

**Federal Government of Somalia**

**Ministry of Energy and Water Resources**

**TERMS OF REFERENCE**

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| **Country:** | Federal Government of Somalia |
| **Name of Project:** | Somali Electricity Sector Recovery Project (SESRP) |
| **Project ID:** | P173088 |
| **Assignment Title:** | Economic Regulation Advisor  |
| **Type of Appointment:** | Individual Consultant |
| **Reference No.:** | SO- MOEWR-437018-INDV |
| **Place of Assignment:** | Mogadishu, Somalia |

1. **Background:**

The Federal Government of Somalia FGS) has a received a grant from The World Bank to implement the Somali Electricity Sector Recovery Project (SESRP). The Project Development Objective is to increase access to lower cost and cleaner electricity supply in the project areas and to reestablish the electricity supply industry.

As part of the re-establishment of the Electricity Supply Industry (ESI), the FGS has recently enacted Electricity Law and established the National Electricity Authority (NEA). The NEA key mandate is to regulate the electricity sector. In this regard, the MoEWR seeks to apply part of the proceeds of the SERP project to recruit an Economic Regulation Advisor to support NEA undertake economic regulation activities towards the operationalization and implementation of an effective regulatory framework.

1. **Objective of the Assignment:**

To support NEA in developing and institutionalizing an effective economic and financial regulatory framework to support the sector achieve economic and financial viability in the electricity service delivery. This includes, but is not limited to:

1. Establishing an effective tariff regulation covering all economic and financial aspects to achieve fair tariffs while ensuring licensee viability.
2. Support NEA in ensuring economic and financial compliance of the ESPs and other industry operators.
3. Determining appropriate tariff structures and pricing levels of electricity ESPs, and PPP entities, and evaluating the efficiency of their financial operations.
4. Developing appropriate policies, procedures, and standards for pricing and tariffs.
5. Oversee sector economic and financial regulation planning activities for the short-term, medium, and long-term.
6. Collecting and analyzing data, providing recommendations to inform policy and regulation.
7. **Scope of Work:**

The key responsibilities under this assignment for the Economic Regulation Advisor include \_

1. Support NEA in developing effective policy, legislation, regulations, and guidelines.
2. Developing policies and electricity tariff structures and assessing tariff applications for efficiency and reasonableness.
3. Monitoring compliance to stipulated terms and conditions of the license by regulated licensees.
4. Creation, management & maintenance of a comprehensive database on all aspects of the electricity supply industry.
5. Monitor investment in the power sector as committed by ESPs, PPP, entities, and other Rural Utilities under regulation.
6. Analyze financial quarterly reports ESPs and other utility companies to ensure the optimal cost of service.
7. Forecast electricity demand for the electricity supply industry for the short, medium, and long term & make plans for least-cost generation & associated financing.
8. Evaluate project proposals for financial feasibility.
9. Provide financial input from budgets and contracts of licensees for tariff determination.
10. Gather & coordinate from surveys macroeconomic indicators needed for NEA electricity tariff supervision and general sector regulation.
11. Ensure the effective performance of all staff in this Department in the production of key outputs.
12. Mentor & provide technical support to staff within this Department.
13. Determining and enforcing appropriate systems of Economic Regulation, collecting and maintaining relevant records in order to recognize and analyze trends in utility performance.
14. Preparation & dissemination of ESI performance reports.
15. Provide advice to the Authority on policies, strategies, procedures, and decisions on pricing and tariffs and rate of return issues for the utilities.
16. Data Collection: conduct research on topical issues in the economy related to energy economics and finance.
17. Undertake any other duties as determined by the Director General of NEA including attending more program-wide meetings.
18. **Deliverables:**

The deliverables for the Consultant will be as follows.

1. An action plan to operationalize and implement planned regulations under the newly established legal and regulatory frameworks.
2. Contribute to the establishment of an effective economic regulatory framework including regulations, guidelines, tools, and processes.
3. Compliance framework for economic regulation for ESPs and other licensed service providers.
4. Prepare Quarterly, Semiannual and Annual reports covering the key aspects of the ESI.
5. A comprehensive database for all ESI, including service providers (ESPs), consumers and other Key Performance Indicators.
6. **Qualifications and Experience Requirements:**

The Consultant should have the following qualifications and experience:

1. At least a bachelor’s degree in quantitative economics, Statistics, Econometrics, Business Administration, Finance, and Accounting or their equivalent from a recognized University. Any other post-graduate training in project management shall be an added advantage.
2. He/she will possess at least 5 years of experience in public sector, International Development Agencies, or Regulatory institutions in Sub-Saharan Africa or another similar Emerging Economy.
3. Demonstrated practical experience in power systems demand forecasting and econometrics, modeling, tariff structuring, and related analyses.
4. Membership/Affiliation with a related professional body shall be an added advantage.
5. Demonstrated practical experience in projects monitoring and evaluation.
6. Knowledge of electricity systems, particularly renewable energy, transmission, and distribution systems shall be an added advantage.
7. Fluency in Somali language and English (oral and written).
8. **Assignment Location:**

The Economic Regulation Advisor will be based at the National Electricity Authority (NEA) Headquarters in Mogadishu and may frequently travel out-field for compliance and consultative visits with Service providers and other stakeholders.

1. **Time frame and Reporting:**

The expected duration of the consultancy is two (2) years, subject to satisfactory performance during the first year and the need for the services. The assignment is expected to commence in November 2024.

The consultant will report to the Director General of the National Electricity Authority (NEA) and work closely with the Ministry of Energy and Water Resources and other sector stakeholders such as Federal Member States and ESPs.

1. **Inputs/facilities provided by the Client:**

The client will provide office space with the necessary furniture, IT equipment, and other facilities such as a printing facility etc. to enable the consultant to perform day-to-day work. The Client shall also provide soft and hard copies of any existing relevant ministry project documents.