

African Forum for Utility Regulators

Forum Africain pour la réglementation des services publics



7th High Level Meeting of Regional Associations

Istanbul, Turkey

30th November 2018

Presentation Outline



- Origins and Rationale behind AFUR
- Funding Mechanism
- Energy Sector

About AFUR



- ◆ AFUR is a multi-sector Forum, formed under Clause 110 of the NEPAD Framework Document which establishes the African Forum for Utility Regulation and Regional Regulatory Associations (e.g. RERA, AWAUR, CRASA, WATRA)
- ◆ It focuses on issues related to the regulation of the Energy, the Telecommunications, the Transport and the Water & Sanitation Sectors
- ◆ AFUR provides a forum for the exchange of information and ideas among members and between members and other relevant organizations throughout Africa

About AFUR - continued



- ◆ AFUR acts as an effective advocate for members by coordinating activities and increasing members' influence with continental, sub-regional and national decision-makers
- ◆ To summarize AFUR is an Association of Regulators - a voluntary association of regulatory agencies on the continent that regulates utilities in the areas of energy, telecommunications, water and sanitation and transportation.
- ◆ Vision: To be the African Forum for effective utility regulation

About AFUR - continued



- ◆ Mission: To facilitate the development of effective utility regulation in support of Africa's infrastructure development
- ◆ 34 Members from 25 different African countries from different sectors, 5 observers from 3 further countries
- ◆ Members grouped into 5 Regions
- ◆ AFUR is currently a section 21 company under the Companies Act, 61 of 1973, of South Africa

AFUR



- AFUR focuses on issues related to the regulation of communications, energy, transport, water and sanitation industries, with a particular emphasis on issues that are common across sectors.
- AFUR's objectives are:
 - ◆ Information sharing
 - ◆ Capacity building
 - ◆ Harmonisation of regulatory policies and legislation

AFUR -CONT



- ◆ Promotion of the philosophy of autonomous utility regulation and good governance
- ◆ Support to African initiatives such as achieving the objectives of the African Development Bank's New Deal on the regulatory framework for Energy in Africa.
- ◆ Promotion of sound relationships with governments and other stakeholders
- ◆ Efficient and coordinated utilization of donor funding – eg. AfDB, GTZ, World Bank

Funding Mechanisms



- ◆ Operational expenses are covered by the annual Membership fees received – Budget USD 332 500
- ◆ Funding for training programs and various projects are sourced from donors
- ◆ Annual Conferences – funds received are used to close any gaps in the cash flow – Budget USD 50 000
- ◆ By maintaining a small, efficient secretariat, the operational costs are minimized

Energy Sector



Despite enormous efforts to improve energy services to rural populations Africa still has:

- Low access/electrification rates
- Low infrastructure development
- Unpredictable regulatory regimes
- Limited public sector finance for new projects
- Old generation/transmission facilities
- High losses (Technical & non-technical)
- Inequalities – economic, social, political, etc
- Inappropriate pricing & unsustainable subsidies due to competing interests – Tariff setting is still highly politicized.

These issues are relevant to all member countries and so, AFUR projects in the Energy Sector are aimed at addressing these issues

Energy Sector - cont



Project	Activity	Output & Budget
<p>The Development of Guidelines for Renewable Energy Systems within Rural Areas of Africa. Proposed July 2019</p>	<p>Appointment of a consultant to prepare a full draft project document with activities, costing, validation and implementation on “Development of Guidelines for the introduction of sustainable renewable energy industry in Africa”. Series of workshops, one for each of the five economical regions.</p>	<p>Development of draft project document on “home grown guidelines for the introduction of sustainable renewable energy industry in Africa” Holding of regional workshops of renewable energy stakeholders to study, amend and finalize the draft project document and to have each regional economic community inputs to the draft document</p> <p>Budget: USD 330 000</p>

Energy Sector - cont



Project	Activity	Output & Budget
<p>The Development of Guidelines for the effect of Climate Change on Infrastructure Regulation in Africa.</p> <p>December 2019</p>	<p>Impact of climate change on Energy, Water & Sanitation Regulation</p>	<p>Development of policies, strategies and action plans to be adopted at all levels to ensure that resilience is incorporated</p> <p>Development of technology transfer mechanisms and capacity building support programs</p> <p>Budget: USD 258 000</p>

Energy Sector - cont



Project	Activity	Output & Budget
<p>The Development of Electricity Regulatory Index (ERI) in collaboration with AfDB.</p> <p>Phase 1 completed in October 2018</p>	<p>The ERI is intended to serve as a diagnostic tool, highlighting key areas in regulatory design and practice that require improvement and reform. In this respect, the ERI is informative, noting that the majority of African countries in the first sampling have developed relatively robust institutional frameworks underpinning regulation of their electricity sectors.</p>	<p>The goal for phase 1 of the ERI is to incite action among key stakeholders in the African electricity sector—particularly African governments and their development partners. This will help drive further targeted support and assistance aimed at improving national regulatory environments and building capacity among sector regulators. In the long run, the ERI is intended to be a benchmarking tool that will track progress made by African countries as they align the regulatory frameworks governing their electricity sectors with international standards and best practices.</p>

Energy Sector - cont



Project	Activity	Output & Budget
<p>Harmonized Cross Border Transmission System Tariffs</p> <p>April 2019</p>	<p>Focused training for Regional Regulatory Authorities, Power Pools, Transmission network Operators. Based on outcome of 1st Phase ERI project</p>	<p>The main objective is the development of a harmonized transmission system tariff methodology, ensuring there are no distortions in the determination and application of transmission tariffs at the regional and continental levels. Also ensuring that there is harmonization regarding the allocation of wheeling charges between generators and loads involved in international power trading and wheeling transactions, by the power pools and regional regulatory authorities.</p> <p>Budget: USD 58 000</p>

Energy Sector - cont



Project	Activity	Output & Budget
<p>Training on Power Purchase Agreements (PPAs) as well as developing a generic PPA for Africa</p> <p>August 2019</p>	<p>Focused training to members</p>	<p>Familiarize participants with the best practices of developing a Power Purchase Agreement.</p> <ol style="list-style-type: none"> 1. Types of power generation projects <ol style="list-style-type: none"> a) Project Structure 2. Analysis of Power Purchase Agreements <ol style="list-style-type: none"> a) Outline of main issues 3. Commercial terms 4. Technical matters 5. Risk <p>Budget: USD 200 000</p>

Energy Sector - cont



Project	Activity	Output & Budget
<p>Training workshop on Regulatory Governance</p> <p>July 2019</p> <p>First workshop held in July 2018</p>	<p>Focused training to members on an annual basis</p>	<p>The primary objective of this training programme is to enable participants have an in-depth understanding of Regulatory Governance.</p> <p>Introduction: expectations from regulatory governance</p> <p>Governance elements: general and institutional</p> <p>Governance: theory and practice</p> <p>Governance attributes</p> <p>Governance failures</p> <p>Budget: USD 29 000</p>



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