Harmonising the Regulatory Environment in Africa

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Challenges for Regulators in Africa

- Poor financial performance of many of the (State-owned) utilities
- Inappropriate pricing (usually as a result of political pressures)
- Managerial inefficiencies
- Technical weaknesses
- Unsustainable subsidisation of certain categories of customers
- **Acknowledgement of benefits of private sector involvement**
- Limitations on public sector finance for new capacity
- Accelerate service provision
Regulator's Role in development

- **Contributes to investment climate**
  - Political independence
  - Level playing field
  - Long term stability/consistency

- **Implementation agent**
  - In support social and economic/industrial programs
  - Infrastructure provision

- **Expert resource for government in policy formulation**

- **Promote economic efficiency**
  - Competitive pricing system
  - Quality and service standards
  - Security of supply
Need for Regional Regulation

- Increasing integration of infrastructure systems – e.g. common electricity market
- Significant benefits from scale economies and shared resources
- A framework for transactions to take place
- Harmonization of market structures
- Sharing of expertise, experiences and information
Regional Regulatory Issues

- Harmonization of regulatory frameworks (interconnection & private-sector investment)
- Nascent regulators & experienced agencies
- Politically charged regulators and independent regulators
- Effective infrastructure regulation & the aims of NEPAD
NEPAD clause 113

Establish an African Forum for Utility Regulation and establish regional regulatory associations
African Forum for Utility Regulators (AFUR)

Objectives

- Information sharing
- Capacity building
- Harmonization of regulatory policies and legislation
- Promotion of the philosophy of autonomous utility regulation and good governance
- Support to African initiatives (such as NEPAD)
- Promotion of sound relationships with governments and stakeholders
- Joint utilization of donor funding
AFUR Membership

- 8 Executives
  - SA Chairperson
  - Cameroon Deputy Chairperson
  - Ghana, Gabon, Ivory Coast, Kenya, Uganda and Zambia
  - 2 seats remaining for North Africa

- Membership mixture of sectors and languages

- +/- 30 signatories
AFUR – achievements to date

- Approved business plan
  - Information sharing (website, newsletter, databases)
  - Capacity building (skills and training audit; regional training programmes; exchange programme)
  - Harmonisation (review regulatory frameworks with view to harmonizing these throughout Africa [aim to get this endorsed at AU level])

- Annual meeting Cameroon Nov 2003
Regional Electricity Association (RERA)

- Electricity regulators in the southern Africa region
- Objectives of RERA
  - Capacity building and information and experience sharing
  - Co-ordination of regional policy, strategy and legislation
  - Regional cooperation on regulatory issues
- Achievements to date:
  - Establishment of a competitive power pool (SAPP)
  - RERA intends to put in place regulatory framework to regulate SAPP