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**Ref: SECRETARIAT/06/2020**

**EREA'S SECRETARIAT REPORT  
FOR THE PERIOD 1<sup>ST</sup> JULY 2020 – 15<sup>th</sup> December 2020**

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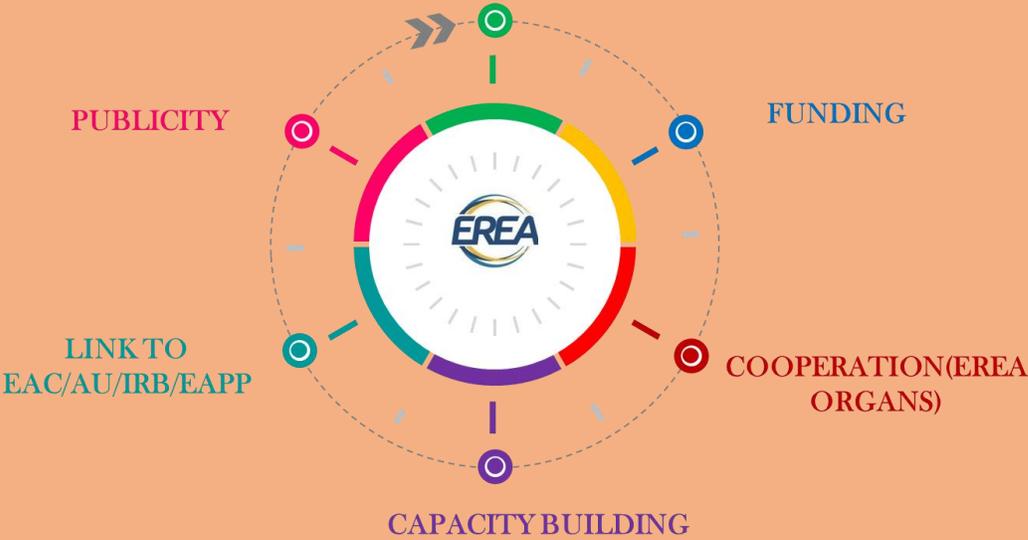
**ZOOM Webinar**

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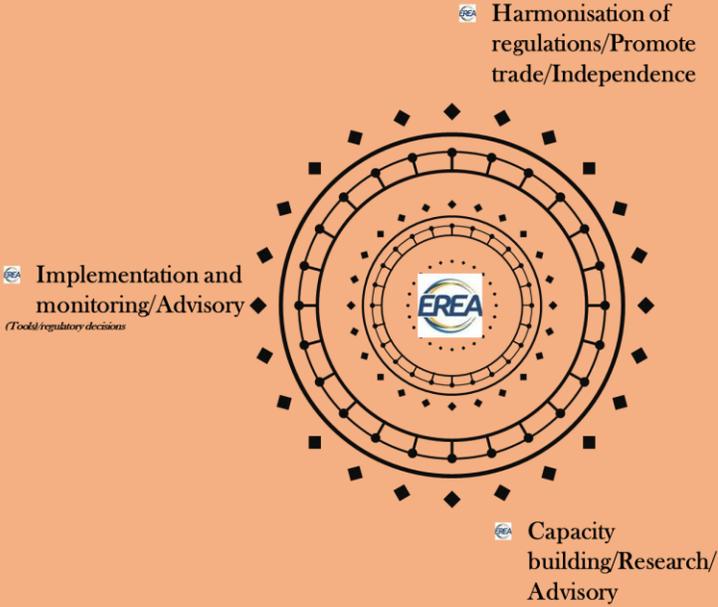
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# EREA SUCCESS FACTORS



The Overarching sustainable goals of EREA



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## **Foreword**

Energy Regulators Association of East Africa(EREA) was established through a memorandum of Understanding between the National regulatory institutions of East Africa Community entered into on 28th May 2009 and ratified through the 8th Sectoral Ministerial Council on energy held on 21st June 2013 at Naura Springs Hotel, Arusha, Tanzania.

January 2020 marks the start date of EREA's establishing a permanent Secretariat in Arusha, Tanzania. The organisation has made significant progress in spearheading the overarching goals-Harmonisation of policies and regulatory frameworks, sustainable capacity building, and monitoring of the energy markets in East Africa Community (EAC) through information Sharing.

The Secretariat report presents an overview of progress towards implementing the 2017/18-2021/22 Strategic Plan, the Executive Council's decisions (EXCO) and the General Assembly (GA).

### **Sustainable capacity building is vital**

Our journey into a sustainable capacity building is on track. Significant progress has been made to initiate programs that would benefit the staff members of various National Regulatory Institutions (NRIs). The Secretariat facilitated two effective training- understating energy regulation and Oil and Gas upstream financial modelling. These courses are central to ensuring that our staff at NRIs are better equipped to regulate the energy sector and understand the current trends in the energy sector globally. One of the pieces of training facilitated was by and for EREA member demonstrating that the region has an untapped wealth of knowledge that needs to be exploited for the benefit of the region.

### **Impact of COVID 19 on national regulatory institutions in EAC was mitigated**

Although there was some disruption occasioned by the COVID 19 pandemic, the Secretariat mitigated the crisis through facilitating online training programs. The crisis indeed touched many sectors of the economy, and the energy sector was not exceptional. The exposure to harsh economic upheavals and intermittent energy demand and supply balance affected many utilities and the economy.

Many NRIs employed novel ways to mitigate the crisis and support the staff members to ensure minimal energy supply disruption.

The current activities of EREA indicate a vigorous growth in the policy harmonisation process in areas such as Fundraising

### **We must continue with collaborations**

In the long-run, good collaboration with like-minded institutions and bodies is critical. In particular, EREA has joined Energy Regional Regulators Association (ERRA) as an associate member to benefit from the body's capacity building initiatives mutually. In the same vein, the Secretariat has engaged with The National Association of Regulatory Utility Commissioners (NARUC) to collaborate in our NRIs capacity building. To support the continental programs to have universal energy access and establishment of the power market, EREA leverages the experiences in regulatory reforms to support in the development of robust continental regulatory reform agenda as well as supporting the African Union Commission (AUC) – International Energy Agency (IEA) Ministerial Forum.



**Dr. Geoffrey Aori Mabea**

*Executive Secretary*

*Energy Regulators Association of East Africa*

## **1 CHAPTER 1: Building human capital**

Sustainable capacity building on regulation in the East Africa region remains an agenda that should be critically addressed. Human capital entails the knowledge, skills and health of the people accumulated over their lifetime, enabling them to realise their full potential as productive members in their organisations.

Despite the numerous opportunities available to build up these skills, the cost of obtaining them remains high.

### **1.1 Why EREA should get involved**

The cost of training staff in the various specialised institutions abroad is prohibitive for many NRIs. Due to the prevailing COVID-19 situation, travels and the number of training classes is limited. This disadvantages many institutions such as the NRIs. EREA has instituted programs that could readily avail the courses and within the budget of the NRIs and other utilities in EAC to foster this knowledge acquisition. These programs' provision will mitigate any shortfall in quality and cost because of the economies of scale arising from availing experts to train instead of the students travelling abroad for these courses. Our starting point was to assess the training needs from various NRIs and build a database of experts who can conduct targeted capacity-building courses. (See **appendix 1** for the data collection tool for training needs assessment and facilitator database.)

### **1.2 Q1-Q2 capacity building programs**

The sustainable capacity building aims to enhance support for effective and targeted capacity-building in various NRIs to improve performance adequately and efficiently.

The process that EREA has taken on this issue includes mobilisation of financial resources and collaborating with other institutions on mutual agreements to transfer sound technologies to the NRI staff.

EREA aims to accelerate human and infrastructural capacity building initiatives to assist the EAC region access global research and development programs. In so doing, the region's human resource and institutional capabilities will be enhanced.

Figure 1: Participants in the webinar on understanding energy regulation

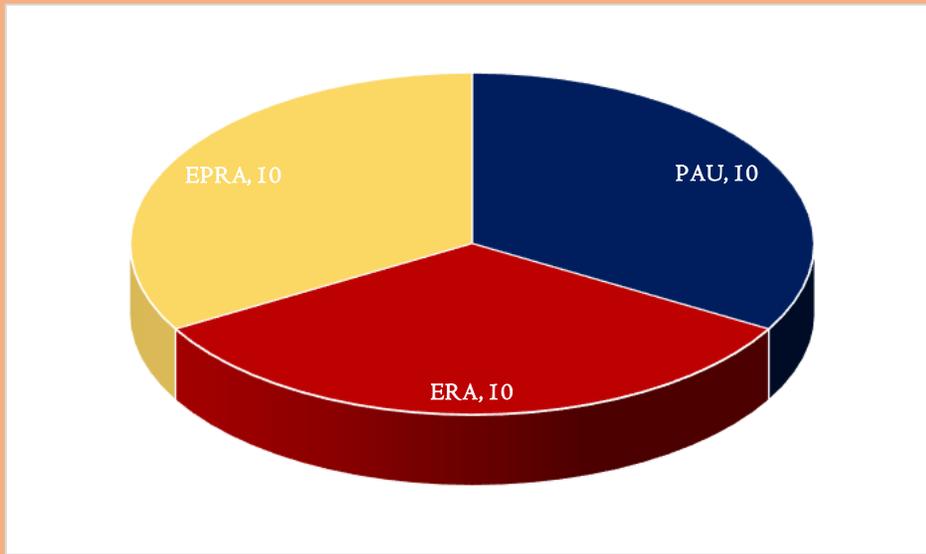
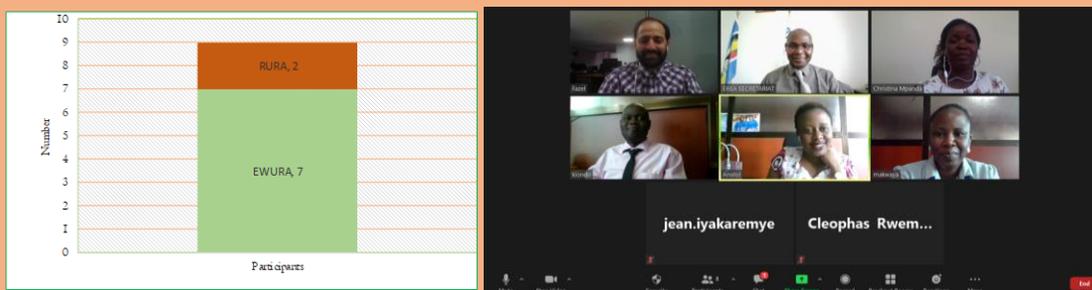


Figure 1 indicates the number of participants in our first training on energy regulation held on 26<sup>th</sup>-28<sup>th</sup> August 2020. This was the first in house training carried out by experts from our NRIs.

Notable progress has been achieved since July 2020 among the NRIs following the pieces of training that have been carried out. Through the feedback received from the trainees, it widely acknowledged that a better understanding of the dynamics of energy regulation is fostered.

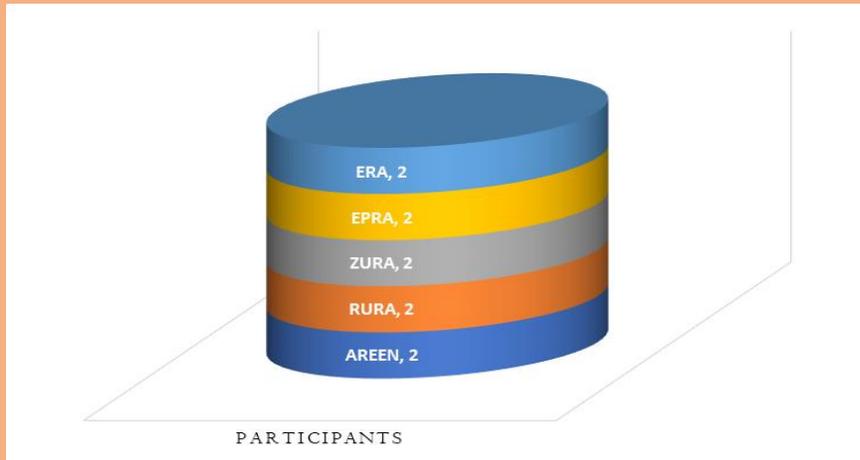
Figure 2: Participants in the Oil and Gas Upstream Financial modelling course



The training programs cut across the oil and gas sector as the electricity sector. Following the outcome of the skills needs assessment, the developed programs will address gaps and needs, both current and emerging. The Secretariat will continue to identify opportunities to strengthen capacity at the regional level through exchanging information and knowledge.

Figure 2 shows intensive training on oil and gas upstream financial modelling facilitated through a collaboration between the University of Technology in Tehran, Iran.

Figure 3: CEER- Training on energy utility benchmarking



EREA has developed collaborations between institutions such as NARUC, The Council of European Energy Regulators (CEER), International Confederation of Energy Regulators (ICER) and ERRA to benefit from training programs on regulation, modelling and research in energy. Through such collaborations, EREA and the partners share knowledge and promote cooperation and beneficial partnerships between academia and the industry.

These foster linkages between institutions to facilitate technology development and transfers, on mutually agreed terms, of knowledge and skills as well as skills trading programs. Figure 3 indicates the recent dissemination, diffusion and transfer of sound Knowledge on energy utility regulation run by the experts from CEER.

Additionally, EREA is adopting a strategic approach to capacity building where emphasis is on targeted and focussed courses where a synthesis of needs assessments is considered. In this approach, priorities, needs and lesson learned are taken into consideration.

Figure 4: Course on renewable energy by Stellenbosch University

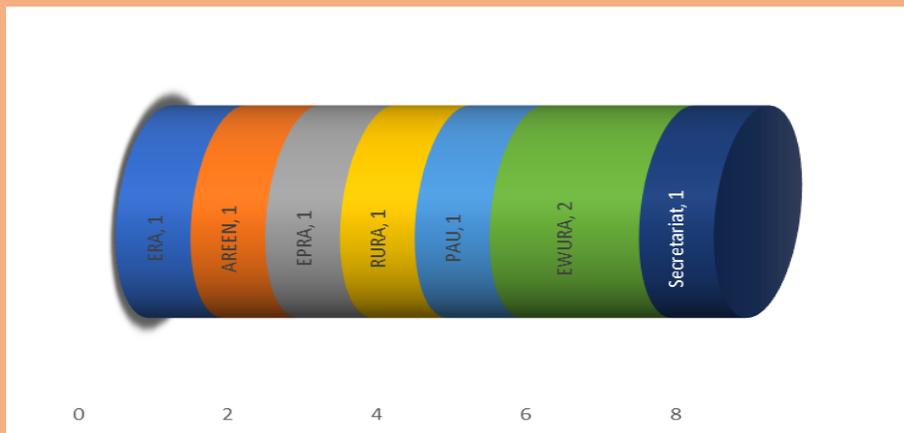


Figure 4 gives an overview of attendees in the renewable energy course in a recent collaboration between the University of Stellenbosch and The Common Market for Eastern and Southern Africa (COMESA) under the Enhancement of a Sustainable Regional Energy Market (ESREM) project. EREA will continue to support and initiate sustainable programs tailored to the NRIs' needs at a relatively affordable cost.

### 1.3 Creating awareness through webinars

EREA invited high-level energy leaders in Africa to discuss the importance of creating a favourable energy investment environment, sustainable capacity building programs, robust energy infrastructure, harmonisation of energy policies capable of attracting investment in the region, and sustainable investment in the energy sector to maximise the economic welfare of the citizens.

The meeting was facilitated by the energy leaders from Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA),

Figure 5: Energy leadership webinar



PricewaterhouseCoopers (PWC), African Union and the African Development Bank (AfDB).

Another webinar brought together women energy leaders in Africa to discuss women's opportunities in the energy sector value chain and explore women

empowerment.

Gender lens approach to energy development is vital, especially for emerging nations, to realise economic benefits and deepen energy access. Increasing the employment and advancement of women in infrastructure organisations is a win-win proposition.

**Figure 6: Empowering women in the energy**



new order in the energy sector under the COVID-19 pandemic and provided novel approaches to sustainability and resilience in the EAC energy sector.

#### 1.4 Centre of excellence project

The concept for a centre of excellence follows the experience of establishing the European University under the Florence school of regulation is a centre dedicated to capacity building for regulation.

EREA strategic plan envisages the development of a Centre of Excellence and both the 12<sup>th</sup> General Assembly (GA) and 19<sup>th</sup> Executive Council (EXCO) through their resolutions directed the Secretariat to develop this concept note. See **Appendix 2**.

This meeting that attracted a high level of participants across Africa gave various insights into how different organisations make policies that promote gender.

EREA Executive Council members facilitated our pioneering webinar. They discussed the

**Figure 7: Sustainability in the energy sector after**



**Figure 8: CoE vision 2022**



The Centre of Excellence (CoE) will facilitate sustainable capacity building for the Eastern Africa Region and Africa at large. The Secretariat has developed the concept note and has also crafted a draft convention setting up an East Africa Centre of Excellence on Energy Regulation. See **appendix 3**.

The development of this institution requires commitment in terms of human resource and financial resources. The Secretariat has already approached the Ministry of Foreign affairs through a brief (see **Appendix 4**), and the Regional Commissioners office in Arusha requesting for allocation of land for the future establishment of this centre. In the same vein, the Secretariat submitted a proposal to the African Development Bank for technical assistance to undertake a feasibility study on establishing the centre of excellence. The request is under consideration.

## **2 CHAPTER 2: The collaboration with like-minded institutions**

Collaboration is key to establishing long-lasting formidable relationships, sharing and accessing knowledge, and scouting for opportunities. Through these collaborations, EREA has mobilised a global network critical in supporting the EAC Energy union agenda. We believe that the beginning of the ability to influence, enhance thought-leadership, and change has to start with such collaborations.

### **2.1 Membership with ERRA**

In the past five months, the Secretariat has made significant collaborations with various institutions through participation in meetings that impact the energy sector, capacity building and thought leadership. EREA successfully became an associate member of The Energy Regulators Regional Association (ERRA) on 17<sup>th</sup> September 2020(see **appendix 5**).

Upon admission, EREA secured membership into critical committees of ERRA. See table 1.

Table 1: Nominees to ERRA Committees

Committee	Name (NRI)
ERRA Renewables Energy Committee	Mr. Peter Kakeeto (ERA)
ERRA Electricity Markets and Economic Regulation Committee	Ms. Rabia Abdulla Mohammed (ZURA)
ERRA Customer Protection Working Group	Ms Leah Jara (EPRA)
ERRA Natural Gas Markets and Economic Regulation Committee (NG COM)	Eng. Tobias rwelamila (EWURA)

Table 2: EREA collaborations with other institutions

DATE	Collaborations	Organisation
6th August 2020	meeting for Lot 02-Report Review-Monitoring of the implementation of the Minimum Energy Performance Standards (MEPS) and Energy Labelling-	AU
4th September 2020	stakeholder workshop to consider the draft final report - consultancy services to prioritise and package three specific priority energy projects from the EAC power system master plan to be held online 4th September 2020.	EAC
4th,8th September 2020	inception meeting for consultancy services to implement harmonised regulatory/technical frameworks and synthesised renewable energy and energy efficiency strategies in the EASTERN AFRICA, SOUTHERN AFRICA AND INDIAN OCEAN (EA-SA-IO) region under the ESREM project	RAERESA
15th September 2020	Sixth Meeting (Virtual) of the Programme Technical Steering Committee (PTSC) of the Project on Enhancement of a Sustainable Regional Energy Market in Eastern Africa-Southern Africa-Indian Ocean (EA-SA-IO) Region	RAERESA
17th September 2020	ERRA General Assembly:	ERRA
29th September 2020	Support to the design of the African Single Electricity Market - Policy Paper and Roadmap: Validation of WD1 and WD2 and the first introduction of the Policy Paper and Roadmap	
15th October 2020	Petroleum Authority of Uganda's e-conference on Regulatory Excellence in the oil and gas sector.	PAU
8th October 2020	Support for the development of a Continental Master plan for Power System (transmission – generation)	AU
28th October 2020	<i>Stakeholders' Roundtable on the INTEGRATED CONTINENTAL POWER SYSTEMS MASTER PLAN</i>	AFDB
28th October 2020	Continental Power Systems Masterplan Stakeholder's Roundtable - Presentations made	AFDB
29th October 2020	<i>Workshop for African Union Studies "Bioenergy, Clean Cooking &amp; Gender Mainstreaming" on 29th October 2020 (13:00 – 17:30 EAT)</i>	AU
19th November 2020	Regional workshop on the development of minimum energy performance standards for the East African, South African and Indian Ocean region (MEPS)	RAERESA

26 <sup>th</sup> November 2020	Meeting Validation of Policy Paper and Roadmap & Discussion on AfSEM Governance-Coordination and strategic planning	AU
28 <sup>th</sup> October 2020	ERRA Chairmen's meeting	ERRA
26 <sup>th</sup> November 2020 13.00 CET time	Validation of Policy Paper and Roadmap & Discussion on AfSEM Governance-Coordination and strategic planning	AU
3 <sup>rd</sup> November 2020	Harmonisation of Electricity Market: AU – EU TAF Validation for final reporting LOTs 2,3,7	AU
5 <sup>th</sup> November 2020	THE 2020 DIGITAL AFRICA ENERGY FORUM FROM AFRICAN DEVELOPMENT BANK/ Hosted Digital Dialogue: Benchmarking African Power Sector Regulatory Frameworks Against International Best Practice	AFDB
24 <sup>th</sup> November 2020	2nd AUC-IEA Ministerial Forum for Africa	AU

### 3 CHAPTER 3: Program Implementation Progress

#### 3.1 EREA self-audit report

Since the formation of EREA, on 28<sup>th</sup> May 2009 and subsequently signing of the Constitution on 16<sup>th</sup> December 2020, various tools and frameworks have been developed to help realise the principal objective of a robust East Africa Energy Union.

Through a collaboration between member institutions and EREA organs, and following the drafting of EREA's 2017/18-2021/22 Strategic Plan, a roadmap to implement the overarching mandate was established outlining how to achieve nine global Key Result Areas (KRA) and our vision.

Since the establishment of EREA in 2009, the association has developed at least 45 regulatory tools and frameworks to harmonise its members' energy regulatory frameworks. The advanced tools are in respect of the regulation of electricity, petroleum and natural gas subsectors.

Therefore, it is interesting to know the extent to which NRIs are applying the developed tools, thereby influencing their regulatory practices and easing regulatory oversights in respective countries. The rationale is to get an indicative level of accountability, the commitment of NRIs while demonstrating EREA activities' outcomes in influencing NRIs' actions and practices. (See **Appendix 6**)

So, the desk study will seek to answer the following two (2) questions:

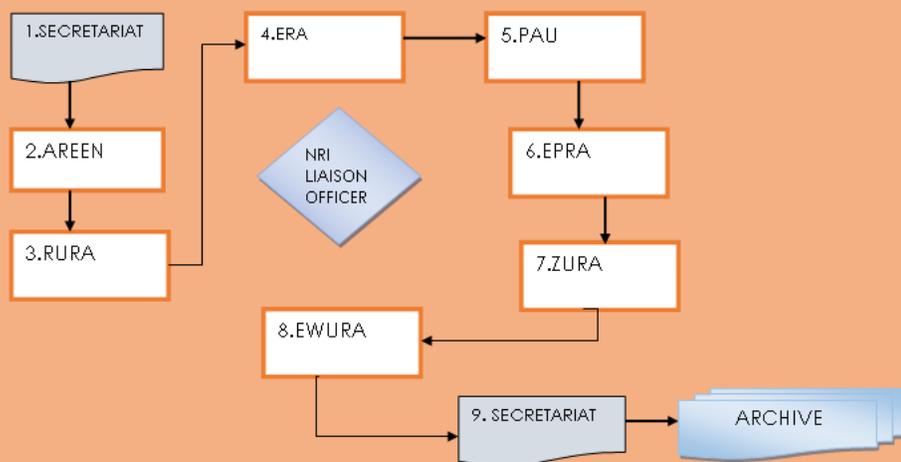
- (a) Which are the tools and guidelines established by EREA in its mission to harmonise regulatory frameworks of NRIs?
- (b) Which NRIs are using the developed tools, and whether the developed tools have influenced/ease regulatory oversight in respective countries?

## 4 CHAPTER 4 Communication Policy, and review of Strategic Plan and Signing Protocol

### 4.1 Physical Signing Protocol

The breakdown and spread of the COVID-19 pandemic has caused economic and social shocks in the EAC region and the world. Various organisations' perceptions about work have changed, necessitating new normal in how and location of work. This characteristic has enabled NRIs and other authorities to introduce flexible working conditions such as working from home and embracing virtual meetings. Therefore, the alteration has behoved EREA organs to develop a physical signing protocol that establishes responsibilities for the review, approval, and signing of EREA Documents. The details of the Protocol are appended in **Appendix 7**. The 5<sup>th</sup> CFA, 5<sup>th</sup> SPHRC, 18<sup>TH</sup> EXCO, 19<sup>TH</sup> EXCO and the 12<sup>th</sup> AGA resolution were subject to the signing protocol and have been duly executed.

**Figure 9: EREA signing Protocol**



### 4.2 Midterm Review of the Strategic Plan

The first five-year Strategic Plan (2017/18-2021/22) is in its 4th year. Through the directives arising from the 18th EXCO held on 6th March 2020, it was agreed that a midterm review of this Strategic Plan should be carried out to assess its robustness with the prevailing situation and to align it with the developments in the region. Furthermore, the 19th EXCO meeting held on 25th June 2020, resolved to mandate the Secretariat to carry out this exercise to develop a Plan pending engagement of a consultant. The Strategic Plan review is in response to the various challenges

arising from executing the current Plan and incorporating new approaches to realising an East Africa Energy Union. See **appendix 8** for the inception report.

**Figure 10: Work plan and deliverables schedule**

No	Deliverables	Months									
		1	2	3	4	5	6	7	8	9	10
		20-Aug	21-Sep	20-Oct	13-Dec	20-Jan	22-Feb	22-Mar	21-Apr	16-Jun	17-Jun
1	<b>Inception Report</b>	1									
1.1	Kick-off meeting										
1.2	Reviews and Assessment(Task 1)										
1.3	Information gathering										
1.4	Workshop 1. Inception 6th SPHRC				2						
2	<b>Draft Final Reports</b>	3									
2.1	Analysis(Task 2 Activities)										
2.2	SWOT analysis										
2.3	Drafting the MTSP										
2.4	Workshop 2 Presentation to Special EXCO(circulation)						4				
3	<b>Final Reports</b>										
3.1	consolidate stakeholders comments										
3.2	Finalise recommendations(Tasks 3)								5		
3.3	Workshop 3 Presentation to 21st EXCO									6	
3.4	Presentation to 13th AGA										7

### 4.3 Communication Policy and Strategy

*The Communication Policy and Strategy will play a critical role in harnessing the necessary opportunities to relay the tenets of EAC Energy Union ideals, present an effective communication and spearhead collaborations amongst the EREA stakeholders*

To improve the quality of

communication and thereby increase the visibility and support on the association's activities, it is imperative to develop the EREA's communication strategy that will drive the process to capture, collect, produce, manage, brand and disseminate the information produced by the association.

The Secretariat has completed the review of the Communication Policy. See **appendix 9**

## 5 CHAPTER 5: Financial overview

### 5.1 Funding progress

Credible measurement of educational infrastructure development is the ability of EREA to collaborate with other development partners to raise funds for the development of a centre of excellence.

EREA has approached the African Development Bank for technical assistance to regional regulators to formulate and implement PPP Frameworks in Transmission networks in the EAC with such goal in mind. The Bank has expressed its interest in supporting EREA in this component at the cost of about US\$0.5million.

It has emerged that before developing the centre of excellence, it is vital to carry out a feasibility study. Therefore, as a second request to the AFDB, EREA has further received a confirmation that the Bank is considering supporting the region with the TA for a feasibility study for Centre of Excellence amounting to US\$2Million.

### 5.2 Revenue from training and workshops

Following capacity building initiatives, the Secretariat raised a net income of US\$4,950.00. We appreciate the commitment of the NRIs in supporting this initiative. Table 4 highlights the details of the pieces of training in the last five months.

Table 3: Revenue from training and workshops

S/n	Name of Institution	Amount	Date	Name of the Course/Training
1	EPRA-Kenya	\$1,500.00	25-Aug-2020	Webinar training on Energy
2	ZURA-Tanzania	\$450.00	25-Aug-2020	Regulations dated 26th to 28th
3	ERA-Uganda	\$1,500.00	25-Aug-2020	August 2020
4	RURA-Rwanda	\$1,000.00	27-Oct-2020	Webinar training on Upstream
5	EWURA-Tanzania	\$3,500.00	27-Oct-2020	Petroleum Financial Modelling
6	PAU-Uganda	\$1,500.00	25-Aug-2020	22 <sup>nd</sup> ,28 <sup>th</sup> and 30th October 2020
<b>Total Revenue/Income</b>		<b>\$9,450.00</b>		
Less: Facilitation costs		\$4,500.00		
<b>Net Income</b>		<b>\$4,950.00</b>		

### 5.3 Expenditure performance review

Table 5 summarises the approved expenditure versus the actual spending for the year 2020/2021 as at 30th November 2020. The utilisation of 42.86% of the

approved budget was attributed by increase in staff cost, Administrative expenses, and initial capital to set up the new EREA office in Arusha including Purchases and installation cost of Quick Books Cloud Accounting Software and Server system.

Table 4: Expenditure performance review for FY2020/21

BUDGET ITEM DESCRIPTION	BUDGET FOR FY2020/21	2019/20 Commitments	ACTUAL EXPENDITURE 30th November 2020	% of budget
4000-Staff Expenses	171,580.00		83,849.42	48.87%
4240-Administration Expenses	27,534.00		13,757.51	49.97%
4250-Audit of EREA Fund Expenses	9,420.00	1,500.00 <sup>1</sup>	8,713.13	92.50%
6320-Capital Expenditure	3,970.20	5,523.23 <sup>2</sup>	500.05	12.60%
<b>TOTAL BUDGET</b>	<b>212,504.20</b>		<b>106,820.11</b>	<b>50.27%</b>

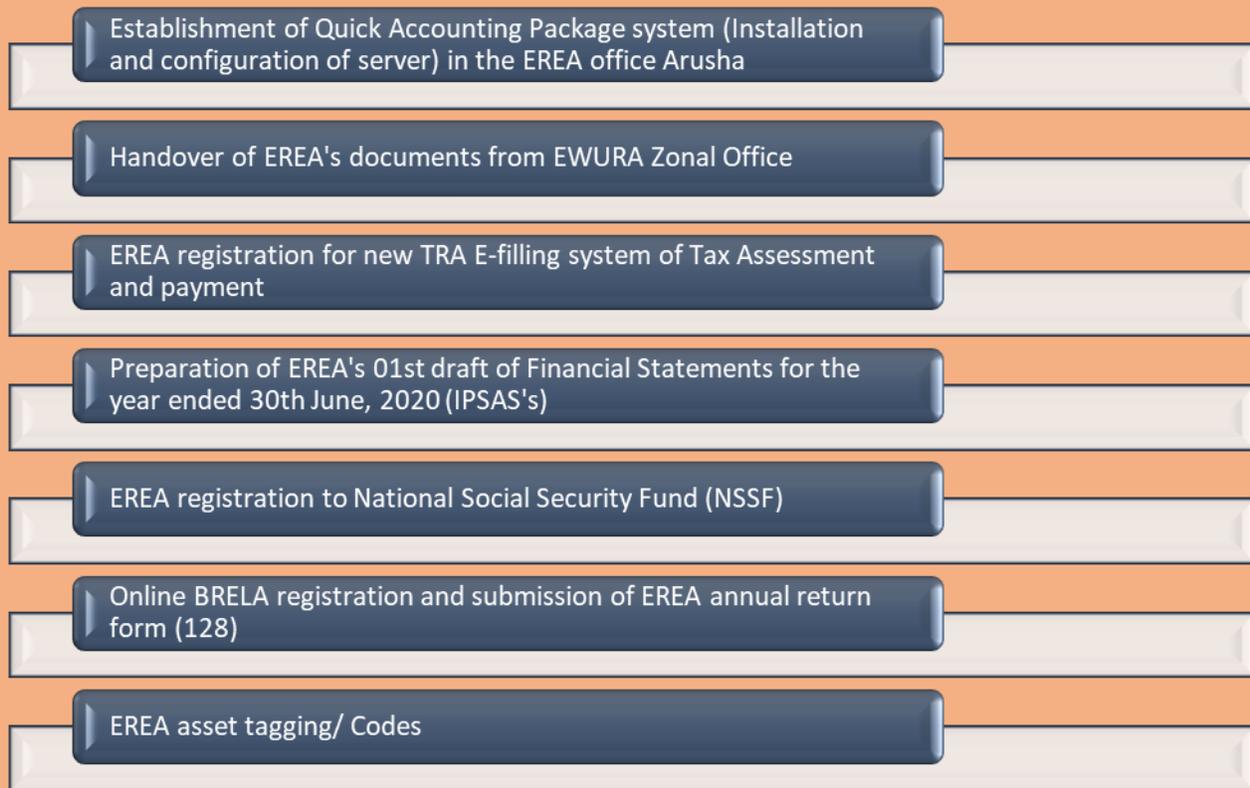
#### 5.4 Achievements

During the financial year 2020/21, the association completed other activities leading to the improvement of the operational performance of the Secretariat. The achievements are:

<sup>1</sup> Payment of the last Installment fee to the Auditor- M/s Reliable consultant

<sup>2</sup> The EREA Office Partitioning expense to M/S Excellent Autos was budgeted for in the FY 2019/20 but payment was done in the current financial year

Figure 11: Key milestones achieved in the current quarters



### 5.5 Audit Activities

The Secretariat spearhead the audit of EREA funds for the financial year ended 30th June 2019. The exercise was completed on 28<sup>th</sup> June 2020 with an Unqualified Opinion from the Auditor M/s Reliable Consultants. The Chairperson of EXCO signed the report on 2<sup>nd</sup> September 2020.

The 12<sup>th</sup> AGA held on 30<sup>th</sup> June 2020 directed 19<sup>th</sup> EXCO to appoint auditors to audit EREA funds for the financial year ended 30<sup>th</sup> June 2020. The Secretariat in collaboration commenced the procurement process.

Upon completing the Audit tender evaluation exercise on 19<sup>th</sup> August 2020 and award the tender, the Tender Board approved for the Secretariat to engage with M/s VA Business Assurance Services to audit EREA's financial statements the next three financial year commencing with financial year ended 30<sup>th</sup> June 2020.

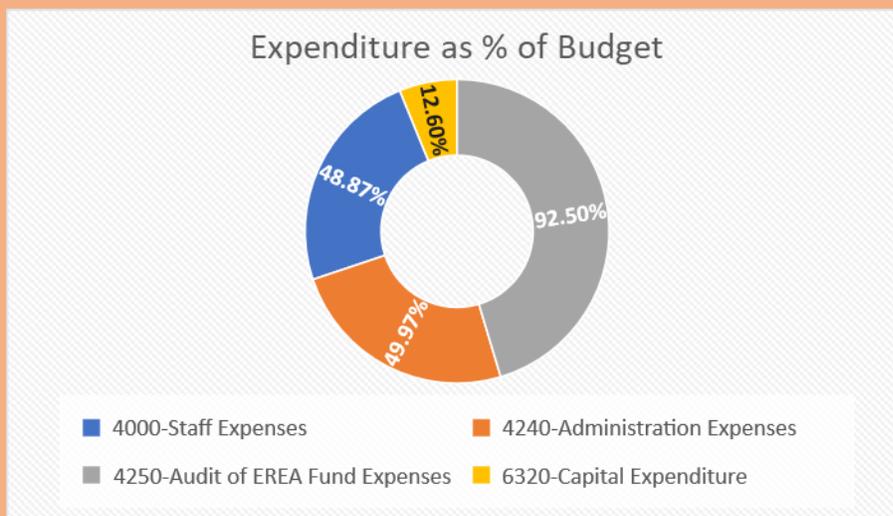
On 10<sup>th</sup> October 2020, the Secretariat received the Auditor's final draft of Audited Financial Statements with an unqualified Opinion. The report has been

submitted to the Committee of Finance and Administration (CFA) for comments before printing. See **appendix 10**.

### 5.5.1 Budget performance as at 30th November 2020

The audit expense took the largest share of the budget (92.5%) while the administrative and staff costs amounted to 49.97% and 48.87% respectively. The capital expenditure as at 30th November 2020 is 12.06%. See figure 11.

**Figure 12: Expenditure as a % of the overall budget**



## 6 CHAPTER 6: Ideas on Institutional realignment

### 6.1 Request for Immunity and diplomatic status for EREA

The Secretariat has engaged the Ministry of Foreign Affairs and Ministry of energy in Tanzania to consider EREA's diplomatic status acquisition. A brief on the establishment of EREA in Arusha and request for diplomatic status by Tanzania's government was submitted to the government for consideration—appendix 4 for the brief. In the same vein, a Draft convention for establishing a centre of excellence was developed circulated to the LPC.

### 6.2 Anchoring with EAC

On 7th August 2020, received communication from EAC on the acceptance to start the anchoring process. However, in the same letter, it was argued that the

best approach is to have physical engagements. This issue can be carried out after the COVID-19 pandemic threat.

## **APPENDIX 1: Training Needs Assessment and facilitators database**



EREA TRAINING  
NEEDS ASSESSMENT

## **Appendix 2: Concept note for the development of a CoE**



CONCEPT NOTE FOR  
THE DEVELOPMENT C

## **Appendix 3: Draft convention setting up an East Africa Centre of Excellence on Energy Regulation.**



CONVENTION  
SETTING UP AN EAST

## **APPENDIX 4: Brief on the establishment of EREA in Arusha and request for diplomatic status by the Government of Tanzania**



Submission of brief  
to MOF Tanzania on E

## **APPENDIX 5: Certificate of EREA Membership with ERRA**



Adobe Acrobat  
PDFXML Document

## **APPENDIX 6: Tools collection for self-audit of tools and frameworks**



Adobe Acrobat  
PDFXML Document

## **APPENDIX 7: EREA Signing protocol**



EREA SIGNING  
PROTOCOL.doc

## **APPENDIX 8: Strategic Plan inception report**



EREA Medium Term  
Strategic Plan Inceptic

## **APPENDIX 9: EREA Communication Policy**



Communication  
Strategy of EREA, Rev

## **APPENDIX 10: Draft Audit FY 2019/2020 report**



Adobe Acrobat  
Document

## **APPENDIX 11: Draft Audit FY 2019/2020 report**



Draft - EREA  
Procurement Manual

## **APPENDIX 9: HR Manual proposals**



Report on Proposed  
ammendments to the