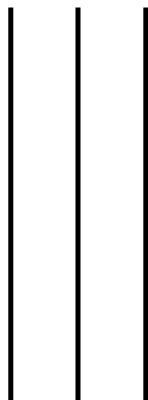
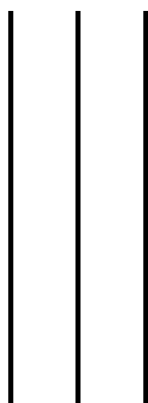


Government of Nepal
Ministry of Energy



TERMS OF REFERENCE
for
Managing Director (MD)
of
Nepal Electricity Authority



November 2011

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1. Background

Nepal Electricity Authority (NEA) is a state-owned entity and was established on August 16, 1985 (Bhadra 1, 2042) under the Nepal Electricity Authority Act, 1984 with the primary objective of generation, transmission and distribution of adequate, reliable and affordable electricity by planning, constructing, operating and maintaining associated infrastructures and facilities.

In addition to the above-mentioned primary objective, NEA's major responsibilities are to:

1. recommend to Government of Nepal, long and short-term plans and policies in the power sector;
2. recommend, determine and realize tariff structure for electricity consumption with prior approval of GoN; and
3. arrange for training and study so as to produce skilled manpower in generation, transmission, distribution and other sectors.

In one hand, NEA has not been able to provide adequate electricity to its consumers due to insufficient power plants in the country in comparison to the increasing electricity demand and insufficient cross-boarder transmission facilities with the neighbouring countries, on the other hand, NEA is facing huge financial losses for the last couple of years. NEA loses about Rs 5 billion a year and its accumulated losses have ballooned to over NRs. 24 billion. Furthermore, electricity leakage is over 27% at present which is one of the highest in the region. Electricity demand is increasing every year and the country is facing daily long-hour power cuts (load shedding).

Government of Nepal (GoN), Ministry of Energy (MoEN) intends to employ Managing Director (MD) of NEA for its effective and efficient business operations in order to fulfill NEA's objective and responsibilities with the implementation of high degree of management skills and tools throughout the organization. The MD has to initiate and take effective measures to reduce the load shedding hours, NEA's accumulated losses and electricity leakages.

2. Responsibilities of Managing Director

2.1. Overview of Responsibilities

While the Board is responsible to operate, supervision and manage the entire business of NEA and exercise all the duties of the NEA under the Act, the MD will be responsible for the executive leadership, operational management and overall implementation of plan and programs of NEA. The MD shall formulate plans of the NEA, implementation and strategies and present them to the Board for approval. The Board will approve the plans, goals and the strategies within which the NEA need to be managed, and shall oversee management performance. The MD keeps the Board informed of the NEA's progress towards its goals, plans and of all issues deviations from the goals, plans, strategies, and objectives of the NEA. The MD shall comply with bye-laws approved by the Board and all other applicable laws of GoN relating to the operation of the NEA.

2.2. Duties and Responsibilities

The MD shall be responsible to the Board and shall also be responsible for exercising leadership in the following areas:

2.2.1. Strategic Leadership

- (i) Take overall responsibility of Strategic Leadership of NEA,
- (ii) Lead management of the NEA within parameters established by the Act and the Board,
- (iii) Formulate plans, strategies, and objectives for electricity generation, transmission distribution, power trade, hydropower development and rural electrification and recommend to the Board that ensure the long term success of the NEA,
- (iv) Review the policies, Act, Rules related to NEA time to time and present to them to the Board if necessary. Review existing bye-laws of NEA and prepare and recommend any changes in compliance with Government's Acts and Rules,
- (v) Ensure optimum operations and uses of all existing generation plants, transmission lines and distribution facilities including all other physical and financial resources,
- (vi) Review Generation Expansion Plan (GEP) and Corporate Plan, revise and update it based on the present and future scenarios. Prepare scientific load forecasts bi-yearly and present it to the Board and the MoEN.
- (vii) Ensure timely and high quality implementation management performance and successful completion of ongoing projects by effective management of risk, quality, time and cost,
- (viii) Review and report regularly to the Board concerning the performances of NEA,
- (ix) Review and report regularly to the Board on the overall progress and results against implementation and business plans and initiate courses of action for improvement,
- (x) Keep the Board fully informed of all businesses, significant physical progresses, financials, and other matters relevant to the NEA, including legal, regulatory, and policy issues,
- (xi) Comply with plans, action plans, master plans, task-force reports and strategies of Government of Nepal (GoN) and present suggestions and recommendations to the Board and MoEN in the regular basis,
- (xii) Review existing power purchase policies and power purchase agreements (PPAs) and prepare action plans for future PPAs including power trading between the neighbouring country (ies) ensuring the optimum benefits to the NEA and its consumers. In this regard, expedite the implementation of Cross-border transmission projects along with conclude the discussions with power trading companies,
- (xiii) Overview performances of subsidiary companies and report to the Board in regular basis,
- (xiv) Initiate and take effective measures to reduce load shedding hours, NEA's accumulated losses and electricity leakages. Prepare short term, medium term and long term plans and programs for the same, and
- (xv) Prepare strategies to maintain and improve management information systems (MIS) that keep track of the performances, progresses and implementation schedules.

2.2.2. Financial Leadership

- (i) Take overall responsibility of Financial Leadership of the NEA,
- (ii) Prepare strategic plan, financial projections, other plans and programs to improve the financial health of NEA,
- (iii) Prepare annual budgets and ensure its effective implementation,
- (iv) Carry out investment analysis for capital investment decisions for balancing future electricity demand and supply ensuring sound financial health of NEA,
- (v) Take lead role in concluding the financial closures of pipe-line projects including projects of subsidiaries,
- (vi) Develop annual operating forecasts of expenditures,
- (vii) Authorize commitment of corporate resources, including contracts, transactions and arrangements in the ordinary course of management,
- (viii) Take reasonable steps to ensure that the NEA's assets are adequately safeguarded and optimized in the best interests of NEA,
- (ix) Develop and institutionalize the most appropriate financial management systems that enables the Board to manage its finances and assets to an internationally accepted standard in a real time and using modern technologies and practices,
- (x) Study and analyse yearly the cost of service, required mark up and expected average retail tariff and prepare a tariff case and present it to the concerned government agency (ies),
- (xi) Review and propose reasonable incentives to the staffs based on the performances and difficulties of their assignments,
- (xii) Overview financial status and planning of its subsidiary companies, and
- (xiii) Carryout annual financial auditing of NEA's expenditures in timely manner.

2.2.3. Procurement and Contract Management

- (i) Take overall responsibility of Procurement and Contract Management of the NEA,
- (ii) Prepare and update master procurement plans and prepare annual procurement plans of all offices,
- (iii) Carryout and maintain effective contract management and claim control of projects,
- (iv) Monitor project/construction activities for conformance to contract scope requirements and establish a change-order procedure for scope and field revisions. Monitor contractual requirements and recommend adjustments when required,
- (v) Develop and management of procurement systems and central inventory control system for effective procurement and contract management including optimum utilization of resources,
- (vi) Develop in-house capacity of the Legal Department that can handle national and international legal cases, procurement and contractual issues, and

- (vii) Administer and enforce compliance with the terms of the contract, the construction master plan, and management directives, paying particular attention to quality, guarantee, and warranty requirements,

2.2.4. Administrative Leadership

- (i) Take overall responsibility of human resource management of the NEA,
- (ii) Expedite the Board's functions through regular reports and submission of information,
- (iii) Prepare the agenda to be discussed in the meeting of the Board,
- (iv) Ensure, review and update effective organizational structure of the NEA showing the lines of authority and interrelationships of key personnel and their activities,
- (v) Form an "Executive Management Committee" (EMC) under the chairmanship of MD with four other members including one General Manager (GM) from generation, transmission and distribution business each and DMD (Deputy Managing Director) finance as an helping hand to MD and the Board. MD shall nominate EMC member every year. The EMC will be responsible for preparing corporate plan, annual program and budget, creating income generating schemes and suggesting on disputed or debatable issues and operating other day-to-day matters,
- (vi) Responsible for the recruitment, development, motivation and retention of technical and management staffs conforming to budgetary objectives and personnel policies. This shall be accomplished through the consistent practice of sound human resources concepts, thereby achieving teamwork, employee security, mutual respect, maintenance of the highest level of professionalism,
- (vii) Ensure appropriate training programs for the organization are in place to attract, retain and develop the key technical, financial and administrative personnel required to support business services. In this context, take effective measures to develop the NEA Training Center as a center of excellence in training, research and development related to the power sector.
- (viii) Ensure scientific mechanism for staffs' transfer and posting based on their past performances, skills and capabilities including scientific examination and recruitment system,
- (ix) Ensure job descriptions of the senior level managers including other key personnel with targeted performances, and
- (x) Ensure effective disciplines within the organization and re-implement the dress code to all staffs during working hours.

2.2.5. Public Relation Management

- (i) Take overall responsibility of maintaining good Public Relation Management of the NEA,
- (ii) Develop model and programs to improve impression of general public towards NEA,

- (iii) Ensure that effective communications and appropriate relationships are maintained with government agencies, donors, general public, media and all other stakeholders,
- (iv) Maintain or cause to be maintained public relations with Government, Donor agencies, funding institutions, licensing authorities, other debtors, public corporations, consultants, suppliers, contractors as are deemed advisable or necessary and the interests of the NEA, and
- (v) Manage and oversee the required interfaces between the NEA and the government and/or stakeholders.

2.2.6. Monitoring and Controlling

- (i) Take overall responsibility of Monitoring and Controlling Management of the NEA,
- (ii) Monitor and control the effective operations of all its businesses including project time overruns, cost overruns, project management and other elements for effective project and program implementations,
- (iii) Monitoring and controlling of its subsidiary companies,
- (iv) Regularly monitor the system to control costs, schedule, and quality of plans, programs and projects and to ensure that they are effectively meeting NEA objectives,
- (v) Promptly inform the Board of any unusual events or problems to keep them current on unforeseen field events,
- (vi) Review and approve all outside communications, ensuring that the NEA's images are being presented fairly,
- (vii) Take reasonable steps to ensure the safe, efficient execution of the Projects and to ensure compliance with the NEA's environmental, health, and safety policies, procedures, and practices, and
- (viii) Ensure that all operations and activities of the NEA and Projects are conducted in accordance with laws, rules, the NEA's Code of Business Conduct and Ethics, sound management practices, and the other policies and practices approved by the Board.

2.2.7. Information Management

- (i) Take overall responsibility of Information Management of the NEA,
- (ii) Maintain appropriate management information systems that provide real time and quality information of electricity generation, transmission, distribution, power trade, electricity leakages, financial situations, personnel etc.,
- (iii) Monitor to maintain and improve the Benefit Monitoring and Evaluation Program. Coordinate with respective component consultants in order to establish systems to collect, compile, update and analyze the baseline data and real time management information in order to optimize projects impact and implementation monitoring,
- (iv) Build the capacity of the NEA to use, maintain and improve the MIS and IT systems and institutionalize it,

- (v) Ensure scientific record management processes and systems to enable timely and cost effective decision making, and
- (vi) Build the capacity of the NEA to prepare reports for submission to higher authorities and the funding institutions. Ensure that such reports highlight any impediments to the quality and progress of the works, and provide a plan for remedial action as well as identifying opportunities to improve programs implementation performance through synergies and complimentary development activities.

2.2.8. Social and Environmental Management

- (i) Take overall responsibility of Social and Environmental Management of the NEA,
- (ii) Maintain and update strategies and plans for social and environmental safeguards, i.e., resettlement plan, environmental management plan,
- (iii) Review and assess the compliance of the social and environmental safeguards,
- (iv) Monitor and improve designs for oversight, management and implementation of the community oriented social and environmental components, and facilitate the coordination among various consultancies and among contractors, consultants and community beneficiaries, as required, and
- (v) Monitor the performance of the social and environmental safeguards components including the activities of NEA and all environmental units of projects and programs.

2.2.9. Non-Exhaustive List

The foregoing list of duties is not exhaustive, and the Managing Director may, in addition, perform such other functions as may be necessary or appropriate in the circumstances, within the authority delegated by the Board, for the performance of the Managing Director's responsibilities.

3. Reporting and Deliverables

The MD must submit its report to the Board about the details of the activities, achievements and financial position carried out.

The MD shall prepare and submit following reports:

- Monthly Progress Reports – The monthly progress report within 10 days of next month to MoEN and all board members of the NEA in the standard format.
- Trimester Progress Reports – The trimester progress reports within 10 days of finishing each trimester to MoEN.
- Yearly Progress Reports – The yearly progress report within one month of finishing each year to MoEN.

These reports shall cover, but not limited to, following:

- Generation, transmission and distribution status - planned vs achieved

- Activities related to Institutional efficiency
- Financial progress (comparison to base line condition)
- Activities carried out for leakage control and its progress
- Specific progress of different projects
- Operation and maintenance of existing power plants
- Staff status including in-house research and training
- Planned targets and achievements in each activities

The MD shall also send regular progress reports of the government funded Projects including other national priority projects to Ministry of Energy and other relevant government agencies.

4. Working Relationships

The Managing Director must have the full cooperation of all departments, regional offices and units of the NEA, in addition to the authority granted by the Board. To gain this cooperation, the Managing Director must maintain good working relationships within and across all organizational lines of the NEA. At a minimum, the Managing Director must:

- (i) Cooperate with all corporate offices, regional offices, departments, branches, distribution centers etc,
- (ii) Cooperate with the NEA executive team to meet the overall NEA goals,
- (iii) Cooperate and develop good relationship with National Planning Commission (NPC), Ministry of Energy (MoEN), Ministry of Finance (MoF), Department of Electricity Development (DoED), Water and Energy Commission Secretariat (WECS), relevant government offices and agencies, national and international donor agencies and debtor institutions, bankers, insurance companies, Independent Power Producers (IPPs), and other stakeholders,
- (iv) Cooperate with staffs, department heads, and other management personnel of MoEN and other related institutions/corporations in connection with the performance of the NEA,
- (v) Cooperate with other operating units, management centers, and/or affiliates so that the best interests of the Government of Nepal and NEA are served at all times,
- (vi) Keep NEA operating management and department heads current on all organization matters that could affect their operations, and
- (vii) Be responsive to requests for information and services from stakeholders etc.

5. Duration of Assignment

The Managing Director shall be appointed for maximum **Four** years. Monitoring shall be done every 3 months by the MoEN and will give feedback to improve the performances. The MD shall be evaluated every 6 months based on the progresses and the target achieved. If the performance of the MD is unsatisfactory, the MD will be given a chance to improve the performance for next 6 months. If the performance is satisfactory, based on the

performance of the last 6 months, the monthly incentive for next 6 months will be ascertained.

In case, the MoEN finds that the MD has failed to achieve the committed targets, he/she will be relieved from the duty at any time. However, the MD will be given a chance to present his/her clarifications before taking final action.

6. Remuneration and Facilities

The remunerations and facilities to the MD shall be as mentioned in the contract made after negotiation in the financial proposal and subsequent selection of the MD. The financial proposals shall be submitted in a separate envelope. Only the financial proposal of the best candidate and alternative candidate will be opened. No additional facilities other than the stated one in the contract shall be provided. The MD under such contract is not allowed to work outside for his personal benefit.

7. Proposal Submission

A prospective candidate shall have at least Master Degree in any discipline from the recognized university with a minimum of 10 years experiences in the private and public enterprises or Seven years experience in the water resource fields.

7.1. Other requirements

- Shall not have affiliations in any political parties
- Shall have comprehensive knowledge about hydropower and power sector
- Shall have reorganization in society, high ethical value and morality. Should not be convicted on any heinous crime
- Shall be recognized from his past performances
- Shall have extensive management and leadership qualities. Shall have 10 years working experience in government, public or private institutions.
- Shall have age of 35 years and not over 58 years on the final deadline of the submission of proposals.
- Shall not have conflicting interest with NEA. Promoter share holder of any hydropower project (in operation or development phase) are not eligible to apply.

7.2. Selection Procedure

The MD shall be selected based on the procedure as per Annex -1.

7.3. Content of the proposal

The candidates shall submit proposals covering following issues as per the format attached in Annex -2. The proposals shall cover his/ her clear vision for institutional strengthening, financial and managerial reform of NEA, hydropower generation plan, development of transmission and distribution network, leakage control, anti-corruption measures related issues, plans and programs for reducing the electricity crisis etc.

7.4. Other information

The present organization structures, financial status, and other information of NEA shall be obtained from NEA web site www.nea.org.np. The annual reports, summary of total staffs and other relevant information shall be also obtained from the website.

Annex-1

SELECTION PROCEDURE

Selection Processes

1. Proposal shall be submitted within the time specified.
2. The interested candidates may receive the Terms of Reference (ToR) from the Ministry of Energy, Administration Section.
3. Interested candidates shall submit the proposal in the prescribed formats along with all required documents and information.
4. A committee will be formed under Ministry of Energy to carry out the selection process and recommend the best candidate along with an alternative candidate to the MoEN.
5. The weightage for evaluation of the candidates shall be as below:

a. Bio-Data	: 20%
b. Proposal	: 50%
c. Presentation	: 15%
<u>d. Interview</u>	<u>: 15%</u>
Total	: 100%
6. The best five candidates shall be short-listed and will be invited for making a presentation on their proposals in presence of a panel of experts. Presentation will include question-answer session as well and total time is expected to be of an hour duration to the each candidate.
7. A second short-list of three persons will be prepared on the basis of the proposals and the presentations.
8. The best three persons will be invited for a detailed interview in front of a panel.
9. Based on the proposal, presentation and interview the best candidate will be recommended to the Ministry of Energy. An alternative candidate will also be recommended.
10. The assignment of Managing Director shall be given to the best candidate after the approval from the Government of Nepal. A performance contract agreement will be signed on a mutually acceptable terms and conditions.

The experiences mentioned by the candidate shall be reviewed. The past performance, outputs and his image during his execution period shall be evaluated.

Annex-2

ELIGIBILITY AND PROPOSAL FORMATS

Eligibility

Following conditions are sufficient for disqualification and the applicant (s) shall not be considered for further evaluation:

- if the minimum qualification and experience of the candidates shall not meet the criteria as stated in the ToR and the notice,
- if the age shall not within the criteria as stated in the ToR and the notice,
- if the information and documents stated in the notice are not submitted, and
- if the financial proposal is not submitted in a separate sealed envelope.

Proposal Formats

1. Curriculum Vitae

Submit Curriculum Vitae (CV) in the following format. No. of pages for CV shall not be more than 5 Pages in A4 Size page (Font: Arial, Size 11).

Name: _____

Profession: _____

Date of Birth: _____

Membership in Professional Societies: _____

Key Qualifications:

[Give an outline of experience and training most pertinent to tasks on assignment. Describe degree of responsibility held by Candidate on relevant previous assignments and give dates and locations. Use about half a page.]

Education:

[Summarize college/university and other specialized education, giving names of schools, dates attended, and degrees obtained. Use about one quarter of a page.]

Employment Record:

*[Starting with present position, list in reverse order every employment held, List all positions held by the Candidate since graduation, giving dates (**month and year**), names of employing organizations, titles of positions held or degree or responsibility, locations of assignments, types of activities performed; etc.]*

Languages:

[For each language indicate proficiency: excellent, good, fair, or poor in speaking, reading, and writing.]

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.

 [Signature] Date: _____
Day/Month/Year

Full name of Candidate: _____

Note:- The candidate shall sign the bio-data in blue indelible ink, and declaring the correctness of the information.

2. Technical Proposal

The candidate shall submit his/her proposal in following areas for about total 5,000 words (A4 size paper, Font = Arial, Size = 11):

S.N.	Descriptions	Words (About)	Weightage (Total=50%)
(a)	Understanding and Critical analysis ToR including suggestions for improvement, if any	750	5%
(b)	Planning concept for NEA's future course of Action	750	10%
(c)	NEA's current challenges, problems and their solutions	1,000	10%
(d)	Strategic Reform proposal for generation, transmission, distribution, service delivery, leakage control and economic and financial management	1,000	10%
(e)	Working policy of resource mobilization and management	500	5%
(f)	Time-based action plans	500	5%
(g)	Authority to be delegated to the MD for work performance and operation	500	5%

The candidates may present graphs, charts, tables in addition to the above titles (beyond total limit of words) in their proposals.