

Terms of Reference

LESOTHO ELECTRICITY AND WATER AUTHORITY (LEWA)

TERMS OF REFERENCE FOR CONSULTANCY SERVICES FOR AUDITING THE LESOTHO ELECTRICITY COMPANY (LEC) ON IMPLEMENTATION OF KEY PERFORMANCE INDICATORS

1. Introduction

The Lesotho Electricity and Water Authority (LEWA) is a multi-sector regulator mandated to regulate the Electricity Supply Industry (ESI) and the Urban Water and Sewerage Services (UWSS) where these services are not supplied on a competitive basis. The Authority's major functions are issuing licences; setting tariffs and charges; setting and monitoring the implementation of Quality of Service and Supply Standards (QoSSS) by the regulated entities; and resolving complaints and disputes related to the services.

2. Background, Context and Objectives

One of the Authority's functions is to monitor the performance and compliance of Licensees. In pursuance of this, in its "Determination of the Lesotho Electricity Company's (LEC's) Tariff Application for 2020/21", the Authority decided that LEC's performance from the Financial Year 2020/21 will be monitored with a set of Key Performance Indicators (KPIs). The KPIs agreed on by the two entities cover five performance areas of Financial, Customer Services, Technical, Safety, and Efficiency and Sustainability. The KPIs, in broad terms, measure the reliability of the company's electricity supply to customers; the safety of its employees; and the financial viability, efficiency and long-term sustainability of the company. The LEC annual performance-based bonus will be paid if the company reaches a set minimum performance composite index of the KPIs to be assessed and approved by the Authority. Thus, LEC's performance on the KPIs will be audited annually.

3. Purpose

The Authority seeks to invite proposals from competent Consultant (s) to undertake audit of LEC's performance on the KPIs during the Financial Year (FY) 2020/21.

4. Scope of Work

a. The Consultant(s) scope of work includes and is limited to:

- Assess the KPIs that LEC was able to implement during the FY 2020/21 out of the total KPIs approved;
- Assess the collection process and hence credibility of the data used to calculate the KPIs;
- Calculate the KPIs using the data deemed credible for the purpose and compare with the set targets;
- Assess and where applicable, recommend modifications in the calculation of the KPIs based on best regional and international norms and practices; and
- Recommend mechanisms and strategies that will assist LEC to calculate/implement the KPIs it did not implement in the FY 2020/21.

The consultant (s) must work closely with LEC, especially the internal audit function.

5. Project Deliverables

The following scheduled reports with specific deliverables for purposes of progress payments are envisaged:

a. Inception Report

The inception report shall describe how the Consultant proposes to achieve the project objectives. It shall include but not limited to:

- An overview of the project's key features;

- A description of the project's objectives; and
- Clarification on the scope of work.

b. Interim/Draft Final Report

The interim report shall contain the analysis of the data collection process and the credibility of the data. In particular, it shall include but not limited to:

- Preliminary findings of the analysis;
- Preliminary results (calculated KPIs) of the assignment; and
- Roadmap for the work necessary to complete the assignment.

c. Final Report

The final report shall :

- Give the final results; and
- Make recommendations on each element of the assessment.

6. Remuneration

Payments to the consultant will be linked to the above-mentioned deliverables as follows, subject to acceptance by LEWA:

- I. 20% of the Lump-sum for the Inception Report
- II. 60% of the Lump-sum for the Interim/Draft Final Report
- III. 20% of the Lump-sum of the Final Report

7. Time Frames

This audit is expected not to exceed two (2) months from the date of contracting with the service provider.

8. Requirements

The Consultant (s) must:

- I. Have an understanding and thorough knowledge of conducting financial and technical audits;

- II. Have minimum 5 years' experience in data analysis and project management roles;
- III. Have experience in the Lesotho electricity sector;
- IV. Present demonstrable evidence of ability to undertake audits; and
- V. Demonstrate the ability to undertake an audit of this nature, including that it has the resources and expertise to execute such a project.

The Consultant's (the Firm's) core team of experts should comprise at least the following, each with the requisite academic qualifications as outlined below:

Team Leader - At least a Master's Degree in a professional field (Finance, Economics or Electrical Engineering) or Chartered Accountant, and a minimum of 10 years of experience in the electricity sector;

Financial Analyst - At least a Master's Degree in Finance and 7 years of experience in the electricity sector; and

Infrastructure Planning Specialist – At least a Master's Degree in Electrical Engineering and 7 years of experience in the electricity sector.

Furthermore, the experts must have at least 5 years of working experience with the firm.

9. Information Required in the Proposal

Bidders are requested to provide their proposal 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 (indicative calendar for the work program and reports) with milestones and deliverables;
- III. Project list demonstrating the involvement of the proposed project team in similar assignments;
- IV. Demonstration track record of projects undertaken in similar assignments
- V. Company or consortium profile; and

- VI. Proposed project team, project management and availability of project team members and their curriculum vitae;

b) Financial Requirements

The financial proposal must provide the cost for completing the project in Lesotho or South African currency.

10. Appointment Rights

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

11. Submission of Bids and Closing Date

All envelopes must bear no name and address of the bidder.

The deadline for submission of Proposals is **23 July, 2021 at 16:00hours local time.**

TENDERS IN SEALED ENVELOPES CLEARLY MARKED "**TENDER FOR CONSULTANCY SERVICES FOR AUDITING LEC ON IMPLEMENTATION OF KEY PERFORMANCE INDICATORS**" must be deposited in the tender box placed at LEWA offices 7th Floor Moposo House, bearing no marks to Tenderer's identification.

The proposals should be addressed to:

THE PROCUREMENT COMMITTEE

LESOTHO ELECTRICITY AND WATER AUTHORITY

7th FLOOR MOPOSO HOUSE

MASERU 100

12. Conditions for Submission

- I. It is mandatory for Tenders' to submit valid certified from source Tax Clearance Certificate and a Tenderer's Trading License with their technical bids;
- II. Electronic bidding shall be permitted and the password for the bids (Technical and Financial) will only be provided when the bids are open;
- III. Tenders submitted after the closing date and time shall not be accepted;
- IV. LEWA reserves the right not to accept any proposals;
- V. LEWA shall not be liable for any costs incurred by any bidder in the process of responding to this bid, and
- VI. LEWA reserves the right to call for more information