



Ministry of Water and Sanitation



Blantyre Water Board

**MALAWI WATER AND SANITATION PROJECT-1
(MWSP-1)**

**TERMS OF REFERENCE FOR CONSULTANCY SERVICES
FOR AN INDEPENDENT VERIFICATION AGENT (IVA)**

PROCUREMENT REFERENCE: MW-BWB-350889-CS-QCBS

Blantyre Water Board,
Off Makata Road
P.O. Box 30369
Chichiri,
Blantyre 3.
Email: bwb@bwb.mw
Website: www.bwb.mw

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1. INTRODUCTION

1.1. Background

The Government of Malawi (GoM) is committed to providing adequate, reliable and sustainable water and sanitation services to the urban, peri-urban, towns and rural population of Malawi to meet the ever-increasing demand for safe water for domestic, institutional, industrial, commercial and agricultural use. One focus area is Blantyre City, which currently faces a number of challenges related to water supply and sanitation services delivery. Some of the challenges include; high population growth, dwindling water resources, climate change, lagging infrastructure development and aging water and sanitation systems with high levels of non-revenue water creating large gaps between supply and demand, leading to unreliable services. The current water and sanitation situation in the city is alarming, which calls for comprehensive measures that will bring about sustainable and reliable improved services.

GoM through Blantyre Water Board (BWB) and Blantyre City Council (BCC) with financial support from the International Development Agency (IDA) of the World Bank intends to implement water supply improvements under the Malawi Water and Sanitation Project -1 (MWSP-1). The MWSP -1 seeks to address the immediate and medium-term water and sanitation needs and support a long-term solution to Blantyre City's growing demand for improved water and sanitation services.

BWB and BCC which are the implementing entities for the MWSP -1 commit themselves to successfully execute the project, which aligns with Malawi's development goals as well as strategic plans for the two institutions. The project is consistent with the Government's priorities, as it directly aligns with Malawi's commitment to improving urbanization as stipulated in the Malawi 2063.

1.1. Project Development Objective and Components for the Malawi Water and Sanitation Project - 1 (MWSP -1)

The project development objective (PDO) is to increase access to improved water supply and sanitation services in Blantyre metropolitan area and to enhance the operational and financial efficiency of the Blantyre Water Board. The PDO will be achieved through development and rehabilitation of water and sanitation infrastructure for Blantyre City and surrounding areas so that the city has adequate and reliable potable water supply with sufficient pressure and improved sanitation services. The project focuses on four components that contribute to the achievement of the PDO.

Component 1: Water supply improvements

Under this component, the project will finance investments to improve water production, stabilize and improve network operational efficiency, reduce water losses, increase energy efficiency,

improve water supply service quality, and expand water access to unserved areas, increasing energy efficiency, and boosting water access. This component is not part of the present ToR.

Component 2: Priority sanitation investments

This component involves several interventions to increase access to safely managed sanitation and reduce environmental pollution that has public health impacts. This component is not part of the present ToR.

Component 3: Institutional capacity strengthening

This component (which is the object of the current ToRs) will finance a set of institutional development activities aimed at enhancing BWB's financial efficiency and governance systems through a Performance Based Financing Mechanism (PBFM), improving BCC's capacity to manage sanitation services and supporting the water sector investment planning and policy development to enhance the sustainability of urban water services.

Component 4: Technical Assistance and Project Management Support

This component will finance TA activities designed to support the project implementing unit and the incremental operating costs for project management, including safeguards, communications, and project monitoring and evaluation. The project will also finance relevant training to enhance financial management, procurement, and safeguards capacity for the implementing entities.

1.2. Performance-based Financing Mechanism (PBFM)

Under component 3, BWB developed a five-year institutional capacity-strengthening action plan (ICSAP) to modernize and turn around its operations. The five-year plan will be financed through a Performance-Based Financing Mechanism (PBFM) to incentivize improvements in (i) staff efficiency through performance management systems, cost reduction, strategy, and capacity-building activities and internship opportunities for women’s empowerment and participation in decision-making roles; (ii) investment in innovative solutions for enhancing climate resilience, asset management and operations, and (iii) customer services improvements.

The PBFM is defined around a set of five Performance Based Conditions (PBCs) relating to the expected outcomes of key ICSAP activities to be financed by the PBFM. Furthermore, two Institutional Prerequisites (PR) are defined as basis for an upfront payment to ease the cash flow implications of ICSAP implementation for BWB.

The PBCs, related outcomes, PBFM Payment Triggers and Maximum payments under the PBFM are briefly presented below.

Table 1: Performance Based Conditions

PBC	Outcomes	Performance Based Condition	PBFM Payment Triggers
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1	Operational efficiency improvement	NRW	Reduction of NRW
2	Financial growth and sustainability	Working ratio	Reduction in operating expenses (excluding depreciation), divided by gross revenue
3	Improvement of staff productivity	Staff per 1000 connections	Reduction in the number of staff per 1000 water connections
4	Improvement of customer service delivery	Customer satisfaction index	Increase in the percentage of customers satisfied with BWB services
5	Improvement of organizational culture	% of female employees in decision-making roles	Increase in the % of female employees in decision-making roles
PR 1	Institutional prerequisites for upfront payment	BWB board approval of the institutional capacity strengthening action plan (ICSAP)	
PR 2		Tariff Review Framework and debt restructuring plan	

Disbursements under the PBFM is subject to independent verification by the Independent Verification Agent (IVA) whose services are covered by the present Terms of Reference (TORs).

2. OVERALL OBJECTIVE OF THE CONSULTANCY

The primary objective of the assignment is to provide verification services for the PBFM under the Malawi Water and Sanitation Project-1 (MWSP-1). Annually, the Independent Verification Agent is expected to confirm the performance of BWB against the Performance Based Conditions (PBC) as basis for the calculation of next annual financial disbursements under the PBFM.

2.1. Specific Objectives

The specific objectives of the assignment are:

- i. The IVA shall scrutinize reported performance by BWB of individual PBC attainment
- ii. On a neutral basis, engage in activities that uncover potential discrepancies
- iii. Conduct any necessary operational, technical and financial reviews of the reported results, including on-site surveys among a sub-sample of customers and inspections of a sample of new connections
- iv. Report the findings of the verification to MoWS with copy to BWB.

3. SCOPE OF WORK AND METHODOLOGY

The Independent Verification Agent (IVA) will assist the Ministry of Water and Sanitation (MoWS) in verifying all the indicator values under the ICSAP reported by BWB and issue a verification report for MoWS with a copy to Blantyre Water Board (BWB).

The IVA shall scrutinize reported performance and on a neutral basis engage in activities that assess potential discrepancies. Among other activities, this includes operational, technical and financial reviews of the reported scores and the underlying documentation for each score, surveys among sub-samples of water supply customers included in the BWB customer survey to assess/validate the procedure applied and interviews with relevant BWB employees.

The IVA will annually confirm the performance of BWB against the Performance-Based Conditions (PBCs).

In connection with this, the IVA shall be required to carry out the following activities:

- i. *Desk-based* verification of all relevant documents provided by the BWB and MoWS.
- ii. *On site verification* of *primary* data from source departments or sections *to confirm authenticity of reported data*.
- iii. *Random sub-sample survey* of water supply customers included in the BWB customer satisfaction survey sufficient to obtain statistically significant results.
- iv. *Random sample interviews* of relevant BWB employees, including female employees in decision making roles.
- v. Participate with BWB in physical *onsite inspections* of assets financed by the PBFM during the year.

Upon inception the IVA is required to:

- i. Review project documents, including the Performance Scorecard and PBFM sections of the Project Implementation Manual.
- ii. Develop a monitoring & verification plan based on the Performance Scorecard and detail the monitoring indicators, tracking and assessment of results.
- iii. Develop an electronic database for all KPIs with capacity to insert updates and generate reports based on the Performance Scorecard.
- iv. Develop an audit methodology (including sampling method, source of information, and instruments for primary data collection at BWB offices) and detailed reporting format.
- v. Confirm with the MoWS and BWB that the audit methodology and reporting format matches the project objectives as well as the reporting needs of the project.

The detailed methodology for work with the BWB shall be developed by the IVA but is expected to include the following.

One month after contract signing:

- i. Verify or establish the baseline data in the Performance Scorecard individually for each KPI.
- ii. Describe the baseline for each indicator in the Performance Scorecard and ICSAP and verify this represents an accurate baseline at the start of the project.
- iii. Conduct a workshop with the BWB and MoWS to ensure alignment of understanding of the basis for the PBFM, including the PBCs, the baseline, the targets, the data to be reported, the frequency of the reporting, and the mechanism for validation of indicators and calculation of the eligible disbursements under the PBFM.

At the end of each financial year (in practise during the first months of the subsequent financial year):

- iv. Verify the Performance Scorecard for the year (self-reported by BWB) and confirm the reported performance and compliance in the delivery of PBCs by BWB, based on review of the self-reported scorecards, independent data verification, random spot checks of underlying documentation and on-site inspection of services. The BWB will be required to fill in a Performance Scorecard to fulfil the self-reporting obligations under the PBFM. It will be the responsibility of the IVA to verify the accuracy of the data and information entered by the BWB on the scorecards.
- v. An independent calculation of the eligible disbursements under each of the five PBCs for the specific year, forming the basis for calculation of the eligible disbursements under the PBFM.
- vi. An independent calculation of the total eligible disbursements under the PBMF for the year.
- vii. An updated overview table of annual PBC achieved, eligible PBFM disbursements in year and accumulated eligible PBFM disbursements to date for each of the five PBCs and in total.
- viii. Based on the assessment detailed above verify the eligible amount under the PBFM to be invoiced by the BWB to the project.
- ix. Issue a Verification Report covering the above points to MoWS with a copy to BWB.

3.1.The Performance-Based Conditions

For each of the PBCs, PBFM payment triggers, associated maximum PBFM grant, baseline levels, as well as ultimate and annual interim targets have been defined. This is illustrated in the table below.

Table 1: Performance-Based Conditions, baseline and ultimate targets, financing

PBCs	PBFM Payment Triggers	Baseline	Target	Financing (US\$ million)
1.NRW	Reduction of NRW	53	35	5.8
2.Working ratio	Reduction in operating expenses (excluding depreciation), divided by gross revenue	1.25	0.90	4.9
3.Staff per 1000 connections	Reduction in the number of staff per 1000 connections	12	8	4.1
4.Customer satisfaction index	Increase in the percentage of customers satisfied with BWB services	44	70	4.9
5.% of female employees in decision-making roles	Increase in the % of female employees in decision-making roles	10	30	3.3
BWB board approval of the BWB institutional capacity strengthening action plan		No	Yes	4.0
Tariff Review Framework & Debt Restructuring Plan		No	Yes	

a. The verification processes

At the end of each year of the project (Malawi financial year for BWB), BWB shall as soon as data is available produce a self-reporting of the KPIs based on the Draft Performance Scorecard included in Annex B and summarized in Table 2 above. The reporting shall be addressed to MoWS with a request to initiate independent verification.

For each of the five PBCs the following data will be provided by BWB:

- The calculated indicator value for the PBC for the year and the previous year (with explanation of any changes compared to reported numbers for the previous year);
- The underlying background data used to calculate the indicator value for the PBC; and
- The calculated eligible grant amount related to the PBC for the year.

The submitted Performance Scorecard shall upon reception by MoWS be forwarded to the contracted Independent Verification Agent (IVA) who shall assess and verify the calculation of eligible payments based on the methodology described below.

Upon completed assessment, the IVA shall issue a verification report to MoWS with a copy to BWB. The verification report shall contain:

- i. Overview of verification audit results;
- ii. Detailed presentation of baseline, self-reported and verified indicator values for each PBC with explanation of any discrepancies identified; and
- iii. Detailed calculation of the eligible grant amount for the year for each of the PBC and aggregated with an explanation of any discrepancies identified.

The eligible grant disbursement for the year shall be calculated based on the realised indicator achievement for each PBC multiplied by the unit grant disbursement for the specific PBC but capped by the maximum grant available under the specific PBC and the maximum accumulated grant for the specific PBC up to the given year. Any shortfall in meeting calculated indicator targets for a given year will lead to an equivalent reduction in the eligible grant for the year, but in case of catch-up in subsequent years the earlier foregone amount is fully compensated in that year. Any overachievement in a given year shall not lead to a grant disbursement above the accumulated maximum grant but will give BWB a head-start on meeting the subsequent years target.

BWB shall within 2 weeks after reception of the IVA report provide any objections in written to MoWS with a copy to the IVA.

Upon reception of the IVA report and subject to no objection by BWB, the MoWS shall request MoFEA to initiate the transfer of the eligible grant amount for the year. In case of objection from BWB, MoWS shall call a meeting of BWB, the IVA and MoWS to discuss the objections and whether there is basis for a re-verification to be arranged.

Table 3 below provides an overview of the verification services included under the IVA contract.

Table 2: Overview of verification of Performance Based Conditions

#	Indicator	Verification procedures	Baseline confirmation and methodology start of year 1	Annual verification at end of year 1 through 5
PBC	Performance Based Conditions			
1	Reduction of NRW	<i>Please refer to verification procedure in table 4 and Draft Performance Scorecard (Annex B)</i>	V ¹	V
2	Reduction in working ratio		V	V
3	Reduction in the number of staff per 1000 water connections		V	V
4	Increase in the percentage of customers satisfied with BWB services		V	V
5	Increase in the percentage of female employees in decision-making roles		V	V
PR	Institutional Prerequisites			
1	BWB board approval of the institutional capacity strengthening action plan (ICSAP)	<i>Note status of implementation in report, no formal verification required</i>	V	
2	Tariff Review Framework and debt restructuring plan		V	

b. Verification procedures

The Independent Verification Agent (IVA) will at the end of each year assist the MoWS in verifying the indicator values in the Performance Scorecard and issue a verification report for BWB.

The IVA is to check and confirm the self-reported indicator values provided by BWB for the Performance Scorecard. The IVA must scrutinize reported performance and on a neutral basis engage in necessary activities that uncover any potential discrepancies. Among other activities, this includes technical reviews of the background documentation for reported scores, surveys

¹ Verification service applies

among samples of customers and inspections of the new water connections, interviews with relevant BWB officers.

The IVA will verify achievement of performance indicators as outlined in the following table:

Table 3: Verification procedures and steps

PBC	PBFM Payment Triggers	Verification steps	Verification method
1	Reduction of NRW	<p>Obtain MIS data on water production at production intake(s) (end of year data for a full year) for baseline year and each subsequent year.</p> <p>Obtain Accounting system and/or Billing system data on amount of water supply billed to customers (end of year data for a full year) for baseline year and each subsequent year.</p> <p>Validate data against underlying databases and clarify any discrepancies.</p> <p>Calculate reduction in NRW as the percentage of water produced and not billed within an average of 18 hours of water supply.</p> <p>Calculate eligible grant for year.</p>	Desk-based and on-site verification
2	Reduction in working ratio	<p>Obtain Accounting system data on operating expenses (excluding depreciation) and gross revenue for baseline year and each subsequent year.</p> <p>If data is not yet audited confirm received data against underlying registrations in accounting system.</p> <p>Calculate reduction in working ratio.</p> <p>Calculate eligible grant for year.</p>	Desk-based and on-site verification
3	Reduction in the number of staff per 1000 connections	<p>Obtain HR record data on number of staff (end of year data) for baseline year and each subsequent year.</p> <p>Obtain Billing system data on number of connections (individual water customers) (end of year data) for baseline year and each subsequent year.</p> <p>Calculate reduction in the number of staff per 1000 connections.</p> <p>Calculate eligible grant for year.</p>	Desk-based and on-site verification

4	Increase in the percentage of customers satisfied with BWB services	<p>Confirm definition of customers satisfied with BWB services through review of applied survey questionnaire(s) which evaluate key features of water supply service quality.</p> <p>Obtain customer satisfaction survey results for baseline year and each subsequent year.</p> <p>Validate general results through random sub-sample interviews with BWB customers within the original sample [60 interviews].</p> <p>Calculate annual increase.</p> <p>Calculate eligible grant for year.</p>	Desk-based and on-site verification
5	Increase in the % of female employees in decision-making roles	<p>Confirm definition of decision-making positions and format of registration in HR system.</p> <p>Obtain HR records extract on female employees in decision-making positions [detailed definition to be agreed between IVA and BWB] for baseline year and each subsequent year.</p> <p>Confirm data through random sample check of underlying database [10%] and brief interviews with identified employees in decision-making roles [10%].</p> <p>Calculate annual increase.</p> <p>Calculate eligible grant for year.</p>	Desk-based and on-site verification

4. FIRM EXPERIENCE AND EXPERIENCE AND QUALIFICATIONS OF KEY STAFF PROPOSED TO UNDERTAKE THIS ASSIGNMENT

The consulting firm must have and demonstrate the following skills and experience necessary to undertake the range of tasks set out in these Terms of Reference:

- i. Detailed knowledge of water supply utility operation, including cost-effectiveness, human resource management, customer satisfaction and fiscal sustainability.
- ii. Relevant technical experience in audits and independent reviews of water utility services, monitoring systems and management.
- iii. Familiarity with relevant legislation and by-laws in Malawi.
- iv. Experience on utility financial management in Malawi, and ability to collect and analyse data to independently verify reported KPIs on Non-Revenue Water (NRW), Working ratio, Staff efficiency, Customer satisfaction, and Diversity in management positions.

- v. Not to have been employed within the last [three (3)] years in the Government of Malawi or BWB.

The key staff should include individuals with education and experience in conducting performance based grant verification assignments in the urban water sector. The IVA should comprise four experts specialized in financial accounts, commercial/customer services, water supply services, and human resource management.

The experts should together possess the following qualifications:

Table 5: Qualifications of key experts

Key Expert	Qualification and Experience
Water loss specialist (Team Leader)	Shall have at least a Master’s Degree in Civil/Environmental/Water Supply and Sanitation Engineering or equivalent and at least 10 years cumulative experience in water loss audits and validations of water loss audits for utilities. S/he should have experience in water conservation, water utility operations and processes, water loss and stakeholder interaction. The team leader should have at least two assignments as a team leader and experience conducting performance-based evaluations.
Finance Management Specialist	Shall have at least a Masters in Accounting or Finance or equivalent and at least 10 years of relevant experience. The Specialist should have adequate experience in financial auditing of donor-funded project operations.
Customer Service Specialist	Shall have at least a Bachelor’s Degree in social sciences or equivalent with at least 8 years experience in all aspects of customer service including billing, payments, credit arrangements, adjustments, collections, service requests, customer callbacks, rate schedule changes, meter information, and field activities.
Human Resources Expert	Shall have at least a Bachelor’s Degree in human resource management, business management, international relations, psychology, or equivalent. The Expert should have 10 years’ experience in HR and Gender policies and best practices, as well as on organizational development issues.

The IVA will be engaged through a time-based contract with the initial duration of two (2) years, renewable for up to three (3) periods of one (1) year each, subject to satisfactory performance. The terms of contract shall be on an “on call” basis. The level of effort of professional staff to be provided by the consultant is estimated 18 man-months per year as provided in Table 6.

Table 6: Required man-months allocation for each year

No	Team Member	Man-months	Total man-months allocation for initial 2-year duration
1	Water loss specialist (Team Leader)	5	10
2	Finance Management Specialist	5	10
3	Customer Service Specialist	4	8
4	Human Resources Expert	4	8
TOTAL			36

The estimated yearly staff-months are indicative only. The consultant may therefore propose alternative level of effort, if it is supported by sufficient documentation in their proposal to show that it can successfully meet the assignment’s objectives

5. DURATION OF THE ASSIGNMENT

The IVA will be engaged through a time-based contract with the initial duration of two (2) years, renewable for up to three (3) periods of one (1) year each, subject to satisfactory performance. The terms of contract shall be on an “on call” basis. The IVA should expect to begin work in August 2023. It is estimated that all work could be completed with an approximately four (4) man-months effort per year with the majority of the workload being within the first quarter of each fiscal year (first time April-July 2024).

Upon satisfactory performance a remuneration is disbursed. The remuneration will consist of:

- A time-based fee upon completion of each annual verification or agreed re-verification.
- Remuneration of approved travel costs within Malawi within agreed maximum budget.

6. PAYMENT SCHEDULE

Payments under the assignment shall be based on approved deliverables. Table below shows the expected payment schedule (subject to negotiation with the winning consultant).

Table 5: Payment Schedule

Number	Deliverable	Proportion of payment (%)
1	Inception Report	30%
2	Draft Verification Report	35%

4	Final Verification Report	35%
		100%

7. CONTRACT MANAGEMENT

7.1. Obligation of the Consultant

- i. The Consultant shall be responsible for the payment of local taxes and duties for all goods and services including levies during execution of the project.
- ii. The Consultant is expected to be fully self- sufficient in terms of accommodation, office supplies, and office equipment.
- iii. The data, documentation and assets from the consultancy will remain the property and in the custody of the Client at the end of the consultancy.
- iv. The Consultant shall be available, at all times, for subsequent discussions of the assignment with the Client.

7.2. Obligation of the Client

The Client shall, wherever possible:

- i. Assist the Consultant in obtaining information and data to enable the Consultant to execute the services described herein effectively. However, the Consultant shall be solely responsible for analysis and interpretation of all data and from his findings, making appropriate conclusion and recommendations.
- ii. Provide copies of operational reports, primary data and other relevant documents.
- iii. Ensure that the Consultant has access to all available information required for timely execution of the assignment.
- iv. Assist the consultant to obtain necessary immigration, VISAs, registration with any board or agency, and residence work permits for the approved expatriate personnel and their dependants. However, the consultant remains responsible for this

7.3. Reporting Arrangements Reviews and Schedule of Deliverables

The Consultant will be reporting to the PIU Manager on contractual matters and to the Monitoring and Evaluation Specialist and Principal Secretary of Water and Sanitation on daily operational issues. The Consultant will be required to submit all verification reports to Principal Secretary in the Ministry of Water and Sanitation with copies to BWB Project Implementation Unit, based on agreed timelines.

ANNEX A: FORMAT OF THE VERIFICATION REPORT (TABLE OF CONTENT)

The Verification Reports shall (as minimum) contain the following:

1. Overview of audit results
2. Audit period and Audit team members
3. Independent validation of each of the five PBCs for the year (including a detailed presentation of baseline, self-reported and verified indicator values for each PBC with explanation of any discrepancies identified)
4. Independent calculation of the eligible disbursement under each of the PBCs for the year (with an explanation of any discrepancies identified)
5. Independent verification of calculation of the total eligible disbursement under the PBFM for the year
6. Updated risks and mitigation measures
7. Outlook for the next reporting period- should state the activities foreseen to be undertaken in the next reporting period and resources available.
8. List of documents, databases and other evidence reviewed
9. List of surveys and field visits carried out.

ANNEX B: DRAFT PERFORMANCE SCORECARD

#	Indicator	Definition/Description of Achievement	Protocol to evaluate achievement of the indicator and verification		
			Data Source	Verification Entity	Procedure
A	Performance Based Conditions (PCA)				
PBC 1	Reduction of NRW	<p>The indicator shall be calculated as the reduction in the annual percentage NRW (physical loss and commercial loss) compared to the previous year:</p> $\text{Reduction in NRW (year } x) = \text{NRW (year } x) - \text{NRW (year } x-1)$ <p>where:</p> $\text{NRW (year } x) = [(\text{Gross water production at intake (year } x) - \text{Billed water sales (year } x)) / \text{Gross water production at intake (year } x)] * 100\%$ <p>NRW shall mean the percentage of water produced and not billed within an average of 18 hours of water supply.</p> <p>The target reduction in NRW over the project period is 18.0% (from 53% to 35%)</p> <p>The Maximum grant available under PBC 1 is 5,800,000 USD.</p> <p>The unit grant disbursement is 322,222 USD per 1% reduction in NRW.</p> <p>Separately, 200,000 USD is disbursed in the first year if the baseline is maintained. This amount is deducted from the total available grant under PBC 1.</p>	<p>The data sources are:</p> <p>NRW: Meter data at production intake(s) and billing data from accounting system (end of year data for a full year compared to last full year).</p> <p>Any changes/replacements of production meters during the year should be noted and the implication on KPIs assessed.</p>	IVA	<p>Review of documents provided by BWB</p> <p>Independent verification of data provided.</p> <p>Note: Detailed methodology will be developed by IVA</p>

		<p>The following targets and maximum disbursements apply in individual years:</p> <table border="1"> <thead> <tr> <th>Period</th> <th>PBC target</th> <th>Maximum grant for year (USD)</th> <th>Maximum grant accumulated (USD)</th> </tr> </thead> <tbody> <tr> <td>Baseline</td> <td>53,0</td> <td></td> <td></td> </tr> <tr> <td>Year 1</td> <td>53,0</td> <td>200.000</td> <td>200.000</td> </tr> <tr> <td>Year 2</td> <td>50,0</td> <td>1.166.667</td> <td>1.366.667</td> </tr> <tr> <td>Year 3</td> <td>43,0</td> <td>2.055.556</td> <td>3.422.222</td> </tr> <tr> <td>Year 4</td> <td>37,0</td> <td>1.933.333</td> <td>5.355.556</td> </tr> <tr> <td>Year 5</td> <td>35,0</td> <td>444.444</td> <td>5.800.000</td> </tr> </tbody> </table>	Period	PBC target	Maximum grant for year (USD)	Maximum grant accumulated (USD)	Baseline	53,0			Year 1	53,0	200.000	200.000	Year 2	50,0	1.166.667	1.366.667	Year 3	43,0	2.055.556	3.422.222	Year 4	37,0	1.933.333	5.355.556	Year 5	35,0	444.444	5.800.000			
Period	PBC target	Maximum grant for year (USD)	Maximum grant accumulated (USD)																														
Baseline	53,0																																
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Year 4	37,0	1.933.333	5.355.556																														
Year 5	35,0	444.444	5.800.000																														
PBC 2	Reduction in working ratio	<p>The indicator Reduction in Working ratio shall be calculated as the reduction in operating expenses (excluding depreciation), divided by gross revenue compared to the previous year:</p> <p><i>Reduction in Working ratio (year x) = Working ratio (year x) – Working ratio (year x-1)</i> <i>where:</i> <i>Working ratio (year x) = [(Operating expenses (year x) – Depreciation charges (year x)) / Gross revenues (year x)]</i></p> <p>The target reduction in Working ratio over the project period is 0.35 (from 1.25 to 0.90)</p> <p>The Maximum grant available under PBC 2 is 4,900,000 USD.</p>	<p>The data sources are:</p> <p>Operating expenses, depreciation, gross revenue: Accounting system (end of year data for a full year compared to last full year)</p>	IVA	<p>Review of documents provided by BWB</p> <p>Independent verification of data provided.</p> <p>Note: Detailed methodology will be developed by IVA</p>																												

		<p>The unit grant disbursement is 1,400,000 USD per 0.10 units reduction in working ratio.</p> <p>The following targets and maximum disbursements apply in individual years:</p> <table border="1"> <thead> <tr> <th>Period</th> <th>PBC target</th> <th>Maximum grant for year (USD)</th> <th>Maximum grant accumulated (USD)</th> </tr> </thead> <tbody> <tr> <td>Baseline</td> <td>1,25</td> <td></td> <td></td> </tr> <tr> <td>Year 1</td> <td>1,20</td> <td>700.000</td> <td>700.000</td> </tr> <tr> <td>Year 2</td> <td>1,18</td> <td>280.000</td> <td>980.000</td> </tr> <tr> <td>Year 3</td> <td>1,10</td> <td>1.120.000</td> <td>2.100.000</td> </tr> <tr> <td>Year 4</td> <td>0,92</td> <td>2.520.000</td> <td>4.620.000</td> </tr> <tr> <td>Year 5</td> <td>0,90</td> <td>280.000</td> <td>4.900.000</td> </tr> </tbody> </table>	Period	PBC target	Maximum grant for year (USD)	Maximum grant accumulated (USD)	Baseline	1,25			Year 1	1,20	700.000	700.000	Year 2	1,18	280.000	980.000	Year 3	1,10	1.120.000	2.100.000	Year 4	0,92	2.520.000	4.620.000	Year 5	0,90	280.000	4.900.000			
Period	PBC target	Maximum grant for year (USD)	Maximum grant accumulated (USD)																														
Baseline	1,25																																
Year 1	1,20	700.000	700.000																														
Year 2	1,18	280.000	980.000																														
Year 3	1,10	1.120.000	2.100.000																														
Year 4	0,92	2.520.000	4.620.000																														
Year 5	0,90	280.000	4.900.000																														
PBC 3	Reduction in the number of staff per 1000 water connections	<p>The indicator shall be calculated as the reduction in the number of staff per 1000 water connections compared to the previous year:</p> <p><i>Reduction in the number of staff per 1000 water connections (individual water customers) (year x) = Number of staff per 1000 water connections (year x-1) - Number of staff per 1000 water connections (year x)</i></p> <p>where:</p> <p><i>Number of staff per 1000 water connections (year x) = Number of staff end of year (year x) / (Number of water connections end of year (year x) / 1000)</i></p> <p>The target reduction in Reduction in the number of staff per 1000 water connections over the project period is 4.0 (from 12.0 to 8.0)</p> <p>The Maximum grant available under PBC 3 is 4,100,000 USD.</p>	<p>The data sources are:</p> <p>Number of staff: HR records (end of year data)</p> <p>1000 water connections: Billing system (end of year data)</p>	IVA	<p>Review of documents provided by BWB</p> <p>Independent verification of data provided.</p> <p>Note: Detailed methodology will be developed by IVA</p>																												

		<p>The unit grant disbursement is 1,025,000 USD per 1 unit reduction in the number of staff per 1000 water connections.</p> <p>Separately, 200,000 USD is disbursed in the first year if the baseline is maintained. This amount is deducted from the total available grant under PBC 3.</p> <p>The following targets and maximum disbursements apply in individual years:</p> <table border="1" data-bbox="504 619 1263 970"> <thead> <tr> <th>Period</th> <th>PBC target</th> <th>Maximum grant for year (USD)</th> <th>Maximum grant accumulated (USD)</th> </tr> </thead> <tbody> <tr> <td>Baseline</td> <td>12,0</td> <td></td> <td></td> </tr> <tr> <td>Year 1</td> <td>12,0</td> <td>200.000</td> <td>200.000</td> </tr> <tr> <td>Year 2</td> <td>11,0</td> <td>1.025.000</td> <td>1.225.000</td> </tr> <tr> <td>Year 3</td> <td>10,0</td> <td>1.025.000</td> <td>2.250.000</td> </tr> <tr> <td>Year 4</td> <td>9,0</td> <td>1.025.000</td> <td>3.275.000</td> </tr> <tr> <td>Year 5</td> <td>8,0</td> <td>825.000</td> <td>4.100.000</td> </tr> </tbody> </table>	Period	PBC target	Maximum grant for year (USD)	Maximum grant accumulated (USD)	Baseline	12,0			Year 1	12,0	200.000	200.000	Year 2	11,0	1.025.000	1.225.000	Year 3	10,0	1.025.000	2.250.000	Year 4	9,0	1.025.000	3.275.000	Year 5	8,0	825.000	4.100.000			
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Year 5	8,0	825.000	4.100.000																														
PBC 4	Increase in the percentage of customers satisfied with BWB services	<p>The indicator shall be calculated as the increase in percentage of customers satisfied with BWB services compared to the previous year:</p> <p><i>Increase in percentage of customers satisfied with BWB services (year x) = Percentage of customers satisfied with BWB services (year x) - Percentage of customers satisfied with BWB services (year x-1)</i></p> <p>where:</p> <p><i>Percentage of customers satisfied with BWB services (year x) shall be determined in annual customer satisfaction surveys, conducted on a consistent basis.</i></p>	<p>The data sources are:</p> <p>Annual customer satisfaction survey (compared to similar survey for year before)</p>	IVA	<p>Review of documents provided by BWB</p> <p>Independent verification of data provided.</p> <p>Note: Detailed methodology will be</p>																												

		<p>The target increase in percentage of customers satisfied with BWB services over the project period is 26% points (from 44% to 70%).</p> <p>The Maximum grant available under PBC 4 is 4,900,000 USD.</p> <p>The unit grant disbursement is 188.462 USD per increase of 1% point in the percentage of customers satisfied with BWB services.</p> <p>Separately, 200,000 USD is disbursed in the first year if the baseline is maintained. This amount is deducted from the total available grant under PBC 4.</p> <p>The following targets and maximum disbursements apply in individual years:</p> <table border="1" data-bbox="504 762 1267 1114"> <thead> <tr> <th>Period</th> <th>PBC target</th> <th>Maximum grant for year (USD)</th> <th>Maximum grant accumulated (USD)</th> </tr> </thead> <tbody> <tr> <td>Baseline</td> <td>44,0</td> <td></td> <td></td> </tr> <tr> <td>Year 1</td> <td>44,0</td> <td>200.000</td> <td>200.000</td> </tr> <tr> <td>Year 2</td> <td>45,0</td> <td>188.462</td> <td>388.462</td> </tr> <tr> <td>Year 3</td> <td>50,0</td> <td>942.308</td> <td>1.330.769</td> </tr> <tr> <td>Year 4</td> <td>60,0</td> <td>1.884.615</td> <td>3.215.385</td> </tr> <tr> <td>Year 5</td> <td>70,0</td> <td>1.684.615</td> <td>4.900.000</td> </tr> </tbody> </table>	Period	PBC target	Maximum grant for year (USD)	Maximum grant accumulated (USD)	Baseline	44,0			Year 1	44,0	200.000	200.000	Year 2	45,0	188.462	388.462	Year 3	50,0	942.308	1.330.769	Year 4	60,0	1.884.615	3.215.385	Year 5	70,0	1.684.615	4.900.000			developed by IVA
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PBC 5	Increase in the % of female employees in decision-making roles	<p>The indicator shall be calculated as the increase in percentage of female employees in decision-making roles compared to the previous year:</p> <p><i>Increase in percentage of female employees in decision-making roles (year x) = Percentage of female employees in decision-making roles (year x) - Percentage of female employees in decision-making roles (year x-1)</i></p>	<p>The data sources are:</p> <p>HR records (end of year data compared to end of year before)</p>	IVA	<p>Review of documents provided by BWB</p> <p>Independent verification of data provided.</p>																												

	<p>where: <i>Percentage of female employees in decision-making roles (year x) shall be determined based on HR records (end of year data) and a clear definition of decision-making roles (to be agreed)</i></p> <p>The target increase in percentage of female employees in decision-making roles over the project period is 20% points (from 10% to 30%)</p> <p>The Maximum grant available under PBC 5 is 3,300,000 USD.</p> <p>The unit grant disbursement is 165,000 USD per increase of 1% point in the percentage of female employees in decision-making roles.</p> <p>The following targets and maximum disbursements apply in individual years:</p> <table border="1"> <thead> <tr> <th>Period</th> <th>PBC target</th> <th>Maximum grant for year (USD)</th> <th>Maximum grant accumulated (USD)</th> </tr> </thead> <tbody> <tr> <td>Baseline</td> <td>10,0</td> <td></td> <td></td> </tr> <tr> <td>Year 1</td> <td>12,0</td> <td>330.000</td> <td>330.000</td> </tr> <tr> <td>Year 2</td> <td>15,0</td> <td>495.000</td> <td>825.000</td> </tr> <tr> <td>Year 3</td> <td>25,0</td> <td>1.650.000</td> <td>2.475.000</td> </tr> <tr> <td>Year 4</td> <td>27,0</td> <td>330.000</td> <td>2.805.000</td> </tr> <tr> <td>Year 5</td> <td>30,0</td> <td>495.000</td> <td>3.300.000</td> </tr> </tbody> </table>	Period	PBC target	Maximum grant for year (USD)	Maximum grant accumulated (USD)	Baseline	10,0			Year 1	12,0	330.000	330.000	Year 2	15,0	495.000	825.000	Year 3	25,0	1.650.000	2.475.000	Year 4	27,0	330.000	2.805.000	Year 5	30,0	495.000	3.300.000			<p>Note: Detailed methodology will be developed by IVA</p> <p>Clear definition of decision-making roles to be agreed</p>
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B	Institutional prerequisites for upfront payment																															
1	<p><i>BWB board approval of the institutional capacity Strengthening</i></p>	<p>The indicator is pass / fail.</p> <p>Pass: BWB board meeting minutes available recording approval of the ÍCDAP</p>	<p>The data sources are:</p> <p>Copy of minutes of BWB Board Meeting approving ICSAP</p>	<p>WB</p>	<p>Note: Pass shall imply eligibility for [30%] of upfront payment</p>																											

	<i>action plan (ICSAP)</i>				
2	<i>Tariff Review Framework and debt restructuring plan</i>	<p>The indicator is pass / fail.</p> <p>Pass:</p> <p>(i) Tariff adjustment for 2023 of at least [40%] for average tariff approved;</p> <p>(ii) Statement of intent to ensure tariff stability in real terms after 2023 (subject to socioeconomic impact assessment); and</p> <p>(iii) Process of debt restructuring initiated.</p>	<p>The data sources are:</p> <p>Copies of official document from MoWS confirming action</p>	WB	Note: Pass shall imply eligibility for [70%] of upfront payment