

**TERMS OF REFERENCE FOR INDEPENDENT VERIFICATION AGENCY (IVA) SERVICES  
FOR THE JORDAN WATER SECTOR EFFICIENCY PROGRAM (P176619)  
FUNDED BY THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
AND THE AGENCE FRANCAISE DE DEVELOPPEMENT  
EMPLOYED BY THE WATER AUTHORITY OF JORDAN (WAJ)**

## 1. BACKGROUND OF JORDAN'S WATER SECTOR

Jordan faces severe water constraints as one of the world's most water-scarce countries. Climate change and population growth will further reduce water resource availability by an estimated 30 percent by 2040. Moreover, the refugee's influx has strained water services, affecting host communities. This has led to the recent shocks in Jordan's water and energy sectors which in turn have caused a sharp increase in the sector debt, impacting service sustainability and the country's fiscal position. Despite international support and budget assistance for energy and water sector reforms, financial sustainability and service provision risks persist.

The Jordan Reform Matrix (2018-2024) identifies energy and water reforms as crucial drivers for economic competitiveness and growth. The recently approved Water Sector Financial Sustainability Roadmap (FSR) outlines the government's plan to reduce sector debt accumulation and improve financial sustainability in the water sector by 2030. The Government of Jordan (GOJ) is actively managing the water sector through the Ministry of Water and Irrigation (MWI) and the Water Authority of Jordan (WAJ). Efficiency measures, such as Sustainable Capacity Building Improvements, sustainable non-revenue water (NRW) reduction, along with integrating Energy Efficiency (EE) and Renewable Energy (RE) measures, are key initiatives to enhance water management and supply. The World Bank and other development partners will contribute to the Government's objectives to improve efficiency, service delivery and financial sustainability of the water sector, through the proposed Series of project (SOPs), with the SOP-1 financed by the International Bank for Reconstruction and Development (World Bank), the Agence Française de Développement (AFD) and Global Concessional Financing Facility (GCFF) in the amount of US\$300,000,000 to be managed by the World Bank, toward the cost of the Jordan Water Sector Efficiency Project (JWSEP), which is expected to be implemented between 2023 and 2028.



## 2. PROJECT DESCRIPTION

The Ministry of Water and Irrigation (MWI)-Water Authority of Jordan intends to implement a co-funded project from the World Bank Group (WB) and the Agence Française de Développement (AFD) in different regions of Jordan to improve the efficiency of the Jordan water sector to be implemented over 5 years.

### a) Project Development Objectives:

The Project (SOP-1) Development Objective (PDO) is to improve the efficiency of water services in Jordan. Improving efficiency of water services includes: (a) improvement of services to beneficiaries through rehabilitated water distribution networks; (b) improving EE; (c) improving the drought management system.

### b) Proposed interventions are grouped around five components:

- **Component 1.** Sustainable non-revenue water reduction. This aims to improve efficiency by reducing waste of the available water resources (financial and commercial) and overall improvement in operational systems in the water sector, in support of adaptation to climate change impacts on water availability. This component would strengthen NRW systems in the country to improve planning, operationalization, and help sustain NRW reduction over time.
- **Component 2.** Increased energy efficiency and reduced energy supply costs. The water sector in Jordan requires significant energy for operation - energy costs represent over half of the water utilities' operational costs - due largely to pumping costs associated with the extraction of deep groundwater, and conveyance of water from the source to population centers. This component would improve the efficiency of the water sector by reducing energy used, costs, and GHG emissions.
- **Component 3.** Water security measures to underpin efficiency measures. Given Jordan's extreme water scarcity and frequent and intense droughts, improved water allocation will support different mechanisms to enable efficient and fair management of water shortages. This component will strengthen drought management with aims to apply a comprehensive drought risk management approach to increase capacity to monitor, forecast, plan for, and respond to droughts in the water sector. This component will also support preparation of studies for rehabilitation of water storage systems.
- **Component 4.** Project management and implementation support. This component would focus on project management required to implement this project and to strengthen systems for the planned SOP.
- **Component 5.** Contingency Emergency Response. A Contingency Emergency Response Component (CERC) with zero allocation would be created and made implementation-ready to allow the GoJ to respond quickly in case of an eligible emergency. The mechanism will be defined in a specific CERC Operational Manual that will clearly outline the triggers, eligible expenditures, procurement thresholds,

and procedures for using part of IBRD resources of the project to respond quickly in the event of an eligible emergency.

c) **These components leverage Performance-Based Conditions (PBCs)** for priority activities that require a focus on institutional reform and strengthening. Component 1, supporting NRW reduction, includes PBCs focused on systematic planning, monitoring and reporting of NRW, improved Water Company (WC) performance and financial management (FM), and improved customer relationship management. Component 3 includes PBCs that focus on improved water allocation practices, drought management systems and improved risk assessments for surface water reservoirs.

d) **Implementation Arrangements, Disbursements, and Verification Protocols**

- **Implementation Arrangements:** The JWSEP will be implemented by WAJ, MWI, JVA, and the three water companies WCs, with oversight from a committee chaired by the Minister of Water & Irrigation (Oversight & Coordination Committee) and technical guidance from a Project Steering Committee (PSC). The Project Management Directorate (PMD/PMU) within WAJ will handle overall management, supervision over day-to-day operations, and regular M&E activities supported by a Technical Assistant (TA) consultancy firm. The program implementation will be guided by a Project Operations Manual (POM) prepared by the PMD (PMU). The PMD will maintain a consistent reporting and coordination with the development partners of this project The World Bank and The AFD to ensure effective implementation and adherence to best practices.
- **Disbursements:** The disbursement of the project funds will be in the form of advance payments transferred to the project Designated Account (DA) managed by WAJ to fund project activities towards achievement of set PDOs. The disbursements against the PBCs however will be made to the Treasury Account based on reports of meeting the set of PBCs, that is audited and verified through this assignment.
- **Verification:** The role of the independent firm is to audit and verify PBCs achievement reported by the Program Implementing Agencies (IAs) (WAJ, MWI, JVA, and WCs) on an annual and/or semi-annual basis. The Independent Verification Agency (IVA) will verify the achievement for four PBCs, using agreed-on Verification Protocol (VP) between the World Bank and the PMD (PMU) at WAJ. The VP will be attached in RFP stage and may be amended by agreement between the World Bank and the PMD (PMU)/WAJ. The IVA is not responsible for financial auditing or verifying funding or budgetary expenditure, except in cases where verification of incorporation of specific activities into the budget is material to verification of achievement of the PBC (e.g., PBC 5) or where verifying expenditures related to specific actions is material to verification of achievement of the PBC (e.g., PBC 2). The IVA will restrict their reporting to technical compliance with VP.

Refer to the Project Documents for more details, publicly available at the link below:

<https://projects.worldbank.org/en/projects-operations/document-detail/P176619?type=projects>

### 3. OBJECTIVE(S) OF THIS ASSIGNMENT

The main objective of the Independent Verification Agency (IVA) is to verify the achievement of the PBCs' under the JWSEP for all IAs in close coordination with the PMD (PMU) at WAJ.

The verification of the PBCs' achievement as laid out in the Performance-Based Conditions Matrix will be on an annual and/or semi-annual basis, in an approved manner (Verification Protocol) & (Loan Agreement), and properly documented. Reports & letters of achievement will be verified through reviewing, technical auditing, & physical inspection, when necessary, in accordance with good technical audit practice. The verification procedure is described in detail in the Verification Protocol (VP) Annexed to this ToR.

### 4. SCOPE OF WORK

**Verification Part:** The scope of work will cover the verification of achievement of four PBCs under the JWSEP. Implementing these PBCs is the responsibility of several IAs (WAJ, MWI, JVA, & three regional WCs), each of them will submit their separate reports and documentation of the PBCs achievement in their respective parts under the program to the IVA through the PMD (PMU). The IVA therefore will prepare annual and/or semi-annual independent reports to the PMD (PMU). The PMD (PMU) will simultaneously submit the IVA independent reports of PBCs achievement in order to request the issuing of an official letter certifying achievement of PBCs from the Minister of Water and Irrigation or Secretary General of WAJ to MOPIC. MOPIC will submit the certification letter attaching the IVA independent reports and supporting documents to the World Bank in order to trigger disbursement of funds in line with the disbursement agreement. Neither party can modify such reports except to correct factual errors. Meetings should be organized before/during each verification cycle. Other meetings are to be scheduled as necessary.

The independent firm will be required to carry out a paper verification for the four PBCs according to the procedures and timeline in the agreed-on verification protocol and the project documents. Example review and verifications are provided below, however the legal agreement and the Verification Protocol are considered the guiding documents for Verification.

**The detailed scope of work under the verification part includes:**

- **PBC 2 Improve Utility Performance and Financial Management Verification**

- **PBC 2.1 WC Performance Improvement Verification**

- (a) *Preparation of the draft 100-day and 5-year Strategic Plans by each WC based on a diagnostic framework at utility level, and approval of the draft 100-day Strategic Plans by the respective boards of WCs*

**IVA will:** (i) verify reports of the consultant of The Utility of Future (UoF), that indicate that The Utility of Future (UoF) framework is applied at each of the three regional

water companies; and (ii) a 100-day plans and 5-year strategic plans are prepared in alignment with the minimum criteria specified in the verification protocol.

*(b) Approval of the draft 5-year Strategic Plans by the respective boards of WCs; and determination of the Top Strategic Actions for implementation under PBC 2.1 (c)*

**IVA will:** (i) review the approval of the of 5-year Strategic Plan from the Board of the WCs and WAJ; and (ii) confirm the prioritization of top strategic actions in alignment with the minimum criteria specified in the verification protocol.

*(c) Implementation of Top Strategic Actions identified in the 5-year and/or 100-day Strategic Plans*

**IVA will:** confirm the implementation of the top strategic actions identified in the 5-year and/or 100-day Strategic Plans in alignment with the minimum criteria specified in the verification protocol.

### **PBC 2.2 Improve utility performance and financial management Verification**

*(a) WAJ causes WCs to increase their budgetary allocations for maintenance and sustainability for NRW*

**IVA will:** review & confirm that a line item on the maintenance and sustainability of NRW reduction with allocation of budget is included in the three water companies' annual budget. This will be conducted annually throughout the implementation period of the program in alignment with the minimum criteria specified in the verification protocol.

### • **PBC 3 Institutionalization of stakeholder engagement and community outreach Verification**

*(a) Preparation of Customer Relationship Management (CRM) Action Plans are informed by customer feedback and willingness to pay surveys*

**IVA will:** (i) review the survey format and guidelines to ensure conformity with the Verification Protocol; (ii) review the survey results report & customer feedback for all governorates prepared and submitted by the corresponding WCs to WAJ to check conformity with the Verification Protocol; and (iii) review the Customer Relationship Management Action Plan as approved by the Board of WC for implementation in alignment with the minimum criteria specified in the verification protocol.

*(b) At least 20% of the actions under the Customer Relationship Management Action Plan achieved*

**IVA will:** review the annual report for the implementation of the Customer Relationship Management Action Plan for each governorates prepared and submitted by the corresponding WCs to WAJ to check achievement of 20% of Customer Relationship

Management Action Plan in alignment with the minimum criteria specified in the verification protocol.

- (c) *At least 50% of the actions under the Customer Relationship Management Action Plan achieved*

**IVA will:** review the annual report for the implementation of the Customer Relationship Management Action Plan for each governorates prepared and submitted by the corresponding WCs to WAJ to check achievement of 50% Customer Relationship Management Action Plan in alignment with the minimum criteria specified in the verification protocol.

- **PBC 4 Water Allocation Systems Modernized Through Strengthening Annual Water Allocation Planning and Drought Contingency Planning Verification**

- (a) *MWI prepares and adopts the yearly Water Allocation Plan based on improved water budget information*

**IVA will:** review the the water budget records & water allocation plans to confirm that the minimum requirements of the verification protocol are met.

- (b) *MWI establishes a technical committee and a stakeholder engagement mechanism for drought contingency planning*

**IVA will:** review the ministerial letter/order/decre to confirm the establishment of a technical committee in alignment with the requirements of the minimum verification protocol.

- (c) *MWI prepares and approves the pilot Drought Contingency Plan*

**IVA will:** The IVA is to review the Drought Contingency Plan and progress reports prepared and submitted by MWI and check conformity with the verification minimum requirements.

- **PBC 5 Safeguarding Surface Water Storage Verification**

- (a) *JVA develops the Dams Risk Indexing Tool and issues a Dams Risk Index Assessment using the Dams Risk Indexing Tool and the Board of JVA certifies JVA's risk index assessment*

**IVA will:** (i) review JVA SG decree/regulation/technical guidance; (ii) issue a report confirming the adoption and institutionalization of the Dam Safety Risk Indexing Tool; and (iii) issue report to confirm the use of the tool for the portfolio assessment, in alignment with the minimum criteria specified in the verification protocol.

*(b) IVA allocates budget for high-priority dams actions based on the Dams Risk Index Assessment under (a)*

**IVA will:** check the budget documents to confirm the allocation as per the portfolio assessment & in alignment with the minimum criteria specified in the verification protocol.

## **5. REPORTING PROCEDURES**

The independent firm will submit their independent reports to the PMD (PMU). The PMD (PMU) will be in charge of following on the activities of the independent firm & will designate Coordinator/ Focal Points from PMD (PMU) for day-to-day follow-up and communication.

The PMD (PMU), is responsible for collecting data, documents & reports of achievement from all IAs to be shared with the Independent Verification Agent (IVA) for verification. WAJ will issue an official letter of achievement, which includes the independent verification report and supporting documents. This official letter, along with the IVA report, is submitted to the Ministry of Planning and International Cooperation (MOPIC). MOPIC then submits the documentation to the World Bank. Upon receipt, the World Bank processes the reimbursement of funds to the treasury account.

## **6. ASSIGNMENT DURATION**

The activities of independent firm will be performed over 48 months.

## **7. CONTRACT MODALITY**

The contract modality will be Lump Sum.

## **8. FIRM REQUIRED QUALIFICATIONS**

The independent firm will need to demonstrate ability to review PBCs under all the four Performance-Based Conditions from water supply, water resources, water sustainability, drought management, & financial management. More specifically, the independent firm shall possess:

- Extensive experience developing and examining similar verification assignments.
- Technical auditing expertise.
- Experience in capacity building & digitalization in water utilities.
- Experience in sustainable NRW reduction.
- Experience in water recourses and water budget allocation plans.