks, and questionnaires. Reviewed and pre-agreed with the FM.			
<b>Field Verification Kit</b>	Tools and guidelines for on-ground assessment, including standardized questionnaires and interview protocols, ensuring thorough assessment of grantee compliance and milestone achievement.	Weeks-2	Week 3 onwards	Throughout project
<b>Phone Verification System</b>	A structured approach with predefined questions for efficiently assessing claims via phone, including criteria for evaluating responses.	Week 2	Week 3 onwards	Throughout project
<b>Fraud Detection Framework</b>	Advanced methodologies and indicators for identifying fraud within RBF and Milestone Grants submissions, including risk assessment tools and guidelines for further investigations.	Weeks 3	Week 4 onwards	Throughout project

<b>M&amp;E Dashboard with Progress Tracking</b>	A tailored M&E solution for real-time tracking of progress, compliance, and achievements, incorporating verification completion labeling and progress tracking on the online platform.	Weeks 4	Week 5 onwards	Throughout project
<b>Verification Reporting Module</b>	A specialized system for compiling, analyzing, and presenting verification outcomes, producing detailed reports that trigger disbursement processes.	Weeks 3	Week 4 onwards	After each verification
<b>Survey and Interview Toolkits</b>	Tailored surveys and interview formats for comprehensive data collection from stakeholders, supporting both phone and field verification efforts.	Weeks 2	Week 3 onwards	Throughout project
<b>Risk Management Toolkit</b>	A guide and toolkit for risk management in verification, providing strategies for mitigating risks and ensuring process integrity.	Week 2	Week 3 onwards	As needed
<b>Quarterly Reporting</b>	Regular reports summarizing the	First Week of following quarter	N/A	Quarterly

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number of claims processed, verification activities completed, and outcomes for each claim, on a quarterly basis.			
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## 11. QUALITY AND PERFORMANCE REVIEW

The Facility Manager will periodically review the quality and performance of the Independent Verification Agent's processes, operations, and outputs.

## 12. DURATION OF ASSIGNMENT AND CONSULTANT EFFORT



The duration of the assignment is 30 months with the possibility of extension upon satisfactory performance and extension of the Grant Facility.

The assignment will be divided into two phases; the first two (2) months will be under a lump-sum contract, and the remaining 28 months will be under a time-based contract.

Two types of contracts awarded to the Independent Verification Agent (IVA), which are:

- Lump-Sum Contract:** The IVA will be contracted for an initial phase that will be executed under a lump-sum contract, with a duration of two (2) months. During this period, the IVA will need to complete work linked to established deliverables, as outlined in Section 10: Key Deliverables for the Independent Verification Agent (IVA), and will receive lump-sum compensation based on the acceptance of these deliverables. The Estimated input of Key Experts' time-input for Phase One is 0.80 person-months.
- Time/Effort-Based Contract:** After successfully completing Phase 1, the IVA



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will proceed with Phase 2 under a time-based contract for the remaining 28 months. During this phase, the IVA's compensation will depend on the estimated level of effort. This effort involves a proposed base rate for hours spent on specific verification activities, which include:

- **Results-Based Financing (RBF) Verification:** Assessing the accuracy and integrity of claims related to outcome-based grant disbursements.

**Milestone Catalytic Grants Verification:** Evaluating the achievement of defined project milestones that trigger catalytic grant payments. The estimated input of Key Experts' time-input for Phase 2 of Implementation is 4.2 person-months



### 13. QUALIFICATION AND EXPERIENCE OF FIRM

The consultancy firm with the following qualifications are invited to participate in the independent verification agent assignment:

#### Firm's specific Profile:

- Recognized as a top-tier audit/consulting firm, with proven leadership within the industry.
- Proven background in accounting, audit and finance is essential.
- At least fifteen (15) years of operational experience, indicating stability and a deep understanding of the auditing field.
- Minimum of two (2) similar assignments in the last five (5) years, funded by the World Bank, will be considered a plus.
- Excellent expertise in developing monitoring tools and systems and tracking of implementation of similar assignments.
- Proven track record of robust anti-corruption policies and unwavering integrity standards in auditing processes.



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**Proven Track Record:**

- History of successfully completing assignments that mirror this assignment's complexity and scale over the last fifteen years.
- Experience with international development organizations, especially assignments facilitated or funded by the World Bank, considered a plus.
- Proven extensive experience in aligning electronic sales and management systems of DRE and clean cooking companies with data management platforms like those of the FM and the IVA will be a plus. This includes a proven track record of facilitating seamless data integration, enhancing data accuracy, and supporting the efficiency of monitoring and verification processes.



**Verification Capability:**

- Demonstrated expertise in conducting verification exercises, including socio-economic and field/on-site evaluations.
- Strong background in accounting, audit, and finance for precise financial transaction analysis.
- Experience in organizational and project assessments, including systems review and project transaction verification.
- Proof of accounting, audit and finance background will be essential
- Past roles in project medium and large transaction verification will be an advantage

**Logistical and Language Proficiency:**

- Ability to deploy if and as necessary professionals across various rural locations, showing logistical capability and geographic adaptability.
- Proficiency in English is required, knowledge of Portuguese is desirable, and proficiency in local languages will be necessary as needed to ensure effective communication and



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accurate verification.

### **Experience in the Rural Economy and Energy Sector:**

- Engagement with the rural economy and proven direct experience with rural energy interventions.
- Familiarity with energy product or service providers, reflecting an understanding of the sector's dynamics will be an advantage.

### **Technical Skills and Data Management:**

- Exceptional computer skills required for all proposed key staff.
- Experience and ability to deploy a robust data collection and management system, including GIS tracking for field visit documentation of similar deployment in the past will be essential.
- Experience in data processing and analysis.

### **Local Partnership:**



- Partnering with a local entity is optional, not mandatory, allowing the firm to propose the best approach for the assignment.

## **14. TEAM COMPOSITION & QUALIFICATION REQUIREMENTS**

The Consultant is expected to assemble a team of highly qualified professionals to ensure the successful achievement of the project's objectives, with the following minimum qualifications. A comprehensive understanding of ethics and transparency are essential requirements for these roles.:





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**Team Leader:**

The Team Leader should hold at least a higher education degree in Accounting, Auditing, Energy Financing, Energy-related fields, Monitoring and Evaluation (M&E), or other relevant fields for the assignment, possess a minimum of ten (10) years of relevant experience, and demonstrate strong leadership skills necessary for overseeing the team’s activities and providing clear and effective reporting on project outcomes. The Team Leader shall manage the assignment design and implementation process and serve as the primary point of contact with the FM and FUNAE.

**Senior Auditors:**

Two Senior Auditors are required, each holding a degree in Auditing or Accounting, and possessing a minimum of five (5) years of experience in similar activities. These auditors will primarily use desk/remote verification methods, leveraging submitted claims on the online platform and live system status where applicable. They will also collaborate with the field resource team when necessary.



**Monitoring and Evaluation Specialists:**

Two specialists in monitoring and evaluation are needed, holding higher education qualifications in Social Sciences, Economics, M&E, Statistics, Demography, Development Studies, Project Management, or a related field. Each specialist should have a minimum of seven (7) years' experience in conducting studies and impact evaluations for similar projects. Experience in the monitoring of similar assignments will be a plus. Strong communication skills and a comprehensive understanding of research ethics are essential requirements for these roles.

**Field Verification Specialists:**

The deployment of field verification specialists will depend on the chosen verification method and



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the necessity for physical verification visits, particularly in areas with no GSM coverage or where remote verification methods are insufficient. The candidate firm should propose the appropriate approach based on the assignment's scope and anticipated level of effort to ensure availability when and as required.

Additionally, the team must demonstrate clear capacity for managing field-related risks, especially pertaining to integrity, and develop robust plans to mitigate collusion possibilities. The field verification specialists should be fluent in Portuguese and local languages.

**Diversity Requirement:**

At least 30% of the project team members hired by the firm/s shall comprise of female and/or disabled staff to promote diversity and inclusivity within the team.



**Proven experience in similar assignments, especially in the energy sector in the last five years will be evaluated with a higher score for all profiles.**

**15. CONFLICT OF INTEREST AND INTEGRITY REQUIREMENTS**

To ensure the highest levels of integrity and transparency, it is essential for all team members to adhere strictly to conflict of interest and integrity protocols. These measures are crucial for maintaining impartiality and avoiding any influence that might undermine the Grant Facility's goals. Clear guidelines will be set by the IVA to guarantee that every decision and action aligns with the best interests of the project and all involved parties.

- **Independence Assurance:** All team members must have no affiliations with FUNAE, the Facility Manager, any recipients of grants from the Grant Facility, or any personnel employed by FUNAE, the Grant Facility Manager team, or by grantee companies. This



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ensures an unbiased and impartial contribution to the project by preventing both personal and professional conflicts of interest.

- **Compliance Agreement:** Each team member will be required to sign a declaration at the outset of the project, affirming their independence from any conflicting interests, both organizational and personal, and their commitment to the highest ethical standards.



**Fraud Prevention Measures:** In the event of any suspected fraudulent activity within the team, it shall be subject to a thorough investigation by the company. The proposal must outline a comprehensive system designed to prevent, identify, and rectify any instances of fraud effectively. This system should include proactive measures for monitoring and enforcing integrity throughout the project's duration, ensuring all activities are conducted transparently and ethically.

## 16. FINANCIAL PROPOSAL FRAMEWORK FOR THE INDEPENDENT VERIFICATION (IVA)

The Grant Facility will support the private sector efforts through a budget available of 26 million dollars that will be allocated for RBF and Catalytic grants to drive sustainable development and innovation across targeted sectors. The budget of \$26 million is dedicated to funding the grants themselves and not the verification or operational expenses related to Independent Verification activities. The financial proposal should, therefore, provide a flexible and scalable estimation that aligns the verification efforts with the proposed budget.

This section outlines the financial strategy for managing the Independent Verification Agent (IVA) activities within Grant Facility. Given the project's variable scope, a dual-contract model is proposed: one for fixed deliverables and another based on time and effort, differentiated further by the type of grant verification—RBF and Catalytic Grants, using a structured approach that includes a standardized unit rate across different verification tasks and geographical zones.



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## Contractual Framework



### 1. Fixed Deliverables Contract:

- **Purpose:** This contract covers all predetermined, essential activities that are necessary to initiate the project. This includes tasks such as the setup of systems, initial comprehensive assessments, and the development of operational frameworks that provide the groundwork for subsequent activities.
- **Compensation Mechanism:** Compensation for this contract is provided as a lump sum, which is disbursed upon the successful delivery of the specified deliverables. This structure ensures that the foundational activities are financially clear and bounded within a fixed budget, facilitating early project stability.

### 2. Time/Effort-Based Contract:

- **Purpose:** Designed to accommodate the verification activities that vary based on the actual volume of grant applications, type of grants and their inherent complexities. This contract comes into play after the completion of the Fixed Deliverables Contract, addressing the variable aspects of the project.
- **Compensation Mechanism:** Under this contract, compensation is based on the actual hours logged, which are then multiplied by a pre-agreed, fixed hourly rate. This payment structure is designed to flexibly align financial commitments with fluctuating workloads, ensuring that the IVA's efforts are remunerated accurately according to the work performed.



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## Detailed Financial Planning

### Fee Based Structure and Time Estimation:

- **Uniform Rate:** A single rate shall be proposed for all verification activities to streamline the financial operations. This rate must reflect the expertise required, the complexity of tasks, and should align with industry benchmarks for similar roles.
- **Time Estimation:** Detailed estimations for the time required to conduct verifications at different risk levels and across varied geographic zones are crucial. This granularity in planning facilitates precise budget allocations and resource planning, ensuring that financial resources are optimized across the project's lifecycle.



### Risk-Based Pricing and Audit Levels for the RBF verification.

The financial proposal will incorporate a flexible, risk-based pricing model that aligns audit levels with corresponding risk categories. This approach will ensure the efficient allocation of resources during the implementation phase, with payment structures based on verified results rather than projected estimations.

### Audit Levels and Corresponding Risk Categories

To prepare for various verification demands, the IVA must outline a tentative hourly effort and pricing structure aligned with different audit levels and their inherent risk categories, as detailed below:



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AUDIT LEVEL	NAME	DESCRIPTION	RISK CATEGORY
0	Remote Verification	Utilization of remote monitoring technologies wherever possible.	Lowest Risk
1	Telephone Sample	Implemented when remote verification is not feasible.	Low Risk
2	Field Sample	Activated if more than 10% of customers cannot be contacted via telephone.	Moderate Risk
3	Grantee Process / Systems Audit	Conducted if a Field Sample audit fails to verify the necessary information.	High Risk
4	Full Customer Audit	Required if there is significant concern about the integrity of grantee claims.	Highest Risk

### Geographic Verification Zones:

Given the geographical diversity of Mozambique, field verification activities will additionally be categorized into different zones: Urban, Peri-urban, Remote 1, Remote 2, and Remote 3. Each zone will reflect unique logistical challenges and access issues, influencing the complexity and time required for verifications.

### Verification Tasks:

Detailed estimations of time required for RBF and Catalytic Grant verifications at different risk levels are crucial for precise budgeting and resource allocation. Hours will be allocated based on risk and audit levels, from lowest risk (minimal hours with lower expertise) to highest risk (maximum hours with the highest expertise).



**Table of Fee Structure by Verification Level and Risk:**

Verification Level	Risk Category	Proposed fixed Hourly Rate	Estimated Time Required
Level 0	Lowest Risk	Proposed fixed fee per hour \$X/hr	A hours
Level 1	Low Risk		B hours
Level 2	Moderate Risk		C hours
Level 3	High Risk		D hours
Level 4	Highest Risk		E hours

### Catalytic Grant Verification Strategy:

Verification efforts for Catalytic Grants are scaled according to the grant value, reflecting the increased complexity and verification effort required for larger grants. The verification will include proposal evaluation, approval verification, activity monitoring, milestone reporting, and disbursement approval.

Each task requires a predefined set of hours, influenced by the complexity and engagement level needed.



Grant Value Range	Complexity Level	Proposed Rate	Estimated Verification Effort
Up to \$50,000	Low	Proposed fixed fee \$X/unit	V hours
\$50,001 to \$250,000	Standard		W hours
\$250,001 to \$499,999	Intermediate		X hours
\$500,000 to \$999,999	High		Y hours
Above \$1,000,000	Very high		Z hours

### Verification Reporting and Payment Mechanism

#### Ensuring Accountability:

The Facility Manager will ensure the integrity of risk categorization in the verification process, critically assessing the IVA's justifications for risk levels assigned to each company, verifying that these reflect true complexity and risks. The IVA will be required to rigorously justify the risk categorization of the grantees. This will involve providing clear, professional rationales for the risk categories applied to each company.



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## Verification Reporting and Payment Mechanism

### Structured Reporting and Timely Payment:

The IVA shall submit detailed verification reports to the Fund Manager, who will review and authorize disbursements to the grantees based on these submissions. Payments for the IVA verification tasks will be calculated based on the fixed hourly rate multiplied by the actual hours defined per verification task at the proposal stage.



The following table outlines the structured process schedule for the submission and payment of verification tasks as part of the Grant Facility operations.

STEP	PARTICIPANT	ACTION	DESCRIPTION
1	IVA	Submit Verification Report	IVA completes the verification process and submits a detailed report to the Grant Facility Manager.
2	Facility Manager	Review Report	The Facility Manager reviews the verification report for accuracy and compliance with the risk assessment and verification level requirements.
3	Facility Manager	Submit Payment Request	The Facility Manager compiles and submits a monthly payment request to FUNAE, indicating the total verified hours claimable by the IVA.
4	FUNAE	Disbursement	FUNAE processes and disburses the payment to the IVA within a maximum of 10 calendar days from the receipt of the payment request.

### Submission Requirements:

- Proposals must be comprehensive, detailing all aspects of budget allocation, hourly rates, and time estimations. They should be formatted to allow easy comparison and evaluation against other submissions.



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- A thorough justification of all cost estimates is required to ensure transparency and accountability in the financial management process.

## 17. SELECTION CRITERIA

The selection of the consultant will follow the Consultants Quality and Cost-based Selection (QCBS) criteria outlined in the Procurement Regulations for IPF Borrowers dated July 2016, Revised November 2017, and August 2018.

## 18. OBLIGATIONS OF THE CONSULTANT

The Consultant shall perform the Services and carry out the Services with all due diligence, efficiency, and economy, in accordance with generally accepted professional standards and practices, and shall observe sound management practices, and employ appropriate technology and safe and effective equipment, machinery, materials and methods.

The Consultant shall always act, in respect of any matter relating to this Contract or to the Services, as a faithful adviser to the Client, and shall at all times support and safeguard the Client's legitimate interests in any dealings with the third parties.

## 19. PROPRIETY RIGHTS OF CLIENT IN REPORTS AND RECORDS

All data and information received from the Government of Mozambique and the World Bank for the purpose of this assignment are to be treated confidentially and are only to be used in connection with the execution of these Terms of Reference. All intellectual property rights arising from the execution of these Terms of Reference are assigned to FUNAE. The contents of written materials obtained and used in this assignment may not be disclosed to any third parties without the advance written authorization of FUNAE.

