



Speech by Mrs F. Mwangala Zaloumis
Chairperson, Energy Regulation Board, at the Opening of the
UTILITY PRICE REVIEW: BUILDING PROFESSIONAL
EXCELLENCE Regulatory Course held in Lusaka, Zambia – 10
to 14 July 2006

THE CHAIRMAN OF THE INSTITUTE OF INFRASTRUCTURE SERVICES
(IIS), PROFESSOR JORRY MWENECHANYA,

THE DISTINGUISHED TEAM OF INVITED SPEAKERS FROM VARIOUS
ACADEMIC AND PROFESSIONAL INSTITUTIONS CONCERNED WITH
ENERGY AND OTHER INFRASTRUCTURE SERVICES,

REPRESENTATIVES OF THE VARIOUS SPONSORS AND
STAKEHOLDERS OF THIS COURSE AND ALL ESTEEMED COURSE
PARTICIPANTS.

1.0 ON BEHALF OF THE ENERGY REGULATION BOARD OF ZAMBIA,
AND INDEED ON MY OWN BEHALF, IT GIVES ME GREAT
PLEASURE TO OFFICIATE AT THE OPENING OF THIS VERY
IMPORTANT COURSE.

2.0 MR. CHAIRMAN, ALLOW ME, FIRST AND FOREMOST, TO
INVITE ALL THE ZAMBIAN COLLEAGUES PRESENT HERE TO

JOIN ME IN EXTENDING A VERY WARM AND SPECIAL WELCOME TO ALL THE SPEAKERS AND COURSE PARTICIPANTS WHO HAVE TRAVELLED FROM VARIOUS COUNTRIES OF AFRICA, EUROPE AND THE UNITED STATES OF AMERICA TO TAKE PART IN THIS PROGRAMME.

3.0 THE FACT THAT WE CAN ALL GATHER HERE TO SHARE KNOWLEDGE AND EXPERIENCES IN INFRASTRUCTURE REGULATION IS CLEAR TESTIMONY OF THE UNIVERSALITY OF THE CHALLENGES AND PROSPECTS ASSOCIATED WITH THE USE AND REGULATION OF PUBLIC INFRASTRUCTURE, AND OUR SHARED RECOGNITION OF THE IMPORTANCE THAT ENERGY AND OTHER INFRASTRUCTURE SERVICES SUCH AS WATER AND TELECOMMUNICATIONS PLAY IN THE SOCIO-ECONOMIC DEVELOPMENT OF OUR NATIONS.

4.0 I HAVE NO DOUBT THAT THE PARTICIPATION OF RENOWNED SPEAKERS FROM WELL ESTABLISHED INTERNATIONAL INSTITUTIONS INTRODUCES AN INVALUABLE WEALTH OF KNOWLEDGE AND INTERNATIONAL EXPERIENCE THAT IS SHARED IN SIMILAR COURSES HOSTED IN NOTABLE INSTITUTIONS SUCH AS THE PURC IN FLORIDA, USA AND THE UNIVERSITY OF CAPE TOWN'S GRADUATE SCHOOL OF BUSINESS IN SOUTH AFRICA. I AM, THEREFORE, CONFIDENT THAT THIS COURSE WILL PROVIDE YOU, THE PARTICIPANTS,

WITH VERY CONTEMPORARY AND POTENT TOOLS OF ANALYSIS BASED ON WELL TESTED INTERNATIONAL EXPERIENCE IN INFRASTRUCTURE REGULATION.

5.0 MAY I THEREFORE, CONGRATULATE THE INSTITUTE OF INFRASTRUCTURE SERVICES FOR SUCCESSFULLY PUTTING TOGETHER A VERY WELL STRUCTURED INTERNATIONAL COURSE IN UTILITY REGULATION. THE ERB IS VERY PROUD OF YOUR ACHIEVEMENTS AND LOOK FORWARD TO SUPPORTING YOUR EFFORTS IN BUILDING REGULATORY CAPACITY IN ZAMBIA AND THE REST OF THE CONTINENT.

6.0 MR. CHAIRMAN, EVEN THOUGH INSTITUTIONS SET UP TO REGULATE INFRASTRUCTURE SERVICES ARE FAIRLY NEW ON OUR CONTINENT, REGULATION ITSELF IS NOT A NEW CONCEPT IN THE AFRICAN CONTEXT. MOST OF US ARE FAMILIAR WITH AN ECONOMIC ERA WHERE THE STATE CONTROLLED MOST SECTORS OF THE ECONOMY AND ALL PUBLIC INFRASTRUCTURE WAS BUILT AND MANAGED BY THE STATE. AS THE FORCES OF GLOBALISATION TOOK ROOT, MOST OF OUR COUNTRIES WERE FORCED TO ADJUST TO A MORE LIBERAL ECONOMIC MODEL WHERE THE STATE TOOK A FACILITATORY AND SUPERVISORY ROLE WHILE THE PRIVATE SECTOR ASSUMED ECONOMIC LEADERSHIP. TODAY, MOST AFRICAN ECONOMIES ARE SOMEWHERE IN BETWEEN

THE TWO EXTREMES OF STATE CONTROLLED AND FREE MARKET ECONOMIES.

7.0 IT IS AGAINST THE BACK DROP OF THE LIBERALISATION AND COMMERCIALISATION OF INFRASTRUCTURE SERVICES THAT A NEW ROLE FOR REGULATION WAS RECOGNISED. PUBLIC UTILITY SERVICES TYPICALLY OPERATE UNDER A MONOPOLISTIC MARKET STRUCTURE DUE TO THE HIGH LEVELS OF ECONOMIES OF SCALE ASSOCIATED WITH THE PROVISION OF THE INFRASTRUCTURE. REGULATION IS THEREFORE, DEEMED TO PLAY A SURROGATE ROLE FOR COMPETITION.

8.0 DESPITE BEING LATE STARTERS, IT IS ENCOURAGING TO NOTE THAT MOST AFRICAN COUNTRIES HAVE EMBARKED ON VARYING LEVELS OF INFRASTRUCTURE REFORM, INCLUDING THE ESTABLISHMENT OF INDEPENDENT REGULATORY AGENCIES. HERE IN ZAMBIA, THE GOVERNMENT INTRODUCED THE NATIONAL ENERGY POLICY IN 1994 THAT SAW THE OPENING UP OF THE ENERGY SECTOR TO PRIVATE SECTOR PARTICIPATION AND THE SETTING UP OF THE ENERGY REGULATION BOARD WHOSE OPERATIONS AS AN INDEPENDENT REGULATOR STARTED IN 1997. SIMILAR REGULATORY AGENCIES WERE ALSO SET UP IN THE TELECOMMUNICATIONS AND WATER AND SANITATION

SECTORS IN LINE WITH RESPECTIVE REFORMS IN THOSE SECTORS.

9.0 MR. CHAIRMAN, ALLOW ME NOW TO ADDRESS MYSELF TO THE THEME OF THIS COURSE – ‘UTILITY PRICE REVIEW: BUILDING PROFESSIONAL EXCELLENCE’.

10.0 I FIND THIS THEME PARTICULARLY APPROPRIATE IN MORE WAYS THAN ONE.

11.0 UTILITY PRICE REVIEWS PLAY A CENTRAL ROLE IN THE REGULATORY PROCESS. THROUGH THESE PRICE REVIEWS, THE REGULATOR ENDEAVOURS TO BALANCE THE INTERESTS OF BOTH THE UTILITY, WHICH IS ALLOWED TO RECOVER ALLOWABLE COSTS OF PROVIDING THE SERVICE AND TO EARN A REASONABLE RATE OF RETURN, AND THE CONSUMERS WHO NEED PROTECTION FROM UNREASONABLE PRICES.

12.0 IT IS THEREFORE, EQUALLY IMPORTANT TO ALL PARTICIPANTS, WHETHER FROM A UTILITY OR REGULATORY BACKGROUND, TO UNDERSTAND THE CONCEPTUAL FRAMEWORK AND ANALYTICAL TOOLS EMPLOYED IN THE UTILITY PRICE REVIEW PROCESS.

13.0 MR. CHAIRMAN, THE CHALLENGES OF UTILITY PRICE REVIEWS IN THE SUB SAHARAN AFRICAN CONTEXT CANNOT BE OVER EMPHASISED. THE TYPICAL INDUSTRY STRUCTURE OF INFRASTRUCTURE SERVICES IN MOST OF OUR COUNTRIES IS ONE WHERE THE STATE STILL REMAINS THE MAJOR PLAYER IN THE PROVISION OF UTILITY SERVICES. THIS COUPLED WITH AN APPARENT LOW CAPACITY OF A SIGNIFICANT PORTION OF THE POPULATION TO PAY ECONOMIC RATES FOR UTILITY SERVICES MAKES THE PRICE REVIEW PROCESS QUITE POLITICALLY SENSITIVE. IT IS FOR THIS REASON THAT COURSES SUCH AS THIS ONE ARE IMPORTANT AS THEY BUILD CAPACITY IN THE PROFESSIONALS TASKED WITH THIS HUGE RESPONSIBILITY TO EXECUTE IT EFFICIENTLY.

14.0 I AM ENCOURAGED TO NOTE THAT THE THEME FOR THIS YEAR'S COURSE INCORPORATES A CLEAR CALL FOR EXCELLENCE IN THE WAY THAT PRICE REVIEWS ARE UNDERTAKEN. THIS IS VERY IMPORTANT PARTICULARLY IN THE AFRICAN CONTEXT WHERE REGULATION IS FAIRLY NEW. UNLESS THE PROFESSIONALS ENTRUSTED WITH THIS NOBLE TASK OF SAFEGUARDING PUBLIC INTEREST AND THE VIABILITY OF THESE IMPORTANT UTILITIES EMBRACE STANDARDS OF EXCELLENCE IN THE COURSE OF CARRYING

OUT THEIR ROLES, IT WILL BE DIFFICULT FOR THE PUBLIC WE SERVE TO APPRECIATE OUR ROLE.

15.0 IN A LEARNING PROCESS, THE CALL TO EXCELLENCE IS A DOUBLE EDGED SWORD. IT IS THEREFORE, MY EARNEST EXPECTATION THAT THE COMPETENT TEAM OF FACILITATORS I SEE HERE TODAY, WILL PROVIDE THEIR CUTTING EDGE KNOWLEDGE AND EXPERIENCE SO THAT THE PARTICIPANTS WILL BE EMPOWERED TO EXERCISE THEIR ROLES WITH DISTINCTION ONCE THEY RETURN TO THEIR ORGANISATIONS.

16.0 I AM FURTHER PLEASED TO NOTE THAT THE STRUCTURE OF THIS COURSE PLACES A DELIBERATE EMPHASIS ON PRACTICAL EXERCISES. THIS APPROACH IS COMMENDABLE AS IT ENSURES THAT THE PARTICIPANTS LEAVE THIS PLACE WITH READILY USEABLE SKILLS THAT WILL HELP THEM IMPROVE THEIR PRODUCTIVITY.

17.0 MR. CHAIRMAN, UNLESS COURSES SUCH AS THIS ONE TRANSLATE INTO ACTUAL CAPACITY BUILDING DEMONSTRATED BY ENHANCED PRODUCTIVITY, I AM AFRAID THAT THE HUGE RESOURCES THAT GO INTO THE DELIVERY AND ATTENDANCE OF THESE COURSES WOULD NOT HAVE BEEN USED EFFICIENTLY. I THEREFORE, EARNESTLY URGE

ALL OF YOU PARTICIPANTS, TO GEAR YOURSELVES FOR A VERY PRODUCTIVE WEEK AND ONCE BACK AT YOUR OFFICES TO STRIVE TO APPLY YOURSELVES PROFESSIONALLY IN THE CHALLENGING TASKS OF INFRASTRUCTURE SERVICE MANAGEMENT AND REGULATION.

18.0 BEFORE I CONCLUDE, I WOULD LIKE TO ADDRESS ONE KEY ELEMENT THAT I CONSIDER VERY CARDINAL IN OUR INDUSTRY FROM MY EXPERIENCE ON THE BOARD OF THE ERB. THIS IS THE NEED FOR EFFECTIVE COMMUNICATION OF OUR REGULATORY PROCESSES TO THE PUBLIC AND OTHER STAKEHOLDERS. MR. CHAIRMAN, IT DOES NOT SUFFICE FOR US AS REGULATORS TO MERELY MASTER AND APPLY THESE TECHNICAL MODELS THAT WILL BE DISCUSSED THROUGHOUT THIS WEEK. IT IS EQUALLY IMPORTANT FOR US TO STRIVE TO BRING ON BOARD THE NON TECHNICAL PUBLIC BY HELPING THEM UNDERSTAND THE BROAD FRAMEWORK OR RATIONALE OF WHAT WE DO AS REGULATORS. I AM PERSUADED THAT ONCE OUR PROFESSIONAL STAFF LEARN TO ARTICULATE THE PRICE SETTING MECHANISM TO THE REASONABLE APPRECIATION OF THE VARIOUS STAKEHOLDERS, THEN PRICE REVIEWS FOR INFRASTRUCTURE SERVICES WILL BE FAIRLY DEMYSTIFIED. THIS WILL NO DOUBT HELP BALANCE THE VARIOUS STAKEHOLDER EXPECTATIONS.

19.0 FURTHERMORE, EFFECTIVE COMMUNICATION IS IMPORTANT IN ORDER FOR US TO EARN THE CREDIBILITY OF THE PUBLIC WE SERVE. IT IS A PREMISE OF GOOD PUBLIC POLICY MANAGEMENT THAT A POLICY IS ONLY EFFECTIVE IF THE MAJOR STAKEHOLDERS ARE ABLE TO BUY INTO IT AND HAVE OWNERSHIP. I THEREFORE, CHALLENGE YOU TO EFFECTIVELY APPLY THE PRICE REVIEW SKILLS YOU WILL BE LEARNING HERE ONCE YOU RETURN TO YOUR RESPECTIVE ORGANISATIONS AND ALSO FOR YOU TO HELP DEMYSTIFY THE PRACTICE OF REGULATION BY EFFECTIVELY COMMUNICATING WITH THE PUBLIC, THE GOVERNMENT AND OTHER RELEVANT STAKEHOLDERS.

20.0 IT IS NOW MY PLEASURE TO DECLARE THIS COURSE ON THE THEME OF **'UTILITY PRICE REVIEW: BUILDING PROFESSIONAL EXCELLENCE'**, OFFICIALLY OPEN AND WISH YOU ALL A VERY EXCITING AND PRODUCTIVE WEEK.

ENERGY REGULATION BOARD

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