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COMESA

Strategic Plan of the Regional Association of Energy Regulators for Eastern and Southern Africa

(RAERESA)







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Strategic Plan of the Regional Association of Energy Regulators for Eastern and Southern Africa **(RAERESA)**

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Abbreviations

ACER	Agency for the Cooperation of Energy Regulators
AEED	African Energy Expert Database
AEEP	Africa-EU Energy Partnership
AFD	French Development Agency
AfDB	African Development Bank
AFREC	African Energy Commission
AFSEC	African Electro-technical Standardisation Commission
AFUR	African Forum for Utility Regulators
AGM	Annual General Meeting
AU	African Union
CAIDI	Customer Average Interruption Duration Indicator
CCC	COMESA Competition Commission
CCJ	COMESA Court of Justice
CEER	Council of European Energy Regulators
CEO	Chief Executive Officer
CLASP	Collaborative Labelling and Appliance Standards Programme
CoM	Council of Ministers
COMESA	Common Market for Eastern and Southern Africa
CS	COMESA Secretariat
CU	COMESA Customs Union
CWG	Customers Working Group
DG ENER	Directorate General for Energy
DP	Development Partner
DSM	Demand Side Management
DSO	Distribution System Operator
EA	Eastern Africa
EAC	East African Community
EACREEE	East African Centre for Renewable Energy and Energy Efficiency
EAPP	East African Power Pool
EC	European Communities
ECB	Electricity Control Board

ECOWAS	Economic Community of West African States
ECRB	Energy Community Regulatory Board
ECREEE	ECOWAS Centre for Renewable Energy and Energy Efficiency
EDF	European Development Fund
EE	Energy Efficiency
EEA	European Economic Area
EES&L	Energy Efficiency Standards and Labelling
EFTA	European Free Trade Association
EG	Expert Group
ENTSO	European Network of Transmission System Operators
ENTSO-E	European Network of Transmission System Operators for Electricity
ENTSO-G	European Network of Transmission System Operators for Gas
ERA	Electricity Regulatory Authority
ERC	Energy Regulatory Commission
EREA	Energy Regulators Association of East Africa
ERERA	ECOWAS Regional Electricity Regulatory Authority
ERGEG	European Regulators Group for Electricity and Gas
ERRA	Energy Regulators Regional Association
ESI	Electricity Supply Industry
EU	European Union
EUD	Delegation of the EU to the Republic of Zambia and COMESA
EWURA	Energy and Water Utilities Regulatory Authority
EXCO	Executive Council
FinT	
FDI	Foreign Direct Investment
FG	Framework Guideline
FiT	Feed-In-Tariffs
FTA	COMESA Free Trade Area
GCC	Global Climate Change
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HoSG	Heads of States and Governments
HPP	Hydro Power Plant



HR	Human Resources
ICER	International Confederation of Energy Regulators
ICT	Information Communication Technology
IEM	Internal Energy Market
IFC	International Finance Corporation
IGMoU	Inter-Governmental Memorandum of Understanding
IO	Indian Ocean
IPP	Independent Power Producer
IRB	Independent Regulatory Board
ICT	Information and Communication Technology
ISO	International Standardisation Organisation
IT	Information Technology
JDP	Joint Development of Projects
KE	Key Expert
KPI	Key Performance Indicator
L&RF	Legal and Regulatory Framework
M&E	Monitoring and Evaluation
MC	Ministerial Council
MDGs	Millennium Development Goals
MEDREG	Mediterranean Regulators
MoI	Ministers in charge of infrastructure
MoU	Memorandum of Understanding
MVA	Mega Volt Ampere
MW	Megawatt
NARUC	National Association of Regulatory Utility Commissioners
NC	Network Code
NEPAD	New Partnership for Africa's Development
NKE	Non-Key Expert
NME	National Ministries of Energy
NRA	National Regulatory Authority
OOCUR	Organisation of Caribbean Utility Regulators
PCI	Project of Common Interest
PESTEL	Political, Economic, Social, Technological, Ecological and Legal

PHLG	Permanent High Level Group
PMU	Project Management Unit
PPA	Power Purchase Agreement
PPP	Public Private Partnership
PSP	Private Sector Participation
PTA	Preferential Trade Area for Eastern and Southern Africa
R&D	Research and Development
RAERESA	Regional Association of Energy Regulators for Eastern and Southern Africa
RCREEE	Regional Centre for Renewable Energy and Energy Efficiency
RE	Renewable Energy
REC	Regional Economic Community
REFIT	Renewable Energy Feed In Tariff
REMIT	Regulation on Energy Market Integrity and Transparency
RERA	Regional Electricity Regulators Association of Southern Africa
RIP	Regional Indicative Programme
RS	RAERESA Staff
RURA	Rwanda Utilities Regulatory Authority
SA	Southern Africa
SACREEE	South African Centre for Renewable Energy and Energy Efficiency
SADC	Southern African Development Community
SAIDI	System Average Interruption Duration Indicator
SAIFI	System Average Interruption Frequency Indicator
SAPP	Southern African Power Pool
SDCs	Sustainable Development Goals
SE4ALL	Sustainable Energy for All
SMART	Specific, Measureable, Attainable, Realistic and Timely
ST	Study Tour
SWOT	Strengths, Weaknesses, Opportunities and Threats
TA	Technical Assistance
TAF	Technical Assistance Facility
TF	Task Force
ToR	Terms of Reference
TPP	Thermal Power Plant

TSO	Transmission System Operator
TYNDP	Ten Year National Development Plans
UoS	Use of System
USAID	United States Agency for International Development
VIU	Vertically Integrated Undertaking
WAGPA	West African Gas Pipeline Authority
WAPP	West African Power Pool
WB	World Bank
WG	Working Group
WS	Work Streams
XBT	Cross-Border Trading

Executive summary

Energy trade and investment across borders are essential factors of production in the development agenda of all COMESA Member States. To ensure adequate supply of energy in general and electricity in particular, now and in the future, at affordable prices and in a sustainable manner, calls for appropriate regulation. As the national energy regulators' regional association, RAERESA is an important regulatory institution for energy trade and investment across borders in COMESA. To enhance and consolidate its role, RAERESA has formulated this Strategic Plan for the next ten years (2017-2026).

The Strategic Plan together with the Business Plan and the One-year Work Programme have been developed in a three-stage process. The initial draft Version 1 (V1) was composed upon completion of the Inception Phase of the assignment (August-September 2016). The second draft Version 2 (V2) was a result of the consultative validation meeting with the Executive Committee of RAERESA, held in the Development Phase of the assignment (October-November 2016). This third and final Version 3 (V3) has been developed on the basis of the outcome of the Finalisation Phase of the assignment (mid-January 2017) when the finalisation and validation workshop with the Executive Committee and the Plenary with all RAERESA members was held. Throughout the process, the members of the Executive Committee of RAERESA provided their viewpoints on the appropriateness of presented options which have guided the focus of the Strategic Plan, the Business Plan and the One-Year Work Programme.

The Strategic Plan takes cognisance of the existing policy, legal and regulatory framework at international (UN), Continental (Africa), regional (tripartite COMESA, EAC and SADC region) and national (COMESA Member States) levels. It reflects both the mandate of RAERESA assigned by its Constitution and the expectations of RAERESA's members and stakeholders from the COMESA Region to ensure its successful implementation. It has been prepared within a participatory framework and is a product of wide consultations with the members and stakeholders. The input gathered from the stakeholders was analysed and a consensus reached on the most suitable strategic direction that RAERESA should adopt during the strategy period. This resulted in clarifying RAERESA's role and responsibilities and in crafting the strategic goals and objectives to be attained – which are the main focus of the Strategic Plan.

Major strategic goals, that are consistent with both RAERESA's Vision and Mission, have been identified for both RAERESA and the regulated energy sector for the strategy period. The strategic goals have been developed and broken down into strategic objectives which have also been translated into comprehensible and stand-alone implementation initiatives with expected outcomes to meet the regulatory needs and challenges of the energy sector. Each strategic objective conveys a clear idea of what needs to be done as far as regional energy regulation is concerned. The identified objectives for each strategic goal, once accomplished, are expected to ensure sector growth, effective management of resources and greater satisfaction on the part of all RAERESA's members and stakeholders.

The outline of the structure of the Strategic Plan is as follows. The introductory chapter, as the first one, covers RAERESA's background by summarising information on its context and current situation pertaining to the legal framework, its objectives, functions and organisational structure. Contextual, situational and stakeholders' analyses are presented in the second chapter. The Vision, Mission and Guiding Principles are defined in the third chapter. The strategic goals and objectives, as well as implementation initiatives and expected outcomes are established in the fourth chapter. Challenges, success factors, risks and assumptions emanating from the contextual and situational analysis are described in the fifth chapter. Resource requirements are identified subsequently in the sixth chapter.

Monitoring, evaluation and communication aspects are provided in the last chapter.

The Strategic Plan serves as a roadmap for RAERESA for the strategy period by taking advantage of the foundation laid by previous plans undertaken since 2009. Over the last 7 years, RAERESA has made commendable strides that include: 1) Development of a number of regulatory instruments and standards to operationalise its objectives and functions; 2) Creation and sustaining of its organisational structure that has facilitated some level of its regulatory work; 3) Development and implementation of its Work Programme, which has provided direction and focus of the work undertaken over the last 7 years; and 4) Some level of sensitisation on the role and responsibility of RAERESA has been undertaken. Although RAERESA has made reasonable progress, there is still the need to address both outstanding and emerging issues. To that end, the Strategic Plan is the high level description of how this will be achieved in the strategy period.

In the strategy period, RAERESA's role will be to establish the regional regulatory framework conducive to the achievement of key results in a regionally compatible way which will enable energy trade and investment across borders in COMESA by both the public and private sector. Hence it will contribute to socio-economic development at both COMESA regional-level and COMESA Member States national-level, including by enhancing objectivity, transparency and accountability to its members and stakeholders. RAERESA will continue to remain alert to emerging issues and developments and where appropriate, revise the strategic priorities in line with the evolving conditions.

In that context, the strategic goals and objectives of RAERESA are set out here. The first strategic goal relates to the capacity building, information exchange, energy statistics and database, with the objective to develop capacities of members at national and regional levels and share information, statistics and data to enhance regulatory practices. The second one relates to the harmonisation of legal and regulatory frameworks, with the objective of enhancing the integration of energy systems and energy trade in COMESA and beyond. The third and fourth ones relate to the enhancement of renewable energy and environment and energy efficiency, with the objectives of increasing the share of renewable energy in the energy mix and to promote energy efficient technologies and practices. The fifth strategic goal relates to the establishment of an efficient and effective Secretariat and RAERESA to promote the attainment of RAERESA's Vision, Mission and Objectives in an efficient and economic manner.

Each of the strategic goals and objectives is assigned a set of implementation initiatives and expected outcomes. Under the first strategic goal, the emphasis is on study tours, workshops, courses, benchmarks, meetings and visits aimed at acquiring an insight into functioning of similar associations and establishing more efficient utility operations. Under the second one, the emphasis is on a number of legal and regulatory reviews of regional and national electricity, oil and gas market structures and procedures to establish best practices conducive to competitive energy markets. Under the third and fourth ones, the emphasis is on the reviews of national renewable energy and energy efficiency policies, laws and regulations to adopt best practice guidelines for domestication in a coherent and compatible way at the COMESA level. Under the fifth strategic goal, the emphasis is on the establishment and maintenance of the RAERESA Secretariat, concerning its infrastructure, human and financial resources needed for supporting RAERESA in its future development.

Possible options for RAERESA's future development are identified as follows: 1) Association (a regional energy regulatory association with a Secretariat); 2) Organisation (a regional energy organisation with a Secretariat and an independent Regulatory Board, comprising the heads of the regulators of the members of RAERESA); and 3) Authority (a fully autonomous regulatory authority with a number of boards necessary for its operation). Future

options are briefly described, under symmetrical headings, to enable easier comparison and recognition of items relevant for RAERESA. Advantages and disadvantages of each option concern predominantly issues of effectiveness and promptness of domestication of RAERESA's guidelines, which is understood as crucial for faster progress in a coordinated and compatible way at the COMESA level.

Notwithstanding the achievements, RAERESA has faced a number of challenges in its operations. They range from inadequate capacity and experience in handling regulatory matters, over incompatible regulatory frameworks, instruments and methods of regulation, to inadequate energy trade and investment due to uncoordinated planning and development of the energy sector in the COMESA Region. The success factors include the strategic leadership from RAERESA for its members to make regulation a success and also a commitment from RAERESA's members for implementation of RAERESA's initiatives and achievement of outcomes. The most important risks relate to conflicts of jurisdiction or authority in developing a consistent and harmonised regulatory framework for energy trade and investment in the COMESA Region. It is assumed that, among other, there will be a continued goodwill of RAERESA's members, continued support from ministries in charge of energy and continued support from development partners to make RAERESA a success in terms of its infrastructure adequacy, financial viability and continuity of quality personnel.

Successful implementation of the Strategic Plan requires financial and human resources, including an appropriate organisational structure. The achievement of the strategic goals and objectives set out in the Strategic Plan and the significant corporate services within RAERESA which facilitate this, relies on the knowledge and expertise of its management and staff/experts and their judgement in developing policies, guidelines, recommendations and decisions, as well as the organisational structure tailored in alignment with the strategic goals and objectives. RAERESA needs an effective Secretariat to support the Executive Committee (and the Plenary) as well as a number of Portfolio Committees – On capacity building, information exchange, energy statistics and database; On legal and regulatory harmonisation; On renewable energy; and On environment and energy efficiency.

RAERESA has the will, ability and commitment to implement this Strategic Plan and with support from all its members, i.e. the national energy regulators, it shall make a significant contribution to the socio-economic transformation of both COMESA and the COMESA Member States. This Strategic Plan will make it possible to respond promptly to the needs of energy undertakings and consumers within the energy sector, and to successfully handle most of RAERESA's current and future challenges. Throughout the strategy period, the energy undertakings and consumers interest will be at the forefront of RAERESA's thinking. RAERESA is fully committed to the implementation of this Strategic Plan and request all its members and stakeholders to get involved in its implementation process.

For implementation purposes, the Strategic Plan is translated into the Business Plan (and the One-Year Work Programme for 2017). Bearing in mind implications of implementation activities that are detailed in the Business Plan (and the One-Year Work Programme for 2017) and in relation to the current trends and potential opportunities of revenue collection, it is anticipated that the implementation of this Strategic Plan will require an average sum of approximately US$ 2-2.5 million annually. RAERESA needs to be adequately equipped to meet the challenges in the energy sector over the strategy period (and beyond).

Key Issues

1. RAERESA needs to recognise where it currently is, why it is there, where it wants to be, and how to get there. Future development options are grouped around continuing as an association with a supporting Secretariat, over establishing an organisation with a Regulatory Board and a well-developed Secretariat, to becoming an authority with fully fledged boards and agency staff/experts;

2. RAERESA needs to keep in view the context that it works in relating to the international context at both global and regional levels, but also the context that its members face at national level in order to establish proper priorities for future work;

3. RAERESA needs to know exactly who its members and stakeholders are, what do they need from RAERESA, and what are the implications of not meeting those needs;

4. RAERESA needs to define its Vision, Mission and Core Values. These signal its commitment to the strategic vision in the context of COMESA and its Institutions and help approaching its members and stakeholders, which includes development partners, for technical and financial support of its activities;

5. RAERESA needs to establish the strategic goals and objectives, as well as implementation initiatives and expected outcomes, having in view the members' ones as a base. They help RAERESA to clearly understand what it needs to do and achieve;

6. RAERESA needs to monitor these continually to correct deviations at the right time and derive the maximum benefit out of its resources as they have been obtained after sustained efforts from its members and stakeholders, including development partners;

7. RAERESA needs to note the challenges it has faced in its operations, identify critical success factors for the successful implementation of the Strategic Plan, and recognise possible risks that may arise while executing the Strategic Plan. It also needs to detail how it is going to avoid and manage them;

8. RAERESA needs various resources to effectively implement the Strategic Plan, hence it is imperative that the Strategic Plan is linked to necessary infrastructure, human resources including organisational structure, and financial resources, in particular for the RAERESA Secretariat;

9. Human resource development and deployment is a very important factor for the success of RAERESA. Bearing in mind that the Strategic Plan has to be complemented by an organisational structure that is aligned with the envisaged strategic goals and objectives, it is necessary to take that into account;

10. RAERESA needs to tackle HR allocation in the Secretariat and placement within its organisational structure to execute targets set. RAERESA also needs to set up a hierarchy such that operational issues are properly escalated and solved in time without wasting resources;

11. RAERESA needs to draw up financial projections of revenues and expenses, fixing expense budgets within allocated resources for various implementation initiatives. RAERESA can spend only what it

raises as funds from members and grants from development partners;

12. REARESA needs to put in place a reporting and information system to report actual performance. It needs to conduct periodic reviews of actual performance in comparison with the Strategic Plan, call for review meetings with concerned staff and take corrective steps wherever deviations are reported; and

13. RAERESA needs to realise its communication function as it brings in the revenues for it without which its operations face serious difficulties. RAERESA needs to plan its campaign of conveying its message to such entities and convincing them to provide support and make grants in its favour.



1 INTRODUCTION

Introduction

1.1 Background

1.1.1 The Strategic Plan

This is in effect the second Strategic Plan of RAERESA, which takes advantage of the foundation laid by the first one which was given in the format of a Work Programme. The first Strategic Plan, which covered the period from 2009 to 2016, enabled the establishment of RAERESA and commencement of its operations. During this initial period, a number of achievements were realised including, to mention but a few:

1. Development of a number of regulatory instruments and standards to operationalise its objectives and functions;
2. Creation and sustaining of its organisational structure that has facilitated some level of its regulatory work;
3. Development and implementation of its Work Programme, which has provided direction and focus of the work undertaken over the last 7 years; and
4. Some level of sensitisation on the mandate and role of RAERESA has been undertaken.

The second Strategic Plan will therefore serve as a roadmap for RAERESA for the next 10-year strategy period (2017-2026), emphasising the necessity to achieve the following key results:

1. Increased access to electricity and non-solid cooking fuels to ensure universal access to modern energy services;
2. Enlarged share of renewable energy in total final energy consumption to enhance sustainability of energy mix; and
3. Improved status of energy efficiency to reduce (primary and final) energy intensity.

1.1.2 Legal framework of RAERESA

RAERESA was established by its Constitution pursuant to Articles 106 to 109 of the Treaty establishing COMESA. These provide that the COMESA Member States will undertake to cooperate in the joint development and utilisation of energy resources, creation of more favourable investment climate to encourage public and private investment, encouragement of joint utilisation of training and research facilities, exchange of information on energy systems and investment opportunities, and development of research programmes on renewable energy systems. In addition, the COMESA Member States are expected to develop a common strategy in the more efficient use of energy and to accede to international agreements that are designed to improve the management of energy resources, develop new renewable energy resources and coordinate the exchange of information on energy resources.

1.1.3 Objectives, functions and structure of RAERESA

The legal framework governing RAERESA is the RAERESA Constitution, which spells out its objectives and functions. It also depicts its organisational arrangements – the Plenary, Executive Committee, four Portfolio Committees and Secretariat.

The objectives of RAERESA include:

1. Capacity building and information sharing;
2. Facilitation of ESI policy, legislation and regulations;
3. Regional energy regulatory cooperation; and
4. Inter-regional cooperation.

The functions of RAERESA include to:

1. Monitor and evaluate energy regulatory practices among members to determine regional training needs;
2. Develop, conduct or manage information and capacity building programmes;
3. Promote and support the development of independent energy regulators in the COMESA Member States where same are not presently established;
4. Source funding to achieve capacity building and research needs;
5. Facilitate coordination in the development of the following key areas:
    a. regional regulatory policies, legislation and regulations, and
    b. energy market structures in the region;
6. Promote research and prepare position papers on key aspects of regional regulation, including but not limited to examination of policies, strategies and legislation in the energy supply industry of the COMESA Region in comparison with international trends and best practices;
7. Require members to provide information as may be reasonably required to facilitate the coordination of energy trade and systems operations, in conjunction with the power pools and national control centres;
8. Facilitate the management of an information database relating to the regional energy regulatory functions and regional energy trade, taking into account the confidentiality of commercially sensitive information;
9. Investigate and deliberate on issues referred to it by members or emanating from any other source, relating to matters which impact negatively on the development of integrated energy supply



systems in the COMESA Region;

10. Promote where necessary the establishment of norms and standards for the energy supply industry across the COMESA Region, including (but not limited to) environmental and safety regulations; and

11. Establish working relationships with other agencies that promote regional development and coordination of energy related matters.

The structure of RAERESA, as defined by the RAERESA Constitution, consists of:

1. the Plenary which is the highest decision making body;

2. the Executive Committee;

3. the Portfolio Committees ; and

4. the Secretariat (which is to be headed by the Executive Secretary/CEO responsible for day-to-day affairs).

These organs of RAERESA, with the exception of the Secretariat, are functional and working towards the objectives established in the Constitution. However, in the seven years since RAERESA's establishment, it has not had a fully operational Secretariat of its own and has been hosted by the COMESA Secretariat (on an interim basis), with only one person supporting all programme related activities and assisting the technical and professional work of the Plenary, the Executive Committee and the Portfolio Committees. This has clearly limited the effectiveness of its interventions. One of the outcomes of this Strategic Plan is to ensure that RAERESA will establish a fully functional Secretariat with a budget, human resources and internal administrative and operational policies and procedures.

1.1.4 Membership of RAERESA

RAERESA was officially launched on 16 March 2009 and came officially into existence with the signing of its Constitution by seven national energy regulators from COMESA Member States, namely: Ethiopia, Egypt, Kenya, Madagascar, Malawi, Rwanda and Sudan. Currently, as at January 2017, RAERESA has 10 Full Members, 5 Associate Members and 4 Observers, as it follows:

1. Full Members of RAERESA (10)

   a. Electric Utility and Consumer Protection Regulatory Agency of the Arab Republic of Egypt (http://www.egyptera.org/en/),

   b. Energy Regulatory Authority of the Federal Democratic Republic of Ethiopia (http://www.ethioenergyauthority.gov.et/),

   c. Energy Regulatory Commission of the Republic of Kenya (http://www.erc.go.ke/),

   d. Electricity Regulation Office of the Republic of Madagascar (http://www.ore.mg/),

   e. Malawi Energy Regulatory Authority of the Republic of Malawi (http://www.meramalawi.

mw/),

f. Rwanda Utilities Regulatory Authority of the Republic of Rwanda (http://www.rura.rw/),

g. Seychelles Energy Commission of the Republic of Seychelles (http://www.sec.sc/),

h. Electricity Regulatory Authority of the Republic of Sudan (http://www.era.gov.sd/web/en/),

i. Electricity Regulatory Authority of the Republic of Uganda (http://era.or.ug/), and

j. Zimbabwe Energy Regulatory Authority of the Republic of Zimbabwe (http://www.zera.co.zw/).

2. Associate Members of RAERESA (5)

k. Ministry of Production, Environment, Energy, Industry and Handicrafts of the Union of Comoros (http://www.gouvernement.km/),

l. Ministry of Energy in charge of Natural Resources of the Republic of Djibouti (http://www.mern-gouv.com/),

m. Ministry of Electricity and Renewable Energy of Libya (http://www.merel.gov.ly/),

n. Ministry of Water Resources and Electricity of the Democratic Republic of Congo (http://www.cate.cd/), and

o. Ministry of Energy and Mines of the State of Eritrea (http://www.moem.gov.er/).

3. Observers of RAERESA (4)

p. L'Agence de Contrôle et de Régulation du Secteur de l'Eau Potable et de l'Electricité of the Republic of Burundi (http://energie-mines.gov.bi/),

q. Utility Regulatory Authority of the Republic of Mauritius (http://publicutilitie s.govmu.org/English/Pages/default.aspx),

r. Swaziland Energy Regulatory Authority of the Kingdom of Swaziland (http://www.sera.org.sz/), and

s. Energy Regulation Board of Zambia (http://www.erb.org.zm/).

Membership to RAERESA is voluntary. A national energy regulatory body becomes a member once the Plenary meeting approves its application for membership. A national energy regulatory body may cease to be a member by giving the Executive Secretary one-year notice of its intention to have its membership cancelled. Because of the voluntary nature of RAERESA, it cannot sanction members for failing to timely implement decisions made by the COMESA CoM (as the COMESA's highest decision-making body, next to the COMESA Authority HoSG for strategic decisions). While RAERESA members are obliged to implement decisions, they may elect to defer and RAERESA can



always encourage them to oblige implementation of the decisions.

1.1.5 Activities of RAERESA

RAERESA's activities have been performed in the areas of: 1) Electricity; 2) Oil and Gas; 3) Renewable Energy; and 4) Environment and Energy Efficiency. These activities have been organised and shown in the conclusions of the AGMs held in the period 2010-2017. RAERESA's activities promote collaboration between its members to share experiences and to identify good energy regulatory practices in those activity areas, including the adoption of guidelines. The priorities are to implement the Work Programme as per the activity areas of the Portfolio Committees and to expand activities and services responding to new challenges faced by the members.

1.1.6 Funding of RAERESA

The primary source of funding for RAERESA is from membership contribution made up of annual contributions and special contributions by members. Each member is required to pay an annual membership subscription which is utilised in the operations of RAERESA. On approval by the Plenary, grant funding and donations may be sought and accepted by the institution.

1.2 A case for interventions

The analysis of RAERESA itself and comparable African and European organisations makes it possible not only to review RAERESA's current position but also to identify possible options for its future development. In the given context, the following three future options are open for consideration:

1) Association (a regional energy regulatory association with a Secretariat);

2) Organisation (a regional energy organisation with a Secretariat and an independent Regulatory Board, comprising the heads of the regulators of the members of RAERESA); and

3) Authority (a fully autonomous regulatory authority with a number of boards necessary for its operation).

Future options are briefly described in the Table below, under symmetrical headings, to enable easier comparison and recognition of items relevant for RAERESA.

Table 11 Future Options for Development of RAERESA

Model	Association	Organisation	Authority
Structure	RAERESA as small not-for-profit association with all its organs, including the Secretariat, governed by COMESA laws and constitution.	RAERESA as COMESA organ, with the Regulatory Board supported by its own Secretariat, dealing with the energy regulatory issues of cross-border nature.	RAERESA as independent COMESA structure, with boards and staff/experts, fostering cooperation among COMESA national energy regulators.
Governance	Voluntary association of independent national energy regulators with one vote for each member country. The Plenary, comprising representatives of all members, supervises the activities and affairs of RAERESA. The Executive Committee prepares the Plenary and takes care of the Portfolio Committees' work. The Secretariat supports the work of RAERESA's organs, on both administration and substance.	Headed by the Regulatory Board, with high level representatives from the national energy regulators and chaired by a President. Consists of four WGs in Electricity; Oil and Gas; Renewable Energy; and Environment and Energy Efficiency. Supported by the RAERESA Secretariat, which reviews and enhances the implementation of work programmes of both RAERESA and national energy regulators.	Administrative Board, as part of RAERESA (as COMESA Regulatory Agency) for its administrative and Board of Regulators for regulatory structures, as well as Board of Appeal which acts independently and in the public interest and deals with complaints lodged against RAERESA's decisions. RAERESA's staff/experts (permanent and temporary) supports the work of the Boards and performs own operations.
Effect of decisions	Non-binding decisions of association, which are more of recommendations rather than obligations. Acts as a platform for cooperation, information exchange and assistance between COMESA's national energy regulators, and includes a support from the Secretariat to national energy regulators in the implementation of guidelines. Is an interface at the African and international level and transfers the best regulatory practice to national energy regulators.	Binding individual decisions relating to system access and operational security for cross-border energy trade and infrastructure if the national energy regulators cannot agree (one-directional, impetus comes solely from the national energy regulators and not from RAERESA). Non-binding opinions (invited and non-invited) to COMESA bodies on matters of importance to energy regulation, with a view to COMESA energy trade and investment.	Binding individual decisions relating to results of wider monitoring of system and market operation, including for system access and operational security for cross-border energy trade and infrastructure if the national energy regulators cannot agree (bi-directional, impetus may come from both the national energy regulators and RAERESA). Can initiate investigations without a matter being referred to it by either party and make decisions without the input of parties.

Secretariat	3-person Secretariat consisting of 1) Head of Secretariat (i.e. Executive Secretary or Chief Executive Officer), 2) Programme Manager; and 3) Administrative Assistant. The Head of Secretariat manages the work of the Secretariat, which provides technical (administrative) and professional (substantive) assistance to work of the Plenary, the Executive Committee and the Portfolio Committees of RAERESA.	10 (or so)-person Secretariat is responsible for provision of substantive and administrative support to the Regulatory Board, which is in charge of regulatory policy issues and may give opinions to the HoSG, CoM and MoI in relation of COMESA energy trade and investment. Reviews the implementation of obligations under the COMESA Treaty and submits annual progress reports to the Regulatory Board which transmits those to the HoSG, CoM and MoI. Supports the national energy regulators in domestication of regional guidelines, subject to approval of the Regulatory Board.	RAERESA operates as an agency with 50 employees (in five different contract forms, which among other include permanent and temporary staff/experts employment). Departments: Director's Office, Administration; Electricity, Oil and Gas, Renewable Energy and Environment and Energy Efficiency. Experts (of technical, legal and economic background) are employed in the substantive departments.
Budget and funding	Funded by member contribution and development partners.	Funded by member contribution (and possibly development partners).	Funded by COMESA as its specialised Agency.
Advantages	Optional to domesticate decisions. Consensus of member national energy regulators in decision making engenders ownership of decisions.	Have good features of both an association and authority, sort of half-way through to the authority. Offers a platform to resolve disputes of two or more national energy regulators.	Enforceability of decisions. Faster decision making as consensus is not required. Obligatory implementation aligns national regulatory frameworks.
Disadvantages	Ad hoc nature inhibits continuity, decision making can be slow as consensus is required. National regulatory practices differ widely due to optional domestication.	More complex organisational arrangements, which includes higher costs of operations than in case of an association.	Decision by higher authority (above national level) for regional matters. More financial and human resource commitments.

1.2 Key issues and performance of the first Strategic Plan

Many of the COMESA Member States have established their national energy regulators, while others are in the process to do so. To address the challenges indicated earlier, COMESA needs to integrate synergies on energy regulatory issues. In that regard, strengthening RAERESA is pivotal in facilitating trade in energy services in the COMESA Region through creating an enabling environment for investments in generation, transmission and distribution, and also improving regulatory transparency.

RAERESA needs to be committed to working towards the harmonisation of the rules as they pertain to energy and promote good governance in order to brand the energy sector in the COMESA Region as an investor friendly sector and also to improve the services of the existing energy infrastructure through enhanced efficiency. It is crucial that RAERESA focuses on capacity building of the national energy regulators in the COMESA Region, facilitation of information, statistics and data sharing and cooperation.

The Plenary is the supreme authority of RAERESA, which considers and adopts documents in AGMs (held in January 2010 where the first Work Programme was adopted, March 2011, September 2012, December 2013, October 2014, November 2015 and January 2017 where key baseline reports, guidelines, policies, frameworks, 2017-2026 Strategic and Business Plans were adopted).

There have been four Portfolio Committees: on Electricity, on Oil and Gas, on Renewable Energy, and on Environment and Energy Efficiency, which have been the most engaged organs of RAERESA with respect to performance of the first Strategic Plan. The work of Portfolio Committees is recapitulated in the Tables below per findings for each Portfolio Committee. This recapitulation serves as a critical review and basis for recognition of continuity of work of RAERESA extending into the 2017-2026 strategy period of the Strategic Plan which is developed consequently.

List of reports produced by Portfolio Committees shows not only that Portfolio Committee on Renewable Energy was the most productive one, but also that the work of RAERESA was dominantly focused on the area of renewable energy. This Portfolio Committee produced a number of guidelines intended for domestication/internalisation in the RAERESA Member States. Other Portfolio Committees focused on the status reports and are yet to produce guidelines in their respective areas.

Table 12 Recapitulation of the Work of Portfolio Committees – List of Reports

	Portfolio Committee on Electricity	Portfolio Committee on Oil and Gas	Portfolio Committee on Renewable Energy	Portfolio Committee on Environment and Energy Efficiency
Reports	Report on the status of accessibility and affordability of electricity in the COMESA Region Report on electricity regulatory status for the COMESA Region (should be updated every three years)	Report on the status of accessibility and affordability of oil and gas in the COMESA Region (should be updated every three years)	Report on existing/planned and potential small and off-grid renewable energy projects in the COMESA Region and Baseline Renewable Energy Database Report on the alignment of regulatory framework for renewable energy technologies in the COMESA Region Guideline on regulatory framework on off-grid electrification Guideline on effective regulatory regimes as a requirement for renewable energy development Report on the encouragement of investment and utilisation of renewable energy resources in the COMESA Region Guidelines on 1) FIT, 2) PPP, 3) PPA and 4) Joint Development of Projects	Report on the status of the energy efficiency and environment in the electricity sector in the COMESA Region Concept Note on energy efficiency standards and labelling programme proposal for the COMESA Region

However, all Portfolio Committees identified the most pressing topics in their areas of work and have large expectations from COMESA Member States, RAERESA and its Secretariat, which are reflected through the stated priorities for work. List of expectations, arising from the status reports produced by Portfolio Committees, shows that the setting up of independent national regulators is of utmost importance for making objective and consistent regulatory decisions particularly in electricity/oil and gas. Among the priorities for work in these two areas, the first one is to establish a legal and regulatory framework which needs to be harmonised across RAERESA Member States with a view to enable energy trade and investment in the common market for electricity/oil and gas. Moreover, in the renewable energy area it is necessary to have a comprehensive energy policy or standalone renewable energy policy and effective regulatory regimes as well as PPP institutional and legal frameworks. Furthermore, in the environment and energy efficiency area it is necessary to put in place appropriate policies and legislation, necessary technical procedures and energy efficiency policy framework through national strategies, plans and operational programs. Priorities for work are clearly stated in each of these areas in the Tables below.



Table 13 Recapitulation of the Work of Portfolio Committees – List of Expectations (1/2)

	Portfolio Committee on Electricity	Portfolio Committee on Oil and Gas
COMESA Member States	To set up independent national energy regulators to make objective and consistent regulatory decisions in electricity. To prioritise work on: (1) legal and regulatory framework (separation of policy and operation, legislative basis for NRA, legislative basis for market mechanisms, legislative basis for the industry restructuring, provision for PSP, competition rules), (2) financial viability of the industries (cost-reflective tariffs, elimination of cross-subsidies, transparent subsidies to targeted groups, reduction of non-technical losses, transitional commercial arrangements), (3) unbundling of the industries (disaggregating activities, transmission network/system operations and market functions, Power Exchange, balancing energy pricing, ancillary services trade), (4) removing obstacles to competition (break up of dominant positions, electricity network extension),	To set up independent national energy regulators to make objective and consistent regulatory decisions in oil and gas. To prioritise work on: (1) legal and regulatory framework (petroleum exploration and production law, downstream petroleum law, LPG regulations, aboveground petroleum storage facilities regulations, petrol service regulations, LPG and downstream petroleum products standards, bulk joint procurement of petroleum products, minimum operations stock regulations, petroleum pricing regulations, importation of petroleum products regulations, taxation of petroleum, petroleum levy regulations, blending regulations), (2) establishing and strengthening institutions involved in the oil and gas sector, (3) developing infrastructure in the oil and gas sector (storage facilities, refineries, pipelines), and (4) projects/programmes (on going and in pipeline) in the oil and gas sector (exploration/production of oil and gas, construction/extension of pipelines, construction/modernisation of refineries, construction/enlargement of petroleum storage facilities, construction / enlargement of strategic stock reserves and facilities, development of petroleum management information system, tax waiver on LPG, zero rated duties on LPG, awareness of population on the use of modern household energy and fight against the use of wood fuels, exchange of kerosene stove for a gas stove, phase out the use of kerosene stoves).

	(5) market access (definition of eligible consumers, definition of UoS charges, procedures for congestion management, non-discriminatory operational rules), (6) market arrangements (definition of market form, establishment of market rules, review and drafting of agreements, specification and implementation of settlement systems), (7) implementation of national market (official and political responsibility, action plan, programme management, first operation of the market), (8) regulation (independence of national energy regulator, powers to perform his duties, definition of regulatory principles, regulatory capacities), (9) technical and commercial rules and agreements (network codes, UoS agreements, connection charges and procedures), (10) infrastructure requirements for market operation (specification of system metering needs, specification of consumer metering needs, specification of communication and IT requirements, procurement), and (11) imports and exports (institutional arrangements for use of interconnections, charging arrangements).	To identify factors affecting Oil and Gas accessibility: (1) high importation costs of petroleum products (gasoline, diesel, kerosene), particularly if a country is landlocked, (2) pricing policy and automatic pricing mechanism determined by international prices and exchange rate with a trigger percentage of at least 5%, (3) high price of LPG, cylinders and other accessories, (4) dependable distribution network, (5) inadequate supply of both LPG and other petroleum products, (6) public awareness on the benefit of LPG usage, (7) lack of storage infrastructure, (8) proximity of retail outlets.

RAERESA and its members	To prepare a model legal framework for electricity containing a minimum common aspects and items of interest for mutual compatibility in organisation of the electricity sector. To share information and data through the questionnaire(s) as a ground of the benchmarking study on electricity for the COMESA Region. To engage in such domestic regulatory practices in electricity which are conducive to enabling legal and regulatory framework. To avail resources for bilateral peer reviews in relation to exchange of practice and knowledge with fellow regulators with aim to help capacity building in electricity. To avail resources for multilateral cooperation at regional level with a view to enable trade and investment in the common market for electricity across borders.	To prepare a model legal framework for oil and gas containing a minimum common aspects and items of interest for mutual compatibility in organisation of the oil and gas sector. To share information and data through the questionnaire(s) as a ground of the benchmarking study on oil and gas for the COMESA Region. To engage in such domestic regulatory practices in oil and gas which are conducive to enabling legal and regulatory framework. To avail resources for bilateral peer reviews in relation to exchange of practice and knowledge with fellow regulators with aim to help capacity building in oil and gas. To avail resources for multilateral cooperation at regional level with a view to enable trade and investment in the common market for oil and gas across borders.

RAERESA Secretariat	To facilitate elaboration of the benchmarking study on electricity by classifying information and processing data, providing overall statistics and presenting tables and descriptions. To use the regulatory and market benchmarking study on electricity for the monitoring of the implementation progress in the electricity area. To monitor the implementation progress in the electricity area of RAERESA Member States and produce an implementation report at least on an annual basis. To focus on modernising old legal and regulatory acts in RAERESA Member States due to evolution in the electricity sector, in particular, the process of reforms in terms of unbundling, PSP and utility commercialisation. To support RAERESA members in fulfilling their commitments and obligations, including on domestication/internalisation of relevant guidelines in electricity.	To facilitate elaboration of the benchmarking study on oil and gas by classifying information and processing data, providing overall statistics and presenting tables and descriptions. To use the regulatory and market benchmarking study on oil and gas for the monitoring of the implementation progress in the oil and gas area. To monitor the implementation progress in the oil and gas area of RAERESA Member States and produce an implementation report at least on an annual basis. To focus on modernising old legal and regulatory acts in RAERESA Member States due to evolution in the oil and gas sector, in particular, the process of reforms in terms of unbundling, PSP and utility commercialisation. To support RAERESA members in fulfilling their commitments and obligations, including on domestication/internalisation of relevant guidelines in oil and gas.

Table 14 Recapitulation of the Work of Portfolio Committees – List of Expectations (2/2)

	Portfolio Committee on Renewable Energy	Portfolio Committee on Environment and Energy Efficiency
COMESA Member States	To have: (1) comprehensive energy policy or standalone renewable energy policy, (2) effective regulatory regimes for renewable energy development and support to off-grid rural electrification systems through promotion of renewable energy technologies, and (3) PPP institutional and legal frameworks. To prioritise work on: (1) developing renewable energy regulation and policy, (2) establishing renewable energy incentives, (3) introducing PPP framework, (4) publicising COMESA projects at feasibility stage, (5) elaborating renewable energy resource map, and (6) developing a biofuels industry.	To have: (1) appropriate policies and legislation, necessary technical procedures, and energy efficiency policy framework, (2) national strategies, plans and operational programs for energy efficiency, and (3) plans and pilot programs to improve energy efficiency in various industries. To prioritise work on: (1) reviewing tariffs of energy consumed in the industrial sector, (2) introducing energy audits across the whole sector, (3) developing regulations guidelines for energy efficiency, (4) improving energy efficiency in buildings and appliances, and (5) engaging in a joint regional energy efficiency standard and labelling programme.
RAERESA and its members	To: (1) develop renewable energy standards, (2) adopt competitive procurement guidelines, and (3) elaborate guidelines for biofuels.	To: (1) undertake a survey on policy, legal and institutional framework for supply and demand market for appliances and equipment as related to standards and labelling, as well as assessment of appliances and equipment, (2) prepare a strategy document for the implementation of region-wide standards and labelling programme, (3) prepare a model legal framework for energy efficiency and conservation measures.

RAERESA Secretariat	To facilitate training programme on the FIT/PPP/PPA/JDP guidelines to fully understand them and further internalise/domesticate them. To monitor the implementation progress in the renewable energy area of RAERESA Member States and produce an implementation report at least on an annual basis. To support RAERESA members in fulfilling their commitments and obligations, including on domestication/internalisation of relevant guidelines in renewable energy.	To organise seminars and training workshops, establish energy efficiency database in COMESA, and issue an annual Journal for environment and energy efficiency. To prepare a position paper to win political support for the commencement of a regional platform for energy efficiency and labelling programme and prepare a policy paper (road map) on COMESA-wide standards and labelling programme. To propose a COMESA-wide energy efficiency and labelling programme for selected households and industrial appliances and equipment based on the size of their contribution to the national electricity demand. To identify well organised standards and efficiency testing laboratory among the COMESA Member States to serve as a standard and testing centre for the COMESA-wide energy efficiency labelling programme. To develop for RAERESA to adopt minimum efficiency standard for selected appliances and equipment. To promote energy efficiency standards and labelling programme, as well as harmonisation of COMESA-wide energy efficiency labelling programme which includes alignment of testing procedures and alignment of label design. To monitor the implementation progress in the environment and energy efficiency area of RAERESA Member States and produce an implementation report at least on an annual basis. To support RAERESA members in fulfilling their commitments and obligations, including on domestication/internalisation of relevant guidelines in environment and energy efficiency.

Based on the Tables above, the following RAERESA's priorities are singled out for the short-term:

1. In the network energy (electricity in particular, oil and gas where relevant)

    a. development and implementation of harmonised energy regulatory framework, with a particular emphasis on cross-border issues where relevant, to nurture a regional energy market that is able to attract investments and ensure universal access, and

    b. enhancement of regulatory capacity of the NRAs and strengthening capacity of RAERESA and RERA and EAPP and SAPP to proactively influence developments in the network energy sector;

1. In the renewable energy

    a. development and domestication of renewable energy standards,

    b. development and domestication of guidelines on competitive bidding, and

    c. development and domestication of guidelines on biofuels; and

2. In the environment and energy efficiency

    a. development of common minimum energy performance standards, as well as common energy labelling (policy paper, COMESA-wide survey, and implementation strategy),

    b. development of guidelines for integration of energy efficiency into electricity network infrastructure investments, maintenance practices and operating procedures (decrease of network losses),

    c. development of thermal building codes,

    d. exchange of best practices in the area of cooking energy efficiency, and

    e. development of guidelines on the preparation of legal framework for energy efficiency.

It is expected that by 2018/2019 (i.e. in 1-3 years), a number of high-voltage electricity transmission lines, both internal and cross-border ones, will be constructed and put into operation within transmission networks of countries in the Eastern and Southern Africa (continental part), most of which are also COMESA Member States. This will result in the operation of wider interconnected system and subsequently in the establishment of the wholesale electricity market in the interconnection, i.e. the regional electricity market which will function together with the national ones. That will promote electricity trade and investments, with the goal of increasing security and affordability of electricity supply, promoting sustainability, increasing renewable generation of electricity, and reducing emissions from thermal power plants.

It is particularly important to emphasise that this will also include the interconnection between the EAPP and the SAPP – power pools established with the main objective to optimise the regions' abundant natural resources, including renewable ones, by drawing these together by way of regional power interconnections. By 'pooling' resources from the various countries, the power pools can satisfy the regions' increasing demands for reliable and cheaper electricity to support basic needs as well as encouraging economic growth. The increasing demand will also

come from an expected expansion of oil and gas industry. With an increasing demand and recent discoveries in the regions, there is an even greater pressure being put on the power system. Through the facilitation and coordination of power exchanges among member utilities, the power pools can establish a multi-regional electricity market which should result in lower power and operational costs.

In terms of potential, the soon-to-be-interconnected regions have significant hydro, geothermal, wind and solar possibilities. From the power pools' point of view, grid connected large scale wind/solar generation systems are considered as priority areas next to hydro and geothermal systems. Moreover, being part of the power pools will give the countries more energy security in the event of a drought. While the size of most of the national power systems in the regions is a constraint to the development of large scale grid connected renewable energy generation systems, the power pools are designed to provide the required system size for such development. However, since most of the upcoming large dam projects are seemingly targeted at the power pools rather than local rural energy needs, it will also be necessary to address energy poverty and access especially when it comes to outlying rural areas which need development of mini-grids and community energy programmes.

Such development will soon stop being a utilities-driven process (after the completion of construction of transmission infrastructure) and instead become a regulators-driven one (with the focus on harmonisation of the legal and regulatory frameworks). The Island States in the Indian Ocean Region can benefit from the overall legal and regulatory harmonisation in such a way that will enable them to attract investors interested in smaller energy facilities under laws and regulations which are harmonised and compatible in the wider area (i.e. with jurisdictions in the continental part). To sustain such expectations, Portfolio Committees will need a regrouping in such a way that will enable them to work on the two most pressing issues of RAERESA: the capacity building/information sharing/energy statistics/database on one side and the harmonisation of legal and regulatory frameworks on the other.

Therefore, electricity and oil and gas can be dealt within the two new Portfolio Committees to account for a number of cross-cutting issues. Those two new Portfolio Committees may establish a number of sub-Committees to focus their work more closely to any topic of interest that may come along (for instance, customer protection until such later stage when it becomes so pressing a topic to call for its own Portfolio Committee). Renewable energy and environment and energy efficiency can continue to function within their already established Portfolio Committees, covering energy supply and demand side separately and corresponding to already well-established separate supporting lines of development partners.

The future work of RAERESA will be performed in Portfolio Committees (instead of under Pillars) which will need a strong support of and monitoring by the Secretariat. The Secretariat will need to be established as a fully-fledged organ of RAERESA, having not only administrative and finance personnel in place but also experts to provide substantial support at least in capacity building/harmonisation and renewable energy/energy efficiency. The Secretariat is indispensable in supporting the future work of RAERESA.

Table 15 Recapitulation of the Work of Portfolio Committees – Support of the Secretariat

	Strategic Support	Legal Support	IT Support	Other Support
Support to all RAERESA organs as well as RAERESA members	Advising RAERESA organs and institutions of RAERESA members on the relevant legal and regulatory framework (governmental institutions, national energy regulators, competition and state aid authorities, energy and environmental agencies, and judicial authorities).	Advising on the COMESA related laws, which may include but are not limited to: tax, procurement, competition and state aid, corporate, contracts, trade, environment, administrative and infrastructure, dispute resolution and arbitration.	IT Services and Solutions. Custom solutions and consultancy. Applications development. Hardware and software consultancy. Programming and maintenance.	Meeting/conference organisation and services. Organisation of training courses. Translation and interpretation. Travel management services. Communication and marketing. Graphic design, lay outing. Evaluation.

1.3 Rationale for developing the Strategic Plan and the strategic planning process

1.3.1 Rationale

The development of the Strategic Plan, i.e. the Strategic Plan for the 10-year period 2017-2026, is necessitated by the expiry of the first Strategic Plan (2009-2016) and the establishment of RAERESA's priorities for the next strategy period.

The Strategic Plan, has been prepared in compliance with the RAERESA Constitution and the COMESA Treaty (Articles 106-109). It is complemented by the Business Plan and the One-Year Work Programme for 2017. Its main objectives, which are aligned with RAERESA Vision, Mission and Guiding Principles drawn from its objectives and functions, are to:

1. Serve as a source of information and a framework for reference for all RAERESA members and stakeholders (including employees of the RAERESA Secretariat) so that they can be fully aware of, and be engaged in the efficient and effective delivery of its regulatory services;

14. Lay down an agreed coherent strategic framework of strategic goals and objectives, as well as implementation initiatives and expected outcomes to govern the scheduling and implementation of activities and services which RAERESA needs to deliver during the planning period;

15. Act as a working tool for the RAERESA organs; and

16. Guide and organise operational inputs to achieve the outputs, and to agree on budgetary resources from the Plenary.

In view of the above objectives, the Strategic Plan is expected to facilitate the following:

1. Enable RAERESA to realise its current dual functions as an association of national energy regulators in the COMESA Member States and a promoter of energy trade and investment in COMESA; and

2. Enable RAERESA to respond to the totality of changes in the environment in which it operates in order to improve the quality of services offered to its members and stakeholders on a continuous basis (i.e., learning and innovation).

The Strategic Plan is intended to translate the Vision and Mission, in line with Core Values, of RAERESA into strategic goals and objectives, as well as implementation activities and expected outcomes in the medium- to long-term in fulfilment of the expectations and aspirations of its members, as well as all energy industry related stakeholders. The Strategic Plan serves to ensure alignment with COMESA regional integration agenda for energy trade and investment.

The successful implementation of the strategic goals and objectives requires well dedicated staff/experts of the RAERESA Secretariat with positive attitudes and adherence to the organisational culture. All RAERESA Secretariat employees need to work as a team so that together they can support RAERESA to attain the strategic goals and objectives set out here. RAERESA needs to conduct periodic monitoring and evaluation in the implementation of the Strategic Plan. It also needs to conduct scheduled reviews of the Business Plan and the One-Year Work Programmes in order to improve the Strategic Plan and incorporate any emerging requirements.

1.3.2 Strategic planning process

The Strategic Plan is developed in a highly participatory manner, to ensure relevance and ownership of the results. The process entailed consultations with a cross section of groups and individual members and stakeholders of RAERESA to obtain their inputs on the extent to which objectives set out in the first Strategic Plan were met, as well as their perceptions of the issues that need to be addressed in this Strategic Plan. The process was ably supported by the Executive Committee and Plenary of RAERESA, RAERESA Secretariat, COMESA Secretariat in particular the Strategy Unit, European Union, among others.

The following major steps were involved in the preparation of the Strategic Plan:

1. An evaluation exercise that was undertaken to assess the extent to which the strategic goals and objectives in the first Strategic Plan were addressed and achieved. The evaluation helped to identify the factors that may have contributed to success or hindered successful implementation so as to provide lessons for the formulation of this Strategic Plan;

17. The evaluation exercise was complemented by PESTEL and SWOT analyses that sought to appreciate the key challenges and opportunities in the energy sector in general and RAERESA in particular;

18. Evaluation findings were presented at the workshop comprised of the members of the Executive Committee. The workshop was also used to obtain inputs of the Executive Committee members into



the Strategic Plan, which was later presented at a similar workshop for endorsement and refinement; and

19. The Strategic Plan was presented to the Executive Committee for their inputs, after which it was presented to other members and stakeholders at the Plenary of RAERESA. The Strategic Plan therefore, reflects their inputs.

1.4 Outline of the structure of the Strategic Plan

This introductory chapter, as the first one, covers RAERESA's background by summarising information on its context and current situation pertaining to the legal framework, and its objectives, functions and organisational structure. The first chapter also attempts to build a case for interventions during the strategy period by asking questions on where RAERESA currently is, why it is there, where it wants to be, and how to get there. Further, it emphasises the key issues by taking advantage of the foundation laid by the first Strategic Plan or work programme of RAERESA and explains in brief the performance per Portfolio Committees, resulting in recapitulation of their work. Next, it gives a rationale for developing the Strategic Plan for the next 10 years and explains a strategic planning process. It ends up with a structure of the Strategic Plan that follows.

Contextual, situational and stakeholders' analyses are presented in the second chapter. The context that RAERESA works in is analysed firstly by recognising the relevant international frames at both global (defined by items such as SDGs and SE4ALL) and regional (defined by COMESA-level strategic objectives in energy and the intention to form a wider tripartite COMESA-EAC-SADC region) levels. Besides the global- and regional-level frames, RAERESA has also recognised the frames that its members face at national level too in order to establish proper priorities for future work. Secondly, to inform the identification of the strategic issues, RARESA analyses the situation to understand both the external and internal environments in which it works in. The external environment has been scanned through the use of PESTEL and SWOT, whereas the internal one by use of appropriate criteria. Thirdly, the stakeholders are also analysed to address the questions as to who are RAERESA's main stakeholders, what do they need from RAERESA, and what are the implications of not meeting those needs. RAERESA's stakeholders have been grouped into several categories in order to recognise their aspirations separately.

Vision, Mission and Guiding Principles are defined in the third chapter. A Vision statement says "what" RAERESA wants to achieve and for what purpose it is in existence. A Mission statement clarifies "how" RAERESA wants to achieve its Vision, establishing the boundaries within which it can decide and act towards achieving results and also expressing what RAERESA expects from its members and stakeholders. RAERESA needs to approach its members and stakeholders, which includes development partners, for technical and financial support of its activities. Members and stakeholders would only provide support to RAERESA if it is perceived as a credible organisation. To ensure this, RAERESA should have a culture based on good Guiding Principles which are the fundamental beliefs defining the code of conduct, providing ethical guidelines for decision-making and defining standards of behaviour. The Vision, Mission and Guiding Principles are provided in the Strategic Plan to signal to members and stakeholders, RAERESA's commitment to its strategic vision in the context of COMESA and its Institutions.

The strategic goals and objectives, as well as implementation initiatives and expected outcomes are established in the fourth chapter, having in view the members' ones as a base. In setting these, RAERESA has followed the SMART rule – the goals set are Specific, Measurable, Attainable, Realistic and Timely. Such long-term strategic goals and

objectives can be broken down into annual ones under the SMART rule and any shortcoming in one year can be made good in the subsequent year. Having the strategic goals and objectives identified and defined, help RAERESA to clearly understand what it needs to do and achieve. In the course of implementing the Strategic Plan, when actual performance is compared with the strategic goals and objectives set, RAERESA can find where it stands and take necessary steps if needed to achieve them as planned. Having these set also help RAERESA to monitor whether the resources of staff/experts, money and technology are used appropriately to achieve them. Where deviations are found, RAERESA can take corrective measures to bring back its activities on the right and planned track. Hence, the strategic goals and objectives to be achieved by RAERESA are clarified and listed, since this informs everyone what RAERESA is planning to achieve in the strategy period. But also, to deploy resources efficiently, the Strategic Plan identifies and sets the implementation initiatives and expected outcomes that would be used to measure and show how efficiently RAERESA's activities have been performed during the strategy period. Having these identified and set, monitoring becomes a continuous process for RAERESA to correct deviations at the right time. RAERESA needs to derive the maximum benefit out of its resources as they have been obtained after sustained efforts from members and stakeholders, including development partners. Hence it sets an expected outcome for every implementation initiative possible to measure the utilisation of its resources.

Challenges, success factors, risks and assumptions are recognised in the fifth chapter. Notwithstanding the achievements, RAERESA has certainly faced challenges in its operations, which need to be duly noted. A number of RAERESA's activities are dependent on external factors beyond its control, having an element of risk while being performed. Hence RAERESA, having defined its strategic goals and objectives, need to identify critical success factors for the successful implementation of the Strategic Plan, as well as possible risks that may arise while executing the Strategic Plan to achieve the strategic goals and objectives. After listing relevant critical success factors and risks, RAERESA details how it is going to avoid and manage them if they occur. For instance, a shortfall in revenue of RAERESA can be met with short- and long-term lending from lending agencies. However, RAERESA needs to raise sufficient funds from targeted sources. To ensure this, RAERESA identifies risks that may occur in obtaining needed funds and is ready with alternative courses of actions in its Strategic Plan against such risks. In short, the driving and restraining forces that may support or constrain the achievement of the Strategic Plan have been described, as well as a general set of assumptions and pre-conditions for the successful implementation of the Strategic Plan.

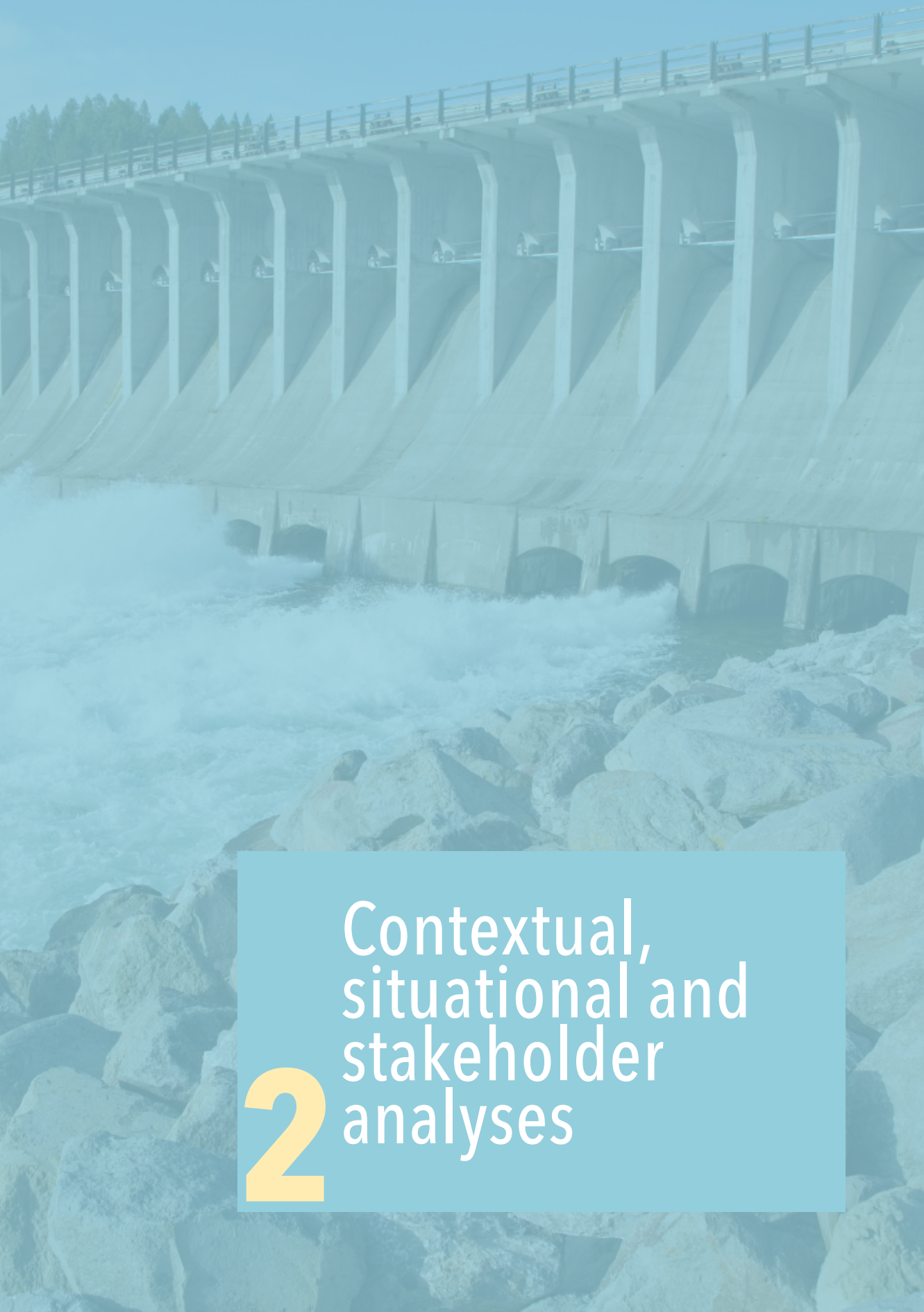
Resource requirements are identified subsequently in the sixth chapter. Various resources are required for RAERESA to effectively implement the Strategic Plan, hence it is imperative that the Strategic Plan is linked to both human and financial resources. Human resource development and deployment is a very important factor for the success of RAERESA. Bearing in mind that the Strategic Plan has to be complemented by an organisational structure that is aligned with the envisaged strategic goals and objectives, it is necessary to take into consideration RAERESA's needs in terms of HR allocation and placement. Therefore, the Strategic Plan describes existing HR, as well as specified additional manpower needed to execute targets set, training needs of staff/experts, authority and accountability in performing various tasks. The Strategic Plan defines clearly, RAERESA's hierarchy such that operational issues are properly escalated and solved in time without wasting resources. Financial resources are another key factor, hence financial projection of revenues and expenses needs to be drawn up for the strategy period as realistic as possible. For the immediate strategy period, the annual plan can be broken down in to monthly or quarterly plans for effective monitoring of actual performance and timely correction of deviations. In RAERESA, where profit is not the motive, a financial projection needs to fix expense budgets within allocated resources for various implementation initiatives. RAERESA can spend only what it raises as funds from members and grants from development partners. Hence it

should know how much it may spend to be within the available funds position. Where expenses go beyond the projected limits, RAERESA needs to take corrective action to bring down such expenses.

Monitoring, evaluation and communication aspects are given in the seventh chapter, at the end. RAERESA needs to conduct periodic reviews of actual performance in comparison with the Strategic Plan, call for review meetings with concerned staff/experts and take corrective steps wherever deviations are reported. The Strategic Plan is not only for guiding RAERESA in the right direction, but also to help in monitoring its activities. A reporting and information system should be put in place to report actual performance. Variance reports should be prepared periodically and circulated to concerned staff/experts for taking corrective actions on time. Moreover, RAERESA needs to sell its laudable cause, purpose and the change it wants to bring about. Sustenance of its operations and achievement of its strategic goals and objectives entirely depends on funds raised through various resource mobilisation initiatives adopted by RAERESA. Its communication function is therefore very important as it brings in the revenues for RAERESA without which its operations face serious difficulties. RAERESA needs to plan its campaign of conveying its message to such entities and convincing them to provide support and make grants in its favour.







2 Contextual, situational and stakeholder analyses

2.1 *Contextual analysis*

2.1.1 Globally

RAERESA is aware of SDGs and SE4ALL setting the scene relevant for energy which plays an important role in the social and economic development of COMESA Member States.

The seventeen SDGs form a blue print agreed by world leaders and all the leading development partners. The Strategic Plan of RAERESA over the next 10-year period is directly relevant to SDG 7 (Affordable and Clean Energy) and indirectly to SDGs 1, 9, 11, 12 and 13. Given that some energy forms may have a negative impact on the environment, RAERESA seeks to ensure that such effects are minimised through its regulatory work.

Since 2011, SE4ALL provides UN's vision of how governments, businesses and civil societies, working in partnership, can make sustainable energy for all a reality by 2030. The EU and most of the COMESA Member States joined SE4ALL. The Strategic Plan of RAERESA over the next 10-year period is directly linked to each of the three critical SE4ALL objectives, namely:

1. Ensuring universal access to modern energy services;
20. Doubling the share of renewable energy in the global energy mix; and
21. Doubling the global rate of the improvement in energy efficiency.

2.1.2 Regionally

RAERESA will play a regional regulatory role in COMESA's drive to achieve the objectives of the SDGs and SE4ALL during the next 10-year period of the Strategic Plan. This will be mainly through establishing a stable, predictable and effective regional regulatory framework, functioning across borders in the COMESA Region, that will support energy trade and investment, minimise the perceived risks in the energy sector, improve technical and commercial performance of energy undertakings, and provide incentives for exploitation of all least-cost generation resources. Infrastructure development is one of the four core development integration agenda of COMESA. The main focus of COMESA's energy strategy is joint development and pooling of energy resources with the objective to optimise intra-COMESA production and trade in commercial energy products and services. In this respect, emphasis is put on joint exploration, exploitation and conversion of the energy resources at the regional and COMESA level.

In that respect, intra- and inter-regional power pool policy coordination will be important to ensure that electricity generation and transmission interconnection projects are synchronously planned in the COMESA region to ensure intra- and inter-connectivity of the national power systems and a common Grid Code is developed to facilitate the integrated development and operations of the national power systems. In that view, EAPP, as a specialised institution of COMESA, represents a regional policy initiative on optimal exploitation of energy resources in the COMESA region currently spread among eleven countries, namely, Burundi, Democratic Republic of Congo, Djibouti, Egypt, Ethiopia, Libya, Kenya, Rwanda, Sudan, Tanzania and Uganda. Its mission is to facilitate and secure electricity supply to the EAPP Member States at the lowest possible cost through:

1. Pooling of resources for optimal exploitation of the available potential in the region to satisfy the increasing

demands based on regional least-cost options to benefit all EAPP Member States; and

2. Facilitation and coordination of power exchange among member utilities with the ultimate objective of establishing a regional electricity market.

2.1.3 Nationally

RAERESA is also aware of the issues that its members face at the national level.

Like in much of Africa, national energy sectors in most of the COMESA Member States have been characterised by an existence of single, dominant electricity company, a lack of universal access to electricity for citizens, a lack of choice for customers already connected to the grid, a lack of real competitive forces between electricity undertakings in terms of cross-border trade in energy, a lack of significant investment in electricity infrastructure and high growth in demand for reliable, sustainable, efficient and cost-competitive electricity supply.

There has been a drive for larger electricity markets (organised around power pools) to bring secure, competitively priced electricity supply to all customers. This has been underpinned by development of conducive national legal and regulatory frameworks in each of the COMESA Member States, however in separate, fragmented and un-coordinated manner (i.e. without any significant harmonisation).

Moreover, the single largest user of petroleum-based energy is the transport sector which, in most of the COMESA Member States, consumes over half of all oil consumed. Road transport consumes the highest proportion in the transport sector. This is followed by rail and air transport. Electrification of high traffic density rail sections will reduce the dependency on imported petroleum products since the COMESA Region produces mostly hydroelectricity. Diversion of traffic from road to rail and water will reduce consumption of petrol.

Allied to this have been climate change, renewable energy and energy efficiency agendas under which, among others, most of the COMESA Member States seek development of national economies.

The national-level context, which is essential to establish proper priorities for RAERESA's future work, is defined, among others, by the COMESA Member States' long-term visions of development, medium-term national development plans, national energy policies and electricity legislations, and rural electrification strategies and plans.

The national energy regulators are established by laws to regulate and control the technical and financial activities and contractual relations pertaining to the electricity undertakings performing electricity activities in consultation and coordination with the concerned authorities.

Their aim is to increase access to electricity, protect the interests of electricity consumers, carry out regulation of electricity transmission and distribution, and promote competition in electricity generation and supply/trade. As part of their role, the national energy regulators participate in joint regulation of the regional wholesale electricity markets with their counterparts.

Moreover, since national efforts are often directed towards increasing renewable energy share in energy consumption, they are tasked with regulatory aspects of renewable energy with a view to enhance sustainability of the energy mix. Furthermore, since national energy strategies aim at conserving energy and economising its use through introducing



technological innovations which consume less energy, they are also tasked with the regulatory aspects of energy efficiency with a view to decrease energy intensity.

1.4.1 Way forward

RAERESA, established in 2009 as a regional association of national energy regulators of the COMESA Member States, recognises the following major directions for future development right across the energy sector in the COMESA Region:

1. Undertaking major investments in the electricity/oil and gas generation/production facilities and transmission and distribution networks, which enhances universal access to energy and underpin economic development;

22. Establishing a competitive wholesale electricity market, which supports energy trade and investment in general, and energy market entry, price transparency and competition in particular;

23. Liberalising the electricity retail markets, delivering price deregulation and competition with new market participants, which offers value and choice for consumers;

24. Delivering a share of electricity consumption from renewable energy, which helps to deliver sustainable energy mix, decarbonise the electricity system and meet international obligations;

25. Enhancing energy efficiency in the whole energy chain, which decreases energy intensity of the economy and related carbon emission; and

26. Keeping a strong consumer focus on energy prices, which are partly driven by global fuel prices, in particular for those COMESA Member States which are price-takers on international fuel markets for those fuels that are the primary ones in the electricity market.

On the basis of the above, REREASA has already started to develop regional policies, standards and regulatory guidelines for domestication at the national level. Further on, its Secretariat will facilitate the AGMs of RAERESA, meetings of the Executive Committee and the Portfolio Committees, organise workshops and study tours, as well as review proper domestication at the national level of the COMESA policies, regulations and facilitation instruments and support RAERESA members with technical assistance and consultancy services in implementing them. It will also facilitate funding for technical assistance and capacity building to EAPP as a specialised institution of COMESA in the electricity field.

1.5 *Situational analysis*

RAERESA, like any other organisation, is working in a globalised world, which has a constantly changing socio-economic and political environment. Therefore, to inform identification of strategic issues, the situational analysis is conducted below to understand and appreciate both the external and internal environment in which RAERESA works. This is a pre-requisite in formulating a realistic Strategic Plan for the next 10-year period.

1.5.1 External environment

It is important for RAERESA to determine what external factors may affect its work and take them into account in the strategic planning process. The external environmental scan is done through the use of PESTEL and SWOT.

In view of PESTEL, RAERESA has recognised external factors that may impact on the execution of the Strategic Plan. Details of external factors considered in the external environmental scan, complete with RAERESA's response to the challenges, are presented in the Table below.

Table 21 PESTEL Framework of RAERESA

Type	Factor	External factor	RAERESA's response
P	Political	A. Incomplete level of energy policy harmonisation through the COMESA Model Energy Policy Framework	*RAERESA to review adoption of the Framework and provide consultative support to those members that have not adopted it yet*
P	Political	B. Some degree of overlapping in membership of RAERESA/RERA/ IRB/EREA	*RAERESA to engage in consultations with other associations/ regulators with a view to minimise overlapping and combine parallel efforts*
P	Political	C. Limited electricity sector reforms, with 17 States owning vertically integrated generation, transmission and distribution undertakings	*RAERESA to perform an analysis of the state of play of the electricity sector reform with a view to increase the degree of harmonisation of the sector organisation and licensing regimes influencing operation of the regional electricity market*
P	Political	D. Increased concerns on matters of governance as 7 out of 19 countries are still without independent national energy regulators and in the rest of the countries national energy regulators may not be fully accountable and transparent	*RAERESA to support those countries without independent national energy regulators to set-up ones and help others to gain credibility and confidence by the general public*



P	Political	E. COMESA Competition Commission will have a role in cross-border trade issues	*RAERESA to initiate, establish and maintain cooperation with the Commission with a view to work together on protection of competition and enforcement of the competition rules in the regional electricity market*
P	Political	F. Political commitment of COMESA to an African Free Trade Area	*RAERESA to engage in cooperation with other associations/ regulators with a view to establish compatible/harmonised licensing regime for wholesale trade in electricity in and between the regional electricity markets*
P	Political	G. Political instability and change of government in few COMESA Member States	*RAERESA to issue a reasoned opinion to governments in case of dissolution of national energy regulator's board noting any adverse effects of such removal*
P	Political	H. Change in funding mechanisms in few COMESA Member States	*RAERESA to issue a reasoned opinion to governments in case of change of national energy regulator's funding mechanism noting any adverse effects of such change*
P	Political	I. Challenges of developing trans-boundary projects	*RAERESA to establish an appropriate regional regulatory framework for trans-boundary projects*
E	Economic	A. COMESA Customs Union	*RAERESA to engage in elimination of customs duties and quantitative restrictions on the import and export of electricity and all measures having equivalent effect between the COMESA Member States (including those of fiscal nature) with a view to create a single market without internal frontiers for electricity*
E	Economic	B. Low access to energy services	*RAERESA to develop guidelines for regulation of access to systems, both on- and off-grid ones, including rural electrification programmes and plans*
E	Economic	C. Poor investment climate for energy service	*RAERESA to develop a regional regulatory framework and support national energy regulators in domestication in order to provide adequate incentives for investors in the energy sector*
E	Economic	D. Delayed infrastructural development and investment gaps in the energy sector – generation and regional infrastructure	*RAERESA to assess implementation of regional/national master plans and establish a platform for regional planning of energy infrastructure development with a view to recognise important projects which need further support*
E	Economic	E. Low energy resource diversity	*RAERESA to engage in promotion of renewable energy with a view to increase its share in consumption*

E	Economic	F. Transmission and distribution losses in the range of 10-50%	*RAERESA to develop guidelines for regulatory treatment of electricity network losses*
E	Economic	G. Significant economic growth and sustained growth of the energy sector	*RAERESA to help national energy regulators in dealing with pressure to achieve cost-reflective tariffs to enhance reliability and quality of service by focusing on the development of commonly applicable cost-reflective models in order to support sustained growth of the energy sector*
E	Economic	H. Volatility of inflation and exchange rates	*RAERESA to suggest national energy regulators a flexible tariff adjustment mechanism and a structure of the payment terms in the PPA (local v. international currency usage)*
E	Economic	I. High bank interest rates	*RAERESA to develop a regional regulatory framework conducive to investments and support national energy regulators in domestication in order to decrease risks stemming from inadequacies in the L&RFs*
E	Economic	J. Different pricing policies leading to price differentials in neighbouring countries, such as provision of government subsidies to end-users	*RAERESA to support establishment of a uniform pricing regime within the COMESA Region that will promote the energy sector financial sustainability*
E	Economic	K. Potential imbalance between supply and demand	*RAERESA to support national energy regulators relating to development of projects that may qualify for FIT support and implementation of solar PV and other RE projects*
E	Economic	L. Volatility in international oil prices and unstable pump prices of fuels	*RAERESA to suggest national energy regulators a flexible (rather than bureaucratic) tariff adjustment mechanism to revise margins for licensees, including downstream margins to ensure cost recovery by licensees*
E	Economic	M. Unhealthy cross-border trading in liquid fuels and illegal vending	*RAERESA to develop guidelines on healthy and socially responsible trade in liquid fuels, including revision of licensing regime and punitive provisions*
E	Economic	N. Discovery of oil and gas in the COMESA Region	*RAERESA to suggest a regional regulatory framework responsive to developments in oil and gas industry, promote electricity generation from natural gas, and advise on the need for fair pricing of local gas and crude oil resources*
E	Economic	O. Treatment of debt service for government-funded projects	*RAERESA to support national energy regulators in providing proposals to governments on clarity of treatment of debt for government-funded projects*

S	Social	A. Strong household demand for access to reliable electricity services	*RAERESA to develop guidelines on quality of service regulation*
S	Social	B. Some households have limited ability to pay for electricity services	*RAERESA to develop guidelines on affordability with a view to recognise appropriate programmes for support to vulnerable customers*
S	Social	C. Increase in the number of discerning consumers	*RAERESA to establish a consumer working group to address an increase in the levels of civic awareness leading to the general public demanding for more accountability and improved quality of public service delivery*
S	Social	D. Resentment of the public to tariff increases and negative publicity	*RAERESA to support national energy regulators in enhancing consumer education, conducting effective public consultation, engaging stakeholders effectively, and mediating*
S	Social	E. Vandalism of electrical infrastructure (electricity poles and transformers for example)	*RAERESA to support national energy regulators in educating consumers about dangers associated with vandalism, engaging local area political leadership and advocating for community policing, and proposing amendments to laws to include punitive sanctions*
S	Social	F. Non-technical (commercial) losses	*RAERESA to support national energy regulators in enhancing consumer education and ensuring that licensees enact measures to curb non-technical (commercial) losses*
T	Technological	A. Insufficient generation and transmission infrastructure to enable significant cross-border trade in the COMESA Region and inefficient delivery of cross-border service	*RAERESA to engage in infrastructure development from regulatory side with a view to promote sound regulatory treatment of cross-border projects*
T	Technological	B. Cross-border transmission interconnections between SAPP and EAPP by 2018/2019	*RAERESA to prepare guidelines and necessary documents for harmonised operation of the systems after interconnection of the power pools*

T	Technological	C. Availability of experience and expertise in the regulation and monitoring of a regional electricity market	*RAERESA to establish training programmes on regulatory activities at several levels (beginning, medium, advanced)*
T	Technological	D. Advancements in ICT	*RAERESA to develop guidelines supporting e-governance initiatives such as online filing in of licence applications and returns, online/phone payments, and record management to improve efficiency*
T	Technological	E. Advancement in engineering technologies, including those employed in transmission and distribution network loss reduction programmes	*RAERESA to facilitate continuous capacity building of national energy regulators' staff/experts in order to cope with emerging industry trends such as the introduction of electricity prepaid meters and related electronic payments for electricity consumed*
T	Technological	F. Inaccurate electrical equipment	*RAERESA to support collaboration between national energy regulators and national boards of standards to ensure importation and use of certified electrical equipment*
T	Technological	G. Introduction of solar PV generation technology in the energy mix	*RAERESA to facilitate research and acquisition of relevant technical skills of national energy regulators to regulate solar PV technology*
T	Technological	H. Global demand for use of cleaner fuels and prospected electricity generation from advanced technologies	*RAERESA to facilitate building of technical capacity of national energy regulators to regulate electricity generation from sources using cleaner fuels (such as low sulphur diesel and green energy sources) which are based on advanced technologies*
E	Environmental	A. The 2015 Paris Agreement on climate change	*RAERESA to engage in discussions on CO2 emissions with a view to eliminate regulatory barriers for projects which are beneficial to climate*
E	Environmental	B. Low level awareness about energy efficiency and conservation practices and improved energy technologies	*RAERESA to engage in discussions on energy efficiency with a view to eliminate regulatory barriers for projects and practices which reduce energy intensity*

E	Environmental	C. Dominance of inefficient energy technologies	*RAERESA to engage in discussions on energy efficiency with a view to set regulatory barriers for inefficient energy technologies, including labelling programme*
E	Environmental	D. Insufficient financing mechanisms to encourage investment in modern efficient technologies	*RAERESA to establish a platform for discussion with IFIs on financing mechanisms for modern efficient technologies*
E	Environmental	E. Insufficient expertise on energy audits and management and to disseminate knowledge on energy enabling environment	*RAERESA to develop guidelines on energy audits*
E	Environmental	F. Lack or low level of standards for energy efficiency technologies and building codes	*RAERESA to develop guidelines on minimum energy efficiency standards and building codes*
E	Environmental	G. Increasing awareness/ expectations by the public on environmental matters especially with regard to environmental protection	*RAERESA to support collaboration between national energy regulators and national environment agencies to ensure compliance to environmental guidelines*
E	Environmental	H. Climate change and pollution siltation of rivers and reduced electricity generation	*RAERESA to develop guidelines for national energy regulators to mainstream these issues into national licensing frameworks*
E	Environmental	I. Siltation of rivers and reduced electricity generation	*RAERESA to develop guidelines for national energy regulators to mitigate adverse effects on hydro power generation*
E	Environmental	J. Protected areas (deforestation problem) and international treaties	*RAERESA to support collaboration between national energy regulators and national environment agencies on environmental matters*

E	Environmental	K. Delays in issuing EIA certificates	*RAERESA to support collaboration between national energy regulators and national environment agencies on environmental matters*
L	Legal	A. Disparity in the L&RFs and practices in the COMESA Region	*RAERESA to perform a benchmarking of the L&RFs and practices with a view to support those members which lag behind to adopt the best practices*
L	Legal	B. Frozen parts of existing laws in the legal framework	*RAERESA to perform an analysis of the energy-related laws with a view to identify frozen parts and support the members having them in implementation*
L	Legal	C. Introduction of new laws in the legal framework	*RAERESA to support national energy regulators in widening the regulatory framework and building institutional capacity to deal with expanded scope of regulatory work*
L	Legal	D. Inadequate legal coverage on regulated undertakings and their ineffective regulation leading to loss of investor confidence and failure to attract IPPs	*RAERESA to support the members in domestication of already developed guidelines on PPP and PPA with a view to attract IPPs*
L	Legal	E. Lack of adequate sanctions in the laws and other inadequate and/ or ineffective instruments in the legal framework	*RAERESA to review proper domestication by national energy regulators of their commitments and obligations and support them in implementation, and facilitate amending of the laws to include punitive sanctions for non-implementation*
L	Legal	F. Non-compliance with the regulatory requirements, such as reporting on legal, engineering, environment, economic and financial aspects	*RAERESA to support national energy regulators in enforcing compliance in line with punitive sanctions in the laws, as well as regulations and licences*

The SWOT analysis identifies 4 elements that have external influence on effective and efficient implementation of the Strategic Plan. The elements have been summarised in the SWOT framework, revealing strengths and opportunities that RAERESA needs to take advantage of, in order to eliminate weaknesses and mitigate threats. These forces are detailed in the Table below in the thematic areas addressed to enable RAERESA to make and achieve the desired regional regulatory progress.

Table 22 SWOT Framework of RAERESA

Internal	Strengths	Weaknesses
	A. RAERESA established by its Constitution, with objectives and functions as well as a governance structure in place (with the exception of a dedicated Secretariat) B. Well-established and well-functioning Plenary, Executive Committee and Portfolio Committees, with operational systems in place, helping planning and coordination of the requirements between members C. Good programme management of initiatives and studies of the Executive and Portfolio Committees, with clear reporting and differentiation of responsibilities in the governance hierarchy D. Active participation of members in sharing expertise and experiences, helping transfer of regulatory "know-how" among members E. Commitment of members to strengthen RAERESA in terms of financial and non-financial contribution promises F. RAERESA's benefits of economies of scale of COMESA G. The avoidance of regional electricity market distortions due to the application of different rules to competing electricity undertakings	A. Absence of a dedicated Secretariat for RAERESA (it needs to have a dedicated Secretariat with qualified, competent and motivated workforce and a conducive working environment to fill in the gap between the pace of growth and change in regulation and monitoring of the energy sector and the pace of RAERESA's human resources capacity) B. Some members are part of multiple associations (RAERESA, RERA, EREA, and IRB), which hinders regulatory harmonisation (it needs to overcome difficulties arising from a burden of participation of members in too many meetings, workshops and task forces) C. Limited cooperation with similar continental bodies such as AFUR (it needs to build a strong formally established relation with other regional regulators' bodies to share knowledge and experience) D. No autonomous or dedicated funding for RAERESA (it needs to become a self-financing and self-sustaining institution with autonomy over its finances and other resources and its sources of finance properly defined by internal acts) E. Limited commitment of members to domesticate RAERESA's guidelines (it needs to review and support members to domesticate them in order to complete and align their L&RFs, if not even to enforce domestication) F. Insufficient institutional absorption capacity (it needs to fill in any skills gaps that may appear in the regulation) G. Limited awareness on the role of RAERESA by the stakeholders and general public (it needs to increase its presence in public, for example by uploading a functional and effective web page and organising fora for consultations and discussions with stakeholders) H. Lack of norms and standards for the Quality of Electricity Service (it needs to establish regional regulatory guidelines as well as perform benchmarking of its members)





External	Opportunities	Threats
	A. COMESA energy policy support, conducive to development of COMESA regulatory policy B. Recognition of energy service by the States and Government as drivers for economic development and attractiveness of the energy sector to investors C. Many stakeholders and development partners are willing to support RAERESA's programmes to strengthen its regulatory objectives and functions, which presents an opportunity for enhancing energy service delivery and contributing to economic development D. Association of national regulators in the energy sector which is crucial one for national economies, the opportunities for all RAERESA, national energy regulators and national energy sectors are enormous E. Regional and international best practices in the regulation of the energy sector that create room for good harmonisation process F. The changes in renewable energy and energy efficiency technologies as an impetus for the modernisation of both the regulated energy sector and the energy regulatory processes G. Gaps existing in energy efficiency initiatives, with a wide variety of technologies available for immediate application H. Diverse membership of RAERESA I. Regional and international integration through an evolving regional electricity market in COMESA, with transmission cross-border interconnections, such as planned SAPP-EAPP interconnections	A. An evolving regional electricity market in COMESA will require a more mandatory and effective regulatory regime, which RAERESA cannot presently provide B. Sections of the stakeholders sceptical of RAERESA's effectiveness at present C. Existence of other associations/regulators whose objectives, functions and roles tend to overlap with the ones of RAERESA D. Multiple membership in various regional regulatory associations/regulators could lead to 'forum shopping' and reduce the relevance of RAERESA E. Lack of active regulated energy undertakings' and energy consumers' regional associations, limiting interaction and engagement with industry players and customers willing to operate across borders in the COMESA region F. Reluctance of certain State-owned energy undertakings willing to operate across borders in the COMESA Region to comply with regulations in force G. Limited skills of some energy undertakings in the regulated energy sector willing to operate across borders in the COMESA Region H. The insufficient FDIs in energy infrastructure I. High poverty levels and limited purchasing power of some part of the population in the COMESA Region to afford the price of energy so as to have access to energy service, leading to resistance to cost reflective tariffs and margins J. Regulation of energy undertakings, being socially and politically sensitive, tends to call for political influence and intervention hence affecting the national energy regulators' independence and thereby limiting RAERESA's effectiveness K. Risk of losing the trained, competent and qualified staff/experts of the national energy regulators hence limiting effectiveness of the results of work in the Portfolio Committees of RAERESA

1.5.2 Internal environment

Another important environment for RAERESA to scan is the internal one. Internal factors may also affect RAERESA's work, which makes it necessary to take them into account in the strategic planning process. The internal environmental scan is done here below.

REARESA arranges annual coordination meetings with its members, produces guidelines for regulation of the energy market through its four Portfolio Committees, which meet periodically. RAERESA is in regular contact with RERA of SADC and other stakeholders such as EAPP and SAPP as well as relevant States and Government institutions which are active through COMESA.

One of the more important outputs is elaboration of guidelines: Feed-in-Tariffs (FiT) Guidelines; Power Purchase Agreement (PPA) Guidelines; Public Private Partnership (PPP) Guidelines; Joint Development of Projects (JDP) Guidelines; Guidelines on Regulatory Framework on Off-Grid Electrification; Effective Regulatory Regimes as a Requirement for Renewable Energy Development; and Model Energy Policy Framework Guidelines. The guidelines are normally produced with assistance of external consultant.

The guidelines are models approved at COMESA and are in several cases implemented in the COMESA Member States, but in practice the models can be adjusted or altered at national level. Therefore, there is a need to align these especially in regard to cross-border regulation, but also for the setup of national energy regulations.

The main challenge RAERESA faces is the absence of a dedicated Secretariat to facilitate the domestication of the above guidelines in the RAERESA Member States. Another challenge is that the guidelines are not mandatory for countries to adhere to.

A performance audit, which focused on establishing the extent to which its first Strategic Plan was implemented, was performed by the Executive Committee in the course of establishing the JOINT RAERESA WORK PROGRAMME + BUDGET 2013-2015. The Portfolio Committees did not achieve previously planned outputs within the set timeframes, but managed to restructure them within the 2013-2015 period. This was recorded in AGM's conclusions, together with approval of adjustments to previously planned outputs.

Since a dedicated Secretariat has not been established yet, its internal organisation scan was not conducted. Once it becomes established, it will be necessary to identify organisational issues (in the areas of people, resources and processes), as well as challenges posed by the factor, strength presented by the factor and response of the RAERESA Secretariat to the challenge.

1.6 Stakeholder Analysis

RAERESA has a number of stakeholders with expectations, which are detailed below in the Stakeholder Analysis Matrix and the Ownership Assessment Grid. A typical national energy regulator, as the RAERESA member, is described in the end to keep its mandate and functions in mind.

1.6.1 Stakeholder Analysis Matrix

The Stakeholder Analysis Matrix, shown in the Table below, has been used by the World Bank. The aim is to describe

the stated or unstated interests of the various stakeholders with regards RAERESA strategies and policies, as well as the degree of their influence or organisational ability to work towards a common purpose.

Table 23 Stakeholder Analysis Matrix of RAERESA

Stakeholder categories	Relevant stakeholder	Characteristics of stakeholder	Interests (effects on/of strategy)	Influence on policy (H=High, M=Medium, L=Low)
Continental policy makers	African Union (AU) Commission	Responsible for policy and regulatory harmonisation of African energy markets	RAERESA to align its strategy to the ongoing AU assignment to harmonise continental energy regulatory framework	M
	African Forum for Utility Regulators (AFUR)	Engages in capacity building and sharing regulatory best practices among members	RAERESA to use some of its guidelines in the energy sector for its Business Plan	L
Regional policy makers	COMESA Secretariat (CS)	Responsible for harmonisation of energy policies of the COMESA Member States Parent institution of RAERESA and EAPP	Has been hosting RAERSA and provides fund for its activities Will continue to impact the strategy in terms of sourcing funding and shaping the policy environment	H
	COMESA Court of Justice (CCJ)	Responsible for judicial markets for the common market and adjudicates trade and investment disputes	In the event that RAERESA evolves into an Authority, its decisions can be appealed at the COMESA Court of Justice	L
	COMESA Competition Commission (CCC)	Responsible for competition enforcement for unfair regional trade and investment practices	It would have jurisdictions over anticompetitive cross-border energy trade, which will require close cooperation with RAERESA	M
	SACREEE	Promotes the development of renewable energy and energy efficiency policies and markets in Southern Africa	Would have to work closely with RAERESA in the development of renewable energy and energy efficiency regulatory frameworks	M
	EACREEE	Promotes the development of renewable energy and energy efficiency policies and markets in Eastern Africa	Would have to work closely with RAERESA in the development of renewable energy and energy efficiency regulatory frameworks	M

Regional regulatory institutions	IRB	The independent regulatory board of EAPP	Would work closely with RAERESA to avoid overlaps	H
	EREA	Association of Energy Regulators of Eastern Africa	Would have to cooperate with RAERESA to avoid overlaps	H
	RERA	Association of Electricity Regulators in Southern Africa	Given the tripartite arrangement between COMESA-EAC-SADC, their respective regulatory institutions will have to cooperate to harmonise their regulatory frameworks	M
Government policy makers	National Ministries of Energy (NME)	Responsible for setting the policy and regulatory environments in their countries	RAERESA depends on them to put in place relevant policy and regulatory frameworks to facilitate regional harmonisation	H
Implementing agency staff/ experts	RAERESA Staff (RS)	Yet to be recruited by the Executive Committee to constitute the Secretariat of RAERESA	Their interest will be aligned with a functional Secretariat	M

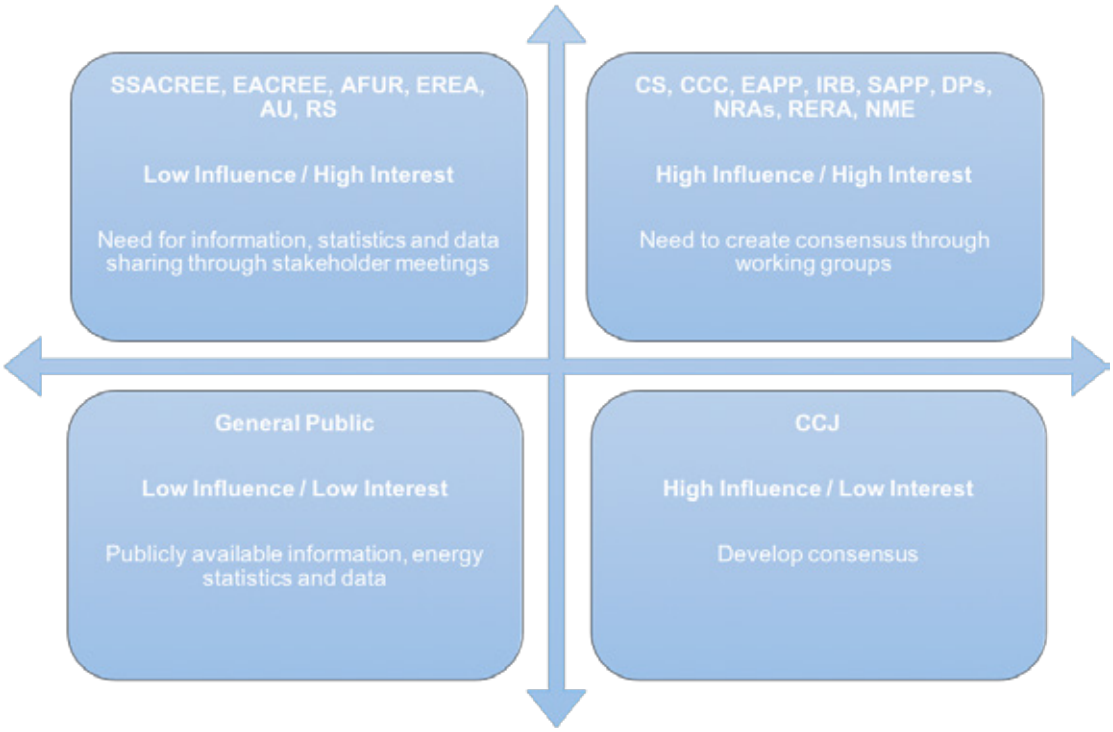
Intended beneficiaries	National Regulatory Authorities (NRA)	Variable situation Reasonably mature national energy regulators in few countries, embryonic in some or non-existent in few others	Mature national energy regulators will have strong interests	H/M
	EAPP	EAPP is composed of electricity utility companies of Member States and is a specialised institution of COMESA The purpose of EAPP is to encourage cross-border electricity exchanges through regional investment in energy generation, transmission and interconnection and through the establishment of an operative framework for regional energy exchanges	As EAPP develops into a fully functional power pool, its regulatory requirements will increase Interconnections between EAPP and SAPP will require RAERESA to step up to its regulatory services to address cross border technical and commercial regulatory issues between the two power pools	H
	SAPP	SAPP is composed of electricity utility companies of Member States and is a specialised institution of SADC The purpose of SAPP is to encourage cross-border electricity exchanges through regional investment in energy generation, transmission and interconnection and through the establishment of an operative framework for regional energy exchanges	SAPP is presently under the jurisdiction of RERA, which does not have enforcement powers, which are becoming necessary as SAPP is becoming more vibrant SAPP will need to work with RAERESA when it interconnects with EAPP	H/M
Development partners (DPs)	EU USAID AfDB World Bank etc.	Growing number of development partners active in expanding cross-border trade in electricity Provide funding and technical assistance	Interests are generally consistent and development oriented Some bilateral donor activity has a degree of self-interest	H/M

1.6.2 Ownership Assessment Grid

A useful tool for visually representing information on the issue of ownership is to plot relevant stakeholder groups on a grid. The horizontal axis of the grid represents the group's influence over strategic decisions made by RAERESA, whilst the vertical one represents the level of interest in the activities of RAERESA. Assessment of each stakeholder's position on the Ownership Assessment Grid is presented in the Figure below. Abbreviations used in the Figure below

are in line with those in the Table above.

Figure 21 Ownership Assessment Grid of RAERESA





3 Vision, Mission and Guiding Principles

3.1 Introduction

The contextual, situational and stakeholders' analyses of RAERESA determines what its Vision, Mission and Guiding Principles will be over the next 10-year period of the Strategic Plan. RAERESA's Vision statement is a broad statement of what and where RAERESA wants to be in future, reflecting the strategic goals that it envisages to achieve. On the other hand, RAERESA's Mission statement provides underpinnings for what it does and the reasons for its existence. The Mission statement should not be rigid, but rather a living expression that should be reviewed periodically and modified when necessary. Furthermore, RAERESA's Guiding Principles that describe how it intends to operate are also stipulated. They are guidelines that frame the day-to-day work, attitudes and conduct as well as RAERESA's strategies and policies. As RAERESA moves along the development path, its Guiding Principles will particularly be important, since in a changing world, they will remain constant. RAERESA's Vision, Mission and Guiding Principles, presented hereafter, are expected to meet the needs of the members' and stakeholders' interests in the energy sector and contribute to development in the COMESA Region.

3.2 Vision

RAERESA's Vision is to be a centre of excellence for energy regulation and consumer protection in the COMESA Region.

Such RAERESA's Vision derives from the objectives and functions as indicated in the RAERESA Constitution and shows the commitment of RAERESA to contribute to the regional socio-economic development. Moreover, it is compatible with and supportive of its members' Vision statements.

3.3 Mission

RAERESA's Mission is to promote energy regulation and protect consumer welfare within the COMESA region thereby facilitating regional integration of the energy markets in the COMESA region.

Such RAERESA's Mission is in line with its Vision statement, deriving from the objectives and functions as indicated in the RAERESA Constitution and showing the commitment of RAERESA to contribute to the regional socio-economic development. It is the main reason for RAERESA's existence. Through it, RAERESA will strengthen regional regulatory framework and improve collaboration and information, statistics and data sharing with members and stakeholders. Moreover, it is compatible with and supportive to its members' Mission statements.

Guiding Principles *RAERESA's* Guiding Principles are:

a. Integrity: RAERESA shall uphold integrity through operating in a manner that is ethical, honest and incorruptible;

b. Efficiency: RAERESA shall deliver services in a timely and cost-effective manner ensuring that every function that is executed contributes to the achievement of competitive energy markets and ultimately regional integration of the national energy markets within the COMESA Region;

c. Effectiveness: Staff/Experts of the Secretariat and Members of the Committees (Boards) of RAERESA shall exhibit the highest level of ability and willingness to do work. This shall be accompanied by a learning attitude and recognition that all are stewards of public trust and as such have a higher calling

to deliver public service;

d. Independence and Accountability: RAERESA shall assert and maintain its independence whilst at the same time ensuring accountability to its members and stakeholders in its operation and decisionmaking process;

e. Transparency: RAERESA shall be clear, open and accountable in its procedures and decision-making process;

f. Fairness: RAERESA shall be non-discriminatory in following procedures in executing its duties; and

a. Continuous Improvement: RAERESA shall embrace and sustain a culture of innovation, responsiveness to change and best practices.

Such RAERESA's Guiding Principles constitute its identification flag in the fulfilment of the Mission, deriving from the RAERESA Constitution and showing the commitment of RAERESA to contribute to the regional socio-economic development. Moreover, it is compatible with and supportive to its members' Guiding Principles.

3.4 Way forward

The Mission and Values Statements, as well as Guiding Principles, have been streamlined through the Strategic Plan elaboration process to accurately position RAERESA in its pivotal role of inspiring the development of the COMESA region. However, these on, their own, are not sufficient to ensure an efficient and effective service delivery by RAERESA. They have to be linked to the strategic goals and objectives of RAERESA, building excellence into its every process through:

1. Creation of a participatory environment which allows and encourages every staff/expert and member to contribute to the development of RAERESA either individually or in teams;

27. Enhancement staff/experts' competencies through continuous improvement;

28. Establishment of economical, efficient and effective systems and procedures; and

29. Effective and efficient communication.





4 Strategic goals and objectives, implementation initiatives and expected outcomes

4.1 Introduction

The strategic directions set out here below is RAERESA's response to the key challenges and issues that require adequate attention over the strategy period in a focused and action oriented manner. The strategic directions reflect the priorities of RAERESA in terms of the strategic goals and objectives, as well as implementation initiatives and expected outcomes, per definitions which are given in the Table below.

Table 41 Definitions of the Strategic Goals and Objectives, Implementation Initiatives and Expected Outcomes

No.	Item	What do they represent?	What are they?
1	Strategic goals	Key focus areas in which RAERESA must excel in order to achieve its Vision and Mission and deliver Core Values to its members.	The pillars of RAERESA's energy regulatory excellence.
2	Strategic objectives	Continuous improvement activities (tangible, measurable and time-bound) that must be performed as to deliver RAERESA's Vision and Mission.	The building blocks of the Strategic Plan which define RAERESA's strategic intent.
3	Implementation initiatives	Acts or steps that initiate and lead action by which RAERESA implements the Strategic Plan.	The approaches intended to achieve RAERESA's strategic goals and objectives.
4	Expected outcomes	Results which are accomplished in RAERESA's service delivery.	The expected end states to be achieved (measured by specific outputs and/or outcome indicators within defined timeframe).

Through the strategic goals and objectives, as well as implementation initiatives and expected outcomes, RAERESA will implement the Strategic Plan, having in view the members' ones. These are presented hereafter.

4.2 RAERESA's strategic directions

The strategic goals and objectives, as well as implementation initiatives and expected outputs of RAERESA have both an external and internal dimension.

Externally, RAERESA provides services to its members and stakeholders in the areas of:

1. Capacity building, information exchange, energy statistics and database;

30. Harmonisation of legal and regulatory frameworks;





31. Renewable energy; and

32. Environment and energy efficiency.

Internally, the Secretariat of RAERESA will transition from an interim one inside COMESA into a standalone Secretariat, while the capacity of its management and staff/experts will be built and internal policies, rules and procedures put in place.

The strategic goals and objectives of RAERESA are given in the Table below, as deriving from the RAERESA Constitution. They are compatible with and supportive to its members' strategic directions.

Table 42 RAERESA's Strategic Goals and Objectives

No.	Strategic Goal	Strategic Objective	Related Note
1	Capacity building, information exchange, energy statistics and database	Developed capacities of members at national and regional levels and shared information, statistics and database to enhance regulatory practices	Under this strategic goal, specific TA support will be provided to enable the existing regional institutions drive the process of regional regulatory and policy harmonisation, as well as development of the regional energy market. It will also be necessary to support the national energy regulators on a "fast mover"/demand driven basis (that is the countries that demand for it) to ensure subsequent domestication of the regional policies.
2	Harmonised legal and regulatory frameworks	Enhanced integration of energy systems and energy trade, as well as enabled energy investments in COMESA and beyond	Some of the key aspects of harmonisation will be standardisation and policy alignment. Through this strategic goal, the intention is to reduce the differences in the legal and regulatory aspects as well as promote common standards and codes of practice in the development and use of network energy in the COMESA Region and support "fast mover" countries in aligning their national legislation appropriately.
3	Enhanced renewable energy	Increased share of renewable energy in the energy mix	One of the gaps identified is the absence of a synthesised renewable energy strategy for the EA-SA-IO region. Therefore, under this result area a strategy will be developed to provide an integrated framework in the development of renewable energy in order to achieve the COMESA Region's clean energy goals.
4	Enhanced environment and energy efficiency	Promoted energy efficient technologies and practices	One of the gaps identified is the absence of a synthesised energy efficiency strategy for the EA-SA-IO region. Therefore, under this result area a strategy will be developed to provide an integrated framework in the development of energy efficiency in order to achieve the COMESA Region's clean energy goals.

5	Efficient and effective Secretariat and RAERESA	Promoted attainment of RAERESA's Vision, Mission and Objectives in an efficient and economic manner	There needs to be a transition from an interim Secretariat of RAERESA hosted at the Energy Department of COMESA to a fully-fledged Secretariat with a full staff/experts complement to enable the Association implement its mandate in a more efficient and effective manner. A strong Secretariat will enable RAERESA to establish and coordinate partnerships with similar regional organisations and other development partners.

Matrices of RAERESA's strategic goals and objectives, as well as implementation initiatives and expected outcomes are shown in the Tables below.

Table 43 Matrix of RAERESA's Strategic Goal 1 – Goal, Objective, Implementation Initiatives and Expected Outcomes for the Capacity Building, Information Exchange, Energy Statistics and Database

Strategic Goal 1: Capacity building, information exchange, energy statistics and database **Strategic Objective: Developed capacities of members at national and regional levels and shared information, statistics and data to enhance regulatory practices**		
Implementation Initiatives		**Expected Outcomes**
1	Study Tour (ST) to NordPool, Norway and TSO in Denmark (Energinet) for SAPP, EAPP, IRB, RAERESA, RERA, EREA and team leader	Insight into a power pool with few constraints and the largest in Europe Insight into an unbundled TSO being independent of VIUs
2	Study Tour (ST) to Council of European Energy Regulators, Belgium and EU Agency for Cooperation of Energy Regulators, Slovenia for RAERESA, IRB, RERA, EREA	Insight into functioning of European regulators association and into functioning of an EU agency with executive regulatory powers to compare currents positions and future development options
3	Workshop for high level energy policy formulators in ministries, SADC, EAC and COMESA	Insight into the need for tripartite standards for energy laws and regulations to facilitate investments in electricity production, transmission and distribution
4	Workshop on the operation and regulatory oversight of the regional electricity market for national and regional energy regulators	Insight into the functioning of the regional electricity market to facilitate harmonisation of national regulatory frameworks and stimulate investments in generation, transmission and distribution
5	Energy Utility Benchmarking Course, phase 1 (compliance and performance-based regulation; training should also require a 'train the trainers' element to the course to promote sustainability)	More efficient utility operations

6	Energy Utility Benchmarking Course, phase 2 (workshop on tariff setting and definition of concepts)	Harmonised regulatory frameworks and methodologies used
7	Workshop on the operation and regulatory oversight of the regional electricity market	Introducing real competition into the electricity market to facilitate efficiency of utilities and attract investors into the sector
8	Workshop on the incentives for RES promotions. REFIT, FIT premiums, other incentives and IPP promotion	Increased development of RES Releasing pressure on central power plants and electricity networks
9	Workshop to accelerate progress on energy efficiency policies and regulations, as well as to launch work on benchmarking, milestones, monitoring and evaluation	Reducing electricity demand and release pressure on capacities Focus: concrete EE initiatives such as labelling, building codes and DSM in general
10	Workshop on the means for reducing losses in conversion, transmission, distribution and consumption of electricity, and for increasing availability of power plants	More efficient operations for power plants, transmission and distribution thereby avoiding/delay some expensive new investments Reducing the need for tariff increases
11	Energy statistics sub-committee meetings	Collecting information from energy sector and information about energy production and consumption Providing the methods and tools to develop and maintain complete and accurate energy datasets and national energy balances
12	Peer reviews	Subjecting national regulatory methods and practices to the scrutiny of other fellow regulators who are experts in the same fields Identified each other's errors quickly and easily, speeded up the time that it takes for mistakes to be identified and corrected

Table 44 **Matrix of RAERESA's Strategic Goal 2 – Goal, Objective, Implementation Initiatives and Expected Outcomes for the Harmonised Legal and Regulatory Frameworks**

Strategic Goal 2: Harmonised legal and regulatory frameworks **Strategic Objective: Enhanced integration of energy systems and energy trade, as well as enabled energy investments in COMESA and beyond**		
Implementation Initiatives		**Expected Outcomes**
1	Review of national legal frameworks that set up fully autonomous energy regulators in the COMESA Member States to establish best practices in national regulatory objectives and functions	Best practice guidelines on national regulatory objectives and functions submitted for adoption or approval by COMESA (and EAC and SADC eventually)
2	Review of EAPP (and SAPP eventually) legal documentation to establish best practices in regional regulatory objectives and functions	Best practice guidelines on regional regulatory objectives and functions submitted for adoption or approval by COMESA (and EAC and SADC eventually)
3	Review of permitting and licensing processes to establish best practices in national regulatory objectives and functions	Best practice guidelines on permitting and licensing procedures submitted for adoption or approval by COMESA
4	Review of power system planning and operation activities (e.g. Grid Codes, Market Rules, transmission access rules, operation security rules and other standards) to establish best practices in operation of national and regional electricity markets and systems	Best practice guidelines on operation of national and regional electricity markets and systems *vis-à-vis* power system planning and operation activities submitted for adoption or approval by COMESA (and at tripartite level eventually)
5	Review of tariff methodologies and structures including transmission pricing and cost-reflectivity to establish best practices in tariff setting and approvals and transmission pricing	Best practice guidelines on tariff methodologies and structures including transmission pricing and cost-reflectivity submitted for adoption or approval by COMESA (and EAC and SADC eventually)
6	Review of regional electricity market structures to establish best practices conducive to competitive markets and investment attraction in interconnectors	Best practice guidelines on regional electricity market operation submitted for adoption or approval by COMESA (and EAC and SADC eventually)
7	Review of national and regional regulatory compliance and performance monitoring activities to establish best practices in monitoring of undertakings	Best practice guidelines on regulatory compliance and performance monitoring submitted for adoption or approval by COMESA (and EAC and SADC eventually)

8	Review of national and regional regulatory information access and reporting standards to establish best practices in information dissemination and interchange with members and stakeholders	Best practice guidelines on regulatory information access and reporting submitted for adoption or approval by COMESA (and EAC and SADC eventually)
9	Based on the above activities, develop best practice guidelines on establishing fully autonomous energy regulators	Best practice guidelines on establishing fully autonomous energy regulators submitted for adoption or approval by COMESA (and EAC and SADC eventually)
10	Assist the COMESA Member States (and SADC eventually) on demand, to implement fully autonomous energy regulators	All COMESA Member States (and SADC eventually) to establish fully autonomous energy regulators through legal instruments
11	Assist the COMESA Member States (and SADC eventually) on demand, to domesticate regional regulatory rules and guidelines	All COMESA Member States (and SADC eventually) to domesticate a number of regulatory rules and guidelines
12	Review of national legal frameworks in the oil sector in the COMESA Member States to establish a model petroleum legal framework	A model petroleum legal framework on petroleum exploration and production and downstream petroleum, among other for aboveground petroleum storage facilities, minimum operations stock, bulk joint procurement of petroleum products, petroleum product standards and petroleum pricing, submitted for adoption or approval by COMESA
13	Review of national legal frameworks in the LPG sector to develop guidelines for LPG regulations, standards and taxation, as well as programmes for public awareness on the benefit of LPG usage	Guidelines for LPG regulations, standards and taxation, as well as programmes for public awareness on the benefit of LPG usage submitted for adoption or approval by COMESA
14	Review of national legal frameworks in the gas sector in the COMESA Member States to establish a model gas legal framework	A model gas legal framework on gas exploration and production and downstream gas, among other for gas undertakings, gas standards and gas pricing, submitted for adoption or approval by COMESA

Table 45 **Matrix of RAERESA's Strategic Goal 3 – Goal, Objective, Implementation Initiatives and Expected Outcomes for the Enhanced Renewable Energy**

Strategic Goal 3: Enhanced renewable energy **Strategic Objective: Increased share of renewable energy in the energy mix**		
Implementation Initiatives		**Expected Outcomes**
1	Development and domestication of renewable energy standards to establish best practices in increasing share of RE in the energy mix	Renewable energy standards developed and submitted for adoption or approval by COMESA (and EAC and SADC eventually) and domesticated by RAERESA members
2	Development and domestication of guidelines on competitive bidding to establish best practices in decreasing costs of including RE in the energy mix	Best practice guidelines on competitive bidding developed and submitted for adoption or approval by COMESA (and EAC and SADC eventually) and domesticated by RAERESA members
3	Development and domestication of guidelines on biofuels to establish best practices in increasing share of biofuels	Best practice guidelines on biofuels developed and submitted for adoption or approval by COMESA (and EAC and SADC eventually) and domesticated by RAERESA members
4	Review of regulatory frameworks for off-grid electrification in the COMESA Member States (and SADC eventually) to establish best practices in off-grid electrification	Best practice guidelines on regulatory frameworks for off-grid electrification submitted for adoption or approval by COMESA (and EAC and SADC eventually)

Table 46 **Matrix of RAERESA's Strategic Goal 4 – Goal, Objective, Implementation Initiatives and Expected Outcomes for the Enhanced Environment and Energy Efficiency**

Strategic Goal 4: Enhanced environment and energy efficiency **Strategic Objective: Promoted energy efficient technologies and practices**		
Implementation Initiatives		**Expected Outcomes**
1	Review of national EE auditing schemes to develop best practices in EE audits in the COMESA Member States (and EAC and SADC eventually)	Best practice guidelines on EE audits submitted for adoption or approval by COMESA (and EAC and SADC eventually)
2	Develop best practice model energy/ thermal building codes in the COMESA Member States (and EAC and SADC eventually)	Best practice model energy/thermal building code submitted for adoption or approval by COMESA (and EAC and SADC eventually)

3	Facilitate the designation of energy performance standards testing laboratories in the COMESA Member States (and EAC and SADC eventually)	Energy performance standards testing laboratories designated in the COMESA Member States (and EAC and SADC eventually)
4	Develop minimum energy performance standards as well as equipment labelling for widely traded energy consuming devices including lighting products in the COMESA Member States (and EAC and SADC eventually)	Best practice minimum energy performance standards as well as equipment labelling guidelines submitted for adoption or approval by COMESA (and EAC and SADC eventually)
5	Develop best practice methodology to assist with the reduction of transmission and distribution network technical losses in the COMESA Member States (and SADC eventually)	Best practice methodology on reduction of transmission and distribution network technical losses submitted for adoption or approval by COMESA (and SADC eventually) Losses reduced by at least 10%
6	Review of methods used to determine energy conversion efficiencies of power plants and plant availability to develop best practices in power plants operation	Best practice guidelines on energy conversion efficiencies of power plants and plant availability submitted for adoption or approval by COMESA (and SADC eventually)
7	Develop a communications strategy to sensitise energy consumers about the importance of EE interventions and practices	Best practice guidelines on a communications strategy to sensitise energy consumers on EE interventions and practices submitted for adoption or approval by COMESA (and EAC and SADC eventually)

Table 47 Matrix of RAERESA's Strategic Goal 5 – Goal, Objective, Implementation Initiatives and Expected Outcomes for the Efficient and Effective Secretariat and RAERESA

Strategic Goal 5: Efficient and effective Secretariat and RAERESA **Strategic Objective: Promoted attainment of RAERESA's Vision, Mission and Objectives in an efficient and economic manner**		
Implementation Initiatives		**Expected Outcomes**
1	Establishment and maintenance of the RAERESA Secretariat conducive working environment and sound organisation infrastructure Website	COMESA and RAERESA procured adequate office space, furniture and fittings, ICT infrastructure and tools, motor vehicles, etc. for the RAERESA Secretariat Operational website

2	Secure short-term financial viability of RAERESA's activities and develop its long-term funding strategy	Secured financing RAERESA's activities in the short-term and developed long-term funding strategy Funding mechanism reviewed and implemented Transition to self-financing over 5 years
3	Appointment of full-time, dedicated professional management and staff/ experts of the RAERESA Secretariat	RAERESA appointed full-time professional management and staff/ experts of its Secretariat to support its work
4	Development of administrative and human resource policies and procedures for the RAERESA Secretariat and operational rules for the RAERESA Plenary, Executive Committee and Portfolio Committees	Good administrative and human resource practices and well-functioning Plenary, Executive Committee and Portfolio Committees
5	Coordination and cooperation with other African and international energy regulatory associations and information exchange	MoU agreed and signed Specified mutual collaboration and information exchange Identified areas of potential work duplication Proposed joint initiatives and/or shared benefits
6	Coordination and cooperation with development partners	At least annual briefings provided on (a) results of initiatives completed in year and lessons learned and (b) proposed initiatives for following year Seek input from development partners that can guide RAERESA's further initiatives
7	Develop RAERESA's Communication Policy and Plan	RERESA has clear policies and practices for communicating with all its members and stakeholders, including development partners
8	RAERESA Meetings: Portfolio Committees Executive Committee AGM	Scheduled Meetings held: Portfolio Committees Meetings Held Executive Committee Meetings Held AGM Meetings Held



5 Strategic goals and objectives, implementation initiatives and expected outcomes

1 Challenges, success factors, risks and assumptions

1.1 Challenges

Notwithstanding the achievements, RAERESA has faced challenges in its operations as follow:

1. Inadequate capacity and experience in handling regulatory matters, especially in the early years of RAERESA. The challenge is how to ensure that RAERESA has adequate capacity and sufficient support to develop guidelines on handling regulatory matters of a required quality;

33. High expectations of COMESA and development partners from RAERESA as an association of national energy regulators. The challenge is how to ensure that RAERESA's guidelines are domesticated by the national energy regulators at an acceptable speed and standard;

34. Obtaining correct and timely information, statistics and data from the national energy regulators for RAERESA to develop effective regulatory guidelines. The challenge is how to ensure that RAERESA is provided adequate information, statistics and data to identify the state of play and way forward;

35. Delay in the enactment of energy sector legislation supporting establishment of independent national energy regulators. The challenge is how to ensure that RAERESA's members are truly independent national energy regulators;

36. Inadequate capacity and experience amongst the national energy regulators. The challenge is how to ensure that they have a capacity to implement RAERESA's guidelines toward harmonisation of national energy markets and establishment of a regional one;

37. Incompatible regulatory frameworks, instruments and methods of regulation in the COMESA Member States. The challenge is how to ensure that RAERESA's guidelines toward harmonisation are developed and domesticated by the national energy regulators;

38. Regulating energy undertakings which operate in the COMESA Member States. The challenge is how to ensure that energy undertakings operate in the COMESA Member State in a sustainable manner;

39. Regulating energy undertakings which operate across borders in the COMESA Region. The challenge is how to ensure that energy undertakings operate in the regional energy market in accordance with sound competition rules;

40. Inadequate energy trade and investment, PSP and PPP in the regulated energy sector leading to unsatisfactory energy service provision. The challenge is how to ensure that RAERESA develops a regional regulatory framework conducive to energy trade and investment;

41. Uncoordinated planning and development of the energy sector in the COMESA Region. The challenge is how to ensure that RAERESA develops a regional regulatory framework supporting coordinated planning and development;

42. Lack of natural gas policy, legislation and master plan. The challenge is how to ensure that RAERESA

develops gas related regional regulatory guidelines when there are no national gas policies, legislation and master plans put in place;

43. Slow increase of access to modern energy services. The challenge is how to ensure that RAERESA's guidelines are properly and promptly domesticated to speed up implementation of electrification plans, including in rural areas;

44. Slow deployment of renewable energy sources for electricity generation. The challenge is how to ensure that RAERESA's guidelines are properly and timely domesticated to attract investors in development of renewable energy sources; and

45. Slow increase of energy efficiency. The challenge is how to ensure that RAERESA's guidelines are properly and promptly domesticated to enhance energy efficiency and thereby decrease energy intensity in the COMESA Member States.

1.2 Success factors

RAERESA has identified the following success factors for the implementation of the Strategic Plan:

1. Understanding and ownership of the strategic goals and objectives by all those who are involved in the implementation;

46. Strategic leadership from RAERESA as it is required for its members to make regulation a success;

47. Commitment from RAERESA's members as it is required for implementation of RAERESA's initiatives and achievement of outcomes;

48. Effective communication between RAERESA and its members as implementers of initiatives and outcomes;

49. The timely adoption or approval of RAERESA guidelines and their domestication by members with a view of performing regulatory activities;

50. Availability of office premises and other infrastructure for the RAERESA Secretariat, as COMESA is still hosting the Secretariat on an interim basis;

51. Availability of resources to RAERESA, including RAERESA Secretariat management and staff/experts, as identified under each implementation initiative;

52. Financial viability of RAERESA, since it is currently reliant on COMESA to fund its activities and beyond 2016 there is need to formulate a sustainable funding mechanism that will ensure financial independence for the RAERESA Secretariat;

53. Effective control of RAERESA's expenditure through, among others, reduction and/or elimination of resource wastage and/or efforts duplication;

54. Adherence to internal standard operating procedures and work processes of RAERESA;

55. Proper consultation, cooperation and support of RAERESA to its members and stakeholders, including of development partners;

56. Effective translation of the Strategic Plan into implementable Business Plan and One-Year Work Programme and budget of RAERESA;

57. Regular review, performance oversight, measurement, evaluation and reporting relating to the Strategic Plan;

58. Adequate knowledge about RAERESA and formal recognition among its members and stakeholders, including development partners;

59. Adequate visibility and influence of RAERESA on regional development agenda;

60. Sufficient contribution of RAERESA and alignment of its efforts in support of regional socio-economic development programmes; and

61. A regional energy information system or database that can be used as a resource by national energy regulators, governments, investors and other stakeholders.

1.3 Risks

RAERESA has recognised the risks in the implementation of the Strategic Plan, on the basis of separating supporting and restraining forces that may either support or constrain its achievement:

1. Supporting forces

   a. Effective strategic leadership of RAERESA to guide towards the overall achievement of the Vision and Mission;

   b. RAERESA already has 7 years of operation and experience as the association of national energy regulators in COMESA;

   c. Collaboration of RAERESA with the COMESA CoM, including with ministries in charge of energy in the COMESA Member States;

   d. Existence of independent national energy regulators in the COMESA Member States with sufficient legal authority and institutional framework;

   e. Clearly defined Model Energy Policy Framework of COMESA;

   f. Provision of energy regulatory services is a priority of the governments in the COMESA Member States; and

   g. Professional and experienced management and staff/experts in the RAERESA Secretariat.

62. Restraining forces

a. Limited resources for expanding the reach of RAERESA across its members;

b. Maintaining balance in transition from the old paradigm on energy regulatory functions;

c. As the COMESA labour markets become competitive, RAERESA may be unable to attract and retain highly skilled management and staff/experts without attractive remuneration packages;

d. The effects of the global economic down turn on the price of the regulated energy services;

e. Operators forming syndicates to influence prices of the regulated energy services; and

f. Regulating State-owned and monopoly vertically integrated undertakings operating across borders in the COMESA Region.

Hence, the most important risks of conflicts of jurisdiction or authority in developing a consistent and harmonised regulatory framework for energy trade and investment in the COMESA Region are given in Table below.

Table 51 The Most Important Risks of Conflicts of Jurisdiction or Authority

Category of risk	Description of effect	Mitigation measures	Allocation of risks
Development of a strategy for funding of RAERESA's work	RAERESA will fail to implement the Business Plan and the One-Year Work Programme objectives	COMESA and development partners continue to provide human resources and financial support	RAERESA
Development of an efficient and effective RAERESA Secretariat	RAERESA will continue to function on an interim and ad hoc, voluntary basis	Separate RAERESA Secretariat from COMESA	COMESA
Review of and support to harmonisation of the national legal and regulatory frameworks	Regional energy market will remain fragmented with different regulatory standards and numerous barriers	Provide support to the COMESA Member States in reforming energy regulation	COMESA CoM
Development of RAERESA guidelines and domestication	RAERESA will fail to establish a regional energy market due to lack of common development initiatives	Make decision binding on the RAERESA members	COMESA CoM

1.4 Assumptions

RAERESA has indicated that the successful implementation of the Strategic Plan is premised on the following general sets of assumptions and pre-conditions:

1. Assumptions

g. Continued good will of RAERESA's members;

h. Continued support from ministries in charge of energy;

i. Continued support from development partners;

j. Stability of RAERESA's infrastructure;

k. RAERESA's financial viability;

l. Continuity of RAERESA Secretariat's management and staff/experts; and

m. Continued peace and stability in the COMESA Region.

63. Pre-conditions

a. Acceptance and ownership of the Strategic Plan by RAERESA;

b. Strong linkage of the Strategic Plan to the budgeting process;

c. Attraction of highly qualified professionals in the RAERESA Secretariat and its positive work culture; and

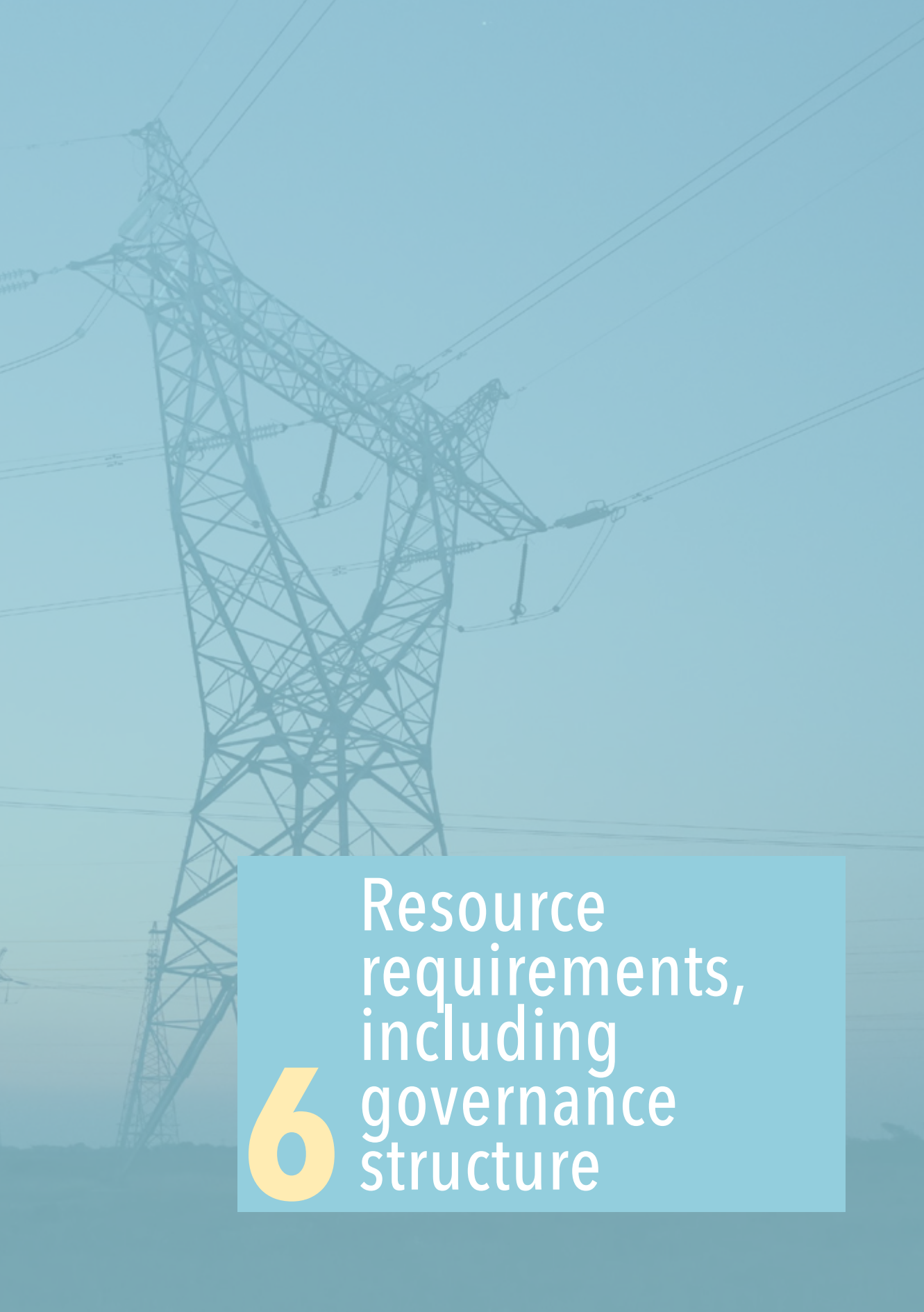
d. Continuous improvement of RAERESA based on collaboration with its members relating to development and domestication of best practice guidelines.

1.5 Way forward

To address the challenges indicated in the beginning, COMESA needs to integrate synergies on energy regulatory issues. In that regard, strengthening RAERESA is pivotal in facilitating energy trade and investment in the COMESA Region through creating an enabling environment for undertaking investments in generation, transmission and distribution, and also improving regulatory transparency.

RAERESA needs to be committed to working towards the harmonisation of the national rules as they pertain to energy and promote good governance in order to brand the energy sector in the COMESA region as an investor friendly sector and also to improve the services of the existing energy infrastructure through enhanced efficiency. It is crucial that RAERESA focuses on capacity building of national energy regulators in the COMESA Region, facilitation of information, statistics and data sharing among them and cooperation.

RAERESA needs to establish its own Secretariat, after the initial period of its operation when the COMESA Secretariat served as the interim Secretariat of RAERESA.



6 Resource requirements, including governance structure

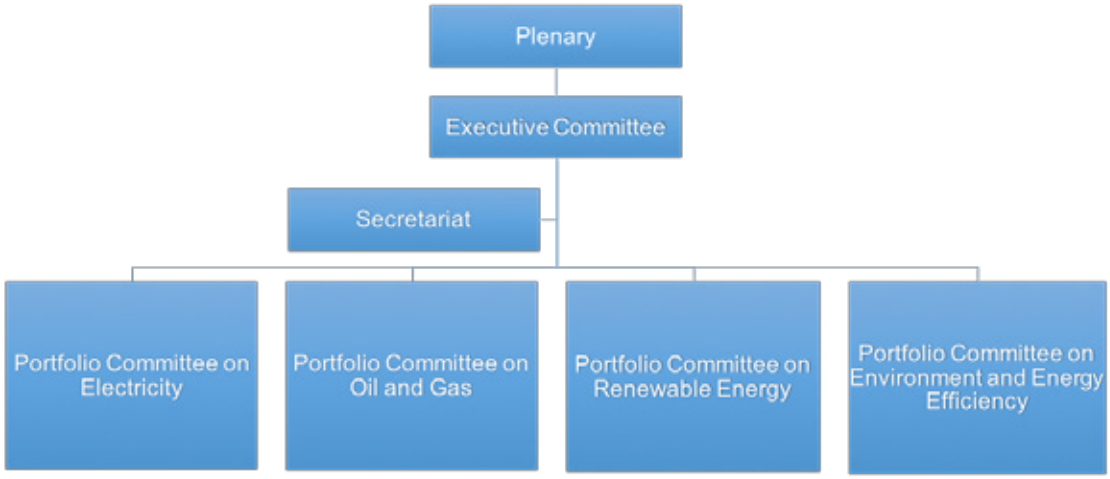
6.1 Human resources

Successful implementation of the Strategic Plan requires human resources, including an appropriate organisational structure. The achievement of the strategic goals and objectives set out in the Strategic Plan and the significant corporate services within RAERESA which facilitate this, relies on the knowledge and expertise of its management and staff/experts and their judgement in developing policies, guidelines, recommendations and decisions, as well as the organisational structure tailored in alignment with the strategic goals and objectives. Hence, optimal staff/experts' requirements and capacity is assessed.

According to the Constitution, RAERESA is governed by the Plenary, which is its highest decision-making body, composed of all RAERESA members and a representative of the COMESA Secretariat. The Plenary appoints a chairperson for two years on a rotational basis, to chair its proceedings. The Executive Committee, which derives its mandate from the Plenary, conducts the affairs of RAERESA and the Portfolio Committees. There are four Portfolio Committees, with chairpersons elected by the Plenary. The Chairperson of Plenary together with the Chairpersons of the Portfolio Committees constitute the Executive Committee of RAERESA. The Portfolio Committees execute the objectives and functions of RAERESA. The Secretariat of RAERESA is under the purview of the Executive Committee, which appoints its Head, the Executive Secretary/CEO and staff/experts. The Executive Secretary is the secretary to the Plenary, Executive Committee and the Portfolio Committees.

The existing governance structure of RAERESA is shown in the Figure below.

Figure 6.1 Existing Governance Structure of RAERESA

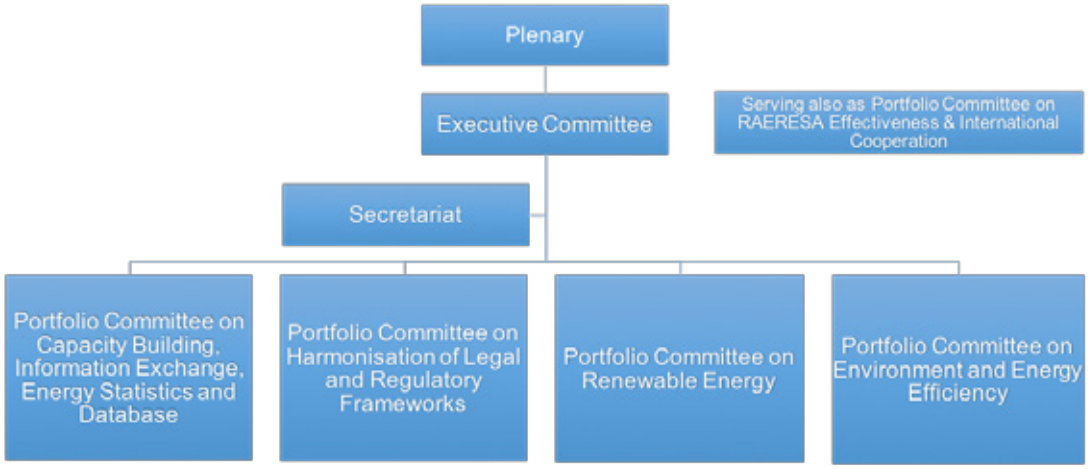


In carrying out its mandate of capacity building and information sharing, integrating legal and regulatory frameworks and regional/inter-regional energy regulatory cooperation, its Portfolio Committees have initiated and implemented several projects. However, there have been challenges identified in the analyses in the second chapter such as limitations in domesticating regional policy and regulatory initiatives, and the lack of a functional Secretariat to help members in implementing regional regulatory policies.

Following the analyses in second chapter, RAERESA has identified the strategic goals encompassing its aspirations for

the next decade. Thus, there is a need to structure the Portfolio Committees to align them with RAERESA's strategic goals and objectives. Since structure follows strategy, according to Chandler A.D. (1962), the structure of RAERESA should be aligned with its strategic goals and objectives. The following Figure depicts a new and approved structure with restructured Portfolio Committees, which are service based rather than industry based, to reflect the mandate and strategic goals of RAERESA.

Figure 6 2 New and Approved Governance Structure of RAERESA



The present arrangement has divided the Portfolio Committees into silos, which inadequately addresses issues that cut across them. However, having service based Portfolio Committees allows RAERESA to focus on the issues that have been the basis of its Work Programmes and the strategic goals and objectives. The Portfolio Committee on Capacity Building, Information Sharing, Energy Statistics and Database will focus on data and analyses, besides capacity building. The Portfolio Committee on Harmonisation of Legal and Regulatory Frameworks will therefore look at those issues for all the energy matters, including oil and gas. Renewable Energy and Energy Efficiency have each a standalone Committee, given the priority given to them by RAERESA, its development partners and its members in its potential contribution to the development of COMESA's energy sector.

According to the Constitution, the Secretariat of RAERESA runs the day-to-day affairs of the association, ensuring that its programmes are efficiently and effectively implemented within allocated budgetary resources. Since its inception in 2009, RAERESA has not had an autonomous Secretariat and has been hosted by the COMESA Secretariat on an interim basis. For this Strategic Plan, RAERESA needs to put in place an autonomous Secretariat to carry out its functions mandated by the Constitution. Management and staff/experts of the RAERESA Secretariat need to increase immediately in the first year. They are expected to support work of the Plenary, Executive Committee, and Portfolio Committees, but also to perform related finance and administration tasks (Finance and Accounting; HR and Administration; Logistics and Asset Management; and General Administration). Positions of the management and staff/experts of the RAERESA Secretariat are proposed in the Table and Figure below, accompanied with job descriptions.

Table 61 Proposed Positions and Job Descriptions for the RAERESA Secretariat

Position	Job Description
Executive Secretary/CEO	Competencies - Strategic leadership and management of the RAERESA Secretariat - Planning and directing the Secretariat's performance and its external obligations - Membership advocacy - Public relations, members' and stakeholders' liaison Qualification, required skills and experience - Hold a minimum of Master degree in economics, engineering or energy related discipline - Extensive knowledge of energy industry, including financial, policy, legal and regulatory frameworks - Have at least 10 years of proven leadership experience in the mentioned field
Programme Manager (Renewable Energy & Energy Efficiency)	Competencies - Developing and monitoring Strategic and Business Plans - Preparing/collating position papers, project proposals and reports - Providing support to the Portfolio Committees - Assisting in the preparation of annual budget for RAERESA - Analytical thinking and planning, organising and problem solving abilities - Ability to communicate effectively in order to communicate complex and technical information to technical and general audiences - Skills in facilitating meetings effectively and efficiently - Excellent interpersonal and communication skills and sensitivity to cultural, socio-economic and political differences Qualification, required skills and experience - Hold a degree in economics, engineering or renewable energy/energy efficiency - Extensive knowledge of renewable energy/energy efficiency, including financial, policy, legal and regulatory frameworks - Have at least 5 years of proven experience in the mentioned field

Programme Manager (Policy Analysis and Harmonisation)	Competencies - Developing and monitoring Strategic and Business Plans - Preparing/collating position papers, project proposals and reports - Providing support to the Portfolio Committees - Assisting in the preparation of annual budgets for RAERESA - Policy analytical thinking and planning, organising and problem solving abilities - Ability to communicate effectively in order to communicate complex and technical information to technical and general audiences - Skills in facilitating meetings effectively and efficiently - Excellent interpersonal and communication skills and sensitivity to cultural, socio-economic and political differences Qualification, required skills and experience - Hold a degree in economics, engineering or other related areas - Extensive knowledge of energy policy, including financial, legal and regulatory frameworks - Have at least 5 years of proven experience in the mentioned field
Administration and Finance Manager	Competencies - Preparing financial statements, budgets and management reports - Administering procurement of goods and services - Complying with GAAP and keep the Association updated on new trends in the accounting field - Ensuring that good corporate governance and administrative systems are observed Qualification, required skills and experience - Hold a degree in Management, Human Resources, Financial Management or related discipline - Extensive knowledge of Administration and Financial Management, preferably in the energy sector - Have at least 5 years of proven experience in the mentioned field

Programme Officer (2)	Competencies - Assist the Programme Managers in carrying out their functions - Assist the Programme Managers in the development and monitoring of the Strategic and Business Plans - Assist the Programme Manager in supporting the Portfolio Committees - Assist in the development of content and organisation of all meetings Qualification, required skills and experience - Hold a degree in economics, engineering or other related areas - Extensive knowledge of energy policy, including financial, legal and regulatory frameworks - Have at least 3 years of proven experience in the mentioned field
Office Assistant	Competencies - Office Upkeep - Mail & courier services - Manning the reception and answering telephone calls - Maintaining the diary of RAERESA Qualification, required skills and experience - Hold a Diploma/Certificate in Secretarial Studies - Extensive experience in office assistance - Have at least 3 years of proven experience in the mentioned field.

Figure 6.3 Organisational Structure of RAERESA Secretariat

The specialisations can range from applied sciences to engineering, economics and law, management and public administration. Human resource planning is necessary to identify and balance the training and development needs of management and staff/experts. Skills and resources need to be aligned with priorities noted in the Strategic Plan. Optimal level of staff/experts in numbers, skill and experience is key. Knowledge management, retention and transfer is a high priority. In addition, management and staff/experts' requirements need to be assessed on a continuing basis and capacity building initiatives permanently implemented. The nature of the changing regulatory environment in the regulated energy sector will necessitate that RAERESA envisages a review of management and staff/experts' terms and conditions of employment and capacity, acquiring special skills and the implementation of competitive remuneration and capacity development initiatives as well.

With that in view, RAERESA continuously needs to:

1. Ensure its resource planning system identifies the skills and competency requirements of the association and aligns and develops this to its management and staff/experts;
2. Develop and implement a best practice performance management and development system;
3. Implement a knowledge management system appropriate to the evolving needs of the association; and
4. Align training and development programme, resource planning activities and business planning activities.

1.6 Financial resources

The implementation of the Strategic Plan also requires financial resources. The total cost of achieving the set strategic goals and objectives as detailed in the Strategic Plan Matrices needs to be projected to a total sum over the strategy period and an average annually, i.e. financial projections of revenues and expenses need to be drawn up for the strategy period and its individual years.

Generally, it is a 3-to-5-year period for which the financial projections are needed to be as realistic as possible. For the immediate strategy period, the annual plan can be broken down in to monthly or quarterly plan for effective monitoring of actual performance and timely correction of deviations. If KPIs measure the efficiency of individual implementation initiatives that constitute RAERESA's overall operations, the financial projections monitor its overall health.

In RAERESA, where profit is not the motive, the financial projections need to fix expense budgets within allocated resources for various implementation initiatives. RAERESA can spend only what it raises as funds from members and grants from development partners. Hence it should know how much it has to spend on various activities to be within the available funds position. Where expenses go beyond the projected limits, RAERESA needs to take corrective action to bring down such expenses.

The financial projections need also to account for funds to be raised from members and grants to be received from development partners during the strategy period. RAERESA needs to ensure that the targeted funds and grants are raised to meet the expenses planned during the period. Where it is found that the planned fund-raising is falling below targeted values, RAERESA needs to increase its efforts in this regard to raise the shortfall in funds and grants.

RAERESA members will be ready to contribute financially after one or two years from the adoption of the Strategic Plan (2017-2026) and the Business Plan (2017-2021), in accordance with an adequate contribution formula (RERA-based one is an acceptable one for initial discussions). The reason being that they need to plan and budget for their contribution to RAERESA in their next budgets, which takes one to two years' time.

Until such time, the immediate contributions by RAERESA members would be predominantly in kind in terms of meeting the cost of hosting the meetings and seconding the experts to work in the RAERESA's Secretariat as Programme Managers/Programme Officers to assist the Executive Secretary. The RAERESA Secretariat can start the

implementation of the secondment programme in the beginning of 2017.

The following assumptions are made in developing the financial projections:

1. Development partners will provide most of the funding for Work Programmes over the next five years, while membership contributions or regulatory levies will increase to support Work Programmes after year 5;
2. For the initial two years, RAERESA will have only three full time staff/experts increasing to the full complement thereafter;
3. Each Portfolio Committee will hold three meetings annually, one of which will be during the AGM; and
4. RAERESA will work towards a balanced budget by matching expenditure with income.

The budget for 2017 and the projections for 2018-2021 are based on the cost of the implementation initiatives that are required for the accomplishment of the strategic goals and objectives. A summary is presented in the Table below.

Table 62 Budget for 2017 and Financial Projections for 2018-2021

	2017	2018	2019	2020	2021	
	US$	US$	US$	US$	US$	US$
INCOME						**Total**
Membership Contributions	-	50,000	75,000	75,000	100,000	300,000
Development Assistance (11th EDF)	1,781,550	1,781,550	1,781,550	1,781.550	1,000.000	8,126.200
Other Development Assistance	342,465	271,673	226,119	184,609	83,326	1,108,192
COMESA Secretariat	200,000	50,000	30,000	30,000	30,000	340,000
Total Income	**2,324,015**	**2,153,223**	**2,112,669**	**2,071,159**	**1,213,326**	**9,874,392**
EXPENDITURE						**Total**
Strategic Initiatives	**1,974,015**	**1,783,223**	**1,646,169**	**1,604,134**	**745,750**	**7,753,291**
Strategic Initiatives (Goals 1-4)	1,241,874	1,100,233	993,859	951,824	500,000	
Strategic Initiatives (Goal 5, excl. Admin & HR exp)	325,581	276,430	245,750	245,750	245,750	
EDF LT Expert Costs	406,560	406,560	406,560	406,560	-	

Administration and HR Expenditure	**350,000**	**370,000**	**466,500**	**467,025**	**467,576**	
Executive Secretary/ CEO	120,000	120,000	120,000	120,000	120,000	
Programme Manager	90,000	90,000	90,000	90,000	90,000	
Adm & Fin Manager	90,000	90,000	90,000	90,000	90,000	
Programme Officer		60,000	60,000	60,000	60,000	
Adm & Fin Officer			60,000	60,000	60,000	
Office Assitant			36,000	36,000	36,000	
Secretariat Operational Expenditure	50,000	10,000	10,500	11,025	11,576	
Total Expenditure	**2,324,015**	**2,153,223**	**2,112,669**	**2,071,159**	**1,213,326**	**9,874,392**

The fiscal year of RAERESA shall start as of 1st January and ends on 31st December of each year. A special account for the deposit of RAERESA's financial resources shall be opened. The balance of this account shall be carried forward from one year to the other. Efficient and accountable use of available financial resources is the responsibility of both the Executive Committee and the Executive Secretary of the RAERESA Secretariat, which also need to ensure that there is no loophole in revenue collection.

1.7 Funding arrangement

On the one side, RAERESA's members (NRAs) may get various revenue sources for the fulfilment of their missions. These include:

1. Funds allocated in the State budget;
2. Fees levied on application of and grant of licences, permits, contracts, concessions and allocations to each regulated energy undertaking;
3. Grants, donations and legacies that do not contradict with NRA's objectives;
4. Annual regulatory fee based on a percentage of the turnover from each regulated service;
5. All administrative fines imposed by the regulatory board;
6. Loans;
7. Fees for services rendered by NRA; and
8. Any other payment or property due to NRA in respect of any activity related to the regulated energy



services.

On the other side, RAERESA needs to have its own budget. According to Article 8 of the RAERESA Constitution, the sources of funding for the Association are:

1. Contributions from members;

9. Special contributions from members; and

10. Other sources as may be approved by the Plenary, such as grant funding and donations.

RAERESA is working on a proposed membership contributions formula to ensure that all members contribute on a sustainable basis to the operations and programmes of the Association. Special contributions are also expected from those that decide to contribute beyond their normal contributions. Development partners are also expected to continue funding some of the initiatives of RAERESA.

RAERESA as a specialised institution of COMESA will be the lead beneficiary of the 11th EDF (EDF11) financed project called the *Enhancement of a sustainable regional energy market in the Eastern and Southern Africa and Indian Ocean region*. A programme has been identified under the EDF11's RIP for the EA-SA-IO region to specifically support the development of further regulatory frameworks to nurture regional energy markets that are efficient, sustainable, harmonised and able to attract investments and ensure universal access and an improvement in RE and EE implementation.

Under the EU TAF for the SE4ALL initiative for the EA-SA-IO region, data pertaining to the regulatory outlook were collected from its 26 countries. These were subsequently mapped and analysed, resulting with the recommendations on relevant actions in line with the three results areas, shown below, for consideration by the EUD in Lusaka, Zambia in the formulation of the identified programme under the EDF11's RIP:

Result 1: A regionally harmonised energy regulatory framework adopted by regional and national regulatory institutions, with particular emphasis on cross-border issues to encourage investments in the region;

Result 2: Enhancement of regulatory capacity of the NRAs and strengthening capacity of the Regional Associations (RAERESA, EREA and RERA) and Power Pools (EAPP and SAPP) so that they can proactively influence developments in the energy sector; and

Result 3: Enhancement of the development of RE and EE strategy, policies and regulatory guidelines to attract investments in clean energy and build capacity in clean energy in the region as well as the domestication on a demand driven basis. Development and harmonisation of the strategy on RE and EE for the EA-SA-IO region.

RERA is expected to take the lead in managing activities under Result 1, i.e. harmonisation of regulatory frameworks. RAERESA is expected to take the lead in managing activities under Results 2 and 3, but will have the overall responsibility of managing the entire program. Consequently, COMESA will employ on full time basis a Program Manager, a Deputy Program Manager (situated with RERA), and a Finance Manager/Administrative Assistant and a team of NKEs, on part time basis, to carry out all the activities and produce the results in the three areas above based

on the budget as shown in the Table below.

Table 63 Budget for the EDF11's RIP for the EA-SA-IO Region

Categories	Total EUR
Technical Assistance (Long and short term)	4,500,000
Coordination, workshops, trainings and study visits	1,200,000
Communication & Visibility	200,000
Audit, monitoring and evaluation	600,000
Contingencies	500,000
Total	**7,000,000**

The support will mainly be provided by:

1. Long-term experts situated within RAERESA and RERA respectively;

64. A number of short-term NKEs to support the creation of harmonised regulations, capacity building in the form of conferences, workshops and study tours. NKEs should also be located with the Regulators Associations to secure capacity building of the long-term experts, preferably early in the project;

65. Short-term NKEs' support for RE and EE initiatives; and

66. Short-term NKEs' support for arrangement of coordination meetings, study tours etc.

The NKEs are suggested to be assigned as follows:

1. Direct support to the secretariat (PMU) – 10% = 300 workdays;

67. Support for Result 1 Area – 45% = 1350 workdays;

68. Support for Result 2 Area – 20% = 600 workdays; and

69. Support for Result 3 Area – 25% = 750 workdays.

It is proposed that the overall management should be under COMESA with RAERESA and RERA as team leader and deputy team leader respectively. The total budget for the interventions is EUR 7 million as indicated in the EDF11's RIP for the EA-SA-IO region of 25 July 2015.

The COMESA Secretariat through donor funding has been providing support for the programmes of RAERESA since its inception. It is expected that it will continue to provide similar support in the initial three years of RAERESA having in place a Secretariat. From the third year onwards, RAERESA will be supported by member contributions for its operations, while development partners will continue to provide support for the Work Programmes.



7 Monitoring, evaluation and communication

7.1 Objectives of the monitoring and evaluation

For the Strategic Plan to be effectively implemented and set strategic goals and objectives achieved, a proper monitoring and evaluation of the implementation is needed. It is required to promptly and effectively ensure that RAERESA is in a good track in fulfilling its Vision and Mission as stipulated in the Strategic Plan. The monitoring and evaluation aims to achieve the following:

1. Track the realisation of expected outcomes from the strategic goals and objectives, as well as implementation initiatives over the strategy period;
2. Ascertain whether resources budgeted for implementation of the initiatives are sufficient and are achieving the expected outcomes;
3. Assess whether the expected outcomes from the strategic goals and objectives, as well as implementation initiatives are being realised from the implementation process;
4. Establish whether there are any unexpected challenges that might have arisen and seek ways to address them;
5. Determine whether the strategic goals and objectives, as well as implementation initiatives are adequate to address predetermined and emergent strategic problems (emergent strategic issues will necessitate emergent strategies to address them); and
6. Ascertain whether the institutional capacity in terms of facilities, logistics, human resources and financial resources are adequate to enable realisation of the Vision, Mission and objectives.

1.8 Monitoring and evaluation framework

The Strategic Plan will be monitored using the matrix of strategic goals and objectives, implementation initiatives and expected outcomes as a basis. In this connection, each Portfolio Committee will be expected to develop own annual Work Programme to facilitate implementation of the Strategic Plan. The common Work Programme of RAERESA will be composed of the four Portfolio Committees' Work Programmes. The Portfolio Committees and the management and staff/experts of the RAERESA Secretariat will be held accountable before the Executive Committee of RAERESA for the attainment. The Executive Committee will discuss and endorse the Work Programme of RAERESA before it is forwarded to the Plenary for approval.

This means that the Executive Committee of RAERESA (if no new Portfolio Committees are accepted) will assume the role of a steering committee, supported by the RAERESA Secretariat, to monitor and evaluate the implementation of the Strategic Plan. The Executive Committee will determine its internal rules for monitoring and evaluation. The implementation of the Strategic Plan is the responsibility of the Executive Secretary of the RAERESA Secretariat. Reporting to the Executive Secretary by the Chairs of Portfolio Committees will be on a quarterly basis. The Executive Secretary will ensure liaising with finance and administration unit on provision and allocation of resources for the implementation of the Strategic Plan, including its publicity.

Evaluation of the Strategic Plan will be done, annually, with a mid-term evaluation and a final evaluation:



1. The annual evaluation of results will be made at the AGM of RAERESA on the basis of reports prepared and submitted by the Executive Secretary of the RAERESA Secretariat under the supervision of the Executive Committee in charge of the effectiveness. The annual evaluation will assess the relevance of the strategic goals and objectives, as well as implementation initiatives and expected outcomes, and the adequacy of resources for their accomplishment. It will also identify challenges encountered during the year, that could hinder the implementation of the Strategic Plan. Recommendations for remedial action will be made to address challenges encountered;

70. The mid-term review will be carried out after five years by an independent consultant to obtain a neutral opinion on the implementation of the Strategic Plan and come up with recommendations on the need for adjusting the strategic goals and objectives, as well as implementation initiatives and expected outcomes of RAERESA. It could also make recommendations on new resource requirements arising from adjusted goals, objectives, initiatives and outcomes; and

71. The final evaluation will also require an independent consultant to review the implementation of the Strategic Plan and come up with lessons learnt, which would be used as inputs into the next cycle of RAERESA's strategic management development process.

1.9 Audits

RAERESA will procure the services of a reputable internal auditing firm to audit its financial statements each year to ensure that the right financial management policies and practices are adhered to in the management of the Association's resources.

Apart from the Financial Audit, it is recommended that RAERESA carry out a technical audit of the Association by an energy consulting firm, to specifically review the relevance of the services it provides to its members and stakeholders. The audit will review the objectives and functions of RAERESA to ascertain whether its institutional and organisational arrangements are appropriate for the regional energy market context. The technical audit will result in recommendations on an appropriate institutional and organisational framework. The audit should be done every three years, the first one starting in 2019.

1.10 Communication

To facilitate implementation of the Strategic Plan, a number of activities will be undertaken by RAERESA to raise its visibility, which will include the following:

1. A dedicated annual meeting with the press involving the top officials of RAERESA and COMESA;

72. Popularising the Strategic Plan, especially the Vision, Mission and Core Values through banners, brochures, calendars and diaries;

73. Presentations on RAERESA's role and focus for the strategy period at various regional, continental and international meetings, workshops, conferences and congresses; and

74. Uploading RAERESA public documents and up-to-date information on its work on its website.





Contacts:

COMESA-Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA)

Ben Bella Road, P.O. Box 30051, Lusaka, Zambia

Phone: +260 211 229725/32 - Ext 7378

Fax: +260 211 225107

Mobile: +260 – 977 - 456204

Website: http://www.comesa.int

Delegation of the European Union to the Republic of Zambia and COMESA

Plot 4899, Los Angeles Boulevard, Longacres

P.O. Box 34871, Lusaka, Zambia

Tel. +260 211 250711/251140/255585

Website: http://eeas.europa.eu/delegations/zambia

www.facebook.com/EUDelZambia

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The European Union is made up of 28 Member States who have decided to gradually link together their know-how, resources and destinies. Together, during a period of enlargement of 50 years, they have built a zone of stability, democracy and sustainable development whilst maintaining cultural diversity, tolerance and individual freedoms. The European Union is committed to sharing its achievements and its values with countries and peoples beyond its borders.

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