AIDE MEMOIRE
Lesotho Scaling up Renewable Energy Program (SREP) joint mission
May 15 – May 18, 2017

Introduction

1. This Aide Memoire summarizes the findings of the SREP joint mission of the African Development Bank, International Finance Corporation and World Bank for preparation of the SREP Investment Plan (IP) for Lesotho which was held in Maseru from May 15 to 18, 2017.

2. The Mission[1] wishes to express its appreciation for the courtesies received and for the support and cooperation accorded by the Ministry of Development Planning, the Ministry of Finance, and the Ministry of Energy and Meteorology[2].

3. The list of stakeholders that the mission had discussions with is detailed in Annex 1.

Objectives of the mission

4. The objective of the Mission was to support the Government of Lesotho (GoL) in preparing the SREP IP. In consultation with stakeholders, the mission: (i) reviewed and validated the investment priority areas; (ii) collected the necessary elements to facilitate the finalization of an advanced draft of the IP; (iii) advanced the discussion on monitoring and evaluation (M&E), and results measurement framework, environmental and social safeguards, and knowledge management aspects, and (iv) started the development of draft investment concept briefs of the projects to be included in the proposed structure of the IP.

Status of the SREP IP preparation

5. Following the mission in January 2017, the Options Study (OS) was prepared and shared with GoL and Multilateral Development Banks (MDBs) including the World Bank (WB), the International Finance Corporation (IFC), and the African Development Bank (AfDB) in March 2017. The OS laid out the energy sector background, the assessment of the potential of various Renewable Energy (RE) technologies in Lesotho as well as the main barriers to their development.
6. Based on the OS and comments received from the GoL and the MDBs, the Consultant elaborated a draft IP, which was distributed in April 2017 for comments and for discussion with the main stakeholders during the joint mission in order to verify the correctness of the overall approach, identify priority projects and to gather additional materials needed for updating and finalizing the draft IP.

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[1] The World Bank team comprised of Vonjy Rakotondramanana (Sr Energy Specialist and Task Team Leader), Reynold Duncan (Lead Energy Specialist); Edmund Motseki (Operations Officer); and Keneuoe Francoise Mofolo (Program Assistant). Andrey Shlyakhtenko (Operations Officer) and Farirai Kadungure (Consultant) represented the IFC whilst the AfDB was represented by Farai Kanonda (Chief Investment Officer); and Fatimata Gaba-Quedrago (Principal Energy Economist). CIF AU was represented by Rafael Ben, Energy Specialist.

[2] Mr Majakathata Thakhisi, Principal Secretary, Ministry of Development and Planning, Mrs Mathabo Mahahabisa, Acting Principal Secretary, Ministry of Energy and Meteorology (MEM); Mr Thabang Phuroe, Director of Energy, MEM; Mr. Jerry Seitlheko, Deputy Director and SREP Focal Point

7. In addition to discussions with the Department of Energy, a second round of consultations with private sector, NGOs, and donor agencies was undertaken during the joint mission to share the findings of the draft IP and to ensure that the technology and models proposed under the IP were coherent and complementary with ongoing activities in Lesotho in terms of renewable energy development and the energy access expansion program.

8. The Consultant participated in the mission (i) to help explain how the data collection was conducted and how the technical feasibility and the economic and financial assessment of each technology were undertaken; and (ii) to provide support during the different mission meetings, in particular by presenting the draft IP.

Demonstration of Government Commitment

9. The mission reiterated the importance for the GoL to clearly demonstrate its commitment to RE development and in particular to implementing the SREP IP. Such commitment should include: ensuring that the scope of work proposed under the SREP IP is strategically positioned vis-à-vis other activities and reforms undertaken by the GoL; accelerating and deepening preparation for SREP IP implementation including putting in place the required implementation arrangements (paragraph 15) and co-financing the program (paragraph 12); and continued overhaul of the enabling environment with a view to increase efficiency and impact of proposed SREP and other activities.

Key outcomes of the mission

10. **Agreement on priority components of the SREP IP.** Based on the consultation with the Ministry of Energy and Meteorology (MEM)/the Department of Energy, LEWA, SREP National Task Force composed of representatives from different institutions[3], donor agencies including the European Union (EU) and the United Nations Development Program (UNDP), NGOs, and private sector, the focus of the IP would be within the following components:
    a. Component 1: On-grid Renewable Energy (Utility scale). This component would cover on-grid technologies and can include Solar Park, Small Hydro (<10MW), and Wind projects;
    b. Component 2: Off-Grid systems. This component would cover mini-grid technologies (solar, hydro, hybrid), Solar Rooftop, Stand Alone Systems such as Solar Home System (SHS).

11. The two SREP components would support the GoL to not only increase RE capacity but also continue expanding access to energy. Project concept briefs would be completed and included in the final draft IP to be submitted by the GoL to the SREP sub-committee. The specific activities of the two identified components would be determined during the project preparation phase after approval of the IP by the SREP sub-committee.

12. **Tentative financing arrangement.** The mission informed the GoL that in addition to the country allocation from SREP which was agreed in principle, the WB and the AfDB could contribute to the financing of the IP. IFC noted that its current pipeline would likely require significant time to materialize and the process can be further slowed down due to relatively high transaction cost

[3] Specifically, the task force includes representatives from the Department of Energy, MEM Planning Unit, Forestry Department, Department of Environment, Lesotho Council of Non-Governmental Organizations (LCN), Transformation Resource Center (TRC), National National University of Lesotho (NUL), Ministry of Development Planning, and Ministry of Finance.

associated with small scale of proposed activities, continued evolution of the regulatory environment, and currently weak presence of reputable project sponsors on the Lesotho energy market. Nonetheless, IFC would continue active participation in developing and reviewing the SREP IP to see if there is an emerging area that could be supported by IFC investment. AfDB explained to the GoL that its contribution to the SREP IP is part of the country allocation. The GoL would need to agree with AfDB management to ensure that such amount is allocated to the energy sector. AfDB and WB indicated co-financing of US$10 million each. The tentative financing arrangement including the Government contribution is shown in Table 1. The figures would be updated and firmed up in the final IP depending on new elements and decisions that could emerge.

Table1: Tentative financing arrangement for Lesotho SREP IP in US$ million

Component	SREP	WB	AfDB	GoL	Private	Other	Total
1.On-grid (Project 1)	14		10	5	25		54
2.Off-grid (Project 2)	14	10		5	20		49
TOTAL	28	10	10	10	45	TOTAL	103

13. The mission informed the GoL that an indicative project preparation grant of the amount up to US$ 1.5 million could be requested from the SREP Sub-committee. The project preparation grant can be used to finance the preparation of specific activities under the aforementioned two components.

14. Based on a preliminary calculation, the tentative total financing of US$ 54 million for the on-grid component could be used to increase the RE capacity as follows: up to 33MW for solar utility scale solar PV, or up to 21 MW for a grid connected wind farm; or up to 14 MW for small hydro power plant. These capacity figure are illustrative of the potential the proposed financing could procure for each technology, the intention of the proposed component would be to develop a mix of the three technologies. Regarding the off-grid project, the tentative allocation of US$ 49 million could potentially allow connecting up to 39,000 households. It is important to note that feasibility studies are needed to confirm the figures.

15. **Implementation arrangement and monitoring and evaluation.** The mission requested the GoL to identify the entities that would be responsible for the implementation arrangements and monitoring evaluation related to the two proposed SREP activities in Lesotho. Under the leadership of the MEM, the Rural Electrification Unit has been given the mandate to implement electrification programs in the country, so it is best suited to implement Component 2. For the on-grid Component, the MEM would need to discuss with Lesotho Electricity Company (LEC) to agree on the implementation arrangement. DoE seems to be the right entity responsible for the monitoring and evaluation at the sectoral level. The Ministry of Development Planning informed the mission that it is leading an effort to enhance the coordination at national level in terms of monitoring and evaluation toward the achievement of the high level objectives of the GoL.

16. In addition to the information to be provided by the GoL on the entities assigned for implementation, it will also identify areas of weaknesses that need capacity strengthening to ensure readiness for implementation, and monitoring and evaluation of the SREP IP.

17. The mission learnt from the private sector and NGOs that the use of micro financing through financial intermediation could help the rural population to access financing to facilitate the deployment of stand-alone systems such as SHS and improved cook stoves. It was also noted that there is currently no interest from local Banks to finance the development of RE in rural areas. There has been a positive experience in the country with micro finance and it is currently considered

the only solution for financing at the rural population level. The mission explained to private sector that this arrangement would be considered during the project preparation phase.

18. **RE regulatory framework.** Lesotho Electricity and Water Authority (LEWA) informed the mission that with the support of AfDB, a RE regulatory framework has been prepared to facilitate the development of RE in general and mini-grids in particular. The framework considers the use of (i) feed in tariffs exceptionally for projects where there are a large number of very small inputs relative to the size of the grid, and (ii) competitive bidding process; and also covers concessions related to off-grid mini-grids. Some sections of the frameworks have already been approved by LEWA, while other chapters of the regulatory framework still require GoL approval. The mission informed MEM and DoE of the importance of having these remaining pieces of the regulatory framework approved prior to submission of the IP for approval as a demonstration of the Government's commitment.

19. **Ongoing off-grid activities in Lesotho**. One prospective private developer of mini grids shared with the mission information on a pilot project that it is implementing in Lesotho, based on which it plans to roll out the tested model in 25 identified sites of which 10 were studied to prefeasibility stage. In addition, another private developer informed the mission about its multi-functional cook stoves (a pico solar and biomass cookstove hybrid device) program that is being implemented in the country. EU has also recently launched a "call for proposals" for mini-grids in Lesotho. The mission took stock of these initiatives and explained that the SREP activities to be developed would take into account lessons learned from such projects and early developments.

20. **Ongoing utility scale projects in Lesotho**. The mission was informed of a few projects that the GoL has discussed with private sector, including one wind farm project of 15MW at site in Semonkong, one 20MW solar PV power plant, and one 15MW hydro plant. The 20 MW solar plant is being procured through an open tender process that has been ongoing for over a year. LEC is currently in charge of selecting the winning bid from three shortlisted firms but the exact approach being used to evaluate proposals is unclear. There is also no clarity if the unsolicited wind and hydro projects are viable options for the GoL to increase the national power capacity and to reduce costs.

21. **Biomass activities in Lesotho.** The mission was informed of is an initiative to produce gas for cooking and to generate electricity from waste biomass. The organization involved in this activity informed the mission about its unsuccessful partnership with LNDC and also explained that it has recently adopted a new approach to address the issue. This type of technology has been ranked among the lowest in the SREP draft IP due to the lack of viable waste collection mechanism in the country. In addition, the GoL has not shown support to the development of biomass.

22. **Project timelines and responsibilities.** The mission discussed and revised the project timelines and responsibilities with MEM based on the outcomes of the joint mission. The revised draft IP including the updating of priorities, implementation arrangements, monitoring evaluation, and results framework, and project concept briefs is expected to be completed by end of July 2017 for SREP independent review and public consultation.
    The stakeholders involved in the preparation of the SREP Lesotho IP will endeavor to finalize the IP before the end of August 2017, so that it can then be endorsed by the GoL and submitted to the SREP sub-committee in September 2017. The timelines and responsibilities are detailed in Annex 2.

Agreed next steps

23. The mission and the government agreed on the following actions and target timeline:
    a. The mission and the MEM agreed that the GoL will send to the WB its comments on the draft IP by May, 23 2017;
    b. The MEM/DoE with the support of the Consultant will provide information on the implementing agencies responsible for the Project 1 and Project 2 and for the monitoring and evaluation of SREP activities and on areas of weaknesses to be strengthened by June, 30 2017;
    c. The MEM/DoE with the support of the Consultant will update the draft IP based on the findings and outcomes of the joint mission by July, 15 2017;
    d. The finalized draft IP would be sent to SREP independent evaluators and in parallel should be disseminated for public consultation by end of July, 2017;
    e. The final IP addressing all the received comments should be endorsed by the GoL by August, 30 2017 and submitted to the SREP Sub-committee for approval by September, 15 2017.

Annex 1: List of people met

NAME	POSITION	EMAIL
MINISTRY OF ENERGY AND METEOROLOGY		
Mathabo Mahahabisa	Principal Secretary MOE a.i	mmahahabisa@gmail.com
Majakathata Thakhisi	Principal Secretary MDP	thabam@rocketmail.com
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Puleng Mosothoane	Soultrain project Coordinator	mosothoanepuleng@gmail.com
L. Mokhutsoane	Project Manager	
DEVELOPMENT PARTNERS		
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Deboer Jacobus	EU	jacobus.deboer@eeas.europa.eu
Hilary Mwale	USAID Deputy Director	hmwale@usaid.gov
Mabohlokoa Tau	Project Manager	Mabohlokoa.tau.undp.org

Annex 2: Proposed project timeline

#	Actions	Deadline	Responsible
1	Submit Preparation Grant Proposal to SREP Subcommittee	Done	SREP Focal Point with WB
2	TORs for Consultant and Candidate	Done	SREP Focal Point with WB
3	Hire consultant	Done	WB
4	TORs for the Joint Mission sent to the SREP Sub Committee	Done	WB/SREP Focal Point
5	Clearance of TOR for Joint Mission by CIF AU	Done	SREP Sub-Committee/CIF Admin Unit
6	Finalization of the draft IP	Done	SREP Focal Point/ National Task Force and WB
7	MDB Joint Mission and stakeholder consultations to review the results of the draft IP and way forward	Done	MDBs/National Task Force, other Stakeholders
8	Revision of the draft IP	Mid-July 2017	SREP Focal Point/WB and National Task Force (MDBs can be involved as well)
10	Disclosure of IP for public consultations (online posting on website for 2 weeks)	End- July 2017	SREP Focal Point
12	SREP Expert quality review of the IP	End-July 2017	Independent Expert / MDBs / SREP Focal Point
13	Revision of the IP based on comments received	Mid-August 2017	SREP Focal Point/WB (MDBs can be involved as well)
14	Submission of the IP to the SREP Sub-Committee	Mid-September 2017	GoL/SREP Focal Point
15	Endorsement by SREP Sub-Committee	(Date to be confirmed)	CIF Admin Unit

Annex 3:

Draft Terms of Reference
Preparation of the Scaling-up Renewable Energy Program (SREP) Investment Plan
– Lesotho Energy Sector Development Project

INTRODUCTION

Lesotho, a small country of 2.2 million people, is completely surrounded by the Republic of South Africa. Highlands constitute more than two-thirds of the country, of which less than 10 percent is suitable for cultivation.

Over the last two decades Lesotho has diversified its economy from a reliance predominantly on subsistence agriculture and remittances to an economy based on manufacturing and water exports and services. It has achieved moderate economic growth, taking advantage of the preferential trade regime under the US African Growth and Opportunity Act. However, these structural transformations have not been sufficient to enable the economy to achieve high sustainable growth rates to withstand the external shocks, or substantially to improve Lesotho's social indicators.

Indeed, poverty remains high with 40% of the population living below the poverty line. Poverty is concentrated in populations living in rural isolated areas, 72.4% of the population, with limited income opportunities and high cost of service delivery due to the country's difficult terrain and scattered settlements (population density at 72.3 inhabitants per square kilometer). As a consequence, Lesotho's highland population has been migrating to the lowlands, attracted by economic opportunity and better services. As people move, Maseru, the capital, has emerged as an important economic node with the potential to become a growth hub and a key driver of Lesotho's development.

Electricity is supplied mainly by Lesotho's own 'Muela Hydro Power Plant (72 MW) and imports from South Africa and Mozambique (55 MW). This is insufficient to supply the current estimated peak demand of about 145 MW, of which a significant proportion comes from manufacturing/garment industry. Estimates of the future supply/demand gap vary. The World Bank estimates that the gap may increase to 130 MW by 2020. A recent study commissioned by IFC puts the gap at between 210 MW (4.2% annual growth scenario) and 315 MW (9% annual growth scenario), also by 2020.

As a result of power shortages in South Africa in 2008, ESKOM (the South African utility) reduced the supply of electricity to Lesotho and other neighbouring countries, leading to widespread load-shedding in that year. There are fears that further load shedding might be required in the future until generation investments are completed in South Africa and other demand-side measures are implemented. For this reason, the Government of Lesotho wishes the country to become self-sufficient in the next few years. However, to date this remains an informal policy, as further analysis is required. In particular, the Government needs to assess the economic impact of such a policy, including the cost premium that would result from full self-sufficiency.

1. Lesotho has been selected as one of the countries eligible for the Scaling-up Renewable Energy Program in Low Income Countries (SREP). The objective of the SREP is to pilot and demonstrate the economic, social and environmental viability of development pathways in the energy sector by creating new economic opportunities and increasing energy access through the use of renewable energy. SREP has approved the indicative allocation of US$ 30 million for Lesotho. The SREP will endorse the investment plans from the new countries on a first-come, first-served basis taking into account the quality of the investment plans, regardless of funding availability, but funding for the projects and

programs proposed in the investment plans will be contingent upon the availability of funds under the SREP.

2. The Government is committed to promoting the development of renewable energy in Lesotho and to that end, expressed its interest to be one of the pilot countries under SREP and was selected in the pilot country list. The GOL therefore seeks to engage a firm consultant to assist it with the development of a renewable energy investment plan for SREP.

3. The consultant should also note that some of the projects are at an early stage (e.g. prefeasibility stage) and that data may be lacking. In providing a proposal to undertake this work, the consultant should have access to its own sources of data, which may be adapted for use for Lesotho.

OBJECTIVES

4. The objective of this assignment is to support the GoL to prepare a renewable energy investment plan for consideration by the SREP for funding. The plan should be comprehensive, clear and effective in demonstrating how SREP resources and other donor and private sector financing would be used in Lesotho to overcome current obstacles to the wider penetration of renewable energy.

5. The study will be conducted in two phases. Phase I will assess the potential and costs of applicable renewable energy technologies, prioritize potential interventions and facilitate discussions of these results with stakeholders. Based on the outcomes of Phase I, Phase II will develop the draft investment plan in for the prioritized renewable energy investments that can be undertaken.

SCOPE OF WORK

6. In order to achieve the above objective, the Consultant shall carry out the following principal tasks.

PHASE 1 – Assessment of Renewable Energy Technologies for Lesotho and Identification of Priority Renewable Energy Projects to Receive SREP funding

Task 1: Compile background information on the country and energy sector overview

7. Under this task the Consultant is specifically expected to:

- Prepare a background section with description of the country context, including main demographic, social and economic indicators as of the most recent date.
- Prepare an overview of the energy sector, including (a) basic energy balance (for at least 2009-2014/15); (b) description of the sector structure; (b) legislation and regulatory framework; (c) electricity generation, transmission and distribution assets; (d) electricity generation mix; (e) tariffs and tariff structures; (f) key entities involved in regulation of the energy sector, and (g) key challenges facing the sector.
- Prepare an overview of the estimated potential for various renewable energy technologies and detailed renewable energy penetration targets as well as the review of on-going and planned activities and projects in Lesotho in the field of renewable energy. Include in the overview the expected country-specific environmental and social opportunities and risks (social, environmental, technical, financial, etc.) associated with the development of the considered renewable energy technologies in Lesotho.
- Summarize the key barriers (technical, regulatory, financial, social, environmental) hindering the development of renewable energy technologies reviewed and proposed measures to overcome them. This activity should provide a detailed description of availability of private or other government financing for renewable energy projects, including terms of financing,

discuss bottlenecks to development of renewable energy associated with availability and/or terms of financing.

Task 2: Conduct a comprehensive assessment of various renewable energy technologies applicable in Lesotho

8. Under this task the Consultant is specifically expected to:

- Assess the levelized economic costs (LECs) of various renewable energy technologies, including micro-grids, wind, solar, geothermal, biomass, biogas, hydro power (less than 10MW capacity), hybrids/mini grids and any other technology suggested by the Government of Lesotho. Build a supply cost curve using the potential and estimated LECs of renewable energy technologies.
- Simulate combinations of assessed renewable energy based electricity generation options for meeting the electricity demand considering the planned commissioning of the generation plants under construction, those projects for which feasibility studies are currently being prepared, and their future availability to meet domestic demand. The simulation analysis shall be conducted assuming base-case electricity demand growth scenario and commercial and concessional financing terms for all types of new generation assets.
- Determine generic environmental and social opportunities, risks and costs of various renewable energy generation technologies considered for Lesotho. Based on the available information on the physical, natural and social environment of various provincial areas of the country, identify those areas where environmental and social risks and benefits of individual renewable energy technologies are expected to be particularly significant and/or areas where additional information is required to estimate these risks and benefits. The analysis will be based on the World Bank's safeguard policies as well as national legislation.
- Based on the above analysis, determine the viable and least cost renewable options which should be pursued in Lesotho. Besides the purely economic considerations, evaluation of technologies should also consider other costs and benefits, including, but not limited to: energy security, training costs, local employment and economic development, climate change, environmental and social costs. If some of the economic and other benefits / disadvantages are not quantifiable, the Consultant should provide a description of those benefits / impacts.

Task 3: Identify specific prospective renewable energy projects for SREP funding

9. Under this task the Consultant is specifically expected to:

- Identify specific renewable energy projects based on the above analysis, existing assessments of renewable energy resources and potential; pre-feasibility and feasibility studies; as well as resource mapping.
- Conduct trade-off analysis of promising renewable energy projects considering advantages and disadvantages, and prioritize the projects based on at least four criteria agreed with the Government. The criteria may also include, but not be limited to, LECs, employment impacts, energy security, GHG reduction, finance-ability, the technical and financial capacity of proponents, timetable for development etc.
- Recommend workable business models and financing schemes for the identified priority projects, including discussion of the potential sources of funding, support if any, from the providers of funds and the technical and financial capacity of developers and operators of the project. As part of this activity, the Consultant should review existing financial mechanisms used for renewable energy projects, and consider whether it is best to expand those same mechanisms to cover the new renewable energy technologies or set up new financial mechanisms.

- Conduct environmental and social screening and ensure that environment and social safeguards requirements of the World Bank and GOL are adequately addressed as part of the identification of specific renewable energy projects for inclusion in the investment plan. Depending on the scope and nature of the projects: (i) identify possible gaps in the coverage of the expected positive and negative environmental and social impacts of the proposed projects, pointing out whether the existing information and data gaps will preclude proper analysis/prioritization of a project and will need to be filled in before it is recommended for the inclusion into the investment plan; (ii) note any environmental and social issues (such as land issues or disputes, local pollution or noise etc.) and (iii) conduct environmental and social assessment of any available pre-feasibility and feasibility studies. As part of this activity, the Consultant should also discuss the potential gender benefits from identified priority renewable energy projects.

PHASE 2 – Preparation of Draft SREP Investment Plan for Lesotho

Task 4: Prepare the draft Investment Plan for developing renewable energy in Lesotho, based on the findings from Phase 1 analysis and the consultations with key stakeholders.

10. As part of this task, the Consultant is specifically expected to:

- Prepare the draft Investment Plan following the structure defined in Annex A, based on prioritized list of renewable energy investments. The draft Investment Plan, among other key aspects, shall: (a) describe the role of SREP in initiating a process leading to transformational growth; (b) describe likely development impacts and co-benefits from SREP investments; (c) provide estimates of the financing requested from SREP; and (d) assess the absorptive capacity of SREP and leveraged resources.
- Prepare concept briefs of the priority investments for SREP funding as per template presented in Annex B.
- Facilitate further consultations with a broad segment of stakeholders, including civil society and traditional organizations, on the Investment Plan and proposed specific investments, including their potential environmental and social impacts and benefit, and the level of public support for the proposed investments.
- Identify the issues, including environment and social, that need to be addressed in order to successfully allow the implementation of the proposed Investment Plan, including the requirement that further preparation of any project for SREP funding include an environmental and social impact assessment; consultations with beneficiaries and potentially affected communities, including representatives of the different ethnic groups in the proposed project area as well as the local council of chiefs; and the preparation of environmental and social management plan or framework, as appropriate and as provided in the World Bank's safeguard policies.

15. The Investment Plan shall also meet the requirements of, and be compatible with, the procedures and goals of the SREP. The draft investment plan will be revised and finalized in response to comments received from stakeholders.

IMPLEMENTATION

16. The Consultant shall closely coordinate the implementation of the activity with the SREP focal point and the task force team and will report to the designated staff of the task force team. The Consultant should closely collaborate with the project team representing the Multilateral Development Banks (MDBs), utilities, and other stakeholders and keep them posted/up-to-date on the progress, deliverables and issues during all stages of the project. The Consultant should consult with and ensure the investment plan is broadly supported by the key stakeholders in Lesotho.

DEADLINES AND DELIVERABLES

17. The Consultant should submit the following reports and deliverables as specific in the below Table 1. All reports and deliverables should be submitted in English language. The Consultant should also make available all the relevant analytical material in MS Word, MS Excel or other software format.

Table 1: Consultant Deliverables

Deliverable	Deadline
Task 1 and Task 2 Reports	Contract signing + 7 weeks
Task 3 Report	Contract signing + 10 weeks
Draft Investment Plan	Contract signing + 14 weeks
Consultation meetings and comments	
Final Investment Plan	Contract signing + 22 weeks

CONSULTANT QUALIFICATIONS

18. The consultant will be a firm.

19. The firm to be contracted is expected to bring together a balanced level of national and international expertise. Consortiums of local and international firms are particularly encouraged. The Consultant that will perform the scope of work shall contain, but not be limited to, the following key expertise:

- A broad range of knowledge, skills and experience covering energy planning, renewable energy, economic and financial analysis of energy investment projects, and the following minimum qualifications:
- Expertise in developing and managing energy projects or programs and in renewable energy investments such as solar PV, wind, biomass and biogas projects;
- Expertise in conducting environmental and social screening of energy projects, programs or investments, including good knowledge of the World Bank's safeguard policies;
- Expertise in design and implementation of national energy plans or SREP investment plans, inclusive of a mix of energy technologies (diesel, hydro, solar, geothermal, and wind etc;
- Expertise in technical assessment, economic and financial analysis of energy sector projects or programs, including renewable energy projects;
- Expertise in the areas of policy and regulatory requirements in energy sector development, including renewable energy development;
- Expertise in rural electrification through grid extension, off-grid renewable energy and mini and micro-grid projects;
- Relevant experience in the energy sector of Lesotho;
- Experience in conducting key stakeholder workshops and consultations;
- Experience in working with government;
- Experience in working on donor funded and supported projects and working with multilateral and bilateral donors;

ANNEX A: INVESTMENT PLAN TEMPLATE

1) Proposal Summary (2 pages)
    a. Objectives
    b. Expected outcomes
    c. Program criteria, priorities and budget

2) Country Context (2 pages)
    a. Energy sector description (market structure, demand supply, and dispatch composition, electricity cost and pricing) incl. renewable energy status
    b. Gap/barrier analysis; needs assessment

3) Renewable Energy Sector Context (2 pages)
    a. Analysis of Renewable Energy options (technology, cost, mitigation potential, barriers, environmental and social benefits and impacts)
    b. Government plans or strategy for the sector (willingness to move towards renewable energy investments, existing or envisioned policy, regulation, plans, and resource allocation)
    c. Institutional structure and capacity (technical, operational, financial, environmental and social, equipment supply, information)
    d. Role of private sector and leverage of resources
    e. Ongoing/planned investment by other development partners

4) Contribution to National Energy Roadmap (2 pages)
    a. Likely development impacts and co-benefits of SREP investment
    b. How SREP investment will initiate a process leading towards transformational growth

5) Program Description (6-8 pages)
    a. Capacity building and advisory services
    b. Investment preparation activities
    c. Technology deployment investments
    d. Parallel activities to be funded by other development partners
    e. Environmental, social and gender risks, impacts and co-benefits, including a summary of provisions for further environmental and social assessments, consultations and development of mitigation and compensations measures as part of the implementation of any project identified in the IP, in view of World Bank safeguard policies and national legislation.

6) Financing Plan and Instruments (3-4 pages)
    a. Budget envelop for investments
    b. Costs and sources of funding
    c. SREP assistance (grant, concessional debt, etc.)
    d. Recipients of funding

7) Additional Development Activities (2-3 pages)
    a. Leverage complementary co-financing with other development partners such as bilateral organizations, private sector, and financial institutions

8) Implementation Potential with Risk Assessment (2 pages)
    a. Country/regional risks - institutional, technology, environmental, social, financial
    b. Absorptive capacity for SREP and leveraged resources

9) Monitoring and Evaluation (1/2 page)

a. Results framework table

Annexes
Information should be included in annexes on the following areas:

- Assessment of countries absorptive capacity
- Stakeholder consultations
- Co-benefits
- Existing activities in the field of renewable energy, particularly activities of other development partners
- Independent Technical Review: matrix addressing comments and Government/MDB responses
- Social and environmental issues, benefits and constraints, including provisions for, and guidance on, further environmental and social assessments, consultations and development of mitigation and compensations measures and plans as part of the implementation of any project identified in the IP, in view of World Bank safeguard policies and national legislation.

Note that the Independent Technical Review report should be submitted as a separate file.

ANNEX B: CONCEPT BRIEF TEMPLATE

For each Investment Plan component, an investment concept brief (maximum two pages) should be provided as annex that includes:

- Problem statement (1-2 paragraphs)
- Proposed contribution to initiating transformation with reference to NERM(1-2 paragraphs)
- Implementation readiness (1-2 paragraphs)
- Environmental and social issues / constraints and recommended level of environmental and social assessments, consultations and mitigation/compensation plans to be done during Project preparation as per World Bank's safeguard policies (1-2 paragraphs)
- Rationale for SREP financing (1-2 paragraphs)
- Results indicators
- Financing plan
- Project preparation timetable
- Requests, if any, for investment preparation funding