

# Terms of Reference for Independent Verification Agent (IVA)

## A. Background

The Federal Government of Nigeria has agreed with the World Bank on a multi-year (2018-2022) project to support the Federal Government of Nigeria to strengthen public finance management through the World Bank USD125 million credit facility in support of Fiscal Governance and Institutions Project. The Project is designed as an Investment Project Financing (IPF) with Performance Based Conditions (PBCs)<sup>1</sup>. The reform is to support key Ministries, Departments and Agencies (MDAs) in critical reforms to public financial management at the Federal level. The Project Development Objective (PDO) is to improve the credibility of public finance and national statistics in Nigeria.

The Project is expected to address the following three main governance challenges and bottlenecks hampering the effectiveness of Government in promoting growth and development:

- (i) Poor oversight of revenue accruing to the Federation Account;
- (ii) Weak controls, transparency and accountability in the use of public funds by the Federal Government; and
- (iii) Lack of information and inconsistencies in Nigeria's fiscal and economic statistics.

The four components of the Project are the following:

1. **Strengthening Revenue Management.** This component supports enhanced oversight of revenues accruing to the Federation account and strengthened revenue analysis and forecasting to help retrieve unremitted revenues and improve revenue outturn through two sub-components:
  - 1.1 Revenue assurance and IT audits by the Office of the Auditor General of the Federation (OAuGF)
  - 1.2 Revenue analysis studies by the Technical Services Department (TSD) of the Federal Ministry of Finance, Budget and National Planning (FMFBNP).
2. **Strengthening controls, transparency and accountability in the use of public funds.** This component focuses on select elements of public expenditure management to improve the transparency, efficiency and monitoring of budget execution. The subcomponents cover the following results:
  - 2.1 Enhancing the utilization of GIFMIS through the roll-out of further modules, specifically for cash management and commitment controls by the Office of the Accountant General of the Federation (OAGF)
  - 2.2 Strengthening public investment management by the Budget Office of the Federation (BOF)

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<sup>1</sup> In the original Program Appraisal Document and Financing Agreement PBCs are referred to as Disbursement Linked Indicators (DLIs). According to the World Bank Guidelines for IPF-PBC from January 29, 2020, DLIs are referred to as PBCs.

2.3 Improving transparency and efficiency in procurement by the Bureau of Public Procurement (BPP)

2.4 Improving controls and efficiency in payroll expenditures by the Office of the Head of Civil Service of the Federation (OHCSF)<sup>2</sup>

3. **Strengthening economic and fiscal statistics.** This component supports the implementation of specific surveys that contribute to improved economic statistical information by the National Bureau of Statistics (NBS).

4. **Implementation support.** This component supports the Project Coordination Unit (PCU) in the International Economic Relations Department (IERD) of FMFBNP and the Project Implementation Units (PIU) in OAuGF, BOF, BPP and NBS.

The PCU is responsible for Project Monitoring and Coordination in collaboration with the PIUs under the Supervision of the Project Steering Committee chaired by the Permanent Secretary Finance. The Director IERD is the Head of the FMF- PCU/PIU with other FMF Staff members deployed to handle activities in the PCU.

**The main coordinating functions of the PCU include:** (i) reviewing progress on project implementation; (ii) presenting progress reports on project implementation to the Steering Committee and the Bank, including outcomes of the independent verification on PBCs; (iii) identifying and removing constraints to project implementation on a timely basis; (v) procuring the services of an independent verification agent for the verification of PBCs, managing the contract and facilitating the verification through coordination with all implementing agencies; and (vi) preparation of the consolidated Interim Financial Reports (IFRs) and annual financial statements for the project. The PCU will meet with PIU coordinators once a month and ensure that PIUs prepare and submit the aforementioned plans and reports on a timely basis, and follow up on implementation of World Bank and PCU decisions by PIUs with respect to project implementation.

## **B. Objective**

The IERD in the FMFBNP, as PCU on the FGIP, seeks the services of an experienced consulting firm to undertake the role of Independent Verification Agent (IVA) for the FGIP in the conduct of performance assessments (PAs), including conducting desk-based reviews, visits to participating agencies etc. The PAs will cover all participating agencies and verify their performance against PBCs in accordance with the approved verification protocol that is part of the Project Operations Manual (POM).

The assignment is expected to start in Q1 of 2022 and to end in Q2 of 2023 and will cover verification of all PBCs that have not yet been verified, through 4 assessments/verification reports, covering the PBCs/IRs achieved between January 2022 and February 2023.

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<sup>2</sup> This sub-component is proposed as an addition through Project Restructuring.

### C. Scope of service

The selected firm is to work with the IERD team to conduct the following activities in the course of the assignment;

- Planning and conducting the verification of achievement of PBCs and Intermediate Results (IRs) (see attachment 1) including through desk-based reviews and field visits to the participating agencies, in accordance with the approved verification protocol outlined in the POM. Verification is to be divided into four quarterly assessments/reports.
- Provide training to selected staff of the PCU and PIUs to strengthen their capacity to effectively conduct the PAs

### D. Deliverables

	<b>Deliverable</b>	<b>Detail</b>	<b>When</b>
<b>1</b>	Inception report submitted to PCU	The report should cover at least the following: <ul style="list-style-type: none"><li>○ Demonstration of grasp of the requirements for each of the PBCs and IRs</li><li>○ Proposed work plan for the verification of each IR based on the verification protocols in the Project Operations Manual, identifying risks and proposing how to manage these</li><li>○ Proposed schedule for the completed verification of each IR (noting that this will be done on a rolling basis as each IR is achieved)</li></ul>	Within 10 working days of signing the contract
<b>2</b>	Submit detailed plan for the verification of each PBC/IR to PCU	Each plan will detail the team, work plan and timing to be undertaken by the IVA to conduct the verification, as well as a template for the verification report, breaking down each of the elements of achievements and detailing the tests to be undertaken	Within 20 working days of signing the contract
<b>3</b>	Prepare and deliver workshop for participating agencies on verification process	The aim of the workshop is to ensure a common understanding of how each PBC/IR will be verified, and to adjust the verification work plans as needed	Within 30 working days of signing the contract
<b>4</b>	Submit 4 draft verification reports to PCU on the relevant PBC/IRs (see PBC matrix)	The verification reports will follow the agreed templates and will detail the procedures and findings and make recommendations	Report 1: by May 30, 2022 Report 2: by August 30, 2022 Report 3: by November 30, 2022

			Report 4: by February 28, 2023
5	Submit final verification reports to PCU for each PBC/IR	The final verification reports will take into account comments received by the relevant agency, the PCU and the World Bank, and will reflect the professional expert opinion of the IVA	Within 5 working days of receiving comments from the PCU for each report
6	Capacity building and training activities	The IVA will design and implement targeted capacity building related to the verification process for the PCU and PIUs	To be agreed with PCU

Interested firms should provide information demonstrating that they have the required qualifications and relevant experience to perform the services. To qualify for short-listing, applicants must fulfill the following qualifications criteria:

- At least a minimum of 10 years of experience in Audit, Public Financial Management and availability of expertise on public sector human resources management and national/sub-national statistics assignments.
- Experience of working on similar assignments across sub-Saharan Africa or other similar jurisdictions, including areas such as budgeting, audit, public procurement, human resources management and national/sub-national statistics.
- Experience of working with Supreme Audit Institutions in sub-Saharan Africa or similar jurisdiction; deep knowledge of auditing standards issued by INTOSAI and guidance from AFROSAI-E.
- At least one successful completed verification results / deliverables in a multi-focused and multi-stakeholder public project similar in scope at national or subnational levels.
- Good knowledge and understanding of controls within public sector IT systems .
- Proven experience and competence with respect to planning, coordinating and stakeholder management.
- Demonstrated experience in conduct of similar scale assignments in a virtual work environment.
- Proven experience and competence in the design and delivery of training and capacity building activities to the public sector.

## **E. Team Composition & Qualification Requirements for the Key Experts**

### **Key Expert 1 (Audit and PFM expert) – Team leader**

- A university degree in accounting, finance, public administration, business administration or related field from a reputable university

- Professional Qualification from an IFAC recognized accountancy body with at least 10 years of relevant post-qualification experience.
- At least 10 years of experience in Audit, Budgeting and Public Financial Management in an IT enabled environment
- Experience of working with Supreme Audit Institutions in sub-Saharan Africa or similar jurisdiction; deep knowledge of auditing standards issued by INTOSAI and guidance from AFROSAI-E is desirable.
- Experience with conducting verification for a performance-based framework is desirable
- Familiarity with public service rules and public financial management operating environment in Nigeria at the Federal level.
- Comprehensive Knowledge and understanding of controls within an IT environment.

#### **Key Expert 2 (A Tax policy and Revenue Mobilization expert)**

- A university degree in accounting, law, economics, public finance from a reputable university
- Minimum of 10 years' experience with demonstrated knowledge of and experience in tax and customs policy development and administration processes.
- Demonstrated expertise with the use of cost-benefit analysis for tax policy development.

#### **Key Expert 3 (Procurement and E-Procurement specialist)**

- A university degree in the Social Sciences, Law, Engineering, Information Technology or related fields from a reputable university.
- At least 10 years of national or international experience in public procurement reforms and e-procurement design and implementation.
- Demonstrated knowledge of Nigeria's federal Public Procurement Act will be required.

#### **Key Expert 4 (Statistician)**

- PhD or a minimum of Master's degree in statistics, economics or mathematics
- At least 10 years of experience in designing, managing and disseminating large-scale nationwide surveys preferably with agricultural and business/enterprise surveys and/or censuses in relevant areas
- Proven knowledge and experience on developing sampling methodologies for large-scale surveys
- Proven knowledge and experience on questionnaire development, programming, data collection, data quality monitoring and data analysis
- Superior analytical knowledge of large datasets

- In-depth knowledge and experience in the use of statistical analysis software (STATA, SPSS)
- Knowledge and experience in using computer assisted personal interviewer (CAPI) for large scale surveys/census. Experience with World Bank's Survey Solutions an added-advantage
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#### **Key Expert 5 (HR administration specialist)**

- A university degree in the Social Sciences, Human Resources, Law, Economics, or related fields from a reputable university.
- At least 10 years of national or international experience in human resources management reforms and implementation of HR management information systems (HRMIS).
- Familiarity with Nigeria's federal civil service reform will be required and experience in advising on enhancing HR in the public sector in Nigeria will be a plus.

#### **F. Reporting**

The IVA will report to the Director, IERD and coordinate with the IERD team in the fulfillment of their responsibilities. Copies of all reports and supporting documents submitted to IERD should be made available to the World Bank Task Team.

#### **G. Duration of the Assignment**

The Consultancy will be for an initial period of fourteen months.

#### **H. Payment Schedule**

- 10% of contract value upon submission of Inception Report within 10 days of contract signature [Deliverable 1]
- 10% of contract value upon design of verification plan [Deliverable 2]
- 20% of contract value upon submission of final verification Report 1 [Deliverable 5]
- 20% of contract value upon submission of final verification Report 2 [Deliverable 5]
- 20% of contract value upon submission of final verification Report 3 [Deliverable 5]
- 20% of contract value upon submission of final verification Report 4 [Deliverable 5]

PBC matrix (Note this PBC matrix is pending finalization of project restructuring). The timing of verification is estimated; there will be some flexibility required in the timing for each IR. [Those marked NA have been or will be verified through means other than the IVA]

Timeline	PBCs / IRs	Expected verification date
<b>PBC 1: Regular external audit reports for revenue oversight completed</b>		
July 1, 2019 - June 30, 2021	IR 1.1. Revenue assurance audit FIRS, NCS for FY 2017	NA
July 1, 2019 - June 30, 2021	IR 1.2. Revenue assurance audit FIRS, NCS for FY 2018	NA
July 1, 2019 - June 30, 2022	IR 1.3. Revenue assurance audit FIRS, NCS for FY 2019	Report 2
July 1, 2019-June 30, 2022	IR 1.4. IT audit of ITAS and NICIS for FY 2019	Report 2
July 1, 2019 – December 31, 2022	IR 1.5. Revenue assurance audit FIRS, NCS for FY 2020	Report 3
July 1, 2019 – December 31, 2022	IR 1.6. IT audit of ITAS and NICIS for FY 2021	Report 4
July 1, 2019 – December 31, 2022	IR 1.7. Revenue assurance audit FIRS, NCS for FY 2021	Report 4
<b>PBC 2: Revenue analyses institutionalized at the FMFBNP</b>		
July 1, 2019 - June 30, 2021	IR 2.1 Tax expenditure analysis completed	NA
July 1, 2019-June 30, 2021	IR 2.2 Performance Management framework for parastatals and SOEs completed	Report 1
July 1, 2019 – December 31, 2022	IR 2.3 Cost-benefit analysis of tariff incentives on import and export duties completed	Report 4
July 1, 2019 – December 31, 2022	IR 2.4 Tax Codification and Simplification Bill tabled at the National Assembly for ratification	Report 4
July 1, 2019 – December 31, 2022	IR 2.5 Review of customs tariffs from the perspective of regional trade integration: impact analysis of the harmonization of exemptions; impact analysis of the Continental Free Trade Agreement completed	Report 4
<b>PBC 3: Enhanced utilization of the Financial Management Information System</b>		
July 1, 2019 – June 30, 2022	IR 3.1 Approval of policy for bottom-up cash planning for roll-out across FGN	Report 1
July 1, 2019 – June 30, 2022	IR 3.2 Pilot implementation of bottom-up cash planning policy in MDAs covering 30 percent of MDAs	Report 2
July 1, 2019 – June 30, 2022	IR 3.3 Submission of final FY2021 general purpose financial statements of the federation for audit no later than June 30, 2022	Report 2
July 1, 2019 – December 31, 2022	IR 3.4 Migration of legacy assets and inventory items in the GIFMIS application for 85% coverage of assets and inventory	Report 1
July 1, 2019 – December 31, 2022	IR 3.5 Implementation of commitment controls and cash management GIFMIS module covering 50 % of MDAs	Report 4

Timeline	PBCs / IRs	Expected verification date
<b>PBC 4: Strengthened monitoring and evaluation of public investment projects</b>		
July 1, 2019 – June 30, 2021	IR 4.1 Adoption by the Budget Office of the Federation of a guideline for PIM, as an annex to its 2022 Budget Circular [partially verified]	Report 3
July 1, 2019 – December 31, 2022	IR 4.2. Compliance rate with PIM guidelines in at least two MDAs with largescale capital budgets	Report 4
July 1, 2019 – December 31, 2022	IR 4.3. Deployment of a National Budget Portal to publish Government of Nigeria's (FGN and at least 20 States) approved capital projects (including supplementary budgets, if any)	Report 4
July 1, 2019 – December 31, 2022	IR 4.4. (a) Deploy GIFMIS capital/project module in 10 MDAs (1) (b) BOF implements capital project tracking system for 10 MDAs (0.5)	(a) Report 1 (b) Report 4
<b>PBC 5: MDAs in compliance with improved procurement standards</b>		
July 1, 2019-June 30, 2021	IR 5.1. Signing of e-GP contract awarded through Open Competition to develop and deploy Registration module, Procurement Plan & Advert Module, Tendering Module, Evaluation & Award Module, e-GP Admin Module, Reporting Module, E-Learning Module, Contract Management Module, Catalogue Module, e-Framework Agreement, Procurement Management Information System Module, in 10 pilot MDAs.	NA
July 1, 2019 – June 30, 2022	IR 5.2. e-GP modules rolled out to 10 pilot MDAs: i) Registration, ii) Procurement Plan & Advert, iii) Tendering, iv) Evaluation & Award, v) e-GP Admin, vi) Reporting	Report 2
July 1, 2019 – Dec 31, 2022	IR 5.3. e-GP modules rolled out to pilot MDAs: above + vii) E-Learning, viii) Contract Management, ix) Catalogue, x) e-Framework Agreement, xi) Procurement Management Information System	Report 4
July 1, 2019 – Dec 31, 2022	IR 5.4. Stretch targets – (a) All modules rolled out in the pilot MDA and integrated with GIFMIS (0.5) (b) All modules rolled out in the pilot MDAs and integrated with Open Contracting Standards (0.5) (c) All modules rolled out in the pilot MDAs and integrated with Beneficial Ownership (0.5)	Report 4
<b>PBC 6: Improving controls and efficiency in the civil service payroll</b>		
January – June 30, 2022	IR 6.1. HR module rolled out in 12 core MDAs covering all staff grades 12 and above	Report 2



Timeline	PBCs / IRs	Expected verification date
January – December 31, 2022	IR 6.2. HR module rolled out in additional 11 core MDAs covering all staff grades 12 and above	Report 3
January – December 31, 2022	IR 6.3. HR module rolled out in additional 11 core MDAs covering all staff grades 12 and above	Report 4
<b>PBC 7: Generated and validated statistical datasets</b>		
July 1, 2019 - June 30, 2021	IR 7.1. 1 Business Sample Census completed	NA
July 1, 2019– June 30, 2022	IR 7.2. 1 <sup>st</sup> round Labor Force Survey 2022	Report 3
July 1, 2019 – December 31, 2022	IR 7.3. Agriculture sample census completed	Report 4
July 1, 2019 – December 31, 2022	IR 7.4. 2 <sup>nd</sup> round of labor force survey for 2022 completed	Report 4
July 1, 2019 – December 31, 2022	IR 7.5. Field work for the Nigeria Living Standards Survey completed	Report 4