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## Terms of reference

### 1. BACKGROUND INFORMATION

#### 1.1 *Beneficiary country*

Saint Lucia

#### 1.2 *Contracting Authority*

National Authorising Officer of Saint Lucia

#### 1.3 *Relevant country background*

Saint Lucia is a small island developing state in the Caribbean Archipelago, historically dependent upon agriculture, particularly bananas, exported into the protected EU, particularly the UK market. In recent years the importance of bananas has declined and the service sector, particularly tourism, has overtaken agriculture as the main engine of growth. The island has a land area of 616 square kilometres and a population of approximately 165,000.

The island possesses no petroleum resources and is currently totally dependent on imported fossil fuels for its energy needs. However, there is potential for geothermal, wind, solar and, to a very limited extent hydro energy. The Government of Saint Lucia is seeking to exploit these renewable energy sources in order to diversify the national energy portfolio, reduce reliance on imported fuels and achieve environmental benefits.

The Government adopted a Sustainable Energy Plan (SEP) in 2002<sup>1</sup> and is currently developing a National Energy Policy. These documents identify the need to introduce renewable energy into the national energy mix and to achieve increased energy efficiency in all sectors, particularly in the Electricity sector. The draft energy policy also highlights the need to liberalize the sector to facilitate the introduction of renewable energy. In November of 2006, The Saint Lucia Electricity Services Limited (LUCELEC) received approval from the Cabinet of Ministers to acquire several portions of land in order to develop a wind farm. However, to date the land has not been acquired yet.

Despite the stated strategic and policy imperatives, neither document provides clear guidance as to exactly how the liberalization of the Electricity sector should be undertaken or strategy for implementing renewable energy initiatives. Neither fully enunciates a strategy for achieving the desired outcomes in the Energy sector. The sector's contribution to GDP was estimated at 4.0 percent in 2006.

Further, with respect to the Electricity sector, it is recognized that the existing Electricity Supply Act 1994 does not provide an effective basis or any incentives for the entry of renewable energy or independent power producers; neither does it address issues such as auto- or co-generation combined with net-metering. Finally, the policy points to the need to modify the institutional arrangements for energy planning, management and regulation.

Based on the foregoing, it can be concluded that there are significant knowledge, legislative and institutional gaps that constrain the implementation of the envisaged new energy policies and strategies. It can also be concluded, given the importance of energy to national development, that priority must be given to bridging the aforementioned gaps.

#### 1.4 *Current state of affairs in the relevant sector*

At present, there is only one electricity provider, the Saint Lucia Electricity Services Limited (LUCELEC), in Saint Lucia. The company operates power stations equipped with diesel generators. LUCELEC has an installed capacity of approximately 66 MW. Peak demand is approximately 50 MW.

LUCELEC with the assistance of the Government is currently in the process of acquiring land upon which to construct a 12.6 MW wind farm. To date, this is the only significant renewable energy facility planned for the island. Efforts to exploit geothermal energy have made little progress despite evidence of commercially viable resource.

Energy prices continued to rise during 2007 with crude oil prices posting new highs of US\$98 per barrel in November. Against this background, oil importing countries continue to pursue investments in

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<sup>1</sup> Developed with the Assistance of the OAS and the Climate Institute and is currently under review.

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research to aid in the production of alternative forms of energy, particularly green energy. Reflective of the overall expansion in local economic activity, total demand for energy grew modestly. Electricity generated by LUCELEC increased by 2.1 percent to 330,761 Kilowatt hours (kWh) in the 2006.

Domestic consumption of electricity also increased by 2.1 percent to 101,635 kWh account of a 2.7 percent increase in the number of domestic users. Commercial usage of electricity was 1.8 percent higher in 2006 when compared to the previous year, totaling 103,431 kWh<sup>2</sup>.

Energy is a key requirement for physical, economic and social development. Sustainable energy is a key pillar for achieving poverty reduction and sustainable development goals as set by the Millennium Declaration. The Sustainable Development & Environment (SDE) section of the Ministry of Economic Affairs, Economic Planning, Investment and National Development has been assigned the role of Sustainable Energy Planning and has spearheaded efforts aimed at, *inter alia* creating an enabling environment for the dissemination of Renewable Energy technologies. The Section has also taken the lead in reviewing and updating the Sustainable Energy Plan (SEP) and drafting the National Energy Policy (NEP). The Public Utilities Department of the Ministry of Communications, Works, Transport and Public Utilities (MCWT&PU) has regulatory oversight of the Electricity Sector. The Economic Affairs Section of the Ministry of Economic Affairs, Economic Planning Investment and National Development has responsibility for the pricing of fuel imports.

At present, the electricity sector is dominated by a single electric utility. LUCELEC currently generates electricity solely from diesel with its main plant located in the Cul-de-Sac valley. Currently, decision-making with respect to the development of the electricity sector is fragmented. While the SDE Section has been assigned the task of sustainable energy planning, the Public Utilities Department is responsible for regulation of the sector. LUCELEC, to a great extent, functions autonomously, being primarily answerable to its shareholders, via a Board of Directors. The Minister of Public Utilities can however, intervene at a policy level. Further, major policy decisions may be taken at the Cabinet or Prime-Ministerial level.

While Saint Lucia is party to the Kyoto Protocol to the UN Convention on Climate Change, the country does not yet have a Designated National Authority Office (DNA), as required under the Protocol, to ensure the consistency of Clean Development Mechanism (CDM). At present the Sustainable Development and Environment Section functions as the focal point for the CDM and the DNA initiatives in an absence of operating procedures for the DNA.

### 1.5 Related programmes and other donor activities:

The Government of Saint Lucia assisted by the Caribbean Renewable Energy Development Programme (CREDP/GTZ) with financing from the German Government is currently working on the finalization of the National Energy Policy. This policy will create the appropriate enabling environment for the growth and development of the local energy sector. The policy will, *inter alia*, encourage diversification of the energy mix by facilitating the development of new and renewable forms of energy. This is beneficial to our sustained development as it promotes stability, reliability and security of our energy supply.

Alternative forms of energy help to safeguard against external price fluctuations on the world oil market and develop indigenous resources and technological base. As of 2008, the CREDP/GTZ will enter its second phase of four years in which the project will have the mandate to offer assistance in energy efficiency matters, in addition to the continued support in renewable energy activities. The efficient use of energy particularly electricity represents a relative fast and direct way of achieving significant energy savings thus helping domestic households and the commercial and industrial sector to compensate for the increased prices of electricity and other forms of energy.

A lot of work has been carried out in this sector through various joint initiatives between the Government of Saint Lucia, CREDP/GTZ, Climate Institute and the OAS and other institution. This project seeks to build on what has already been achieved through these collaborations. The consultant

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<sup>2</sup> Economic and Social review 2006

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shall be required to refer to studies carried out in Saint Lucia and in the region to assist in achieving the objective of this project where necessary.

This initiative will lend support to EU Grant funded project “Increasing the sustainability of the energy sector in the Caribbean through Improved Governance and Management” from which Saint Lucia will be a beneficiary.

The OECS office is currently considering the development of harmonised energy policy and legislation for the sub-region. Saint Lucia will no doubt be a participant in this process.

## CONTRACT OBJECTIVES & EXPECTED RESULTS

### **2.1 Overall objectives**

The overall objective of this project is to contribute to sustaining Saint Lucia’s economic growth, and assisting in economic diversification.

### **2.2 Specific objectives**

The specific objective of the programme is, inter alia:

- i. To improve St. Lucia’s economic competitiveness by enhancing efficiency and productivity within the agricultural sector and other productive sectors.
- ii. To provide Technical Assistance to the Government of Saint Lucia to implement the Energy component of SFA 2006 programme.

### **2.3 Results / Outcomes to be achieved by the Consultant**

The consultants will be required to work closely with the Sustainable Development & Environment (SDE) section of the Ministry of Economic Affairs, Economic Planning, Investment and National Development and report to the Chief Sustainable Development and Environment Officer. The consultant will also be required, to work with other relevant public and private sector agencies, national and regional project partners within the energy sector. The consultants must possess knowledge of the functionings and operations of the energy sector in the Caribbean and in particular, St. Lucia.

The main results/outcomes of the programme are:

- 1) A long term Sustainable Energy Strategy developed, which includes an Electricity Sector Liberalization as it relates to renewable and alternative sources of energy, as well as a Transport Sector Strategy (inclusive of a Green Policy within the Transport sector), based on the National Energy Policy (NEP) approved by the GOSL;
- 2) The revision and updating of the Electricity Supply Act (ESA) and other relevant concerns in accordance with the National Energy Policy (NEP) Sustainable Energy Plan (SEP) incorporating but not limited to the following:- the use of renewable forms of energy, the entry of Independent Power Producers, the possibilities for auto- and co-generation as well as identifying strategies and measures for achieving the liberalization of the Electricity Sector and associated costs. All recommendations which have legal implications must be presented in an acceptable and user friendly format to allow easy incorporation into existing legislation/regulations for vetting by the Attorney General’s Chambers.
- 3) A blueprint for the establishment of a regulatory authority and for inter-agency collaboration for energy sector improvements developed<sup>3</sup>.

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<sup>3</sup> A regulatory commission is one of the institutional arrangements deemed necessary by the National energy plan.

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- 4) A) A Public Energy Education and Awareness Strategy and Plan developed for execution in the long term. . This plan will identify measures for addressing energy-related education in both the formal (school, training) and non-formal milieus. In addition, action will be taken to implement priority measures. This includes all aspects of the energy sector, use of renewable energies, energy efficiency in all sectors of the society and also issues related to transport and related costs. The link between energy consumption, cost of electricity, livelihood, national environmental concerns and global climate change issues should also be addressed.
- 4) B) A short term public education and awareness strategy to eb executed during the execution of this consultancy, (through consultation, town hall meetings, etc ) as a means of ensuring project visibility and publicity.

## 2. ASSUMPTIONS & RISKS

### 3.1 ASSUMPTIONS UNDERLYING THE PROJECT INTERVENTION

- GOSL is committed to the development of a sustainable energy strategy including the use of renewable energies and fostering energy efficiency measures;
- GOSL remains committed to the liberalization of the energy sector and to fulfil its obligations related to international treaties regarding the climate change issue;
- The energy policy presently under development is approved by the GOSL;
- Economic and social partners will fulfil their obligations and responsibilities;
- Conducive enabling environment for business development and investment will be in place;
- Commitment of the requisite manpower and other resources to ensure success of the programme will be given;

### 3.2 Risks

- The risks are that the above assumptions are not fulfilled and the international and national economic situation deteriorates further making a vulnerable economy even more precarious.

## 3. SCOPE OF THE WORK

### 4.1 General

#### 4.1.1 Project description

Energy is a key requirement for physical, economic and social development. There are strong correlations between quality of life, poverty, access to and affordability of energy. Hence, a secure, reliable and competitively-priced energy supply, as well as adopting energy efficiency strategies is critical to continued national growth and development.

The government of Saint Lucia wishes to rationalise the use of, and enhance the potential of its energy sector as the economy continues to evolve from dependency upon largely primary agricultural production to one based upon a more diversified mix of economic activity, in particular services. As the economy diversifies there is increasing competitive use for energy between the productive sectors, for example, tourism. This sector is highly dependent on energy, particularly on electricity constantly supplied and at an affordably cost.

The energy component of the SFA 2006 programme aims to improve the country's economic competitiveness by enhancing efficiency and productivity within the agricultural and other productive sectors. The specific activities outlined in 2.3 above outlines the deliverables required for achieving this objective

The contracted personnel will provide intermittent technical and management assistance to the Sustainable Development and Environment section of the Ministry to deliver the activities of the

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programme component and measures such as undertaking wide-ranging consultation with stakeholders, provision of research and analysis in support of the programme's purpose and expected results. Approximately Euro 250,000 has been allocated for these activities and is expected to be disbursed using a Work Plan/Cost Estimate approach.

### 4.1.2 Geographical area to be covered

The entire country of Saint Lucia.

### 4.1.3 Target groups

The target groups for the programme as a whole are:

- Government Institutions *inter alia* :-
  - the Sustainable Development and Environment section of the Ministry of Economic Affairs, Economic Planning, Investment and National Development;
  - The Department of Public Utilities of the Ministry of Communication, Works, Transport and Public Utilities
- The general population of Saint Lucia;
  - Community groups, non state actors and NGOs, Women's organisations
- Public sector institutions such as schools, hospitals
- Private sector including:
  - Saint Lucia Electricity Services Limited (LUCELEC)
  - The Hospitality Sector and their representative bodies, (stakeholders and beneficiaries)
  - Manufacturers, producers and their associations
  - The Insurance Sector
  - Other private sector companies and organisations
  - Other energy stakeholders including OAS

### Specific activities, *inter alia*:

Conduct an analysis of national and regional energy policies and legislation in relevant OECS and CARICOM countries with similar conditions in their energy sector

Conduct an analysis of the status of the regulation of the energy sector at regional and sub-regional level with relevance for St. Lucia.

Conduct an analysis of the various agencies with energy mandates in Saint Lucia and propose best options for establishing a regulatory commission as well as best options for institutional arrangements

Conduct a review of the Electricity Supply Act (ESA) to determine its suitability in the context of the NEP and SEP paying particular emphasis to the introduction of renewable/ alternative energy and IPPs into the electricity sector, and energy efficiencies.

Conduct an analysis of market liberalization options for the electricity sector, consistent with the NEP and develop an appropriate liberalization strategy.

- Develop, conduct and analyse the results of a survey instrument to test the level or awareness of Saint Lucians with respect to energy issues
  - Based on the results of the survey, identify gaps, and opportunities for intervention with respect to Energy awareness and education.
- Develop a national energy awareness strategy and plan (3-5 years).
  - Develop and disseminate key messages to major audiences based on the strategy and plan.

The technical assistance (TA) will provide support and assistance to:

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- Write and review strategy papers for energy (electricity) management; (*this may require assisting with drafting policy and legislative documents*);
- Review the documentation on the OAS project, conduct a gap analysis and where appropriate following approval by the contracting authority, incorporate into ongoing initiative.
- Transform current and future strategy papers into concrete actions to attain the objectives in these documents;
- Assess and assist as required existing capabilities and capacities to implementing anticipated activities within the SDE section of the Ministry;
- 
- Assist in the creation of the appropriate documentation for the formulation of project ideas and concepts into feasible and implementable work-plans;
- 
- Implement specific activities in the sustainable energy plan (SEP) as far as related to activities mentioned in 2.3.
- Provide advice on adaptations required in sustainable energy plan to better respond to changes in use of energy and the needs of sectors dependent upon energy.

Of particular importance will be to:

- Develop a reporting system(s) including direct assistance to SDE section with such reporting in terms of disbursement, achievements and impacts of the supported operations, and where required assist in ensuring the timely monitoring and evaluation of these activities.
- Draft appropriate Terms of Reference, for activities related to 2.3, when required;
- Assist with report assessment;
- Prepare and initiate workshops as necessary.
- Develop a clear strategy and methodology for engaging and addressing issues raised by various critical stakeholders e.g. LUCELEC, CARILEC and OECS, SDE

Finally, it is also expected that

- The team or individual expert(s) will contribute to publicizing materials or articles for the press, but will not contact the press directly. All publicity material will be submitted as directed by the SDE section of the Ministry;

### ***Project management***

#### ***4.1.1 Responsible body***

The project will be under the overall responsibility of the Office of the National Authorizing Officer (NAO) in the Ministry of Economic Affairs, Economic Planning, Investment and National Development, and will be executed through the Sustainable Development and Environment section of the Ministry of Economic Affairs, Economic Planning, Investment and National Development.

#### ***4.1.2 Management structure***

The consultancy services contract shall be between the Consultant and the NAO.

The Consultant shall work under and report to the Chief Sustainable Development and Environment Officer of the Ministry concerning all aspects of the professional services to be rendered in accordance with the present Terms Of Reference. Changes in the Terms of Reference may be made only according to needs subject to mutual written agreement among the Contracting Authority (NAO) and the Consultant.

#### ***4.1.2 Facilities to be provided by the Contracting Authority and/or other parties***

Office space will be provided by the contracting authority. Office equipment and running expenses will be provided by the consultant.

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### 4. LOGISTICS AND TIMING

#### **Location**

The office will be based in Castries, Saint Lucia. The team will be required to operate throughout the country.

#### **Commencement date & Period of execution**

The intended commencement date will be set by mutual agreement in Article 4 of Special Conditions, upon signing of the Contract and the period of execution of the contract will be 12 months from this date. Further additional services under this contract are not anticipated.

### 6. REQUIREMENTS

#### **6.1 Personnel**

##### **6.1.1 Key experts**

All experts who have a crucial role in implementing the contract are referred to as key experts. The profiles of the key experts for this contract are as follows: The TA should have available legal resources to formulate the legal documents for vetting by the Attorney General's Chambers. Consultants are encouraged to utilize local expertise for legal drafting purposed and other considerations.

#### **Key expert 1: Team Leader: Utility Reform Expert or Energy Policy Expert**

##### *Qualifications and skills*

The Team Leader/Programme Coordinator will be educated to degree level, and preferably hold a higher qualification, in the area of Electricity Regulatory Reform or a related field. He/she will have a track record as a team leader/project manager working in the development and implementation of regulations in related fields. Excellent communication skills are required.

##### *General professional experience*

The appointee will have a minimum of 15 years experience working in similar fields

##### *Specific professional experience*

He/she will have specialist knowledge of EU procedures as they relate to the Special Framework of Assistance and STABEX. Preference will be given to someone with experience of working in Small Island States in transition, and preferably with knowledge of the Caribbean.

#### **Key expert 2: Energy Economist**

##### *Qualifications and skills*

The expert will be educated to degree level and preferably hold a higher qualification, in the area of energy assessment or a related field. He/she is likely to have a background in social sciences and have particular knowledge of energy feasibility assessment and energy efficiency audits.

##### *General professional experience*

The appointee will have a minimum of 5 years experience working in similar fields.

##### *Specific professional experience*

He/she will have worked in renewable energy project implementation as part of a team and be fully conversant with the EU manual on project cycle management.

#### **Key expert 3: Public Education and Outreach Expert**

## Terms of reference

### *Qualifications and skills*

Public Education and Outreach Expert will be educated to degree level, and hold a higher qualification, in the area of natural resources management or similar area. He/she will have specialist knowledge of the energy environment, particularly in the development of educational programmes in the energy environment especially in the facilitation and dissemination of educational resources.,

### *General professional experience*

The appointee will have a minimum of 5 years experience working in similar fields.

### *Specific professional experience*

Preference will be given to someone with experience of working in Small Island States in transition, and preferably with knowledge of the energy industry and its impact on the economy preferably with knowledge of the Caribbean

### **6.1.2 Other experts**

CVs for experts other than the key experts are not examined prior to the signature of the contract. They should not have been included in tenders.

The Ministry on the advice of the Technical Assistance team leader shall select and hire other experts as required according to the profiles in the programme documents. For the purposes of this contract, international experts are considered to be those whose permanent residence is outside the beneficiary country while local experts are considered to be those whose permanent residence is in the beneficiary country. The Ministry will pay close attention to that need to ensure the active participation of local professional skills where available, and a suitable mix of international and local staff in the project. All experts must be independent and free from conflicts of interest in the responsibilities accorded to them.

The selection procedures used by the Ministry to select these other experts shall be transparent, and shall be based on pre-defined criteria, including professional qualifications, language skills and work experience. The findings of the selection panel shall be recorded. Note that civil servants and other staff of the public administration of the beneficiary country cannot be recruited as experts.

### **6.1.3 Support staff & backstopping**

Backstopping costs are considered to be included in the fee rates.

## **6.2 Office accommodation**

Office accommodation of a reasonable standard shall be provided. Transportation and any other support facilities required for the execution of the consultancy are the responsibility of the Consultant. The cost thereof must be included in fees and expenses for rendering the agreed services.

## **6.3 Equipment**

No equipment is to be purchased on behalf of the Contracting Authority/beneficiary country as part of this service contract or transferred to the Contracting Authority/beneficiary country at the end of this contract.

## **7. REPORTS**

### **7.1 Reporting requirements**

Feedback on approval and or issues raised from reports shall be given to the consultant within three weeks of the submission of all reports. This will be done for all reports submitted. Upon approval of these reports by the Contracting Authority, the executing agency the Technical Assistance team and other technical personnel a draft report shall be deemed final. The consultant shall produce seven (7) (hard and soft copies) of each report submitted to SDES for distribution.

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The consultant shall be required to submit a revised work plan following an inception report inception report within two weeks of signing of contract. In the inception report the consultant may or may not be required to update methodology statement and an organogram showing how the project will be implemented.

1. The consultant shall also submit monthly reports detailing the works carried out immediately preceding the report date by contract objectives/outputs. Reports should reflect evidence of stakeholder consultations and other processes which informed work activities carried out during the reporting period.
2. There must be a final progress report and final invoice at the end of the period of execution.. The draft final progress report must be submitted at least one month before the end of the period of execution of the contract. Note that these interim and final progress reports are additional to any required in Section 2.3 (first in draft form for approval and consideration )of this Terms of Reference.
3. In addition, an updated financial report must be submitted with each of the above progress reports. The updated financial report must contain details of the time inputs of the experts and of the incidental expenditure. The final progress report must be accompanied by its final invoice and an audit certificate (as defined in Article 30 of the General Conditions and in accordance with the template in Annex VI of the contract) confirming the final certified value of the contract

### **7.2 Submission & approval of progress reports**

Four (4) copies of the progress reports referred to above must be submitted to the Project Manager identified in the contract. The progress reports must be written in English. The Project Manager is responsible for approving the progress reports.

### **7.3 Special requirements**

It is expected that experts would have amongst other abilities and skills the following:

- Good English writing and reporting skills
- Fluent in English Language
- Good communication skills
- Computer literate
- Team players
- Good track record

## **8. MONITORING AND EVALUATION**

### **8.1 Definition of indicators**

Achieving programme objectives and realizing expected outcomes thus empowering the Ministry with the capacity, tools and means to implement an effective and efficient project will be the main indicator for a successful programme. However indicators on effective project implementation include the achievement of the following milestones:

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Key Milestones		Projected End Date
1	Conduct an analysis of national and regional energy policies and legislation in relevant OECS and CARICOM countries with similar conditions in their energy sector	2 quarter
2	Conduct an analysis of the status of the regulation of the energy sector at regional and sub-regional level with relevance for St. Lucia.	2 quarter
3	Conduct an analysis of the various agencies with energy mandates in Saint Lucia and propose best options for establishing a regulatory commission as well as best options for institutional arrangements	3 quarter
4	Conduct a review of the Electricity Supply Act (ESA) to determine its suitability in the context of the NEP and SEP paying particular emphasis to the introduction of renewable/ alternative energy and IPPs into the electricity sector, and energy efficiencies.	2 quarter
5	Conduct an analysis of market liberalization options for the electricity sector, consistent with the NEP and develop an appropriate liberalization strategy.	3 quarter
6	Develop, conduct and analyse the results of a survey instrument to test the level or awareness of Saint Lucians with respect to energy issues	4 quarter