

MADHYA BHOTEKOSHI JALAVIDYUT COMPANY LIMITED



Terms of Reference (ToR)

For

Submission of Proposal

For

Chief Executive Officer (CEO)

24th March, 2014

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1. Back ground

1.1 Introduction

The Madhya Bhotekoshi Jalavidyut Company Ltd. (MBJCL) is a public limited company established in July 2010 under Company Act 2063. The Company's corporate office is located at Maharajgunj, Kathmandu. The Company has an objective to harness country's hydropower potential in a cost effective manner with the participation of local people and utilization of resources (both financial and technical) available in the country. The Company is a subsidiary company of Chilime Hydropower Company Ltd. (CHPCL) which has a track record of successful operation of Hydroelectric Power Plant of 22.1 MW capacity since June 2003 AD following its commercial operation.

In the context of annual growth in load demand in the country and supply situation, the Company planned to develop and commission one sizable capacity project in an accessible area to capitalize the market opportunity and hydropower potential of the country. With this objective, the Company received the study license for the feasibility study of the Middle Bhotekoshi Hydroelectric Project (MBKHEP) on 25th Chaitra 2067 BS from the Department of Electricity Development (DoED), Ministry of Energy (MoE). Based on the technical and financial attractiveness of the feasibility study results, the Company has decided to take up the project with a capacity of 102 MW for its construction and concluded a Power Purchase Agreement with Nepal Electricity Authority in November 2011. Financing for the project is being mobilized through debt and equity in a ratio of 50: 50. Required licenses and approvals from the concerned authorities have been obtained for execution of MBKHEP, which is currently under construction phase.

MBJCL intends to employ **Chief Executive Officer** (CEO) to lead the organization for the efficient operation of the Company and to accomplish smooth execution, completion and commissioning of the Project. These Terms of Reference (ToR) is intended to define duties and responsibilities of CEO. These duties and responsibilities are to be carried out consistently with the principles and company objectives spelled out in "Memorandum of Association" and "Article of Association" of the Company.

1.2 The Company and its Objective

The primary objective of the MBJCL is to increase shareholder value by achieving timely completion of the Project and its commercial operation with focus on equitable distribution of benefit of the project to local people as well and thereby contributing towards their well being. With this objective in mind, from the very beginning of establishment of the Company, active participation of the locals in the project and its benefit sharing is being ensured through promoter share as well as allocation of substantial percentage of public share to local people.

Following the PPA, MBJCL has completed the financial closure including the debt portion required for the Project with Employees Provident Fund (EPF) in **December 2011**. The authorized capital of the Company is 6,210 million Rupees. Fifty one percent (51 %) of Equity investment is being made available from CHPCL, Nepal Electricity Authority (NEA), Local Promoters and rest forty nine percent (49 %) shall be issued as

public share. The shareholding pattern of the promoter of the company as of today is as follows:

CHPCL	38 %
NEA	10 %
3 Companies from Sindhupalchowk District	3 %
Nepal Araniko Hydropower Co Pvt. Ltd	1 %
Sindhu Investment Co Pvt. Ltd	1 %
Sindhupalchowk Hydropower Co. Ltd	1 %

Public Share of the Company shall be issued and allocated as follows:

General Public	15 %
Project Affected Local People	10 %
Contributor's of EPF	19.5 %
EPF Employees	1 %
Promoter's Employees	3.5 %

1.3 Composition of the Board

Under basic philosophy “A company is a public entity of society,” the MBJCL is committed to Corporate Governance. The Company's Corporate Governance system is based on the Board of Directors, which is responsible for deciding important matters for the Company including monitoring the execution of company business. The Company will operate under the institutional oversight, policy formulation and guidance of its Board of Directors (BoD), whose composition currently is as given below:

- Four Board Members from CHPCL as Promoter
- One Board Member from NEA as Promoter
- One Board Member from Local Promoter Companies
- One Board Member from EPF

1.4 Management of the Company

The Company envisaged operating its business with professional business management practices run by highly competent and motivated professionals to deliver with effective and efficient performance management system in place. Cooperation and Team spirit will be basic to pool abilities of team members to accomplish shared goal of the Company with untiring effort to improvement. For this to achieve, Company CEO has major responsibility in managing and leading the Company. The function of the Company is primarily divided into Corporate and Project for effective execution of the Project and efficient management of the Company in achieving the desired goals.

1.5 The Project

The Middle Bhotekoshi Hydroelectric Project is located in Sindhupalchowk District of Bagmati Zone about 101 km road head distance on Araniko Highway towards north-east of Kathmandu. The Project is accessible by 3 hours drive on the black top road to headworks site at Chaku from Kathmandu. The Project is a Run-Of-River (ROR) type scheme having the capacity of 102 MW with the design discharge of 50.8m³/sec at Q40 exceedance flow and available gross head of 235m. Annual Saleable energy generation is estimated to be 542.3 Gwh.

The headworks site is located about one hundred meters downstream from the confluence of Chaku khola and Bhote koshi river. The total headrace tunnel length is 7124 m from headrace inlet to the surge tank. This project utilizes water from Bhotekoshi river. Tail water from the powerhouse located at Jambu about 4 km upstream of Barhabise bazaar will be released to main river course about 100m downstream of powerhouse site.

Bhotekoshi river is one of the major tributaries of the Saptakoshi river in the Koshi Basin and is of the snow, glacier and rain-fed type.

Middle Bhotekoshi Hydroelectric Project (MBKHEP) is currently in construction phase of its implementation. Lahmeyer International GmbH has been appointed as Consultant for the Project. The Project is executed in two major Contract packages:

- The Lot 1 works are based on FIDIC Conditions of Contract for EPC/Turnkey Projects – First Edition, 1999. The Civil Works include complete design, engineering, procurement and construction of the civil structures - headworks, headrace tunnel, surge tank, penstock, powerhouse, tailrace and others all complete. In addition, the Works consists of the complete design, manufacture, supply, erection, testing and commissioning of the hydro-mechanical works. The contract for Lot 1 has already been awarded and contractor has been mobilized.
- Lot 2: Works (Design, Manufacture, Supply, Installation, Testing and Commissioning of Electromechanical Equipment) are based on FIDIC Conditions of Contract for Design and Build Projects – First Edition, 1999. Selection of Contractor for Lot 2 is underway.

Camp Facilities construction is under progress and Transmission Line Works is in the preliminary stage of implementation

2. Responsibilities of Chief Executive Officer

2.1 Overview of authority and responsibilities of CEO

CEO has to discharge his responsibility as the executive head of the Company. He/She is in charge and accountable for all the operations of the organization. He/She has to perform his/her duties with dedication, diligence and integrity as representative of the

Company and should take appropriate decision to deliver bestowed upon him/her by the Board and Company's bye-laws. He/She has to lead, in conjunction with the Board, the development of the Company's strategy and oversee the implementation of the Company's long and short term plans in accordance with its strategy. He/She must ensure that the Company is appropriately organized and staffed to enable it to function effectively to implement the approved strategy for achieving the desired results. He/She has to ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments.

This is a very prestigious position which is associated with authority, responsibilities and performance. He/She has to drive the company performance. CEO shall judiciously exercise the authority as defined by rules and regulation of MBJCL and as delegated by BoD.

He/She needs to be a good team leader and communicate well with the Board, employees and other stakeholders. He/She should have excellent interpersonal and leadership skills to motivate the team for timely and quality result delivery. He/She should have strong networking, coordination and negotiation skill and able to work under pressure/stress. He/She must act as an executing agent to translate Company's policy and communicate organization value at all level. He/She must be able to demonstrate and maintain the corporate discipline and corporate governance in the organization. He/She has to ensure the integrity of all public disclosure by the Company.

2.2 Duties and Responsibilities

CEO will be responsible for overseeing managerial, technical and contractual aspects of the Company. He/She will be responsible for the delivery of overall results of the Company and to ensure for attainment of company objective. He/She has to execute all decisions and instructions of BoD and execute all works based on Memorandum and Articles of Associations of the Company. Within the policy and regulatory framework and under the general guidance of the Board, CEO shall be responsible for executive leadership, strategic and operational management and performance results. In carrying out executive roles, CEO will be accountable to BoD and seeking and getting approvals for strategies, plans and programs and reporting on progress and important issues. He/She shall comply with by-laws of the Company and all other applicable laws of Nepal concerning operation of MBJCL. He/She has to act as a liaison between management and the Board.

More specifically, the duties and responsibilities of the CEO include the following:

2.2.1 Planning

- Formulate annual operating plans that support strategic direction set by the board and correlate with annual operating budgets; submits annual plans to the board for approval.
- Collaborate with the board to define and articulate the organization's vision and to develop strategies for achieving that vision.
- Develop and monitors strategies for ensuring the long-term financial viability of the organization.

- Develop and monitors strategies and action plans for successful execution of MBKHEP.

2.2.2 Management

- Implement or get implemented the decisions made by the BoD and General Meeting.
- Promote a culture that reflects the organization's values, encourages good performance, and rewards productivity.
- Acquire, develop and manage the human resources of the organization according to by-laws and procedures approved by the BoD.
- Oversee the operations of organization and manage its compliance with legal and regulatory requirements.
- Create and maintain procedures for implementing plans and programs approved by the BoD.
- Ensure effective Management Information System within the organization for providing timely and up-to-date information for quality progress monitoring and decision making.
- Evaluate the organization's and the staff's performance on a regular basis.

2.2.3 Financial Management

- Take overall responsibility of financial management of the Company and the Project.
- Prepare annual budgets that support operating plans and submit it for board approval.
- Prudently manage the organization's resources within budget guidelines according to company by-laws and other applicable laws and regulations.
- Prepare strategies and appropriate and cost effective financing plan for mobilization of resources from shareholders and financial institution.
- Ensure that appropriate procedures are followed in financial transactions and their accounting in compliance with applicable accounting standards.
- Provide prompt, thorough, and accurate information to keep the Board appropriately informed of the organization's financial position.
- Ensure appropriate fund management for the execution of the Project and efficient operation of the Company.
- Maintain procedures enabling BoD to have periodic and timely information on financial obligation under various contracts, disbursement, advances and payments.

2.2.4. Human Resource Management

- Take overall responsibility of human resource management of the Company.

- Review and suggest required changes in organization structure to BoD for ensuring effective and efficient operation of the Company and the Project.
- Ensure the recruitment and placement of human resources in timely manner for smooth functioning of the Company and the Project.
- Ensure appropriate documentation of job descriptions of employees and performance targets of key personals;
- Ensure effective organizational discipline in company by developing code of conduct to be applicable in the Company.

2.2.5. Public Relation Management

- Take overall responsibility for ensuring a good and effective relationship with all the stakeholders (NEA, EPF, Government agencies, local bodies etc) including locals of project area and develop, manage and oversee the required interfaces for this purpose.
- Serve as the primary spokesperson and representative for the organization.
- Assure that the organization and its mission, programs, progress and services are consistently presented in a strong positive image to relevant stakeholders.
- Actively advocate for the organization, its beliefs, and its programmatic efforts.
- Act as a liaison between the organization and the stakeholder and building relationships with other organizations when appropriate.

2.2.6. Project Management and Control

- Take overall responsibility of procurement and contract management of the Project.
- Oversee design, execution and ensure timely completion and commissioning of the Project.
- Review and update the Project implementation and procurement plan and prepare annual plan accordingly.
- Facilitate, support and coordinate with Project Manager for efficient and smooth execution of the Project.
- Ensure effective contract management and control system to control Claims and Variations and to ensure timely completion of the Project within the budget.
- Support and facilitate consultants, contractors, suppliers, manufacturers and service providers for obtaining necessary license, permits approvals including custom clearances from the concerned offices and agencies.
- Administer and enforce compliance with the terms of the contract, master construction schedule approved by the BoD and management directives.
- Regular monitoring and reporting of the Project and ensure capacity building of project Team.

- Stay abreast of progress of the project and anticipate future trends that will likely to have an impact on progress of the Project including contract price and the project completion.

3. Reporting Requirement

The CEO reports to the BoD about the details of company operation and its achievements and progress. He/She keeps the Board informed on all matters that may be of importance to the Company including current performance and progress of the Project. CEO must also submit periodic progress report to NEA, EPF and other relevant government agencies.

4. Working Relationship

For the successful operation of the Company and project implementation, CEO must build and maintain good working relationship within and across the organization and with external stakeholders. At the minimum, he/she must maintain excellent cooperation and relationship with company unit heads, project Team including consultant and contractors. He/She must also cooperate and develop good relationship with concerned government offices and other agencies including EPF.

5. Duration of Assignment

CEO shall be appointed for a period of maximum **four years** with an option of time extension contingent upon his performance. BoD will monitor his/her performance and evaluate every six months and will give feedback to improve his/her performance. The decision for termination of the assignment prior to expiry of assignment period or the extension of the assignment period shall be based on objective evaluation of his performance.

If the Company finds that CEO has failed to achieve the committed targets he/she will be relieved from his duty at any time. However the CEO will be given a chance to present his/her clarifications before taking final actions.

6. Remuneration and Facilities

Remuneration and Facilities of CEO shall be as provided in the Contract following a negotiation and shall be as per rules and regulation of the Company. No other benefits and facilities other than specifically mentioned in the contract shall be provided. CEO once employed by the Company under such contract will not be allowed to work outside for his/her personal benefit.

7. Eligibility Requirements

7.1 Academic qualification and professional experience

A prospective candidate shall have the following eligibility criteria in terms of academic qualification and professional experience:

- (a) Master's Degree in any Technical discipline with 12 years of experience in electricity business in senior level position or
- (b) Bachelor's Degree in any

Technical discipline with MBA and with 12 years of experience in electricity business in senior level position.

Preference shall be given to the candidate having experience in construction of hydropower projects for more than five years in senior level position.

7.2 Other Requirements:

- on the date of advertisement, applicant must be (i) minimum 40 years; and (ii) Not more than 58 years.
- Shall have no affiliation in any political parties.
- Shall have comprehensive knowledge about hydropower sector.
- Shall have high ethical and moral value.
- Should not be convicted by the court for any criminal charges.
- Should not have been convicted by the government or government institutions and debarred for future employment.

8. Proposal Submission

Prospective candidate must submit a management proposal with his clear vision to manage the Company based on detail Terms of Reference within due date along with application and CV. The proposal should contain at least the following information in a briefest possible way:

- Self introduction and your motivation to apply for this position.
- How you ensure strategic Leadership to the Company.
- Understanding of the Project Life Cycle and the Planning Approach for pre-construction, construction and post-construction period of Hydropower Project.
- Situational analysis- Problems, Challenges and Issues as you understand and needs to be addressed for operation of the Company and efficient implementation of Hydropower Project.
- Strategies to achieve the objective: how you propose to attain?
- Specific recommendation in relation to successful execution and commissioning of the project within the stipulated time, quality and cost.
- Authorities to be delegated to CEO by Board for efficient performance.

9. Selection Procedure

The CEO shall be selected as per the selection procedure given in Annex 1.

10. Other Information

Other information about the Company may be obtained from the corporate office of MBJCL.

Annex 1: Selection Procedure

1. A selection committee comprising of four Board Members constituted by the Board is responsible for planning and execution of CEO selection for the Company
2. The selection committee will develop the detail evaluation criteria for evaluation of Proposals, Presentation and Interview of the candidates and carry out other necessary technical evaluation to assess the merit of candidate applicants.
3. Prospective candidates are required to obtain a copy of Terms of Reference (ToR) from the Company. Applicants are required to submit their detail proposals as per ToR along with an application and all required documents and information in sealed envelopes within the due date.
4. Applications will be first processed to identify their eligibility for further screening on the basis of the documents and information submitted by them based on screening criteria. Proposals of those applicants which meet eligibility requirement shall only be subject to further evaluation to identify potential candidates.
5. The Overall Weight for evaluation of Candidates shall be as follows:

Academic Qualification	10%
Work Experience	15%
Proposal	30%
Presentation	25%
Interview	20%

6. Following three stage selection process shall be followed to identify suitable candidate for the post:
 - I. Short listing of the candidate applicants on the basis of evaluation of their proposal and Bio-Data which shall include academic qualification and work experience.
 - II. Invitation for proposal presentation of short listed candidate from stage (I)
 - III. Interview of three Top ranking candidates from stage II followed by selection of successful candidate based on combined score of stage (I), (II) and (III).
7. Only those candidates securing 70 % scores in Stage (I) shall be Short-listed as viable candidates for the post and invited for the presentation. Short listed candidates shall be invited to make power point presentation of their proposal for 30 minutes before the Selection Committee. Presentation will be followed by question-answer session as well.
8. A second list of three (3) top ranking candidates shall be prepared on the basis of combined score obtained in stage (I) and (II) and they will be invited for detail interview by the Committee.
9. Based on the combined score from the evaluation of stage I, II and III, one top rated candidate will be recommended by the committee to BoD. An alternative candidate will also be recommended.
10. A negotiation will be carried out with the selected (recommended) candidate for the Terms and Conditions of Employment. If the selected candidate does not come for negotiation or the negotiation fails, the negotiation with alternative candidate will be conducted.

11. BoD will appoint the selected candidate for the position of CEO of the Company after the negotiation and a Performance Contract Shall be signed by the selected Candidate and Chairman of the BOD.