



Expression of Interest

SAPP Project Financial Analyst

1 Terms Of Reference (TOR)

1.1 Introduction

The Southern African Power Pool (SAPP) was established in August 1995 as an electricity power pool when member governments of the Southern African Development Community (SADC) Region, signed an Inter-Governmental Memorandum of Understanding (IGMOU). SAPP is currently operating as an association of national power utilities and independent power producers in the SADC Region. SAPP is responsible for the trading of electricity as well as the development of several regional power generation and transmission infrastructure projects in SADC.

The preparation and development of projects as well as technical analytical studies is carried out by the Projects Advisory Unit (PAU) in SAPP. A key aspect in these projects is the provision of specialist support to produce financial and economic models for internal use and for presentation to project financiers and other key stakeholders.

SAPP increasingly expects to be involved in the lead role to develop major projects and to arrange early-stage development funding and project financing, and eventually to sell down its portfolio of projects. ‘State of the art’ financial modeling expertise is a key element in SAPP’s competitive advantage and to achieving its development objectives.

1.2 Background

Access to reliable, affordable, and sustainable energy is critical to boost socio-economic growth and drive regional integration in SADC. Yet, despite considerable progress, the region still faces significant challenges in energy development and usage. Increasing investment in regional generation and transmission infrastructure and in particular private sector participation in the sector is a specific and shared challenge for the stakeholders of SAPP.

The fundamental role of energy in accomplishing the development goals of SADC and its Member States has long been acknowledged, with SAPP recognising the importance of providing the least cost, environmentally friendly and affordable electricity and increasing accessibility to rural communities. However, the levels of electrification remain low, despite considerable strides in energy development and usage.

Increased regional electricity trade can play an important role in alleviating existing challenges across the regional power sector and to support the broader SADC development and integration agenda. However, persisting transmission constraints hinder efforts to expand energy trading across the market and reap the significant benefits of integration. Without sufficient transmission capacity and strategic interconnection, a fundamental component of SAPP’s mandate is being undermined, and the opportunities that would be delivered by an integrated SAPP transmission landscape are lost.

Investments in interconnected transmission networks are essential to remove critical bottlenecks and unlock a wide range of cost savings. The 2017 SAPP Pool Plan provides evidence that new and strengthened transmission corridors underpin significant potential reductions in Net Present Value (NPV) costs (USD37-42 billion by 2040), while accounting for only a small proportion (~3%) of the total investment needs.

Multi-country transmission lines and interconnectors provide significant regional benefits for power pooling and trading. However, existing approaches to financing have not delivered new generation and transmission infrastructure at the speed and scale required. The barriers to accessing appropriate finance in the region are complex and interrelated. As part of this assignment a detailed diagnostic analysis identified six critical cross-

cutting constraints to advancing projects including: 1) Political economy constraint; 2) Lack of a plurality of standardised collaboration or commercial models to support delivery; 3) Utilities' often weak financial position; 4) Constraints to financing in strategic jurisdictions in the Pool; 5) Potential gaps in regional approaches to coordinating projects; and 6) Gaps in the regional regulatory framework.

To support the development of regional projects, SAPP is looking to recruit a Financial and Economic Analyst as a full-time consultant.

1.3 Tasks to be performed by the Consultant

(i) Financial and Economic Analysis of Projects

The role of the Consultant is to perform integrated financial and socio-economic analyses of projects in the SAPP portfolio during the various stages in the project cycle as required. The tasks performed will depend on the specific requirements of each project. Such tasks will include but are not limited to:

- Improve and optimise integrated project spreadsheet models that conform to FAST¹ and financial modelling standards acceptable to SAPP. This may range from reviewing financial models prepared by other parties, keeping track of changes made to original models, to developing complex financial models in-house for specific transactions.
- Analysis of financial data and statements to create financial models for projects.
- Deconstruct complex financial models into “user friendly” spreadsheets for SAPP, member utilities and potential financiers' credit risk evaluation.
- Assist in analysing, understanding, and acquainting with financial and economic models prepared by other parties such as technical consultants, utilities, and project sponsors/owners within the scope of project preparation and evaluation activities.
- Develop and build project financial and economic models.
- Determine the appropriate assumptions for linking the socio-economic and financial cash flows in the models.
- Determine the nature and magnitude of a project's economic benefit and determine the financial and economic impact for all stakeholders.
- In certain cases, determining the appropriate statistical parameters for key project variables that are used to perform a multivariate Monte Carlo risk analysis and other probabilistic analyses of project outcomes.
- Draw conclusions from the financial and socio-economic analyses that can be used to evaluate project risks in conjunction with potential financiers.
- Audit models provided by project sponsors, consultants, or financiers for logical integrity and the reasonableness of key assumptions.
- Conduct sensitivity analyses on financial models, as necessary to comply with SAPP, project sponsor and potential financiers' requirements.

The Consultant will be required to:

¹ See <http://www.fast-standard.org/>

- Travel with the project team to understand and collect data for the proper analysis of projects.
- Prepare the spreadsheet models according to FAST and acceptable industry standards, format and extract the tables according to project sponsor requirements.
- Annotate and archive all models for ease of reference.
- Issue for each project a memorandum highlighting key issues, key indicators, and questions to sponsors/advisors. This document will be revised with updated information during the project development process. For each project, the Consultant will make explicit the key model parameters (e.g., discount factors, elasticities of supply and demand, shadow prices, etc.) and assumptions, so that sensitivity and robustness analyses can be conducted on model parameters independently.
- Review investment proposals to ensure integrity with the model assumptions and outputs.

(ii) Monitoring Financial Activities in the PAU

The Consultant will be required to keep track of the financial performance of projects. This will include:

- Providing input and monitoring the financial aspects of the Projects WorkPlan and Budget.
- Supporting the Project Team to mobilise funding for projects and monitoring disbursement schedules.
- Calculate variances between forecasts and actuals.
- Report on financial project performance periodically and as required.

(iii) Capacity Building

Capacity building is an important part of the contract. Ensure that SAPP staff have sufficient expertise to interact with the project advisors and relevant stakeholders. The Consultant will assist in providing capacity building by:

- Developing standardised project financial and economic models covering the SAPP regional projects, i.e., power generation across various technology platforms and transmission infrastructure development projects. Such models may also be produced in simplified form suitable for use by the Project Teams.
- Providing ‘on the job’ training to SAPP Project Team members to ensure that they are able, not only to understand the models, but are progressively more capable of performing such services independently and directly.
- Assisting project managers to undertake the modelling work themselves.
- Propose training interventions on financial modelling for the Project Teams including SAPP staff and Project Sponsor team members.

(iv) Reporting

The Consultant will report to the Programmes Manager in the Projects Advisory Unit (PAU). The Consultant will work closely with the Chief Transactions Advisor on project financial analysis and modelling but shall

also work with the Accounts Officer and Project Specialist on financial reporting on project activities.

The Consultant will prepare an Inception Report within one month after commencement of the assignment. The report will describe any additional facilities required and propose recommendations for performing the services.

Additionally, the Consultant will provide a monthly report of activities undertaken, and a Report on activities undertaken at the end of the contract.

2 Inputs and Qualification

The Consultant should have the following qualifications as a minimum:

- A Bachelor's Degree in Accounting/Finance/Economics/Statistics
- Masters level in any of the above will be an advantage or MBA/MBL equivalent
- A proven track record of at least five (5) years in financial modelling and socio-economic analysis of public or private sector projects produced to FAST standards;² or acceptable international standards. The relevant experience should also include:
 - credit analysis of corporate financial statements;
 - construction of financial statements as part of a financial model;
 - proficiency in excel formulas and functions;
 - use of macros to optimise financial projections, project financing parameters, and to manage scenario analysis;
 - modelling of varying project finance structures such as senior debt, mezzanine debt, preferred and ordinary equity, grants.
- Strong analytical, data gathering and problem-solving skills.
- Capacity to work fully independently.
- Good communication and inter-personal skills.
- Preferably experience in the Sub-Sahara Africa region and/or in other developing regions.
- Experience of working with bilateral and multilateral development banks and commercial equity and debt investors.
- Capacity development experience and knowledge transfer skills are desirable.
- Fluency in English is mandatory. Knowledge of French and/or Portuguese is an advantage.
- Ability to work as part of complex multicultural and multidisciplinary teams.

3 Remuneration

Remuneration of the Consultant shall be calculated on the basis of a monthly lump sum. Travel expenses, including per-diem and subsistence payments will be paid in accordance with the SAPP Travel Policy.

4 Place of Assignment

The place of assignment for the Consultant will be Harare, Zimbabwe, and may work remotely as required.

² Consultants are expected to submit examples of their work (with allowance to protect any confidential information as appropriate) to demonstrate their capabilities in this regard.

5 Evaluation criteria

Criteria	% Score
General qualifications and adequacy for the assignment to be undertaken	30%
Similar experience in the area of expertise of the assignment and understanding of TOR	50%
Experience with multilateral development organizations	10%
Knowledge of the Sub-Saharan Africa region and experience with regional organisations, national power utilities and in the power sector	10%