

Terms of reference (ToRs) for the procurement of services below the EU threshold

Special Advisor - Operationalizing Energy Investment Facilitation Unit and Support to Ministry of Energy

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0. List of abbreviations

AG	Commissioning party
AN	Contractor
AVB	General Terms and Conditions of Contract for supplying services and work
DFIs	Development Financing Institutions
DoE	Department of Energy
DPs	Development Partners
EDF	European Union Development Fund
EDM	Electricidade de Moçambique
EIFU	Energy Investment Facilitation Unit
ESIA	Environmental and Social Impact Assessment
ESWG	Energy Sector Working Group
EU	European Union
FK	Expert
FKT	Expert days
IPP	Independent Power Producer
KV	Kilovolt
KZFK	Short-term expert
LEC	Lesotho Electricity Company
LEGCO	Lesotho Electricity Generation Company
LEWA	Lesotho Electricity and Water Authority
LHDA	Lesotho Highlands Development Authority
LHWP	Lesotho Highlands Water Project
MoE	Ministry of Energy
MW	Megawatts
MWh	Megawatt hours

NEF	National Energy Fund
PPA	Power Purchase Agreement
REU	Rural Electrification Unit
ToRs	Terms of reference

1. Context

Energy sector overview

Lesotho's energy is entirely generated from renewables, predominantly hydropower from Muela Hydropower Station which is part of the Lesotho Highlands Water Project. The country has a total installed capacity of 72 megawatts (MW). Lesotho Electricity Company procures more than half of the country's electricity requirements. Lesotho Highlands Development Authority oversees implementation, operation and maintenance of Lesotho's portion of Lesotho Highlands Water Project. The Lesotho Highlands Water Project (LHWP) is a multi-phased project to provide water to the Gauteng region of South Africa and to generate hydro-electricity for Lesotho. It was established by the 1986 Treaty signed by the governments of the Kingdom of Lesotho and the Republic of South Africa. The project entails harnessing the waters of the Senqu/Orange River in the Lesotho highlands through the construction of a series of dams for the mutual benefit of the two countries. Phase I of the project was completed in 2003 and inaugurated in 2004, and Phase II is currently underway.

While Lesotho could be one of countries that generates entirely clean energy in the Southern African region, the supply is not reliable because it is susceptible to both hydrological variability and plant reliability and availability. ¹In 2017 peak demand reached 155 MW – surpassing domestic generation capacity by more than 100 percent. ²This required Lesotho to import roughly 270 megawatt hours (MWh) from Eskom (30% of total demand) 98 MWh from EDM (11% of total demand) in 2018 as a result. Muela hydropower station operations were halted in 2019 for a couple of months due to planned maintenance, which resulted into Lesotho increasing electricity imports to compensate domestic demand.

Electricity in Lesotho is transmitted and distributed through the national grid. Lesotho Electricity Company and Rural Electrification Unit are responsible for the development of the transmission network. Nonetheless, frequent power cuts are experience due to aging infrastructure and lack of maintenance. Currently, the Government of Lesotho is faced with a mammoth task of restoration and expansion of the electricity distribution network which are crucial to the electrification objectives and the current main project Kobo Transmission Line (400 kilovolt).

Renewable energy in Lesotho is still at embryonic stage. The Energy Policy recognizes private sector as one of the key role players to facilitate full deployment of renewable energy. However, there are no clear guidelines on how private developers could get into the energy

¹ Department of Energy – Government of Lesotho., “Investment Plan for Scaling-up Renewable Energy in the Kingdom of Lesotho.”

² Department of Energy – Government of Lesotho.

sector market in Lesotho. Cognizant to this, European Union provided a technical assistance under “Support to the Reforms in the Energy Sector in Lesotho” programme. The objective of the TA was to clarify often conflicting mandates among public institutions in the energy sector and to reform them to become more effective and efficient. This resulted into a proposal to elevate the Department of Energy (DoE) into an Energy Commission under which Women in Energy Unit and Energy Investment Facilitation Unit (EIFU) will be established.

Justification for the assignment

Following the end of implementation period of the long-term service contract in November 2023, the European Union Delegation and Ministry of Energy highlighted that the services provided under European Development Fund (EDF 11) – Support to the Reforms in the Energy Sector in Lesotho Phase 1 still need to be continued for at least a year to avoid losing momentum gained in the past years. The proposed Energy Bill proposes establishment of entirely new structures such Energy Commission, Rural Energy Agency under which the National Energy Fund (NEF) is expected to be managed.

Additionally the interim reports propose establishment an Energy Investment Facilitation Unit (EIFU) to attract investments in the energy sector in Lesotho. This is considered an important vehicle to support Lesotho to realize the dream of becoming energy independent and subsequently a net exporter of clean energy in the region. Currently the Ministry of Energy has little or no expertise to operationalize this important entity hence through this assignment the recruited expert is expected to support Ministry of Energy in operationalizing EIFU and be able to provide advisory services in terms of mobilizing private financing in the renewable energy sector.

2. Tasks to be performed by the contractor

The contractor is responsible for providing the following services:

Result 1: Operationalization of the Energy Investment Facilitation Unit (EIFU) - One Stop Shop

- **Assisting in the follow up of the Energy Bill enactment which shall allow for the establishment of the EIFU.**
- **Lead the development of the Unit Structure that captures all intended services:**

The Energy Investment Facilitation Unit will have the following 3 pillars

1. Investment Marketing

- Accelerate targeted investments in energy sector (Generation (Utility and Off-Grid), Transmission and Distribution, Services and supplies of appliances, etc)
- Develop Investor attraction techniques (Domestic and International, as well as Developing Partners (DPs) to facilitate Development Financing Institutions (DFIs)) Attention, efficient information sharing and direct communication, services and logistics facilitation, etc

2. Investment Advisory

- Developing conducive environment for Investor attraction, Investor Tracking, reduce cost of doing business. This would include the following;

- Business registration
- Certification

- Licensing
- Immigration
- Taxation
- Land Concessions,
- Environmental and Social Impact Assessment Reports (ESIA)
- Labor market
- Etc

3. Develop efficient Investors' after care service

- Build exemplary business and retain the investor purpose

Result 2: Operationalization of Independent Power Producer Framework

- Assisting the Ministry responsible for Energy and the Department of Energy in understanding, **owning and operationalizing** the Procurement Process for Independent Power Producer (IPPs) - both utility scale and Off-Grids (Mini-grid Solar home systems) covering;
 - The planning process
 - The solicitation process
 - Other key aspects (Incentives and fiscal incentives where relevant, understanding the tariff methodology and the Standard Power Purchase Agreements (PPAs) for both utility scale and mini-grid investments)
 - Development of tender documents and bidding processes as well as tender evaluations
 - Management of tender processes

Assisting the prospective IPPs to understand and follow the procurement procedures and processes including the necessary Agreements (PPA, Implementation and Direct Agreements, etc) as per the guidelines provided in the IPP framework.

Result 3: Energy Sector Working Group

- **Understanding that the Purpose of the Energy Sector Working Group (ESWG) is to exchange information on renewable energy engagements between the Government and development partners, the following activities would be undertaken;**
 - Assisting in coordinating the ESWG by ensuring that the Government through the Ministry responsible for energy prepares and shares the sector priority development plans as well as the private sector engagement processes and progress.
 - The Development Partners engagements – current and future outlooks in scale and areas' focus
 - Assisting the parties in having a dialogue on the nature of support interventions to avoid overlaps but rather on the synergies.

- **Assisting in the follow up and ensuring continuity of the ESWG meetings in order to see successful progress of the projects' execution.**
- **Assisting in the advocacy for expanding the participation of DPs including those that have no presence in Maseru.**

Result 4: Capacity building to the Ministry of Energy – Department of Energy

- Continuation of provision of advisory to the Minister and the Principal Secretary responsible for Energy Sector in ensuring effective implementation of the energy policy and the Government objectives
- Continuing the day-to-day advisory on the key aspects and activities undertaken by the DoE including implementation of the Electrification Master Plan
- Assisting in the facilitation for capacity building in the following areas;
- Tariff determination guidelines and subsidy schemes on mini-grids
- Ensuring effective and continuous Energy Management Information System works through an efficient living website.
- Mechanisms of ensuring timely attaining the projected outcomes through effective monitoring and evaluation processes
- Assisting the Government, and the Department of Energy in resources mobilization through the national Energy Fund also to be established.
- Continuing the supervision of the MSc in Renewable Energies intern at the Department of Energy up to successful completion.

In addition to the reports required by GIZ in accordance with the AVB, the contractor submits the following reports:

- Inception report
- Contributions to reports to GIZ's commissioning party
- Brief quarterly or half-yearly reports on the implementation status of the project.

Certain milestones, as laid out in the table below, are to be achieved during the contract term:

Milestones/process services	steps/partial	Deadline/place/person responsible
Inception report		One month after assignment kick-off
First interim report		Three months after start date
Second interim report		Six months after start date
Final report		One month after end date

Period of assignment: from **15th November 2024** until **15th November 2025**.

3. Concept

In the tender, the tenderer is required to show *how* the objectives defined in Chapter 2 (Tasks to be performed) are to be achieved, if applicable under consideration of further

method-related requirements (technical-methodological concept). In addition, the tenderer must describe the project management system for service provision.

Note: The numbers in parentheses correspond to the lines of the technical assessment grid.

Technical-methodological concept

Strategy (1.1): The tenderer is required to consider the tasks to be performed with reference to the objectives of the services put out to tender (see Chapter 1 Context) (1.1.1). Following this, the tenderer presents and justifies the explicit strategy with which it intends to provide the services for which it is responsible (see Chapter 2 Tasks to be performed) (1.1.2).

The tenderer is required to describe the key **processes** for the services for which it is responsible and create an **operational plan** or schedule (1.4.1) that describes how the services according to Chapter 2 (Tasks to be performed by the contractor) are to be provided.

Project management of the contractor (1.6)

The tenderer is required to explain its approach for coordination (1.6.1) with the GIZ project. In particular, the project management requirements specified in Chapter 2 (Tasks to be performed by the contractor) must be explained in detail.

4. Personnel concept

The tenderer is required to provide personnel who are suited to filling the positions described, on the basis of their CVs, the range of tasks involved and the required qualifications.

The below specified qualifications represent the requirements to reach the maximum number of points in the technical assessment.

Team leader

Tasks of the team leader

- Overall responsibility for the advisory packages of the contractor (quality and deadlines)
- Coordinating and ensuring communication with GIZ, partners and others involved in the project
- Regular reporting in accordance with deadlines

Qualifications of the team leader

- Education/training (2.1.1): university degree (Masters) in energy engineering
- Language (2.1.2): C2-level language proficiency in English
- General professional experience (2.1.3): 15 years of professional experience in the energy sector
- Specific professional experience (2.1.4): 10 years in energy sector planning: e.g. generation, load forecasting, generation and network systems expansion, etc
- Leadership/management experience (2.1.5): 10 years of management/leadership experience as project team leader or manager in a company
- Regional experience (2.1.6): 5 years of experience in projects in Southern African (region), of which 2 years in projects in Lesotho (country)
- Development cooperation (DC) experience (2.1.7): 10 years of experience in DC projects

- Other (2.1.8): not applicable

5. Eligibility criteria

The bidder should fulfil following minimum eligibility criteria:

5.1 Commercial register entry

5.2 Average annual turnover for the last three financial years of at least ZAR5,368,005 (€ 270,000).

5.3 Number of employees and managers in the previous calendar year: At least 5 persons

5.4 The bidder must also provide examples of at least one (1) project (in energy sector governance and planning) and at least one (1) project in Lesotho with a minimum commission value of ZAR 604,503 (€ 30,000) in the past 3 years through a brief description of the project, the dates and who the services were provided for.

6. Costing requirements

Assignment of personnel and travel expenses

Per-diem and overnight accommodation allowances are reimbursed as a lump sum up to the maximum amounts permissible under tax law for each country as set out in the country table in the circular from the German Federal Ministry of Finance on travel expense remuneration (downloadable at <https://www.bundesfinanzministerium.de>).

Accommodation costs which exceed this up to a reasonable amount and the cost of flights and other main forms of transport can be reimbursed against evidence

All business travel must be agreed in advance by the officer responsible for the project.

Sustainability aspects for travel

GIZ would like to reduce greenhouse gas emissions (CO₂ emissions) caused by travel. When preparing your tender, please incorporate options for reducing emissions, such as selecting the lowest-emission booking class (economy) and using means of transport, airlines and flight routes with a higher CO₂ efficiency. For short distances, travel by train (second class) or e-mobility should be the preferred option.

If they cannot be avoided, CO₂ emissions caused by air travel should be offset. GIZ specifies a budget for this, through which the carbon offsets can be settled against evidence.

There are many different providers in the market for emissions certificates, and they have different climate impact ambitions. The [Development and Climate Alliance \(German only\)](#) has published a [list of standards \(German only\)](#). GIZ recommends using the standards specified there.

Specification of inputs

Fee days	Number	Number	Total	Comments
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	of experts	of days per expert		
Designation of expert/short-term pool	TL/key expert	1	220	This is planned to be spread out for one year
Designation of expert/short-term pool	TL/key expert	N/A	N/A	N/A
Travel expenses	Quantity	Price	Total	Comments
Per-diem allowance in country of assignment	200			N/A
Overnight allowance in country of assignment	200			N/a
Transport	Quantity	Price	Total	Comments
International flights	2			Travel to the place of service delivery.(against evidence)
Domestic flights	N/A	N/A	N/A	Flights within the country of assignment during service delivery not foreseen
CO ₂ compensation for air travel	2			A budget is earmarked for settling carbon offsets against evidence.
Travel expenses	N/A	N/A	N/A	Not foreseen.
Other travel expenses	8 days			Costs for renting a car and for fuel. (against evidence)
Other costs	Number	Price	Total	Comments
Flexible remuneration	N/A	N/A	N/A	Not foreseen.
Workshops	N/A	N/A	N/A	Not foreseen.
Subcontracts	N/A	N/A	N/A	Subcontracting is unforeseen.

Procurement of materials and equipment	N/A	N/A	N/A	Not foreseen.
Local contributions	N/A	N/A	N/A	Not foreseen.
Other costs				

7. Inputs of GIZ or other actors

Government of Lesotho/Department of Energy are expected to make the following available:

- workstation for the consultant
- Logistics for workshops

8. Requirements on the format of the tender

The structure of the tender must correspond to the structure of the ToRs. In particular, the detailed structure of the concept (Chapter 3) should be organised in accordance with the positively weighted criteria in the assessment grid (not with zero). The tender must be legible (font size 11 or larger) and clearly formulated. It must be drawn up in English (language).

The complete tender must not exceed 10 pages (excluding CVs). If one of the maximum page lengths is exceeded, the content appearing after the cut-off point will not be included in the assessment. External content (e.g. links to websites) will also not be considered.

The CVs of the personnel proposed in accordance with Chapter 4 of the ToRs must be submitted using the format specified in the terms and conditions for application. The CVs shall not exceed 4 pages each. They must clearly show the position and job the proposed person held in the reference project and for how long. The CVs can also be submitted in English (language).

Please calculate your financial tender based exactly on the parameters specified in Chapter 5 Quantitative requirements. The contractor is not contractually entitled to use up the days, trips, workshops or budgets in full. The number of days, trips and workshops and the budgets will be contractually agreed as maximum limits. The specifications for pricing are defined in the price schedule.