1. Introduction

The Lesotho Electricity Authority (LEA) was transformed in 2011 to a multi-sector regulator, Lesotho Electricity and Water Authority (LEWA), by the amendment of its establishing Act (Lesotho Electricity Authority Act No. 12 of 2002). LEWA is mandated to regulate the Electricity Supply Industry (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 Service and Supply Standards (QoSSS) by the regulated entities.

2. Background, Objectives and Context

In terms of section 24(14) of the LEA Act 2002 as amended, the Authority is mandated to set tariffs and charges for both water and electricity customers. In determining tariffs, LEWA should take into account the extent to which the prevailing tariffs and charges are able to finance the licensed activities, any other material factors, including efficiency of the licensee and affordability of the service. For the Urban Water and Sewerage Services (UWSS), WASCO uses a two-part tariff comprising water use charge and standing charge. The standing charge is meant to cover fixed costs and customer billing related costs. The Authority in 2016/17 WASCO Tariff Determination abolished the standing charge for Band A customers as it is not regarded as a surety for payment and difficulty in its collection in cases of no supply. The standing charge removal was also a way to respond to stakeholders’ concern regarding the fact that water is a basic need and must be affordable and accessible to all including the old age, orphans, unemployed and the sick. Thus the removal is the Authority’s pro-poor initiative.
After conducting a Cost of Service Study for the ESI in 2018, the Authority in 2019/20 LEC Tariff Determination introduced a lifeline tariff that resulted in two domestic tariff bands: a lifeline block tariff and a standard domestic tariff. The lifeline tariff was designed and introduced in order to meet basic energy needs of the poorest and vulnerable households (old people, orphans, unemployed and the sick) in Lesotho.

The Authority, therefore, invites applications from suitably qualified Consulting firm to undertake a study on the impact of the lifeline tariffs in Lesotho in the ESI and the UWSS.

3. Purpose

The Authority seeks to invite proposals from competent Consultant (s) to undertake a study to establish the impact of lifeline tariffs that are adopted in the ESI and the UWSS in the country

4. Scope of Work

a. The Lesotho Electricity and Water Authority invites bids from competent consultant(s):

   - To establish variables that will be adopted to assess the impact of lifeline tariffs in the two regulated industries.

   - To undertake a comprehensive analysis of the impact of approved lifeline tariffs on all stakeholders (among them consumers, service providers etc.) within the two regulated industries; and

   - To establish the extent to which such tariffs have impacted financial viability of the utilities and affordability of consumers in relation to their consumption.

b. The established variables must be used to measure the impacts of the adopted lifeline tariffs. The study shall assess possible effects of lifeline tariffs on electricity purchases and water production, sales, end-user tariffs and revenues (including revenues foregone).
c. The consultancy should further assess and determine the appropriateness of the existing pro-poor pricing mechanisms in both regulated water and electricity sectors and propose suitable options if any.

5. **Project Deliverables**

The following are envisaged:

i. Produce scheduled reports with specific deliverables for purpose of progress payments;

   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 of how the work will be structured into phases; and
   - A clarification of the scope of work

   b. **Interim Report**

   The interim report shall contain the bulk of the analytical work. In particular, it shall include but not limited to:

   - Preliminary findings of the analyses.
   - Roadmap for the work necessary to complete the final report and a proposed structure for the final report.

   c. **Draft Final Report**

   The consultant is expected to produce a well structured draft Final Report on the impact of lifeline tariffs and present it to LEWA Management before preparing the Final Report.

   d. **Final Report**

   The final report shall among others

   - Refine the analysis,
   - Recapitulate the outcomes and findings of each element of the assessment; 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. 10% of the Lump-sum for the Inception Report
II. 30% of the Lump-sum for the Interim Report
III. 40% of the Lump-sum of the Draft Final Report
IV. 20% of the Lump-sum of the Final Report

7. Time Frames

This study is expected not to exceed a period of six (6) months from the date of contracting with the service provider.

8. Requirements

The consultant (s) must:

I. Have understanding and thorough knowledge of conducting impact studies;
II. Have minimum 5 years’ experience in monitoring, evaluation and impact assessment and in project management roles;
III. Have experience in the Lesotho electricity and water sectors;
IV. Present demonstrable evidence of ability to undertake research projects; and
V. Demonstrate the ability to undertake an assessment 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 of at least a Master’s Degree in the professional field, and a minimum of 10 years of experience for the Team leader and 7 years of experience for the rest of the core team members in water and electricity in the various aspects relevant to the study. Furthermore the Team Leader, Water or electricity Economist and their (water and electricity) Pricing Specialist, must have at least 5 years working experience with the firm. Other experts may include Infrastructure Planning Specialist and Financial Analyst.
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 milestone 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 a service provider 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 **18th June, 2021 at 16:00hours local time**.
TENDERS IN SEALED ENVELOPES CLEARLY MARKED "TENDER FOR CONSULTANCY SERVICES ON THE IMPACT OF LIFELINE TARIFFS STUDY" 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 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