



LESOTHO ELECTRICITY AND WATER AUTHORITY

## **Terms of Reference (TOR) for the Development of LEWA Regulatory Impact Framework and Assessment**

### **1. Introduction**

The Lesotho Electricity and Water Authority (LEWA) was established through the Lesotho Electricity Authority (LEA) Act, No. 12 of 2002, as amended. Until the Authority was transformed into a multi-sector regulator (regulating both electricity and water) in 2013, the Authority had since 2004 been regulating only the Electricity Supply Industry (ESI) in the country. The Authority operates in line with Government Policy on electricity and water supply matters. LEWA is mandated to regulate the ESI and Urban Water and Sewerage Services (UWSS) where these services are not supplied on a competitive basis. The Authority further deals with matters such as electricity pricing and charges, complaints handling and disputes resolution, and supervision of implementation of Quality of Supply and Service Standards (QOSSS) by the regulated entities. The Authority is in the process of developing a Regulatory Impact Assessment framework and assessment whose objectives are outlined below.

### **2. Background, objectives and context**

Regulation Impact Assessment (RIA) is a tool that assists policy makers and regulators to assess the impact of regulation. RIA is a comparative process that is based on identifying the objectives of a proposed regulation, and determining the impact of various interventions that are available to achieve the objectives. The use of RIA has become an important part of the regulatory process in most countries. The Authority's regulatory decisions affect a wide range of stakeholders in the economy and society. Mitigating such impacts is imperative for any regulatory agency. This can be achieved by ensuring that the impacts of the decisions on the economy are assessed and understood before and after such decisions are made. This requirement is also enshrined in the Authority's governing legislation which requires it to take decisions that are not at variance with the country objectives. The Authority thus has

a need to design RIA framework for electricity and water, and to undertake detailed RIA assessment for the two regulated industries in the country.

Currently the Authority does not undertake the pre-RIA for all its major decisions in the electricity and water regulated entities. Since its inception, the Authority is yet to undertake an Ex-Post RIA assessment of all its decisions within the two regulated industries. There is therefore a need for experts in RIA to assist the Authority by conducting an Ex-Post Regulatory impact Assessment of all its prices and charges, and licensing and compliance decisions taken thus far for electricity and water.

### **3. Purpose**

The Authority seeks to invite proposals from competent organisations to develop Regulatory Impact Assessment Framework (RIA) and undertake the RIA study on all decisions relating to a) pricing and charges b) licensing and compliance in the two industries regulated by LEWA.

### **4. Scope of Work**

- a. The Authority invites bids from competent consultant(s)/research institute(s):
  - To develop a detailed and systematic LEWA RIA framework that will be used to assess whether the Authority's decision in regulation is likely to achieve the desired objectives or not, and further be premised on promoting accountability and transparency in regulatory decision-making;
  - To undertake a comprehensive analysis of the decision of the Authority during the past fourteen (14) years and four (4) years for g electricity and for water respectively in order to establish the extent to which such decisions have impacted all stakeholders within the two regulated industries; and
  - To establish the extent to which such decisions have impacted the economy of Lesotho.
- b. The study should include all pricing and charges, licensing and compliance decisions by the Authority as per the then to be developed RIA framework.
- c. The variables to be measured in this assessment should, as much as possible, be as proposed in the RIA framework and any other additional variables that

can be used to measure the impacts of the Authority's decisions in the economy.

## **5. Projects deliverables**

The following are envisaged;

- I. Producing of monthly reports with specific deliverables for purpose of progress payments;
- II. Draft RIA Framework for the assessment of LEWA's regulatory decisions;
- III. Report on the finding of each element of the assessment ;
- IV. Recommendations on each element of the assessment ;
- V. Producing of a well- structured RIA report and present it to LEWA before submitting the final draft; and
- VI. Provide training in conducting a full RIA to LEWA staff involved in the project.

## **6. Time Frames**

This study is expected to take a period of 12 months from the date of contracting with the service provider.

## **7. Requirements**

The consultant (s)/research institution(s) must:

- I. Have an understanding and a thorough knowledge of conducting impact studies;
- II. Have experience in the Lesotho electricity and water sectors;
- III. Present demonstrable evidence of ability to undertake large scale research projects;
- IV. Have a successful record of having done objectives, evidence based research such as RIA ; and
- V. Demonstrate the ability to undertake an assessment of this magnitude and nature, including that it has the resources and expertise to execute such a project.

## **8. Information required in the proposal**

Bidders are requested to provide their proposals in two parts i.e. Technical and Financial proposals. LEWA reserves the right not to consider any proposal that does not include at least the following:

### **a) Technical requirement**

The technical proposal must contain the following information:

- I. Detailed methodology to address the terms of reference;
- II. A detailed work plan with milestone and deliverables;
- III. Project list demonstrating the involvement of the proposed project team in a similar assignment; and
- IV. Demonstration of a track record of projects undertaken in similar assignments

### **b) Financial requirements**

The financial proposal must provide the cost for completing the project in Lesotho or South African currency. It should contain the following:

- I. Company or consortium profile.
- II. Proposed project team, project management and availability of project team members and their curriculum vitae; and
- III. It is important that the consultants/consortium do demonstrate a firm commitment to empower Basotho. This extends to the composition of the team of consultants that will perform the work.

## **9. Rights not to appoint**

LEWA reserves the right to appoint a service provider or not to appoint a service provider, if it is established that no bids meet the requirements.

## **10. Contract to be Signed**

A time-based contract will be signed for this assignment.

The address for the submission of the deliverables is:

The Chief Executive

Lesotho Electricity and Water Authority

Moposo House 7<sup>th</sup> Floor

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