

Terms of Reference

RBF Independent Verification - Consultancy Assignment

SEFFA Project – SNV Kenya

Request for Applications - Consultancy services to undertake the Independent Verification of the Results-Based Financing (RBF) facility for the distribution of solar-powered water pumps under the SEFFA project

Location: Kenya (covering Machakos, Makueni, Kajiado, Muranga, Kirinyaga and Meru).

Contract type: Short-term consultant (Firm/Company).

1. Company Description

SNV is a not-for-profit international development organization that applies practical know-how to make a lasting difference in the lives of people living in poverty. We use our extensive and long-term in-country presence to apply and adapt our top-notch expertise in agriculture, energy, and WASH to local contexts. SNV has an annual turnover of €130 million, over 1,250 staff in more than 25 countries in Asia, Africa, and Latin America. We are proud to be a not-for-profit organization that uses project financing to implement our mission. This requires us to work efficiently and invest in operational excellence.

In its current Strategic Plan period (2019 – 2022), SNV will more explicitly aim for systems change during project preparation and implementation - by strengthening institutions and kick-starting markets that help many more to escape poverty beyond our projects. We will continue to position ourselves as a premium organization, with decentralized management.

For more information on our operations in Kenya and SNV generally visit our website: www.snv.org

2. Project Brief

The project titled “Sustainable Energy for Smallholder Farmers (SEFFA) in Ethiopia, Kenya, and Uganda” will support smallholder farmers in accessing and using renewable energy to improve their livelihoods and increase their resilience to climate change. In the agricultural sector, the project will focus on the dairy and horticulture value chains, to increase production, reduce post-harvest losses and improve processing, while also contributing to GHG emissions reduction. The project will therefore promote productive use of energy (PUE) through interventions to enhance the distribution and use of solar-powered technologies and energy services for irrigation, cooling, and drying. The project is supported by IKEA Foundation’s partnership with Energising Development (EnDev).

The market development component of the project being implemented by SNV in Kenya will provide support to the private sector to enhance the distribution and use of the solar-powered pumping, cooling, and drying technologies in six counties including Machakos, Makueni, Kajiado, Meru, Kirinyaga, and Muranga.

3. Assignment Scope, Objectives, and Specific Tasks

The support provided to the private sector includes a Results-Based Financing (RBF) mechanism to reduce or mitigate market barriers or challenges constraining the last mile distribution and uptake of solar-powered water pumps (SWPs). The RBF model will employ financing as a performance incentive that will be awarded to the SWPs distributors after the achievement of the pre-agreed results (number of approved SWPs units sold and in use by the smallholder farmers in the specific eligible project counties). However, a mandatory independent verification process to confirm the achievement of these results will act as the trigger for funds disbursement to the private sector.

Based on the above, the project seeks to engage an independent verification agent (IVA) to facilitate the mandatory results verification process. The purpose of this assignment is to provide comfort on the processes, activities, and results reported by the RBF beneficiaries (including transparency and accountability) and highlight any risks affecting implementation.

Objectives of the assignment

The objectives of the independent verification exercise will include:

- a) Systems review with regard to data management (i.e. reliability of the processes of data collection, management, security, and storage)

- b) Verification and validation of the sales data from the beneficiary companies and establish validity, accuracy, and correctness of the data used for incentive calculation.
- c) Verifying the existence of listed customers of the RBF beneficiaries. The IVA will sample end-users and confirm the existence and correctness of their details as captured in the RBF claim forms.
- d) Verifying the existence of products that are in use by the customers of the RBF beneficiaries. The IVA will verify on a sample basis, the solar-powered water pumps reported in the RBF claim and confirm if it matches the described product specifications and condition of use of the products.
- e) Assessment of the likelihood of fraud.
- f) Recommend incentive payments or any other proposed adjustments to the incentive claims based on verification findings.

Specific Tasks

The IVA will carry out the following key tasks:

- a) **The inception of the assignment:** This will involve the following.
 - i. A kick-off meeting with the project team to introduce the assignment and agree on the expectations.
 - ii. A detailed inception report and presentation by the IVA, including the refined implementation approach, sub-tasks, and workplan. The IVA shall also prepare the relevant tools to facilitate the implementation of the assignment which should include but not limited to the questionnaires, data analysis tool, and the reporting template,
- b) **Desk review of reports, relevant project documentation, and sales data:** SNV will provide the IVA with the relevant reports, documentation, and sales data to facilitate the desk review. This will include the pre-agreed incentive structure and calculation method. The desk review will involve the following:
 - i. Review the contractual engagements between SNV and the beneficiary companies and ensure compliance with the contractual arrangements.
 - ii. Data quality checks to ensure completeness, correctness, accuracy, duplications/multiple entries, and validity of the reported details (contact details, dates, product details etc.)
 - iii. Review to confirm the eligibility of the reported solar-powered water pumps.
 - iv. Review to confirm if the RBF incentives calculation method is in line with the incentive structure.
 - v. Develop a statistically significant and representative sample in line with scientific statistical best practices for the subsequent substantive verification processes.
 - vi. Prepare a plan for the substantive verification processes and schedule the verification meetings in consultation with the beneficiary companies.
- c) **Substantive verification processes:** This shall involve systems and process review, reconciliations of sales data, phone verification, and review of supporting documentation for the sales data. This shall be conducted at the premises of the beneficiary companies.
 - i. **Kick-off meeting:** The IVA shall conduct a kick-off meeting with the relevant officials of the beneficiary companies before commencing the verification exercise. The IVA shall outline the plan, scope, and the process of undertaking the assignment including the requirements to fulfill the exercise.
 - ii. **Phone verification:** The IVA shall use the sample drawn to conduct a phone verification exercise. Under phone verification, the IVA shall:
 - Conduct a phone survey for sampled end users and where necessary in collaboration with the beneficiary companies while ensuring the required independence for this assignment.
 - Verify the following during the phone survey:
 - 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 at the period of reporting
 - The total cost of the product to the user and status of payment
 - That the user is familiar with the product specifications and their capabilities.
 - Status of the use of the products.
 - Carry out the phone interviews in a language familiar to the users, especially in Swahili.
 - Use a standardized questionnaire and make all reports in English.
 - Where necessary, make recommendations for the rejection of specific claims based on the phone verification process.

- Assess the likelihood of fraud which may require further investigations and/or field verification.
- iii. **Systems and process review:** The IVA will undertake systems and process review to specifically:
 - Assess the process of how the sales were achieved and ensure that it is in line with the contractual terms.
 - Assess the management of sales data i.e., data collection, handling, and storage.
 - Review the robustness and reliability of the data management system.
 - Identify any risks that could affect the outcome of the verification process and the validity of the sales data.
 - iv. **Sales data reconciliation:** This shall involve the reconciliation of all the sales data reported by the beneficiary companies to SNV and the primary data stored by the beneficiary companies.
 - v. **Review of supporting documentation for the sales data:** The sampled sales data shall also be subjected to a substantive review of the relevant supporting documentation (e.g. warranty cards, receipts, invoices, delivery notes, payment confirmations e.g. mpesa records, account statements e.t.c) to confirm validity. Reliable digital supporting documents are also permissible.
 - vi. **Field verification:** On a need basis field verification will be undertaken at the end-user level. The IVA will proceed to undertake field verification based on:
 - The IVA will carry out some need-based field visits to a pre-agreed sample of the SWP customers and interview these customers to verify if they have access to energy services through the products being verified.
 - Specific need to undertake follow-up for some of the users based on the outcomes of the phone verification exercise and/or project monitoring by SNV.
 - Additionally, these field visits will be also used to capture additional monitoring and impact data for the project.
 - vii. **Closure meeting:** Throughout the verification process, the IVA should continuously engage with the beneficiary companies to clarify and resolve all the findings and emerging issues. In addition, and as the final step for the substantive verification process, the IVA shall conduct a closure meeting with each beneficiary company to present the preliminary findings of the verification assignment and document the action points agreed with the companies.
- d) **Reporting:** The IVA shall prepare a report for each beneficiary company with a focus on:
- i. Profile of the beneficiary company
 - ii. Recommendation of the IVA
 - iii. Incentive statement (where necessary)
 - iv. Overview of the methodology
 - v. Analysis of the verified sales data
 - vi. Findings of the verification processes mentioned above
 - vii. Annexes to the report including the detailed sales analysis, summary of phone verification analysis, minutes of meetings e.t.c

4. Key deliverables:

- a. Inception report including the implementation strategy, methodology, work plan, tools, and reporting templates.
- b. Verification report per RBF beneficiary, comprising:
 - Beneficiary systems review and conformity with RBF procedures
 - Details on the process and outcomes of the desk review, document verification (including data reconciliation), and phone verification.
 - Recommended incentive payment including the calculation, and/or proposed incentive adjustments.
- c. Primary and secondary data collected during the assignment.
- d. Working papers for all the verification processes shall be handed over to SNV upon the conclusion of the verification assignment.
- e. Minutes of meetings with each beneficiary including the verification entry and exit meetings.

5. Quality and performance review

SNV shall conduct quality and performance reviews of the IVA processes, operations, and outputs. This will form the basis for all payments to the IVA and the renewal of the contract. The quality and performance review shall focus on:

- Implementation – This will include a review of the implementation strategy, processes and methodology, deliverables, working papers, and collected data.
- Relationship management and communication with the different entities/actors within the RBF project during the assignment.
- Work quality and timeliness in delivery of the assignment.

6. Estimated timelines and number of companies.

The project aims to engage 8 beneficiary companies and promote the uptake of 2,000 solar-powered water pumps to smallholder farmers over the project period ending 30th September 2023. The project estimates an average of 5 days for the verification process per beneficiary organization. The verification assignment will be an ongoing assignment implemented in four (4) phases in line with the tentative timelines as indicated below.

Phase	Reporting period (Sales Data)	Assignment Timelines (Verification)
1	April 2022 – July 2022	August 2022 – September 2022
2	August 2022 – December 2022	December 2022 – January 2023
3	January 2023 – April 2023	May 2023 – June 2023
4	May 2023 – September 2023	October 2023 – November 2023

To inform the actual timelines for each phase, SNV will assess the adequacy of the sales data based on a pre-agreed sales data threshold. Therefore, shall officially communicate the final timelines before each phase and initiate the verification process.

7. Application Requirements and Assessment Criteria

Interested and qualified firms are required to submit **separately**, a technical and financial proposal that includes the following:

Technical proposal (70%)

- Qualification and experience of the consultant/ firm and the team to carry out the tasks
- The understanding of the assignment, demonstrating background knowledge
- Proposed approach and methodology to undertake this assignment, highlighting how the applicant will address the needs of this ToR
- Previous experience in a similar assignment(s)
- Detailed activity work plan and man-days
- Proposed team (qualification and adequacy)
- Copy of Certificate of Registration, PIN Certificate of firm/company, and valid Tax Compliance Certificate

Financial proposal (30%)

- Total budget (KES) aligned to work plan.
- A price/rate per day (in KES) per team member (based on expertise level) providing professional services for the specified number of days.
- The total budget must include VAT as applicable.
- Proposed schedule of estimated direct costs associated with the different tasks e.g.
 - Phone verification costs
 - Logistical costs (travel and transport)
 - Stationery
 - Other costs (to be specified)
- Payments will be based on outputs, i.e., upon delivery of the services specified in the ToRs, and all reimbursable expenses (direct costs other than fees) based on the submitted proof of payment/procurement for the goods or services.

8. Qualifications

- Firm or consultant with relevant technical knowledge, skills, and extensive work experience in verification exercises, organizational and project assessments, and field /on-site studies. An audit background will be essential for this assignment.
- Past roles in project verification will be an advantage.
- Applicants must be able to legally operate in Kenya.
- Five years of progressive professional experience in similar assignments.
- Knowledge and/or experience in agriculture and/or renewable energy will be an added advantage.

9. How to apply

Separate technical and financial proposals should be sent by email to snvendevkenya@snv.org and should be received by **Friday, 17th June 2022, 1700hrs (EAT)** with the subject line “[Proposals for the SEFFA project RBF Independent Verification Consultancy Assignment](#)”