



UMEME

GENERAL TERMS FOR THE PROVISION OF PROJECT
ASSURANCE CONSULTING SERVICES

PRE-PAYMENT ENERGY BUSINESS SOLUTION PILOT PROJECT

Terms of Reference for Project Assurance Role

Introduction

Umeme Ltd is a major investment of Actis' Infrastructure 2 fund. Actis is a leading investor in emerging markets, investing exclusively in Asia, Africa and Latin America. Actis has specialist teams dedicated to private equity, infrastructure and real estate and has a track record built on growth capital and leadership in control investing across its markets. Actis has over 100 investment professionals in nine offices worldwide who currently manage funds of US\$4.8bn and a portfolio of around 60 investments on behalf of more than 100 institutional investors.

The Commonwealth Development Corporation (CDC) of the United Kingdom, a UK Government-owned company, is the largest investor in Actis' Infrastructure 2 fund and as such continues its relationship with Umeme indirectly through Actis. Actis is committed to promoting the sustainable growth of the private sector in the emerging markets. Its aim is to ensure that the capital raised and managed makes a lasting, tangible and positive difference by creating opportunity for the companies in which it invests, as well as their stakeholders. The firm's headquarters are in the United Kingdom, and Actis investment management team provides funding and advisory services to the Board of Directors of Umeme.

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Business Strategy

Umeme's mandate is to improve the quality of the electricity distribution network, thereby ensuring stable and reliable power supply to our customers.

UMEME's strategic planning for the year 2010 – 2011 is focusing on the following

key areas:

- Improving customer services;
- Further ensuring safety in its operations;
- Reduction of distribution losses – Reducing both technical and commercial losses
- Increasing business efficiency – Cost and efficiency improvements.



Market Structure

The Company has a current customer base of approximately 350,000, billing approximately 115GWh per month, US\$ 21,600 million. Customers are geographically spread across Uganda, a significant proportion (55%) being located in and around the capital city, Kampala, and projected growth in connections is 7-10% per annum.

Umeme operates from 6 decentralized regions, 3 within the Kampala area, and through a network of 25 District Offices organized geographically providing both retail and technical/network services.

Potential market for Pre-payment as a business solution in Uganda is targeted at the domestic clients.

The main business problems within the domestic sector for UMEME are the accuracy of the bills and the collection rates. In terms of billing accuracy, UMEME is billing with estimates about 15% of the customers, 12% of the domestic customers are billing zero consumption, one every three customers has a billing exception and the bill is not produced promptly. The domestic sector accounts for 30% (USD\$43M) of the total arrears. Accessibility for payment is restricted to UMEME offices and appointed banks.

Business Opportunity

Pre-payment Metering has been identified as an opportunity that specifically addresses service delivery, as well as operational optimization, among the domestic client sector. The scope of this opportunity is to implement a pilot in Kampala for approximately 10,000 existing domestic customers, located in an area with dense clusters of middle income settlements.

The main objectives of the proposed pilot project are to assess how realistically this business solution can positively impact operations and improve UMEME's Customer Service, within the domestic customers. The pilot is expected to:

Assess if Pre-payment Metering is an applicable option for the domestic energy consumers of Uganda, as it has been in other African countries, and its impact on the operational set up of UMEME.

Determine the benefits UMEME can expect in terms of increase in revenue and net reduction of operational costs.



Evaluate the security of the solution (meter / system) in terms of management, access and potential fraud.

Assess from the implementation process, how this business solution can be extended to the rest of the UMEME's domestic customer base.

Respond with a trial to the inputs and calls of various UMEME Stakeholders, who have requested Pre-payment implementation.

The proposed pilot area will be Kitintale District, in Kampala East. Its District customer profile is as follows:

Kitintale District has a smaller coverage area, with dense clusters of middle income settlements, such as Bugolobi, Mbuya, Mutungo and Luzira. From the losses control point of view all feeders are metered other than the boundaries with Banda and Kampala Metro. Four commercial centers (Bugolobi, Kitintale, Luzira and Biina) are available as access facilities for a vending network.

Pilot Project Area

Project Assurance- Background

Umeme is preparing to implement a Pre-Payment Metering Pilot Project in the designated area of Kitintale.

The Implementation of this project will require:

- A New Pre-Paid System and IT infrastructure
- Replacement of the existing post paid meters
- Customer data collection and verification
- Kitintale's Customer Data clean up in the existing billing system
- Migration of the pre-paid customers from the existing billing system to the new pre-paid system
- Removal of existing post-paid meters and replacement with pre-paid meters.

The process of determining the pre-payment metering business solution provider is ongoing and completion is targeted by end of August 2010.

The evaluation process to select the Pre-Payment Metering Business Solution provider has been comprehensively done to ensure Umeme gets value for money. In this process a team of technical staff in areas of metering, IT systems, procurement, finance, corporate communication and customer service have been involved to identify the hardware, system software platform and solution best suited, in terms of performance, sustainability, security and scalability.



The project management structure and organization has been approved by the project steering committee.

The project team awaits the award and signing of the contract to present the final project implement plan.

In accordance with the practice that is being employed for each major milestone throughout the project, the proposed implementation project organization and plan is to be subject to external review prior to final submission to the Board for approval and sanction to proceed.

Given the criticality of this system to the Company's operation, the scale and complexity of the implementation process and the absence of available in-house skills Umeme will engage the Supplier in a turn key project. Umeme has carefully selected a Project Management structure that will support the Implementation of this Project.

The Project Board / Steering Committee has opted to delegating the role of Project assurance to a consultant.

Umeme's Requirements: Project Assurance

Scope

Umeme is looking for a Consultancy firm to carry out on behalf of the Project board the service of continual audit of the project management method and the execution of the pre-payment metering business solution project for a period of eight (8) months. The consultant shall be required to provide Umeme with 5 working days a month on site and at least one monthly report.

The scope of Project Assurance by the consultant shall cover all interests of the project, including business (Umeme), User and the Supplier.

Role Description

The Project Assurance role is a Project Board responsibility and provides an independent view of how the project is progressing by verifying that:

- the project remains viable in terms of costs and benefits (business assurance)
- the users' requirements are being met (user assurance)
- the project is delivering a suitable solution (specialist or technical assurance).

On some projects, the assurance is done by a separate team of people called the Project Assurance Team, but the assurance job can be done by the individual members of the Project Board themselves if they will consistently be available throughout



the project and have the required know-how in performing the verification role, otherwise, the assurance role can be delegated to a consultant who reports to the

Project Board.

In this regard Umeme shall delegate this role to a firm / consultant who shall report to the project board through regular presentations and reports as requested or agreed with the board.

Consultants Obligation

Produce the Assurance Control Plan and related strategy documentation
 Maintenance of thorough liaison throughout the project between the supplier and the customer
 Production of all assurance reporting required for the project (i.e. time, cost, quality, scope, risks and benefits)
 Provide assistance to the Project Manager in planning, monitoring and controlling the project
 Provide expertise in supplier, user and business areas of the project
 Attend project initiation, stage assessment, project closure and team checkpoint meetings as appropriate
 Review the sign-off of the project deliverables
 Assess the impact of supplier and user exceptions
 Advise the Project Manager of any plan deviations
 Adherence to quality assurance standards
 The consultant appointed to this role shall ensure
 The project is in adherence to the Business Case and remains viable
 Risks are being controlled according to an approved risk response plan
 The project continues to fit with the overall program or company strategy
 An acceptable solution is being developed
 The project stays within scope

Internal and external communications are working;

Applicable standards are being used specifically in the areas of project management, quality management, risk management, communication management and configuration management
 Any legislative constraints are being observed
 Focus on the business need is maintained
 The needs of specialist/supplier interests are being observed
 The user needs and expectations are being met or managed



Constant reassessment of the value-for-money solution
The right people are being involved in the project

All these aspects need to be checked throughout the project to ensure it remains consistent with Umeme's needs and that no change to the external environment affects the validity of the project.

Evaluation Criteria:

Number	Area of Evaluation	Maximum Score
1	Project Management Experience	15%
2	Quality Assurance Experience	20%
3	Staffing with Direct Experience	20%
4	Project Assurance approach/ability	20%
5	Commercial	25%

Additional requirements:

Prior experience in similar engagements

Descriptive steps, process/procedure and plan for quality assurance to be used to ensure accurate delivery of project requirements and customers needs

A list of staff with relevant experience to this engagement and the numbers that will be directly assigned to this project

References to projects that you have worked on in Project Management role

Reference to projects that you have worked on in Project Assurance role

The commercial offer to do this job.

If your firm is interested and can meet the requirements of the bid request, (in addition to all other requirements), please submit your proposal, in accordance with our Terms of Reference not later than 1200hrs, 17th September 2010 to the office below

Commercial Manager

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Lugogo Central Stores.

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