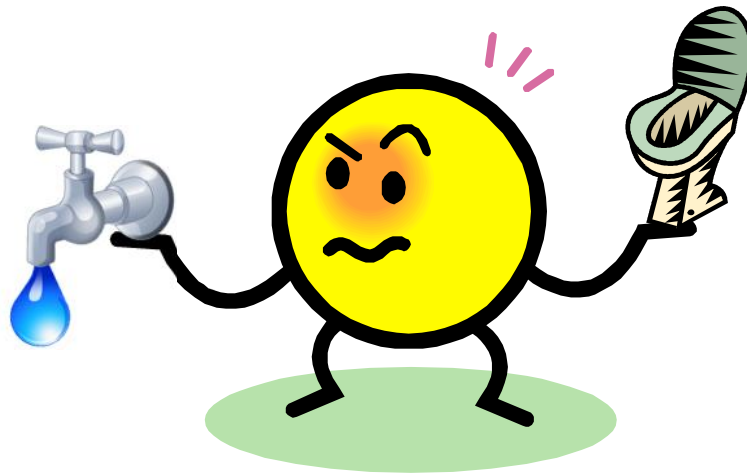
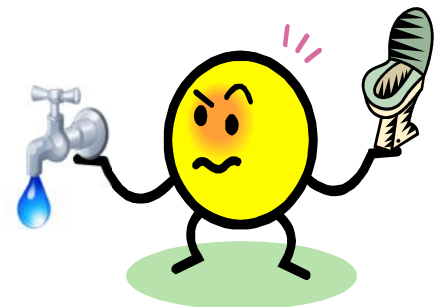
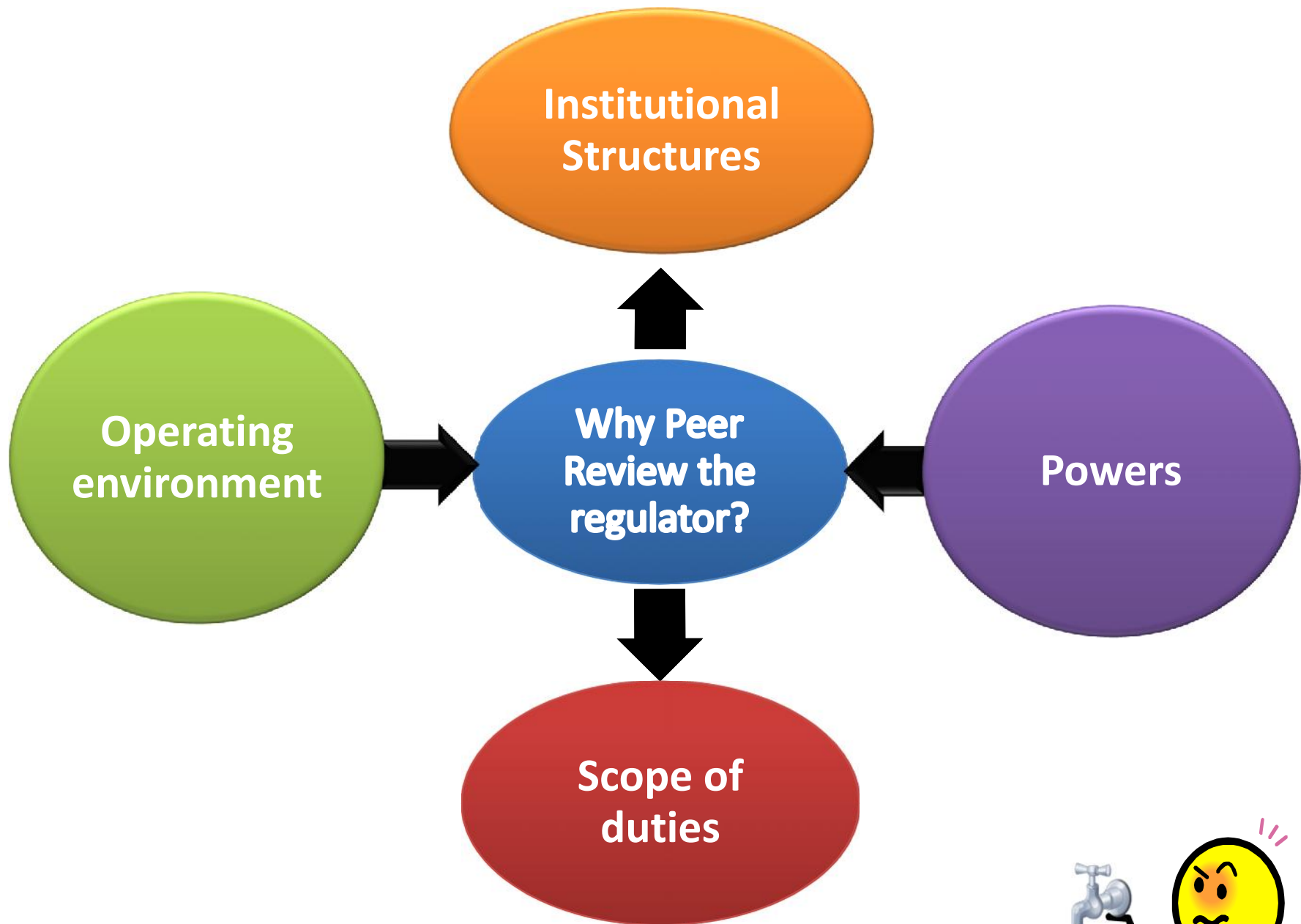
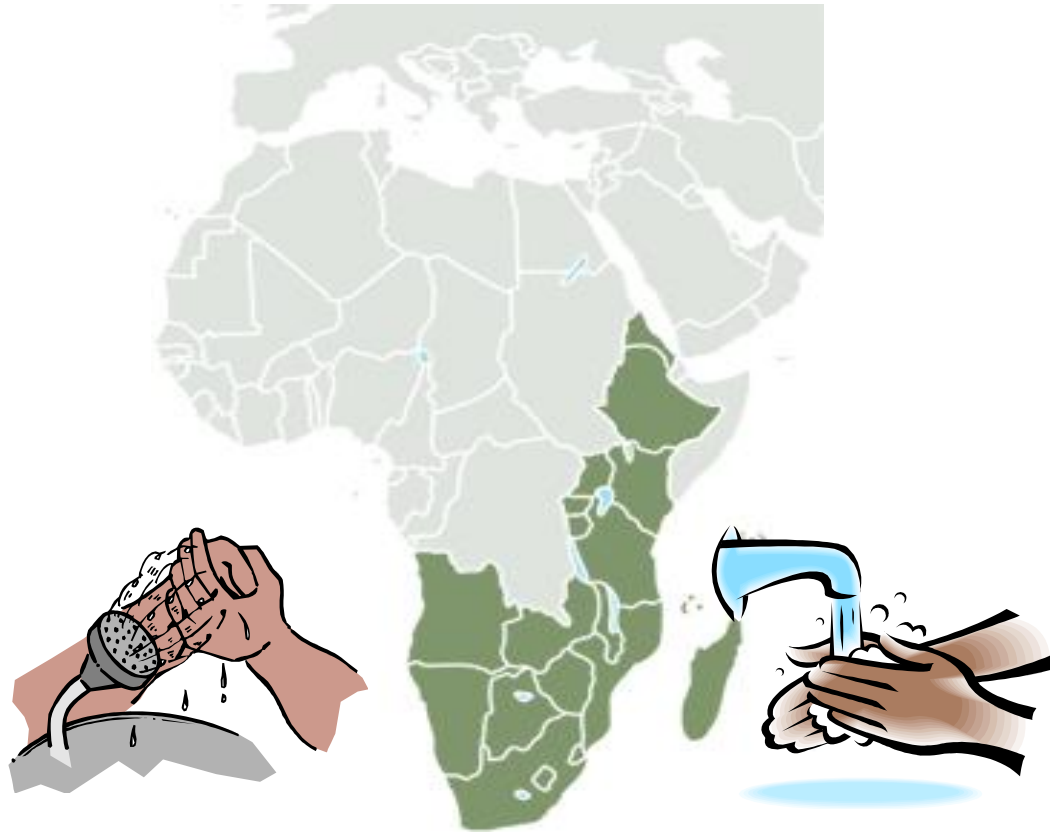




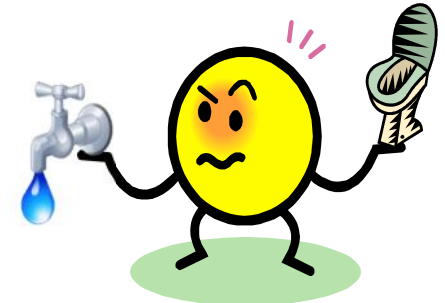
Regulatory Peer Reviews







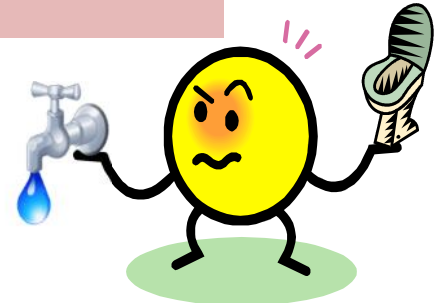
**Compare regulatory practices
to equivalent good practices elsewhere**



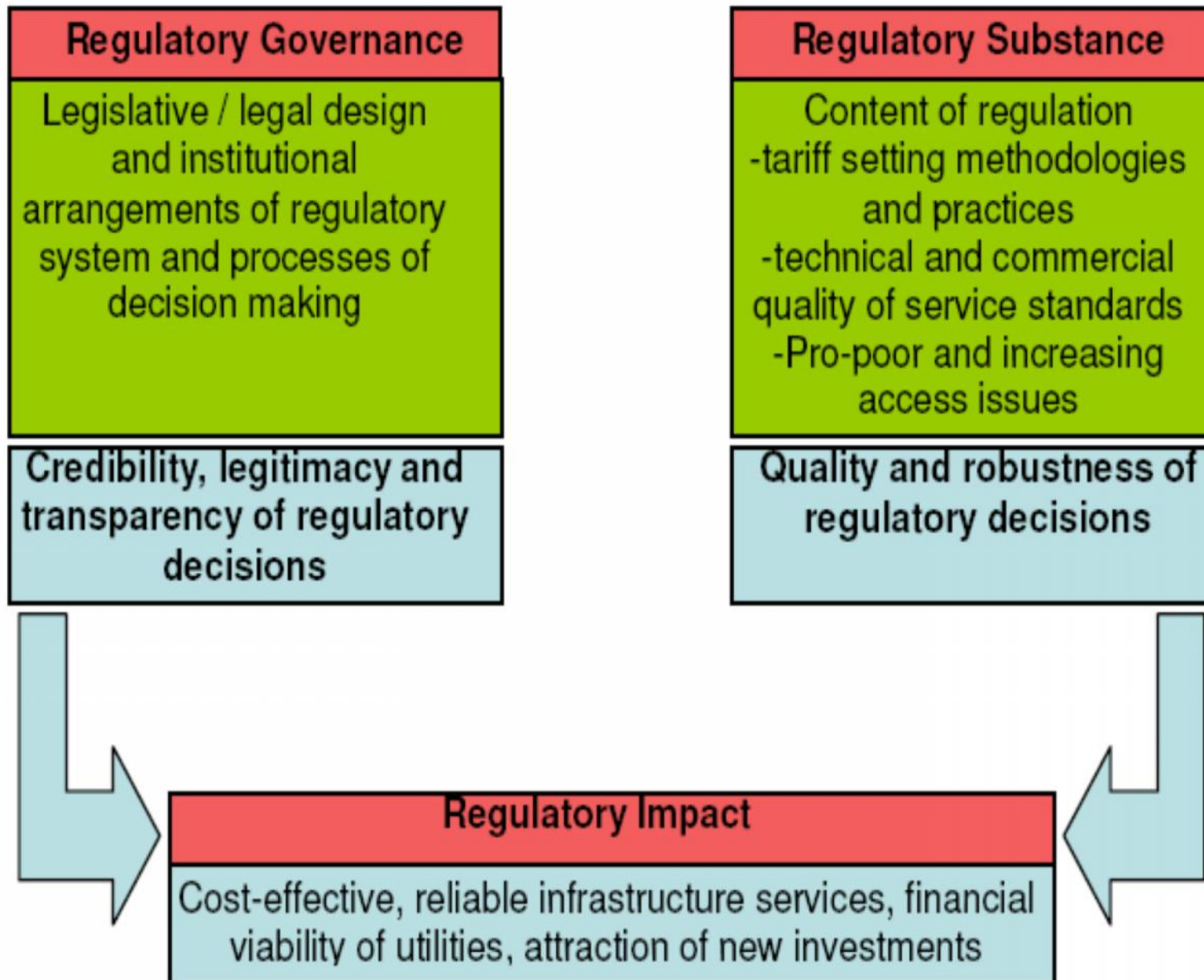
Peer Review Framework

Brown et al. define the regulatory system as ‘the combination of institutions, laws, and processes that give government control over the operating and investment decisions of enterprises that supply infrastructure services.’

It is argued that the evaluation of such a system should take into the account three interrelated dimensions



Regulatory Performance



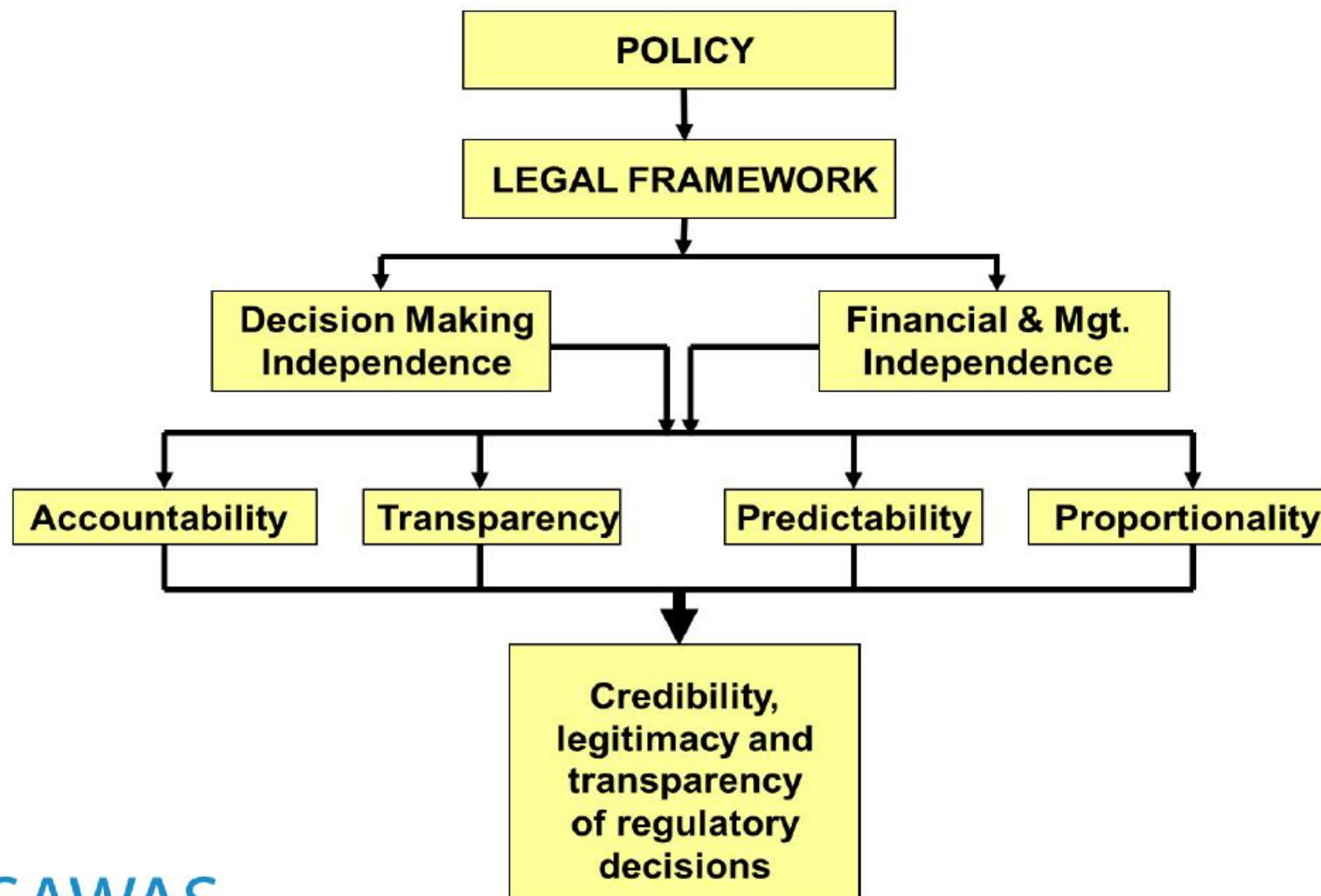


Peer Review of



REGULATORY GOVERNANCE

(The 'how' of regulation)

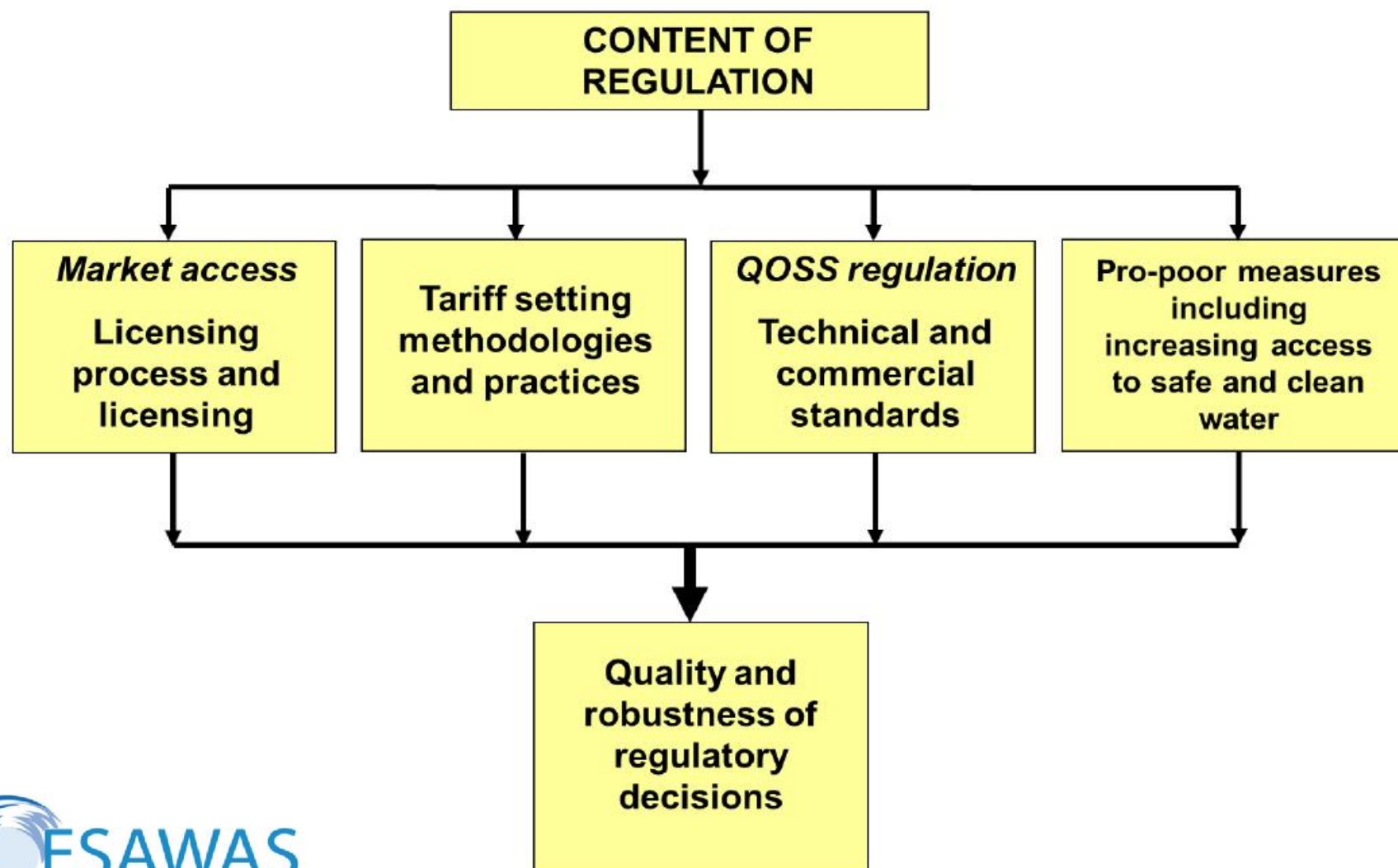


- *The government's aims and objectives for the water sector are well articulated in the National Water Policy including the broad expectations of the regulatory system*
- *The regulatory and sector legislation clearly sets out the role and functions of EWURA.*
- *The Water Supply and Sanitation Act clearly sets out the powers of the Minister responsible for the water sector thus clearly demarcating policy and regulatory roles*
- *The provisions for effective legal independence of the board are sound.*

- *EWURA has a high degree of financial and administrative independence*
- *EWURA is held accountable through its reporting and auditing requirements and an appeals mechanism is set out in the legislation in the event parties are aggrieved with EWURA's decisions.*
- *EWURA has excellent transparency mechanisms. However, there does remain room for these to be improved .*
- *The EWURA Act requires that a code of conduct is adopted that prescribes the standards of behaviour to be observed by the Board Members and staff of EWURA in the performance of their duties.*

REGULATORY SUBSTANCE

(The 'what' of regulation)

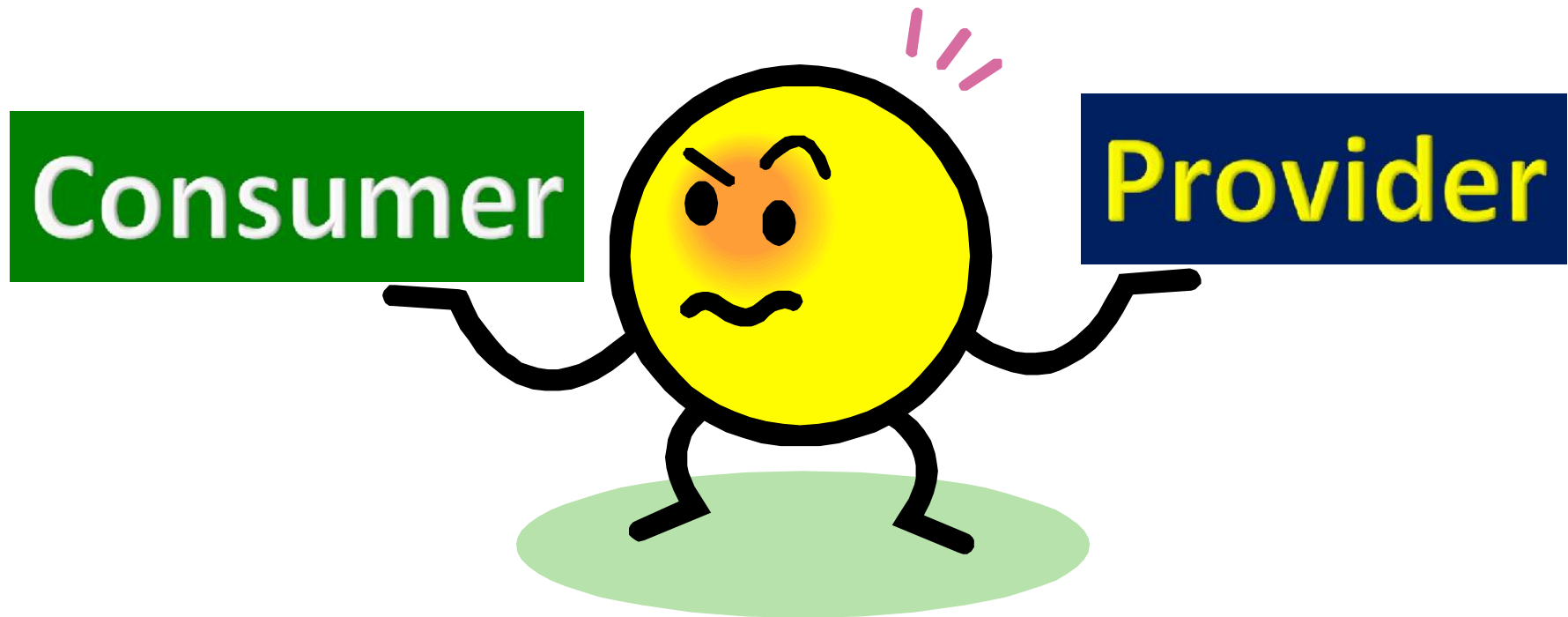


- *Of the 130 “urban” Water Supply and Sanitation Authorities (WSSAs) regulated by EWURA, 111 providers are licensed which implies that there are 19 WSSAs that are operating without licences.*
- *EWURA should ensure that its mandate to promote increased investment in the water sector is not at variance with tariff filing processes and determinations.*
- *Developing mechanisms to enforce license conditions, will be important to achieve improvements in sector performance.*
- *The regulatory methodology for tariff determination is set out in the Tariff Application Guidelines (2009).*
- *EWURA has a Tariff Exit Meeting which is a novel concept that fosters credibility and legitimacy to the extent that the final decision making authority of the Board is not usurped.*

- *The Regulator faced a difficult dual challenge of reducing operational inefficiencies at the same time as providing resources to the utility for investment in rehabilitation of existing assets and system expansion. In many cases, tariff awards were smaller than requested due to inefficient operations.*
- *The regulator's Quality of supply standards have focussed on what providers can do without substantial investments. Minimum quality standards have not been set for continuity of supply and water quality.*
- *Customers appear to be happy with the way EWURA acknowledges and follows up on complaints.*
- *A reporting system is in place with Annual Sector Performance Report and annual public reporting in the presence of Minister.*

REGULATORY IMPACT

(The outcome of governance and substance)



Regulatory impact should strike a balance between the expectations and interests of these two groups.

Overall, sector performance has improved and the degree of cost recovery has improved.



EWURA has excellent regulatory governance arrangements and in many respects could be a continental leader.



Thank you

