



EXECUTIVE SECRETARY'S REPORT

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1. INTRODUCTION

This report highlights the activities of the African Forum for Utility Regulators (AFUR) under each of the organisational strategic objectives from January to November 2020. It also outlines some of the major organisational issues and challenges as well as the perspectives for the new year. The activities of AFUR over the past nine months have been greatly restricted by the pandemic that has taken hold of Africa.

2. HIGHLIGHT OF ACTIVITIES UNDER EACH STRATEGIC OBJECTIVE

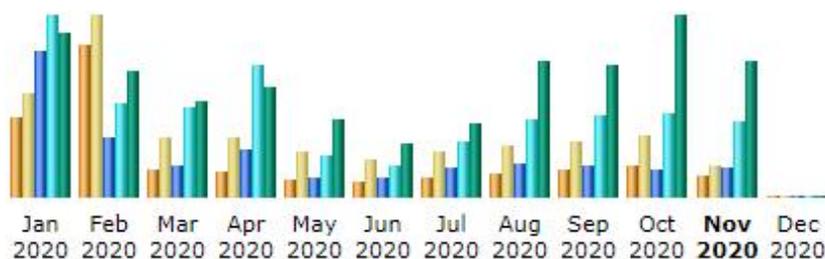
The major activities undertaken under each of the organisational strategic objectives are summarised as follows:

2.1 Information Sharing

The website (www.afurnet.org) is used extensively to publicise AFUR and its activities, including Technical Assistance and Capacity Building. Documents are continuously uploaded onto the website as they become available. The website has been upgraded due to changes on the hosting platform.

The forum section of the website is functional but activity remains slow. There are now three topics – “*Developing Smart Infrastructure in Africa – The case for Regulation*”, “*Utility tariff increases in Africa, are they justified*” and “*Influencing Developmental Policies and Programs*”.

**AFUR Website Statistics for
Jan – November 2020**
<http://www.afurnet.org>



Month	Unique visitors	Number of visits	Pages	Hits	Bandwidth
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Month 2020	Unique visitors
Jan	1912
Feb	2101
Mar	1917
May	1465
Jun	1643

Jul	684
Aug	1335
Sep	1529
Oct	1788
Nov	1220+

2.2 Capacity Building

- **The Corporate Governance Workshop** took place from the 3rd to 5th March in Abidjan, Cote d'Ivoire and was hosted by the AfDB. Francophone member countries were well represented with Senegal, Togo, Niger, Mauritanie, Burkina Faso, Cote d'Ivoire. There were a total of twenty participants. The workshop was a great success with much participation. The report, both the English and French versions, was sent to all members on 16th March.

2.3 Harmonisation of regulatory policies and legislation and Promotion of the Philosophy of Autonomous Utility Regulation and Good Governance

African Development Bank (AfBD) – The launch of the ERI 2020 survey (data validation workshop) took place virtually on the 5th November. The Bank has also agreed to fund the Content Development of the 17th AFUR Annual Conference and has agreed to fund a one-day workshop.

2.4 Partnerships and Resource Mobilisation

- **African Union Commission:**
 - The letter first sent to the Chairman: AUC, H.E Moussa Faki Mahamat on the 28th October 2019, was resent directly to the Chairman's office on 12th March 2020, but no formal response has been received.
 - **EU Technical Assistance Facility - Monitoring & Coordination Framework – Development of the digital online information platform**, the inception report was made available to all partners (AFREC, AFUR, AUDA-NEPAD, Regional Regulators and Power Pools) for comments and inputs on 2nd June
 - **Cross Border Transmission Tariff Mechanism Framework** – The African Forum for Utility Regulators (AFUR) has had several interactions with the AU-EU Initiative on the Electricity Harmonization Regulatory Strategy and Action Plan, which has already supported a number of initiatives to which AFUR can also benefit. One such initiative is the establishment of the African Single Electricity Market, AfSEM, to which AFUR could add value through its members. There have been three consultative meetings on how AFUR can get involved in the operationalization of AfSEM. AFUR members are the ones that are mandated in their respective countries to institute and enforce tariff regimes and hence when a continental Transmission Tariff methodology is agreed upon, AFUR members have a crucial role to play. In that regard AFUR would benefit from a capacity building initiative to be able to understand

the tariff methodology, be able to monitor computations that utilities will make and consider regular modifications as part of the dynamics in the electricity market. The interactions and engagements have continued and will result in the holding of a workshop for regulators, power pools, and utilities that will have a direct role to implement the AfSEM. A meeting with all the stakeholders will take place on the 10th December 2020.

The Key Deliverables from this project shall be:

- A capacity building programme for AFUR Electricity Members, including execution of the programme.
- A model or guidelines on monitoring system for AFUR electricity regulators that will assist harmonized tracking and reporting on the adoption and performance among the AU-Member States.
- Revised Grid Codes (in some cases) that will capture tariff regimes and monitoring systems

▪ **European Union - Developing a harmonised Power Purchase Agreement (Renewable Energy Sector)**

AFUR has had several meetings with the EU aimed at assisting AFUR on how to develop a harmonised Power Purchase Agreement. AFUR is aware that a number of initiatives may have been undertaken on the issue of PPAs, including at REC level and AU-Member States, but there is still a lack of a harmonized Power Purchase Agreement. AFUR is of the view that such initiatives have not been fully considered at continental level. In accordance with the upcoming initiative in *Lot 9.4: Policy Guidelines for competitive procurement processes and Repository for auction tender documents- Towards AfCFTA*, consideration shall be made for various support/procurement schemes that will include:

- Auctions
- Feed-in Tariff (FIT)
- Feed-in Premium (FIP)
- Independent Power Producer (IPP)
- Build, Operate and Own
- Tendering schemes/competitive bids
- Quota obligations
- Green certificates (GC)
- Investment grants
- Loan guarantees
- Soft loans and
- Tax incentives

The harmonised Power Purchase Agreement shall allow AFUR members to be well positioned to administer Auctions for contracts to develop power-generation capacity that have emerged as an essential policy instrument for many countries to promote the transition to renewable energy sources and technologies.

- **CRIDF / CIGRE** - have agreed to facilitate the training program in Climate Change: Mitigation and Adaptation Measures in Water & Sanitation and Energy with CIGRE presenting the Energy sector and CRIDF, the Water. This project has been postponed until later in the year, the dates to be finalized, depending on the affect of the pandemic.
- **CRIDF (The Climate Resilient Infrastructure Development Facility)** – Developing a Framework on Non-Revenue Water in collaboration with AFUR and ESOWAS. The first meeting is to share the results of a study on NRW with regulators across the continent. A virtual meeting took place on the 18th September 2020. Among the Regulators that made presentations were the Water Services Regulatory Board of Kenya (WASREB), Water Utility Regulation Department of the Ministry of Water and Environment from Uganda and the Lesotho Electricity and Water Authority (LEWA). Non-Revenue Water is one of the endemic challenges that water utility companies in the Eastern and Southern African region are faced with in form of severe water losses or more technically called, non-revenue water (NRW). The benchmarking report of 2018 produced by the Eastern and Southern Africa Water and Sanitation (ESAWAS) Regulators Association revealed a staggering NRW of 43% against a benchmark of 20%. NRW arises through a number of avenues such as leaks in the distribution networks, water thefts, non-invoicing of water distributed in the supply system, human induced errors or deliberate manipulation of billing systems and malfunction of water meters. This is often coupled with a lack of strategic organizational plan and commitment to address the scourge. This phenomenon negatively impacts the already stressed water supply situation that most of the region experiences, with utilities losing millions of dollars in revenue while consumers end up paying for inefficiencies through increased water tariffs and reduced hours of supply. As a consequence, service provision deteriorates, becomes unaffordable and service extensions hindered, especially where the majority of the consumers are poor, forcing them to resort to other sources which may be unsafe.
- **COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)** – AFUR participated in the Consultative Workshop to develop a framework for Regulatory oversight of the regional Energy Market in the Eastern and Southern Africa and Indian Ocean regions. The workshop took place in Dar es Salaam from the 22nd to 23rd January. Mr. James Manda represented AFUR.
- **The Water, Sanitation and Hygiene Services (WASH) – UNICEF** - A webinar was held on 19th November 2020, in partnership with the Climate Resilient Infrastructure Development Facility (CRIDF) together with the Stockholm International Water Institute (SIWI) and AFUR. While measures put in place by different governments seem to be adequate to curb the effects brought about by COVID 19 and essential to the safety of the public, they put the sustainable provision of WASH services at risk. A preliminary assessment shows that Water Utilities’ revenues decreased by about 10%, while revenue collection nose-dived by as much as 40%. In turn, regulators have been forced to take extraordinary measures to ease the burden on service providers. Presentations were given by Richard Cheruiyot, Director of Monitoring and Enforcement, WASREB, Chola

Mbilima, Senior Inspector, Financial and Commercial Management, NWASCO and Ivan Draganic, WASH Regulaon Expert, SIWI.

- **Invest Africa/ PWC webinar - “Mind the Gap”: Is the energy transition affordable for Africa?** - The webinar took place on 12TH November 2020, its aim was to answer the question as to whether the energy transition is affordable for the African continent or not. The panel was moderated by James Mackay, Director, Price Waterhouse and Coopers, PwC. AFUR was represented by the Chairman, Mr. Stan Ishmail Chioko, CEO MERA, and Mr. James Manda, Technical Manager, AFUR. The webinar was attended by 271 people from 40 countries and 183 companies.

Many African countries have set out ambitious proposals for transitioning to a lower-carbon energy system, particularly through expansion of renewable energy. Although energy technologies are readily available at competitive prices, many large-scale renewable programs across Africa, e.g. Desert Power, Renew Africa, are not generating sufficient access to power, and the speed of implementing such programs remains low. The question is:

- Is there sufficient clarity on the roadmap and policies required to power Africa?
- Is there a cohesive view amongst energy stakeholders on the Africa Energy Transition strategy?
- How can stakeholders consider the affordability gap for Africans – i.e. how do we finance Africa’s energy transition and roll out renewables?

The outcomes of the webinar will be shared on the AFUR website.

- **6th IWA INTERNATIONAL WATER REGULATORS FORUM** – AFUR has been invited to participate on the Programme Committee. The first meeting was a virtual meeting held on 23rd March. The IWA World Water Congress will take place from 9th to 14th May 2021
- **Carbon Trust / UKAid - Transforming Energy Access – African Led Partnerships – Mainstreaming mini-grid tariff settlement tools and methodologies across African regulators.** The Project is expected to be completed within 36 months of contract agreement, including all monitoring information to have been provided to Carbon Trust. The project end date is to be no later than 31 March 2023. This project seeks to develop and mainstream enhanced standardized mini-grid tariff settlement frameworks for sub-Saharan Africa countries, to address one of the key barriers to developing economically viable private sector mini-grids. This will be done through initiating a detailed consultation process with a representative sample of AFUR members, which will include comprehensive country mini-grid tariff reviews, and thereafter embarking on a wide-ranging consultation process with AFUR and AMDA members. The steering committee includes PURC, Ghana; NERC, Nigeria; CRSE, Senegal; ARSE, Togo; ARSE, Burkina Faso; EPRA, Kenya; ERB, Zambia; and Ethiopia. The kick-off meeting will take place in December.

3. ORGANISATIONAL ISSUES

The biggest challenge facing the organisation is the growing number of regional organisations, all targeting the same regulators for membership fees. Added to this is the

negative effect that the COVID-19 pandemic has had on countries, their organisations, their citizens and businesses.

3.1 Membership

Growing AFUR's membership is an important part of AFUR's strategic plan and crucial to the sustainability of the organisation. Letters of introduction were sent to with Burundi, BERA Botswana, Benin, Egypt, Zanzibar and Liberia. Zanzibar has shown an interest in joining, we are waiting for their letter of intent, as has Autorité de Régulation du Transport Intérieur (ARTI), Cote d'Ivoire.

3.2 The Sectoral Committees

The following projects, over and above the collaboration with partners above, are underway:

Energy:

There are currently three projects –

- Energy Regulatory Index 2020 data validation workshop and survey – detailed above.
- **Upstream Petroleum Markets Forum** – An upstream petroleum forum was planned to take place in the third quarter of 2020. However, most members were not responsive to our request for an online Zoom meeting. This was despite the fact that the Secretariat had circulated a Concept Note and meeting Agenda. The objectives of the meeting were as follows:
 - To highlight and elaborate the key regulatory challenges of the regulators
 - To highlight best regulatory practices among the regulators.
 - To share regulatory ideas, knowledge and experiences across upstream regulators
 - To offer guidance to nascent upstream regulators to address their current regulatory challenges
- **The Energy Data Base** project has been re-erected in conjunction with AFREC (African Energy Commission). It was a decision taken by the AUC that AFUR coordinate the energy regulators. AFUR will provide a link to the AFREC website so that members have easy and quick access to the information.

Water and Sanitation:

The African Forum for Utility Regulators has entered into a partnership with the Climate Resilient Infrastructure Development Facility (CRIDF) to work together in the area of water and sanitation. Some of the areas for collaboration include identifying broader themes for providing multidisciplinary skills needed to improve climate adaptation and resilience in water and sanitation infrastructure planning. In this regard, CRIDF has been invited as a resource Institution to provide insights into "Effects and Mitigation measures

for Climate Change during this Conference." Due to the COVID-19 pandemic this has had to be postponed. CRIDF is however assisting AFUR and ESOWAS in developing a Framework on Non-Revenue Water as described above.

Transport:

During the first Transport Sector Committee meeting held in Dare-salaam in Tanzania in the first quarter of 2019, it was observed that several government departments are involved in the coordination of transport systems and programs in different countries. It was therefore established that the Committee needed to identify some of these government departments and bring them together to map out a common agenda that aims at improving transport systems in different countries in Africa. However, in view of the outbreak of the Covid 19, there has been very little to no activity in this regard, as most countries had instituted stringent lock down measures that made travel difficult. This activity is intended to be carried over to the financial year 2021.

3.3 The Executive Committee sub-committees:

- **Ad-hoc Committee on Recruitment of Executive Secretary -**
This matter has been dealt with extensively in Matters arising. The contract of the ES expires on the 31st July 2020.
- **Ad-hoc Committee on Membership fees –** the committee met twice on 10th September and 15th October. A proposal was put forward to the committee, decisions are still to be made.
- **Ad-hoc Committee on the Strategic Plan -** the committee met twice on 26th August and 28th October. A survey was sent to all members and stakeholders on 30th November.

3.4 Membership Fees

Membership contributions to AFUR in terms of subscription fees remained the same as in previous years, but collections have been very slow. The impact of the COVID-19 virus has been felt by many of the members, especially in their ability to collect levies during these times of hardship. A letter from NERSA was received regarding their membership fees, asking for a 50% reduction of their fees. Twenty-seven invoices were issued, with sixteen members having paid their membership fees for 2020.

3.5 Seventeenth AFUR Annual Conference and General Assembly

Malawi Energy Regulatory Authority (MERA), Malawi volunteered to host the Annual Conference however the Covid-19 pandemic effected the arrangements and hence the birth of the virtual conference. The theme is ***“Regulation: Influencing Developmental Policies and Programmes”***. The Concept Note was sent to members with a Call for

Papers in May 2020. Six papers have been received, one from a member and five from stakeholders. The African Development Bank has supported the Conference both financially and participating.

4. CHALLENGES

The most vital challenge for the organisation remains the continued support of AFUR by the members and partners. It is thus critically important that in order to ensure long term sustainability, continued African leadership and ownership of the regulatory agenda in Africa as well as the attainment of the objectives outlined at the formation of the organisation that members provide AFUR with continued support and that an exerted effort is made to get donor funding for projects that will benefit its members and the African continent as a whole. Having said this the organisation is seen as a specialised institution in regulation, although not formal, by the African Union Commission. We have the support of the African Development Bank and DFID through Carbon Trust as well as CRIDF.

Progress of Budgeted Activities

<i>ADDRESSING MEMBER'S NEEDS</i>					
Activity	Outputs	Responsible Person	Timeframe	Link to Activity	Progress
Information Technology Systems	<ul style="list-style-type: none"> Web Site - Update forum on a monthly basis 	IT	Ongoing	4.1.1.1	Done – 2 topics loaded and shared with members on 24 th July
	<ul style="list-style-type: none"> Data Base - Establish a credible and reliable data base. Information collected in 2019. 	IT/ TM / AfDB	Started 2019. Finalise Q4	4.1.1.2	AFREC has now become the depository for all data collected in the energy sector. But AFUR will become the coordinator of the Regulators
Reinforcing the Sectoral Committees	<ul style="list-style-type: none"> Water and Sanitation and Energy Sector – The development of Regulatory Guidelines for Climate Change: Mitigation and Adaptation Measures in Water & Sanitation and Energy 	TM	April 2020	4.1.2.1	Project put on hold due to COVID-19 Pandemic

	<ul style="list-style-type: none"> • Energy Sector - Phase 2 of Electricity Regulatory Index 	TM	Launched November 2019 – Finalise Q4	4.1.2.2	Launched 5 th November
	<ul style="list-style-type: none"> • Transport Sector - To develop regional regulatory guidelines by 2021. Conduct meetings with representative from member states to gather inputs on drafting the guidelines/regulations by end of third quarter and review of regulatory documents from respective regulatory bodies by end of first quarter 2020 	TM / Transport Sector Comm	Start Q1	4.1.2.3	
	<ul style="list-style-type: none"> • Transport Sector - To develop regional guidelines to mitigate the effect of transportation on climate change. Phase 1 to be completed by the end of the first quarter 2020 - Identify and consult stakeholders and review literature relevant to transportation system and how they affect the environment vis a vis climate change 	TM / Transport Sector Comm	Phase Q1	4.1.2.4	Moved to Q3
Capacity Development	<ul style="list-style-type: none"> • Regulatory Corporate Governance workshop (French workshop) to be facilitated by Energy Regulatory Commission (Commission de régulation de l'énergie) (CRE). Funding from registration fees 	TM	February 2020	4.1.3.1	Workshop held on 3 rd to 5 th March
	<ul style="list-style-type: none"> • Cross Boarder Transmission Tariff Mechanism workshop in conjunction with AfDB and AUC. 		August 2020	4.1.3.2	Workshop postponed due to pandemic, 10 th December
Workshop post Event Management	<ul style="list-style-type: none"> • The 17th AFUR Conference and General Assembly will be hosted by MERA, Malawi. 	TM	November 2020	4.3.1	Preparations started.
	<ul style="list-style-type: none"> • Theme to be developed • Call for Papers 	TM	March 2020 / April	4.3.2	Closing date for abstracts is 10 th August

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	<ul style="list-style-type: none"> Three Executive Committee meetings are planned for 2020. 	ES	21 st -22 nd April 14 th - 15 th July 17 th - 18 th November	4.3.3	Fist meeting to be held on 4 th August

End.