

# ERI Diagnostic Tool for the improvement of the Southern African Region Regulatory Framework

Regional Electricity Regulators Association of Southern Africa (RERA) : Annual Conference

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AFRICAN DEVELOPMENT BANK GROUP

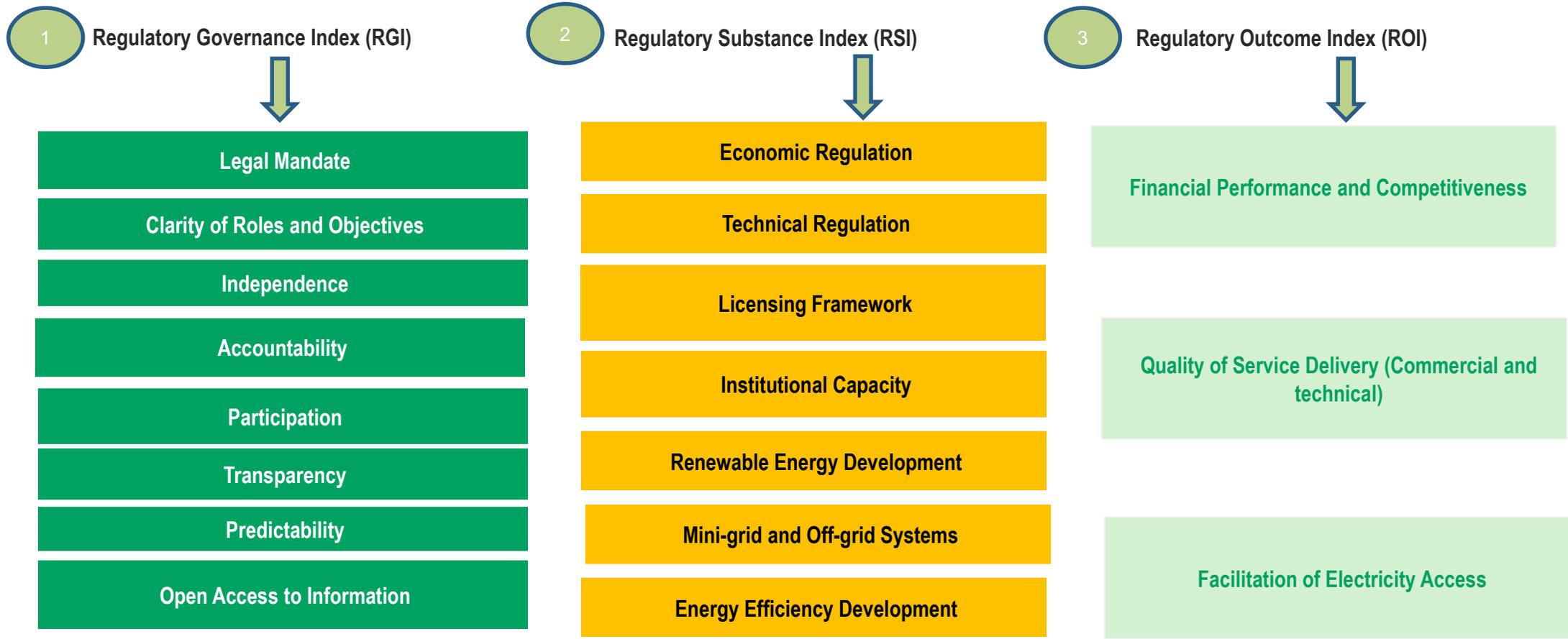


# The ERI is a tool to assess the Electricity Regulatory Environment in Africa

- Assess underlying regulatory **factors that impact performance** and encourage Policy Dialogue
- Understand regulatory shortcomings to **identify a set of country specific interventions for success**
- **Prioritize the intervention programs** needed to improve regulatory performance
- Tool to **assess IPP readiness and licensing environment** and support investment decisions
- **Track ongoing reform progress**



# The ERI measures the performance of national regulatory systems against international best practices, and provides tailored recommendations



*“Institutional and legal design of the regulatory system and framework within which decisions are made”*

The **“how”** of regulation

*Actual decisions, whether explicit or implicit, made by the regulatory entity or other entities within the government, along with the rationale for the decisions”*

The **“what”** of regulation

*“Assesses the impact of regulator’s actions and decisions on the performance of the power utility and consumers”*



Once computed, the ERI results of the countries that are surveyed are ranked in four categories from the lowest to the highest level of regulatory development according to best practice

COLOR	SCORE RANGE	INTERPRETATION
	0.800 to 1.000	High level of regulatory development, with most elements of a strong policy, regulatory, legal and institutional framework in place
	0.600 to 0.799	Substantial level of regulatory development, with many elements of a supportive regulatory framework, alongside some weaknesses in legal and institutional structures
	0.500 to 0.599	Medium level of regulatory development, with basic elements of a supportive regulatory framework, with implementation constrained by legal and institutional gaps and low regulatory capacity
	0.000 to 0.499	Low level of regulatory development, with few or no elements of a supportive regulatory framework and insufficient or nonexistent legal and institutional structures and regulatory capacity

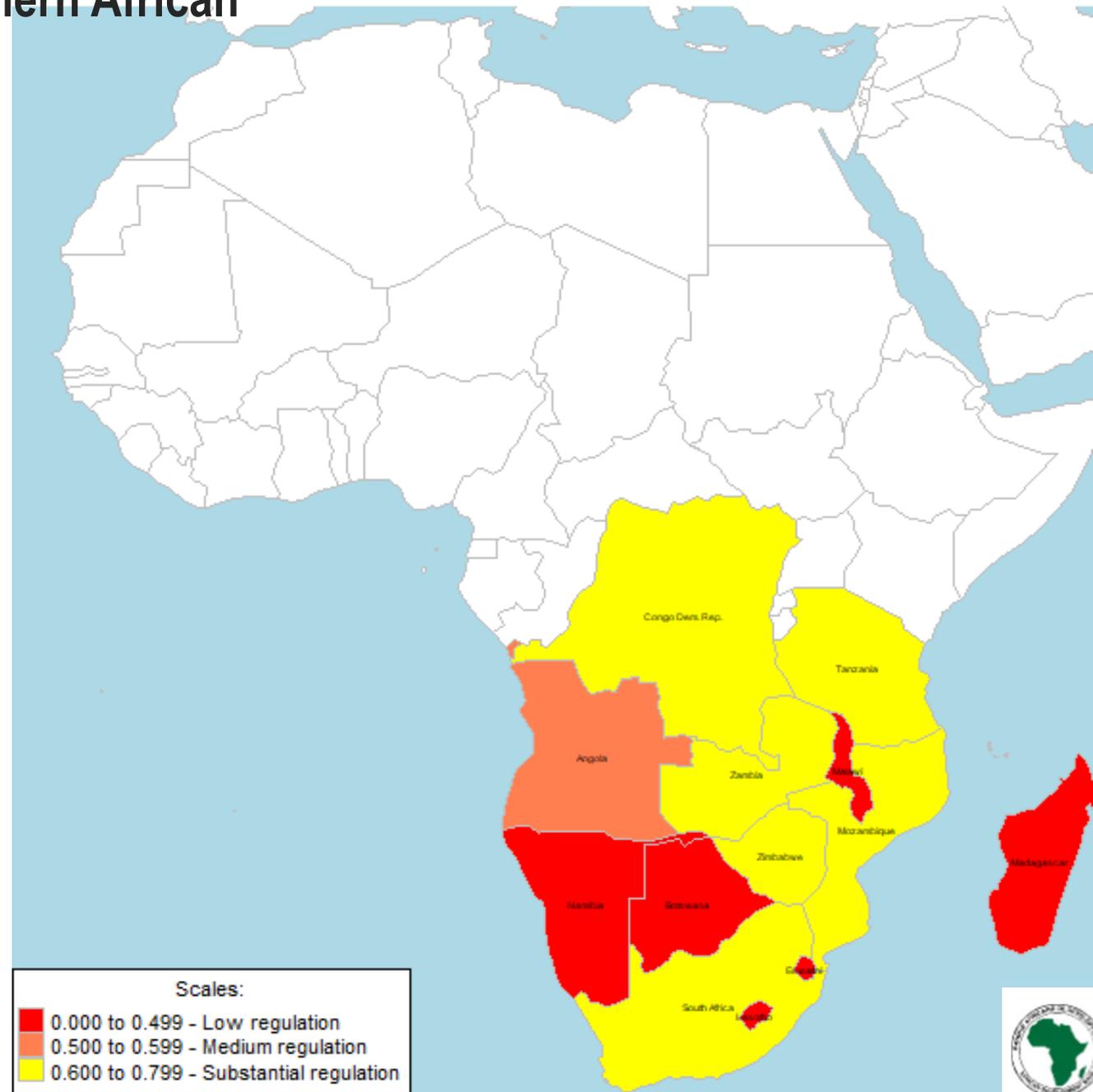


# How have countries performed in Southern African region?

15 countries (Regulatory Authorities and Utilities)

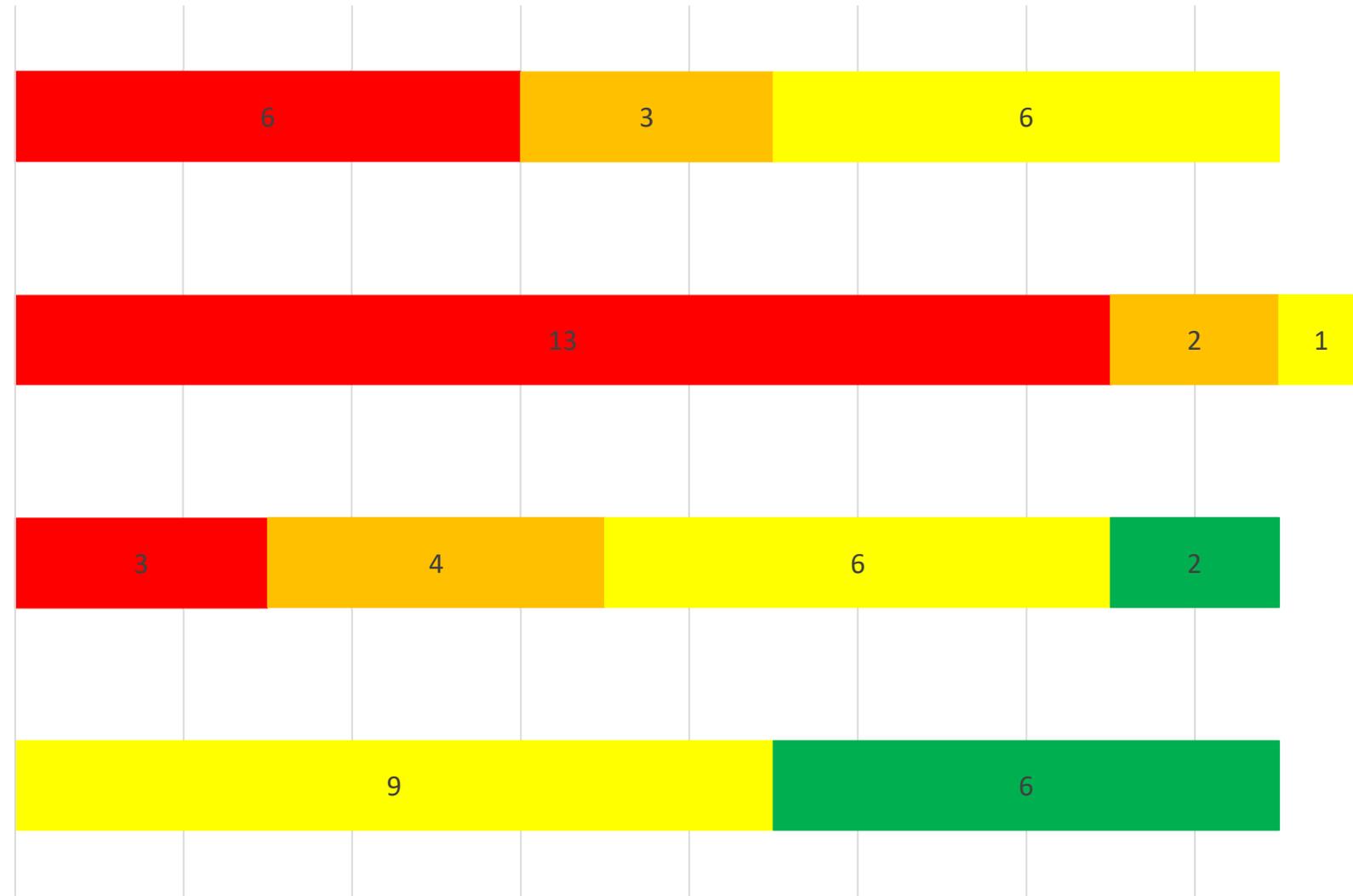
Majority of countries have substantially developed regulatory frameworks

Countries with weaker frameworks tend to be characterized by having nascent regulators and limited **substantive** authority and mandate over utilities



# Summary of Performance – Southern region

■ 0.800-1.000   
 ■ 0.600-0.799   
 ■ 0.500-0.599   
 ■ 0.000-0.499



## Comparative Performance in RCI, RSI, ROI

RGI:

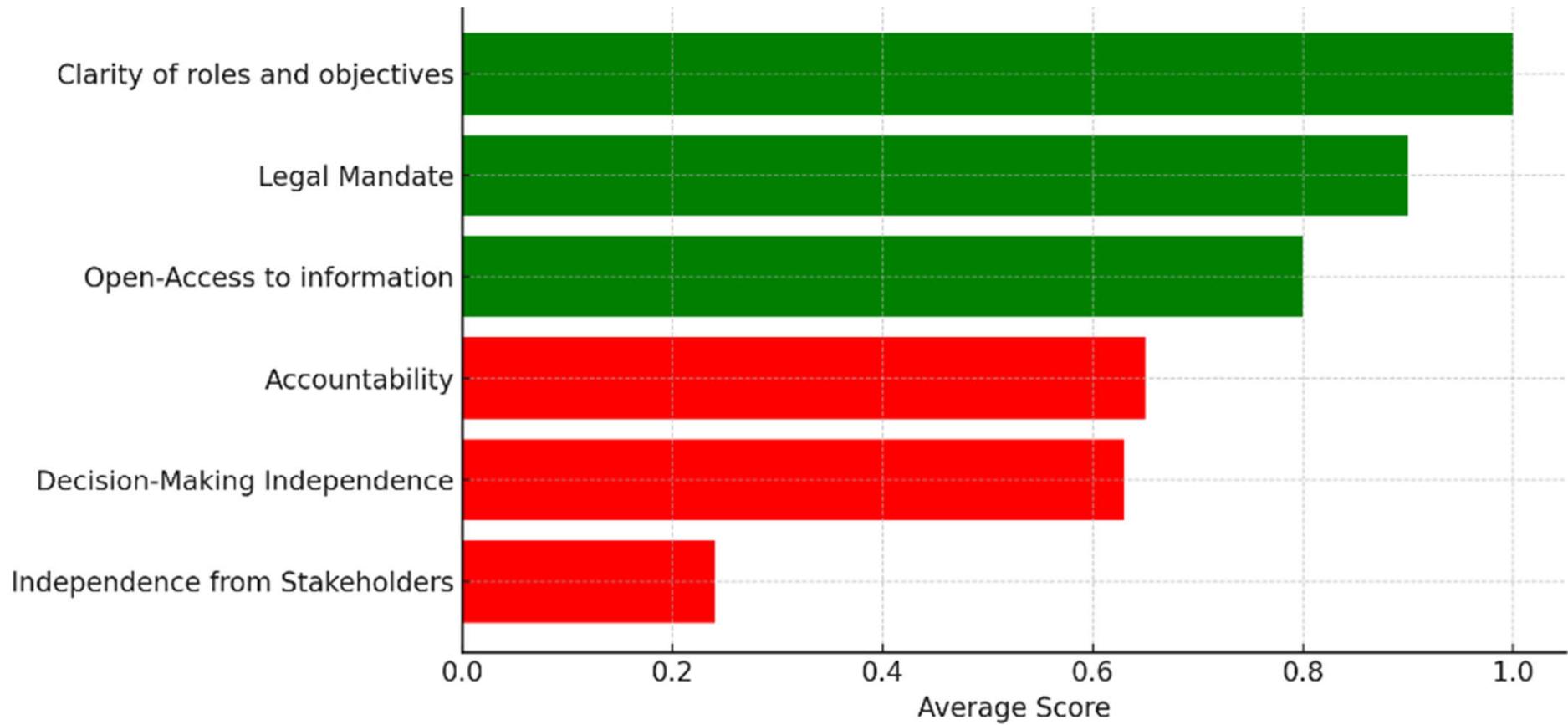
RSI:

ROI:

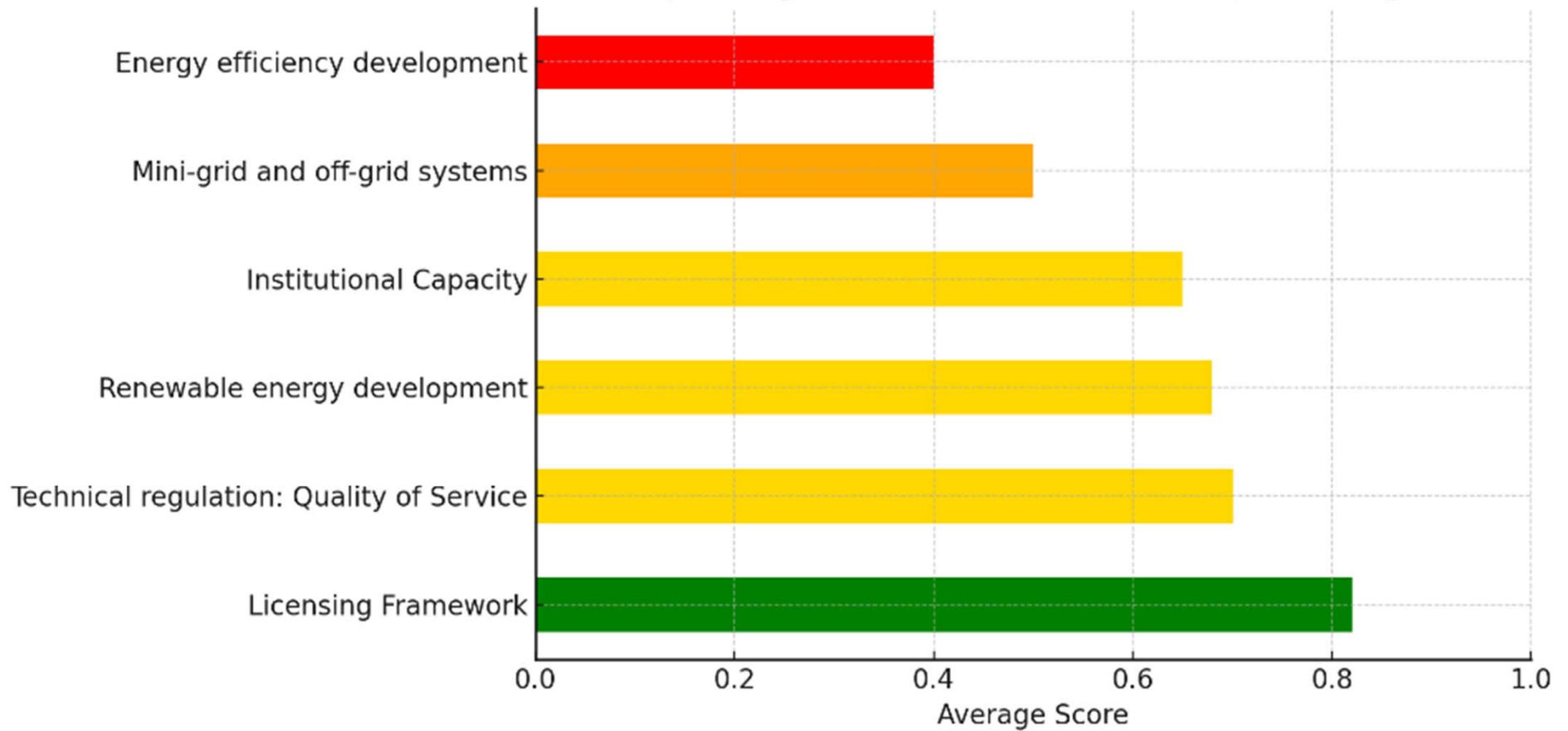
Decreasing Performance



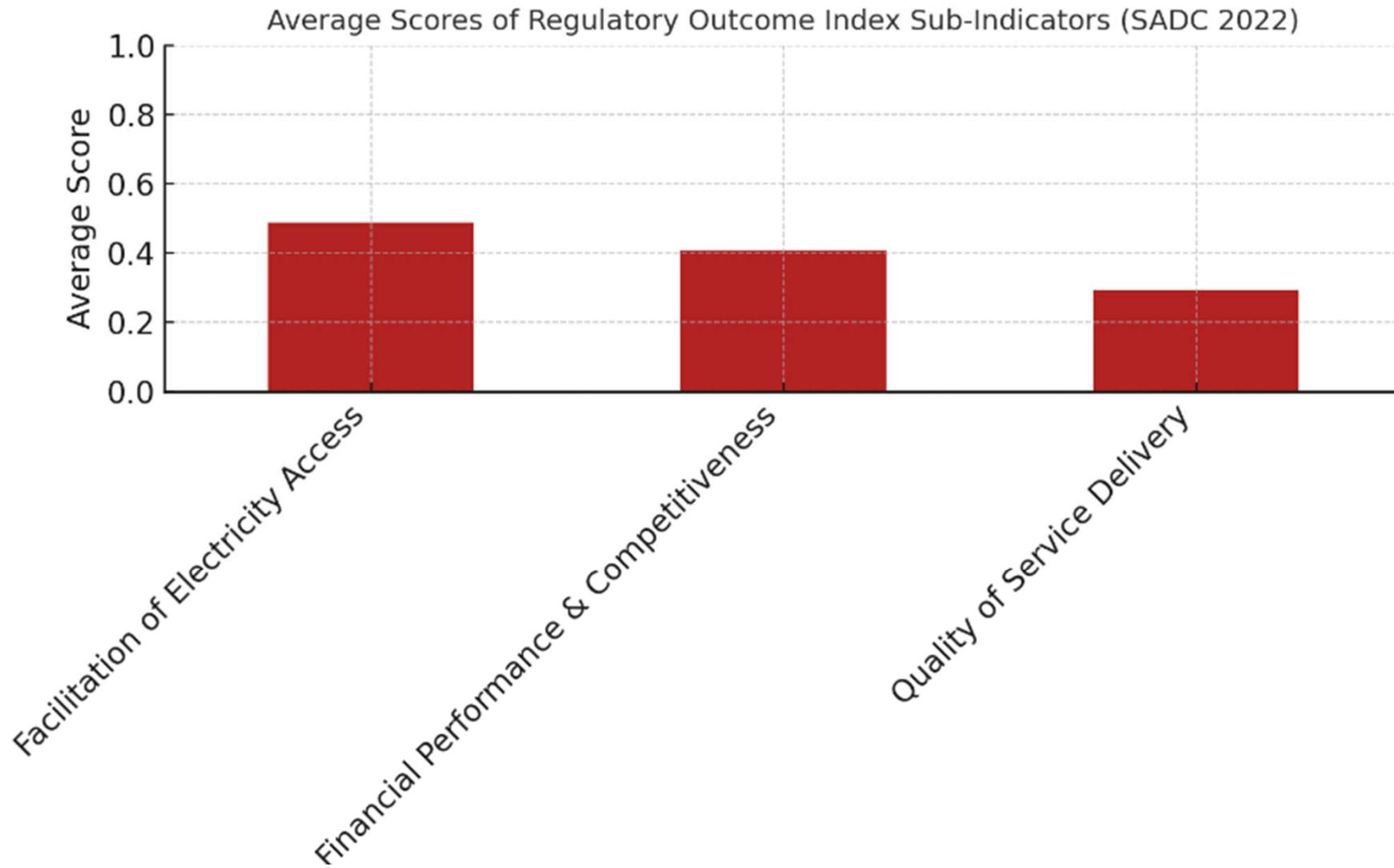
# Regional Regulatory Gaps - Governance



# Regional Regulatory Gaps - Substance



# gional Regulatory Gaps - Outcomes



# ERI 2024 - Key Activities underway

## A. Development of ERI 2024

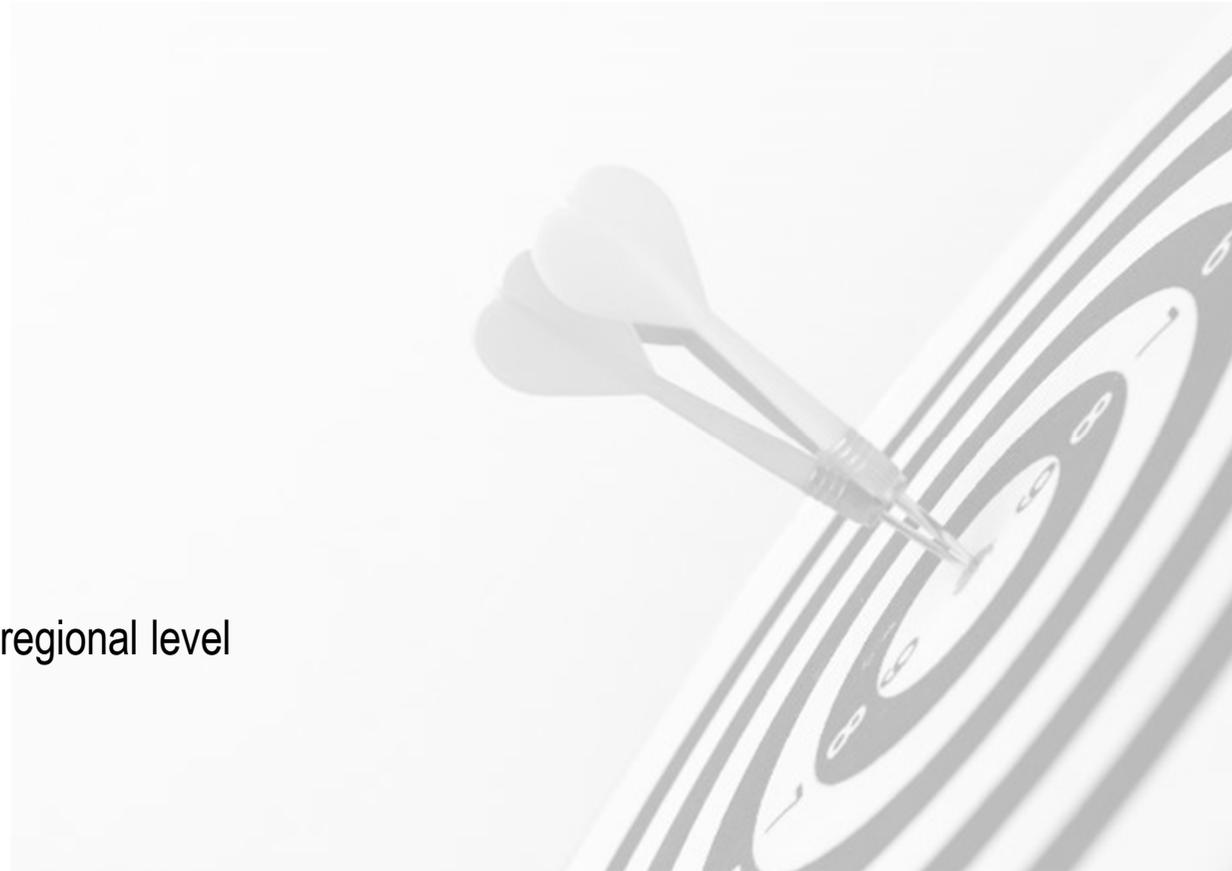
- Preparation of ERI 2024 underway:
- ✓ Launch of ERI survey in September 2024
- ✓ Data collection and analysis
- ✓ Validation of data from respondents
- Launch of ERI 2024 reports in June 2025**

## B. Regional perspectives

- Assess the level of regulatory development at regional level
- 5 regional bodies surveyed

## C. Review of ERI Methodology

- Review existing database and methodology
- Assess alternative options on ERI weights based on regulatory best practice and stakeholder consultations
- Launch of revised Methodology/ Weighting for ERI in September 2025**



# Strategic recommendations for RERA and AfDB

## Capacity Building

Technical training, peer exchanges, workshops

## TA Programs

Legislative reform, tariff & PPA frameworks

## Planning Tools

Use ERI for IRPs & investment decisions

## Peer Learning

Cross-country collaboration & sharing



# Mission 300 – Vision and Mission

Mission 300 aims to provide electricity access to an **additional 300 million people across Africa by 2030**

## Launch & Commitment

- **Formal announcement made at the World Bank Spring Meetings 2024**, underscoring a joint pledge to expand electricity access to reach 300 million people in Africa by 2030.
- **Urgency of Mission 300: 250 million WB and 50 million AfDB.** A response to the urgent need for universal energy access, aligned with SDG 7 goals.

## A powerful Partnership

- **Collaborative Effort:** Mission 300 unites governments, private sector, and donors to deliver energy access to 300M people through reforms and investments.
- **Scalable Solutions:** Backed by WB, AfDB, and global partners, it drives progress in power generation, integration, and electrification.

## Resource Mobilisation

- **Accelerate and Expand Pipeline:** Fast-track ongoing projects and identify high-impact, scalable new projects across Africa.
- **Mobilize Funding:** Leverage support from investors, partners, and donors to close financing gaps.

## Country-Level Engagement

- **Targeted Engagements:** Conducting deep-dive dialogues with key African countries to align policies, address bottlenecks, and expedite necessary reforms.
- **Technical Assistance:** Providing hands-on support for regulatory improvements, capacity building, and market readiness.

## High-Level Leadership Convening

- **High-Level Convening:** A dedicated summit of African Heads of State and Ministers to agree on a set of core principles for advancing the energy sector.
- **Core Principles:** Focus on policy reform, private sector engagement, and regional power trade agreements.



# Session 300 Cohort 1

Reaching universal access to energy in an **affordable, reliable and sustainable manner**

## Dar es Salaam Declaration

Encapsulates the commitment and reform actions from African Governments to make the energy sector efficient and bankable, to unlock greater support from development partners and the private sector towards the goal of universal access

Outlines the key pillars and principles required towards reaching SDG7

**The Declaration was endorsed by 48 Regional Member Countries during Africa Heads of State Energy Summit in January 2025 (Cohort 1)**

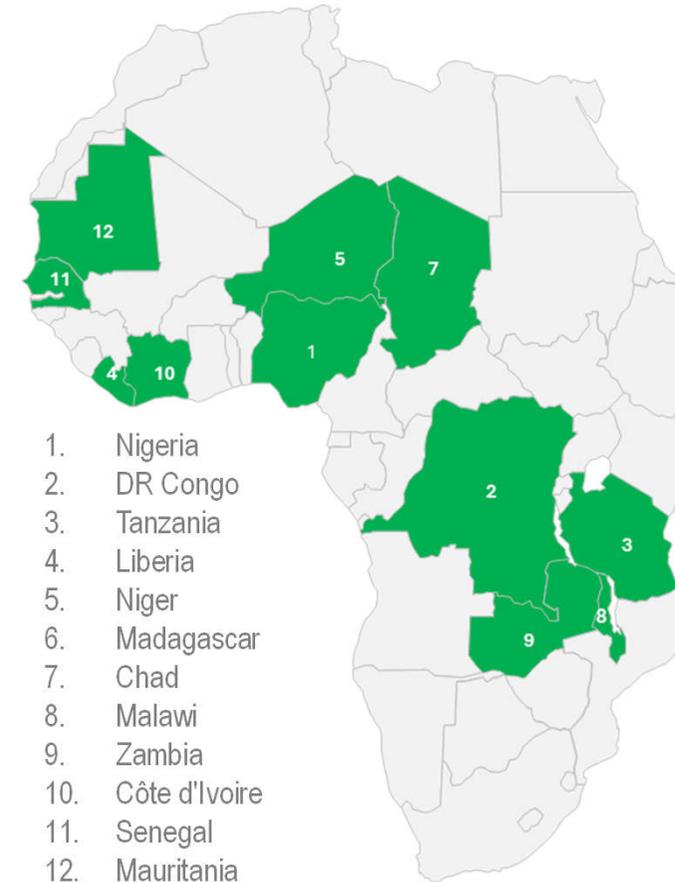
## 12 National Energy Compacts

Provides analysis on country's progress to date along key pillars and principles

Sets out country specific targets for the same key indicators of the Africa Energy Compact

Includes commitments from developing partners & private sector

**The individual Countries endorsed national Compacts during the Africa Heads of State Energy Summit in January 2025**



The **12 countries** represent about half of the population without electricity and a quarter of lacking clean cooking solutions.



## Session 300 Cohort 2

Early March 2025, letters of expression of interest have been sent to 30 countries (**Cohort 2**), with confirmations received from all countries except Botswana, Central Africa Rep, Kenya, Mozambique and Sao Tome (as April 1, 2025).

**Cohort 2 countries** are at various stages of compact development, with some more advanced than others.

All cohort 2 compacts are invited for deep dives discussions at the Bank/IMF Spring Meetings in April 2025

Compact presentations are tabled for May and June 2025 (AfDB Annual Meetings, Africa Energy Forum, Dedicated meeting in Europe)

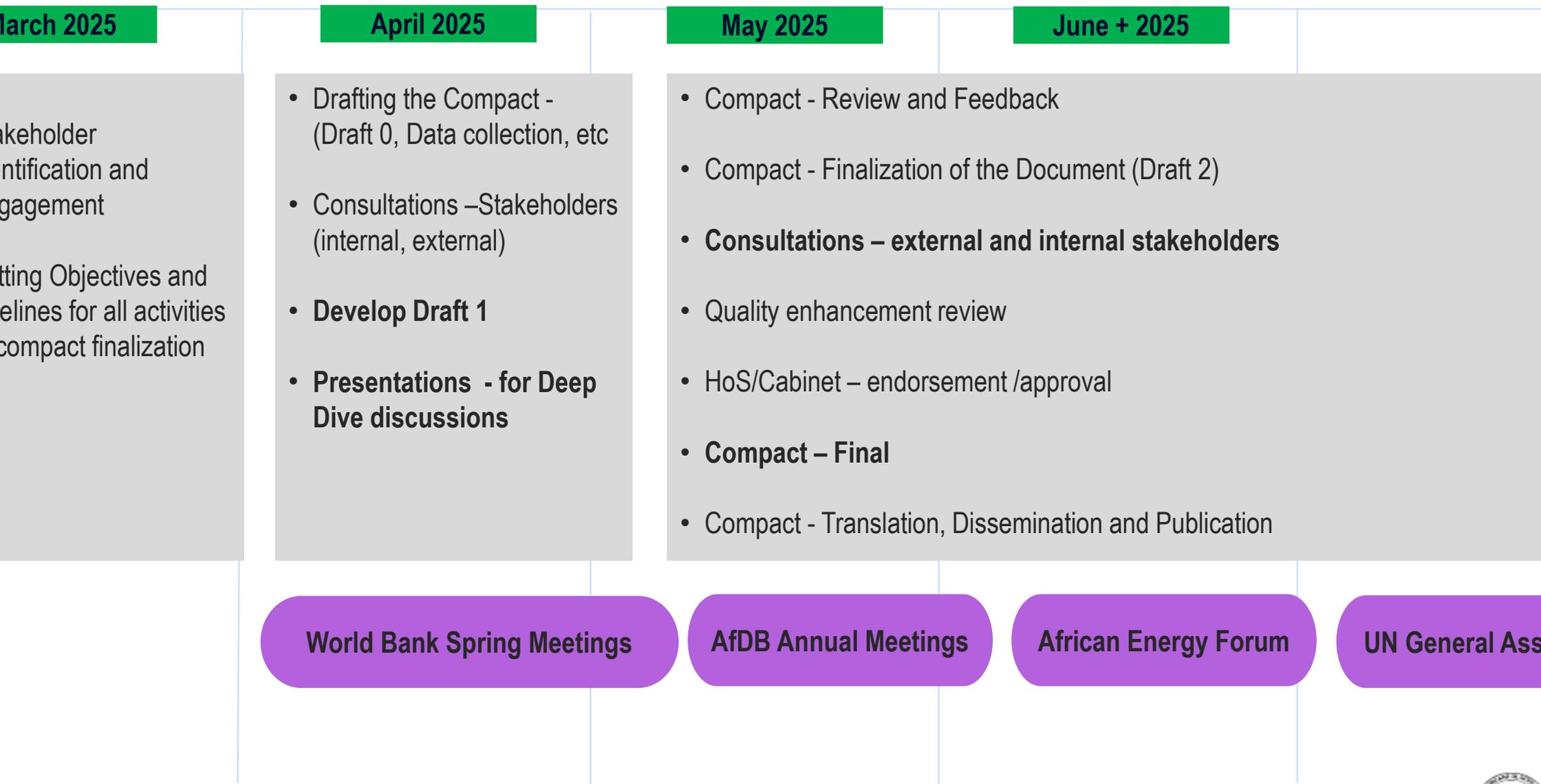
The final version of Cohort 2 Compacts will be unveiled at the UN General Assembly in September 2025.

### Compact sessions at the 2025 World Bank/IMF Spring Meetings

Compact countries	Presentation Date
Botswana, Lesotho, Angola, Gambia	21 April 2025
Benin, Comoros, Cameroon, Guinea	22 April 2025
Ethiopia, Burundi, Ghana, São Tomé and Príncipe	23 April 2025
Namibia, Mozambique, Central African Republic, Republic of Congo	24 April 2025
Kenya, Zimbabwe, Sierra Leone, Togo	25 April 2025



# Timeline for Cohort 2 compact preparation and presentation



# Regulatory Requirements to Support Mission 300

<p><b>Pillar 1</b>  <b>Expand Generation and Network Infrastructure at Competitive Costs</b></p>	<ul style="list-style-type: none"> <li>• Authorize least cost generation plans to support generation adequacy studies and energy resource assessments</li> <li>• Adopt requirements for efficient procurement of power infrastructure projects including auctions.</li> <li>• Implement regulation to streamline licensing and contracting process for new power infrastructure projects.</li> <li>• Develop regulatory instruments to ensure enactment of laws overseeing the power sector including Electricity Act, Renewable Energy Laws and Public Private Partnership.</li> </ul>
<p><b>Pillar 2</b>  <b>Leverage Benefits of Increased Regional Integration</b></p>	<ul style="list-style-type: none"> <li>• Harmonize technical codes to support transmission interconnection projects between countries.</li> <li>• Adopt and implement harmonized tariff structure to facilitate cross-border energy trading.</li> <li>• Support policies to ensure payment obligations for cross-border energy purchase are met.</li> </ul>
<p><b>Pillar 3</b>  <b>Embrace DRE &amp; Clean Cooking as vital elements of Universal Access Agenda</b></p>	<ul style="list-style-type: none"> <li>• Adopt regulation to encourage the development and dispatch of renewable energy generation.</li> <li>• Technical rules must be put in place to facilitate connections and the injection of energy from renewable energy sources into the national grid.</li> <li>• Adopt regulation and specialized tariffs to support development of mini-grids and off grid renewable energy solutions.</li> </ul>
<p><b>Pillar 4</b>  <b>Incentivize Private Sector Participation to Unlock Additional Resources</b></p>	<ul style="list-style-type: none"> <li>• Publicize the tariff calendar and publish it to all stakeholders in the sector, including major and minor tariff adjustment periods.</li> <li>• Publish licensing procedures and their respective timelines for operating in the power sector.</li> <li>• Regular stakeholder engagement on regulatory decisions and publication of regulatory instruments.</li> </ul>
<p><b>Pillar 5</b>  <b>Ensure Financially Viable Utilities that Provide Reliable and Affordable Services.</b></p>	<ul style="list-style-type: none"> <li>• Authorization of regular cost-of-service studies (at least every 5 years), adoption of appropriate tariff methodology and implementation of cost-reflective tariffs</li> <li>• Regulatory tools to ensure reliable service delivery by utilities including technical codes e.g., quality-of-service codes</li> <li>• Develop and publish performance indicators of utilities e.g., SAIFI, SAIDI</li> <li>• Adopt transparency and accountability actions e.g., annual publication of utility financial statements.</li> <li>• Develop regulatory actions to support utility loss reduction</li> </ul>



Thank you



**ERI**  
Electricity Regulatory  
Index for Africa