



Technical Assistance Report

Project Number: 48200-001
Policy and Advisory Technical Assistance (PATA)
September 2014

Republic of Azerbaijan: Preparing an Enabling Environment for Private Sector Participation in the Power Sector

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 20 August 2014)

Currency unit	–	Azerbaijan manat/s (AZN)
AZN1.00	=	\$ 1.27616
\$1.00	=	AZN0. 0.78360

ABBREVIATIONS

ADB	–	Asian Development Bank
TA	–	technical assistance
TOR	–	terms of reference

NOTE

In this report, "\$" refers to US dollars.

Vice-President	W. Zhang, Operations 1
Director General	K. Gerhaeusser, Central and West Asia Department (CWRD)
Director	R. Stroem, Energy Division, CWRD
Team leader	M. Wolf, Energy Specialist, CWRD
Team members	A. Carlota, Counsel, Office of the General Counsel Y. Ertenliche, Project Officer, Azerbaijan Resident Mission, CWRD F. Golez, Operations Assistant, CWRD

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POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 48200-001	
Project Name	Preparing an Enabling Environment for Private Sector Participation in the Power Sector	Department /Division	CWRD/CWEN
Country Borrower	Azerbaijan Government of Azerbaijan	Executing Agency	Ministry of Finance
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Energy	Energy sector development and institutional reform		0.80
		Total	0.80
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Private sector development (PSD)	Conducive policy and institutional environment	No gender elements (NGE)	✓
5. Poverty Targeting		Location Impact	
Project directly targets poverty	No	Nation-wide	High
6. TA Category:	B		
7. Safeguard Categorization	Not Applicable		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.80	
Sovereign Policy and advisory technical assistance: Technical Assistance Special Fund		0.80	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		0.80	
9. Effective Development Cooperation			
Use of country procurement systems		No	
Use of country public financial management systems		No	

I. INTRODUCTION

1. The Government of Azerbaijan requested assistance from the Asian Development Bank (ADB) to support the development of a policy, legal, and regulatory framework to enable private sector investment in its power sector. The Update of the Power Sector Master Plan of Azerbaijan, 2013–2025 finalized in February 2014 forecasts a total sector investment requirement in excess of AZN8.5 billion until 2025 to meet the growing demand and address the reliability and inefficiency of aging power system infrastructure.¹ Enabling private sector participation in Azerbaijan’s power sector will assist the government in meeting the significant investment requirements for the sector, improve overall sector efficiency, and provide a basis to assess potential future power sector reforms.

2. A consultation mission was fielded in January 2014, during which the government and ADB mission agreed on the impact, outcome, outputs, implementation arrangements, cost, financing arrangements, and terms of reference. The technical assistance (TA) concept paper was approved on 10 April 2014.² The design and monitoring framework is in Appendix 1.³

II. ISSUES

3. **Aging infrastructure.** Azerbaijan’s power sector infrastructure is characterized by aging equipment largely managed and operated by state-owned power companies Azerenerji and Baku Electric Grid.⁴ The government, through these two companies, has completed significant investments in the sector since 2004. However, a large portion of the assets still require refurbishment or replacement to achieve sustainable levels of operational and commercial performance. In addition, the demand for electricity in Azerbaijan is expected to grow on average by over 4% per annum for the next decade.⁵

4. The recently completed update to the master plan outlines over AZN8.5 billion of priority investments from 2013 to 2025 to meet the projected demand of Azerbaijan, including:

- (i) **Generation.** AZN2.75 billion in capital expenditures for new generation capacity to meet growing demand and replace large, aging, and inefficient oil-fired plants.
- (ii) **Transmission system.** AZN1.20 billion to reinforce and extend the system.
- (iii) **Distribution system.** AZN4.57 billion to (a) upgrade the old and under-maintained low voltage distribution system that causes low reliability and high losses of around 18%–20%, and (b) extend the system to meet the growing demand.

5. The government recognizes the urgent need to invest and renovate the power infrastructure in order to efficiently deliver electricity to all customers and meet the country’s socioeconomic development targets. Further developments beyond the priority investments

¹ ADB. 2014. *Update of the Power Sector Master Plan of Azerbaijan, 2013–2025*. Consultant’s report. Manila.

² The TA is included in ADB. 2014. *Country Operations Business Plan: Azerbaijan, 2014–2016*. Manila. The title has been updated from “Developing Legal Framework for Private Sector Participation in the Power Sector” included in the country operations business plan to more accurately reflect the broader required TA scope of preparing an enabling environment for private sector investment. The ADB funding requirement has increased from \$500,000 to \$800,000 to incorporate the broader scope.

³ The TA first appeared in the business opportunities section of ADB’s website on 24 April 2014.

⁴ Baku Electric Grid owns and operates the distribution system in the capital, Baku, and retails electricity to its customers. Azerenerji is a vertically integrated power company supplying the remainder of the country and wholesale electricity to Baku Electric Grid.

⁵ Footnote 1.

outlined above, such as the development of renewable energy, capacity to increase the reserve margin, or capacity for export markets, would require additional funding.

6. **Bridging the financing gap.** Historically, the state-owned utilities have received government budget support and accessed funding through international finance institutions and commercial banks. However, due to their highly leveraged position, with a debt-to-earnings before interest, taxes, depreciation and amortization ratio of 5.0x–6.0x, the utilities' access to nongovernment-supported funds is limited.⁶ The government's budget cannot support the AZN8.5 billion of priority investments outlined in the update to the master plan. The limited state budget will inevitably defer the pace of power sector development and will hamper economic growth. To meet the investment requirements, the government will need to mobilize alternative financing resources, including potentially increasing electricity tariffs and optimizing tariff structure, introducing connection charges for customers, and encouraging private sector participation.

7. **Existing sector structure.** The Azerbaijan power sector is currently dominated by Azerenerji, the publicly owned, vertically integrated monopoly. The Tariff Council sets the wholesale and retail power prices, as well as the fuel price charged to the generators. The laws governing the sector include provisions outlining the intentions of the state with respect to restructuring. To date, the sector has undergone minimal restructuring, with no formal restructuring time frame envisaged.

8. The current legislation neither requires transmission and distribution to be separated from generation nor envisages the presence of a separate transmission system operator and distribution system operator. Accounting, functional and/or managerial disaggregation has not been accomplished or envisaged by legislation. As such, the sector retains inhibitors to private sector participation, including limited third party access regulation, weak sector governance, inefficient operations, subsidy-driven and nontransparent tariff-setting principles, chronically weak financial performance of sector entities, and off-taker creditworthiness. A private sector participation road map is needed to address the limitations of the existing sector structure.

9. **Previous private sector participation.** Participation of the private sector in Azerbaijan's power sector is limited to a few small hydropower plants.⁷ The government has previously piloted private sector participation in both the distribution and generation subsectors. Various attempts to involve the private sector in large generation projects have not been successful partly due to the lack of a supporting policy, legal, and regulatory framework. When the distribution companies were privatized under ineffective management contracts in 2002, the expected performance improvements in power supply were not achieved. On the contrary, when the responsibilities of the distribution sector were returned to state-owned companies in 2006, the grid was found to be in very poor condition. Excessively high losses had to be accepted and power outages were frequent. As a result, there is some reticence at the governmental and institutional levels to reengage with the private sector. Clear and structured benefits of private sector participation will need to be demonstrated to encourage broad stakeholder acceptance.

⁶ Standard & Poor's Financial Services. 2013. *Azerbaijan-Based Electric Utility Azerenerji Assigned 'BBB-/A-3' Ratings; Outlook Stable*. <http://www.standardandpoors.com/prot/ratings/articles/en/ap/?articleType=HTML&assetID=1245347481229>

⁷ Nine small hydropower plants (of less than 5 megawatts) were offered for privatization during 2001. Sheki (1.6 megawatts) and Mughan (3.8 megawatts) have been privatized so far. The rest of the plants are still to be privatized.

10. **Capacity.** Due to limited experience with private sector participation in the infrastructure and utility sectors, Azerbaijan's power sector would benefit from (i) obtaining the best possible international technical and management capacity to develop an enabling business environment for private sector participation, and (ii) identifying and structuring a demonstration project for private sector participation.

III. THE POLICY AND ADVISORY TECHNICAL ASSISTANCE

A. Impact and Outcome

11. The impact will be the promotion of private sector participation in Azerbaijan's power sector. The outcome will be an improved business environment for private sector participation in the power sector.

B. Methodology and Key Activities

12. The TA is structured as a sequential program of tasks. Phase 1 includes the identification of the benefits of private participation in Azerbaijan's power sector and any current restrictions, followed by the recommendation of a road map for private sector participation. In parallel, a detailed review of the existing policy, legal, and regulatory framework will be undertaken and recommendations provided to enable private sector participation.⁸

13. Once the government commences the implementation of phase 1 recommendations, one or more demonstration project will be identified and structured by the consultant under phase 2 of the TA. The demonstration project will be selected through multi-criteria analysis. The high-level project structure and development plan will be developed based on the type of demonstration project selected.⁹ Phase 2 will be completed in parallel with the implementation of phase 1 to provide (i) ongoing momentum to the phase 1 recommendations, and (ii) a concrete example of private sector participation in Azerbaijan's power sector, which can be referenced during the potentially challenging implementation stage of phase 1. Phase 2 depends on the successful completion of phase 1 and the government's ongoing support for private sector participation in the power sector.

14. The TA will reference international best practice for private sector participation in the power sector and assess the potential application and benefits specific to Azerbaijan's power sector. The outputs to be completed under the TA include:

- (i) a road map for private sector participation in Azerbaijan's power sector;
- (ii) a report recommending policy, legal, and regulatory changes required to create enabling environment; and
- (iii) a project structure and development plan for a demonstration private sector participation project(s).

15. It is assumed that (i) government and donor commitment to energy sector reforms continues, (ii) the private sector continues to have the interest and resources to participate in the power sector, and (iii) the process to procure or attract private sector participation (to be

⁸ The proposed sector structure is outlined in State Program for the Development of the Fuel and Energy Sector (2005–2015), the Law on Electricity (Baku, 13 June 1998, No. 723), and the Memorandum of Understanding on a Strategic Partnership between the European Union and the Republic of Azerbaijan in the field of energy, signed on 7 November 2006, as updated.

⁹ Project structure includes project value proposition; scope; boundaries and output identification; financing options (e.g., build–own–operate–transfer); and outline contractual structure required to implement the project.

completed post-TA) is completed successfully. Risks associated with this TA include the potential inability of the private sector to procure the equipment required to complete the project(s) under acceptable commercial terms and the possibility that political influences prevent broad government support for the recommendations.

C. Cost and Financing

16. The TA is estimated to cost \$850,000, of which \$800,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources).

17. The government will provide counterpart support in the form of office space, counterpart staff, meeting facilities, access to country data, and other in-kind contributions. A working group, including representatives from ministerial and institutional stakeholders, will also be established. The cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

18. The Ministry of Finance will be the executing and implementing agency for the TA. The Ministry of Finance will coordinate with the working group, which will meet on a bimonthly basis.

19. The TA project will be conducted by a firm of consultants (or consortium) to be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time) using quality- and cost-based selection (with a 90:10 technical:financial ratio) and simplified technical proposal. The firm will provide four international consultants (9.25 person-months) and three national consultants (9 person-months). The consultants will consist of a private sector participation specialist, power engineer, two legal experts, finance expert, power sector regulation expert, and communications and stakeholder management expert.

20. The TA will be implemented over 18 months, from November 2014 to April 2016. The outcome and outputs will be disseminated through bimonthly working group meetings. In addition, the three reports on outputs will be published on the government and ADB websites.

IV. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$800,000 on a grant basis to the Government of Azerbaijan for Preparing an Enabling Environment for Private Sector Participation in the Power Sector, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact Private sector participation in the power sector promoted.</p>	<p>Private sector participation in a major component (i.e., generation, transmission, or distribution) of the power sector by 2020, increased from the 2014 participation in small embedded generation (less than 10 megawatts) only</p>	<p>Project participation details published on the Ministry of Energy's website, supported by participating companies' annual reports</p>	<p>Assumptions The government's and donor's commitment to energy sector reforms continues</p> <p>Private sector continues to have the interest and resources to participate in the power sector</p> <p>Process to procure or attract private sector participation (to be completed post-technical assistance) is successfully completed</p> <p>Risks Inability of private sector to procure required equipment to complete project(s) under acceptable commercial terms</p> <p>Political influence prevents timely legislation</p>
<p>Outcome The business environment for private sector participation in the power sector is improved.</p>	<p>The government accepted demonstration project structure by May 2016</p> <p>The government accepted road map for private sector participation in Azerbaijan's power sector by May 2015</p> <p>The government accepted recommendation of enabling policy, legal, and regulatory framework for private sector participation in the power sector by May 2015</p>	<p>Consultant reports published on ADB website</p>	<p>Assumption The government's ownership and sustainability of sector reforms remain high</p> <p>Risk Political influence prevents broad government support for the recommendations</p>
<p>Outputs</p> <ol style="list-style-type: none"> 1. Road map for private sector participation in Azerbaijan's power sector 2. Report recommending policy, legal, and regulatory changes required to create 	<p>Working group accepted road map for private sector participation in Azerbaijan's power sector by April 2015</p> <p>Working group accepted recommendation of enabling policy, legal, and regulatory framework for private sector participation in the power</p>	<p>Working group meeting minutes</p>	

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>enabling environment</p> <p>3. Project structure and development plan for a demonstration private sector participation project</p>	<p>sector by April 2015</p> <p>Working group accepted demonstration project identification, definition, and structuring report by April 2016</p>		
<p>Activities with Milestones</p> <p>1. Road map for private sector participation in Azerbaijan's power sector</p> <p>1.1 Conduct a comprehensive assessment of the potential benefits of private participation in Azerbaijan's power sector, including how private sector participation can contribute to wider sector reforms by January 2015.</p> <p>1.2 Summarize and provide a report on current international best practice for private sector participation in the power sector by January 2015.</p> <p>1.3 Develop a road map for private sector participation in Azerbaijan's power sector, ensuring alignment with broader energy sector and government-wide reforms by February 2015.</p> <p>1.4 Finalize the road map report by April 2015.</p> <p>2. Report recommending policy, legal, and regulatory changes</p> <p>2.1 Review, identify, and report any enabling policy, legal, and regulatory changes required to meet the agreed private sector participation road map by January 2015.</p> <p>2.2 Finalize enabling framework report by April 2015.</p> <p>2.3 Prepare, within 1 month of the consultants' engagement, and implement a community and stakeholder engagement plan throughout the project.</p> <p>3. Project structure and development plan for a demonstration private sector participation project</p> <p>3.1 Identify appropriate demonstration project(s) based on multi-criteria analysis by July 2015.</p> <p>3.2 Agree on the project commercial value and risk-sharing based on international experience and market conditions by July 2015.</p> <p>3.3 Define project boundaries and output requirements by July 2015.</p> <p>3.4 Develop project financing options (e.g., build-own-operate-transfer) by August 2015.</p> <p>3.5 Develop contractual structure required to implement an demonstration project by January 2016.</p> <p>3.6 Prepare a project development plan by February 2016 detailing all the works required to bring the demonstration project to fruition.</p> <p>3.7 Outline social and environmental safeguards by February 2016.</p> <p>3.8 Finalize the demonstration project report by April 2016.</p>			<p>Inputs</p> <p>ADB Technical Assistance Special Fund (TASF-other sources) \$800,000</p> <p>Note: The government will provide counterpart support in the form of office space, counterpart staff, meeting facilities, access to country data, and other in-kind contributions. A working group, including representatives from ministerial and institutional stakeholders, will also be established.</p>

ADB = Asian Development Bank.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	376.24
ii. National consultants	172.50
b. International and local travel	77.20
c. Reports and communications	10.00
2. Miscellaneous administration and support costs	81.40
3. Contingencies	82.66
Total	800.00

Note: The technical assistance (TA) is estimated to cost \$850,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of office space, counterpart staff, meeting facilities, access to country data, and other in-kind contributions. A working group, including representatives from ministerial and institutional stakeholders, will also be established. The value of government contribution is estimated to account for 5.8% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Scope of Services

1. For this technical assistance (TA), a consulting firm will provide a team of international and national consultants to deliver the scope of work outlined below.

2. The TA is structured as a sequential program of tasks. Phase 1 includes the identification of the potential benefits of private sector participation in Azerbaijan's power sector and any current restrictions, followed by the recommendation of a road map and an enabling policy, legal, and regulatory framework. Once the implementation of phase 1 recommendations has commenced, structuring of a demonstration project(s) will be completed in phase 2.

1. Phase 1: Enabling Business Environment for Private Sector Participation

3. Building on the Update of the Power Sector Master Plan of Azerbaijan, 2013–2025,¹⁰ the consultants will:

a. Task 1: Road Map

- (i) Conduct a comprehensive assessment and clearly outline the potential benefits and impacts (both positive and negative) of private sector participation in Azerbaijan's power sector (generation, transmission, and distribution), including how private sector participation can contribute to wider sector reforms.
- (ii) Summarize and report on current international best practice for private sector participation in the power sector. The report will include relevant examples of successful implementation, conditions required for the successful implementation, benefits derived, and lessons learned for both successful and unsuccessful cases (including how these apply to Azerbaijan, and the previous Azerbaijan experiences). Specific details are to be included, such as a required tariff regime, operating regime certainty, an indication of investor return expectations, and off-taker creditworthiness.
- (iii) Identify, analyze, and outline existing barriers to private sector participation in the power sector. This activity may be informed by the parallel works in task 2.
- (iv) Identify potential demonstration projects based on successful implementation of similar projects internationally, e.g., private participation in greenfield generation build–own–transfer or management contracts, and the associated potential benefits, limitations, and risks of the particular form of private sector participation in Azerbaijan.
- (v) Develop alternative road maps, reflecting differing timelines, levels of participation, and projected benefits for private sector participation in Azerbaijan's power sector. To ensure broader energy sector and government-wide reforms are considered, this will include ongoing consultation with the relevant government departments.
- (vi) Draft road map report and PowerPoint presentation for government review.
- (vii) Arrange and participate in bimonthly working group meetings.
- (viii) Prepare and facilitate a comprehensive workshop to present and discuss the preliminary findings from (i) to (iv) of task 1 and the basis of the draft road map. This may include briefings on key findings from task 2.
- (ix) Finalize the road map report and PowerPoint presentation, including the feedback received on the draft road map and during the workshop.

¹⁰ ADB. 2014. *Update of the Power Sector Master Plan of Azerbaijan, 2013–2025*. Consultant's report. Manila.

b. Task 2: Enabling Policy, Legal, and Regulatory Framework

- (i) Review, identify, and report enabling policy, legal, and regulatory changes required to meet the draft private sector participation road map. This review shall include the existing policies and regulations, and the legal, commercial, and regulatory framework that govern the generation, transmission, and distribution of electricity and identify the changes required to enable private sector participation. This review will extend to changes required in related areas, including fuel supply and transportation, project financing, business establishment, ownership structure, management of joint ventures and foreign companies, shareholding options, contract laws and enforceability, tax laws, repatriation of profits, lenders security mechanism, and currency conversion. Reference should be made to the Strategic Study for Road Sector, Identification of Projects for Public–Private Partnership Implementation and Preparation of Legal and Regulatory Framework and Operational Procedures for Toll Roads, which completed a similar scope of work for private participation in the toll road sector of Azerbaijan.¹¹ The recommended enabling changes may include a package of incentives and guarantees that can be offered to private sector participants.
- (ii) Draft enabling framework report and presentation for government review.
- (iii) Finalize enabling framework report and PowerPoint presentation.

c. Task 3: Communications and Stakeholder Management

- (i) Prepare and implement a community and stakeholder engagement plan, including a communications and participation plan, for the TA (tasks 1, 2, and 4). The plan will facilitate the participation of stakeholders, including the ministerial and institutional stakeholders, and dissemination of knowledge.
- (ii) Participate in the bimonthly working group and prepare and disseminate working group minutes.
- (iii) Prepare a project review report, outlining achievements and lessons learned for distribution to key stakeholders.

2. Phase 2: Structure a Demonstration Project Ready for Implementation

4. Once the policy, legal, and regulatory enabling program has been agreed and implementation has commenced, detailed work on a demonstration private participation project will commence, including the legal, commercial, and technical structure required to encourage private sector participation.

d. Task 4: Project Structure Complete for a Demonstration Project

- (i) Identify appropriate demonstration project(s) based on multi-criteria analysis.
- (ii) Agree on the project commercial value and risk-sharing based on international experience and market conditions.
- (iii) Define project boundaries and output requirements.
- (iv) Develop project financing options (e.g., build–own–operate–transfer).
- (v) Develop an outline contractual structure required to implement a demonstration project, including key terms and conditions for each contract.
- (vi) Prepare a project development plan, detailing all the works required to bring the demonstration project from structure summary (end of TA) to fruition.

¹¹ AGL. 2014. *Strategic Study for Road Sector, Identification of Projects for Public–Private Partnership Implementation and Preparation of Legal and Regulatory Framework and Operational Procedures for Toll Roads*. Barcelona, Spain.

- (vii) Outline social and environmental safeguards.
- (viii) Prepare a draft demonstration project report and PowerPoint presentation summarizing the proposed project, including items (i) to (vii) of task 4, for government review.
- (ix) Finalize the demonstration project report and PowerPoint presentation.

B. Duration of Services

5. The consultancy services are estimated to be carried out over a period of 18 months, with the phase 1 recommendation completed within 6 months of commencement. Phase 2 will commence only when phase 1 is completed and the government commences the implementation of phase 1 recommendations.

C. Reporting Requirements

6. The consultants will submit the following reports:
- (i) inception report, within 1 month of commencement of services, outlining detailed work plan and the methodology proposed to undertake the study;
 - (ii) community and stakeholder engagement plan within 1 month of engagement, which is to be maintained and updated throughout the TA;
 - (iii) monthly progress reports, highlighting progress and issues on key components of the project scope, budget, schedule, and key stakeholder engagements;
 - (iv) bimonthly working group meeting minutes;
 - (v) road map for government review by mid-March 2015, and final report by April 2015;
 - (vi) enabling framework for government review by mid-March 2015, and final report by April 2015; and
 - (vii) demonstration project report for government review by mid-March 2016, with the final report issued by April 2016.

7. The team leader shall be responsible for coordination of inputs of all other experts and shall prepare reports with contributions from the team.

D. Qualifications and Experience of Key Personnel

8. The list of key personnel to be provided by the consulting firm is shown below. These key persons shall be supported by adequate supporting staff, technical, administrative, or other.

9. **Private participation specialist and team leader** (international, 5 person-months). The specialist and team leader will have a degree in economics, finance, engineering, or law, preferably with (i) a postgraduate qualification in any of these fields; (ii) a minimum of 15 years of experience (including at least 7 years in the development of) in policy, legal, and regulatory frameworks for private participation in the power sector (including generation, transmission, and distribution); and (iii) experience in the region.

10. The specialist shall provide the international private sector participation knowledge, experience, and inputs required to complete the tasks and reporting requirements identified in the terms of reference (TOR), including:

- (i) preparation of the road map;
- (ii) the review, identification, and report on the enabling policy, legal, and regulatory changes required to meet the draft private sector participation road map;

- (iii) preparation, arrangement, and participation in workshops;
- (iv) preparation of the demonstration project structure and development plan; and
- (v) draft, review, and update of appropriate sections of the reports and presentations.

11. As the team leader, the specialist will be responsible for managing the team and the overall successful delivery of the tasks and reporting requirements outlined in the TOR.

12. **Power engineer** (international, 2.25 person-months). The expert will have a degree in engineering, preferably with (i) a postgraduate qualification in engineering; (ii) a minimum of 12 years of experience, including experience in private participation in power projects (generation, transmission, and distribution subsectors); and (iii) experience in the region.

13. The expert shall provide the international technical power project experience and inputs required to complete the tasks and reporting requirements identified in the TOR, including:

- (i) preparation of the road map;
- (ii) the review, identification, and report on the enabling policy, legal, and regulatory changes required to meet the draft private sector participation road map;
- (iii) preparation, arrangement, and participation in workshops;
- (iv) preparation of the demonstration project structure and development plan; and
- (v) draft, review, and update of appropriate sections of the reports and presentations.

14. **Legal expert (power)** (international, 1 person-month). The expert will have (i) a law degree and postgraduate qualification in law, economics, or finance; (ii) a minimum of 15 years of international work experience in private sector participation in power sector projects and the associated policy and regulatory framework; and (iii) experience in the region.

15. The expert shall provide the international legal input and project experience and inputs required to complete the tasks and reporting requirements identified in the TOR, including:

- (i) preparation of the road map, including the potential benefits and impacts of private sector participation in the power sector, international best practice, and assessment of existing barriers;
- (ii) the review, identification, and report on the enabling policy, legal, and regulatory changes required to meet the draft private sector participation road map;
- (iii) participation in workshops, as required;
- (iv) preparation of the demonstration project structure and development plan; and
- (v) draft, review, and update of appropriate sections of the reports and presentations.

16. **Finance expert (power)** (international, 1 person-month). The expert will have a degree in economics or finance, preferably with (i) a postgraduate degree in either of these fields; (ii) a minimum of 10 years of work experience in structuring and implementing private sector financing plans for power projects, including generation, transmission, and distribution; (iii) experience in the region; and (iv) an understanding of regulatory and legal issues impeding private sector investment in the power sector.

17. The expert shall provide the international finance experience and information required to complete the tasks and reporting requirements identified in the TOR, including:

- (i) preparation of the road map;
- (ii) the review, identification, and report on the enabling policy, legal, and regulatory changes required to meet the draft private sector participation road map;
- (iii) participation in workshops, as required;
- (iv) preparation of the demonstration project structure and development plan; and

- (v) draft, review, and update of appropriate sections of the reports and presentations.

18. **Power sector and/or regulatory expert** (national, 4 person-months). The expert will have a degree in economics, finance, or law, preferably with (i) a postgraduate qualification in any of these fields; (ii) a minimum of 10 years of work experience in the local power sector, including in-depth knowledge of power sector regulations; (iii) hands-on experience with local economic and technical regulations in the power sector; and (iv) an understanding of the legal framework required to underpin regulatory reforms.

19. The expert shall provide the national power sector knowledge and regulatory experience required to complete the tasks and reporting requirements identified in the TOR, including:

- (i) preparation of the road map;
- (ii) the review, identification, and report on the enabling policy, legal, and regulatory changes required to meet the draft private sector participation road map;
- (iii) participation in workshops, as required;
- (iv) preparation of the demonstration project structure and development plan; and
- (v) draft, review, and update of appropriate sections of the reports and presentations.

20. **Legal expert** (national, 2.5 person-months). The expert will have (i) a law degree and postgraduate qualification in law, economics, or finance; (ii) a minimum of 10 years of work experience including local policy and regulatory framework development; and (iii) an understanding of regulatory and legal issues impeding private sector investment in the power sector.

21. The expert shall provide the national legal input and broad regulatory experience required to complete the tasks and reporting requirements identified in this TOR, including:

- (i) preparation of the road map;
- (ii) the review, identification, and report on the enabling policy, legal, and regulatory changes required to meet the draft private sector participation road map;
- (iii) participation in workshops, as required;
- (iv) preparation of the demonstration project structure and development plan; and
- (v) draft, review, and update of appropriate sections of the reports and presentations.

22. **Communications and stakeholder management expert** (national, 2.5 person-months). The expert will have a degree in law, communications, or another applicable discipline, preferably with (i) a postgraduate qualification in any of these fields; (ii) a minimum of 10 years of work experience, including in the development and implementation of stakeholder management plans addressing local policy and regulatory framework development; and (iii) an understanding of the power sector.

23. The expert shall provide the communications and stakeholder management experience and information required to complete the tasks and reporting requirements identified in the TOR, including:

- (i) prepare and implement a community and stakeholder engagement plan;
- (ii) participate in the working group and prepare working group meeting minutes;
- (iii) prepare a project review report; and
- (iv) draft, review, and update of appropriate sections of the reports and presentations.