

Harmonising the Regulatory Environment in Africa

Dr Xolani Mkhwanazi

CEO National Electricity Regulator

*Chairperson African Forum for Utility
Regulators*

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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