MALAWI ENERGY REGULATORY AUTHORITY

STRATEGIC PLAN

2014-2018

THEME
EFFECTIVE, EFFICIENT AND ROBUST ENERGY REGULATORY SERVICE PROVISION
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Vision

To be a World Class Energy Regulator

Mission

Regulating the energy sector for sustainable socio-economic development of the nation and the region

Core Values

In the execution of the mandate, MERA shall uphold and espouse the following values:

- Transparency
- Accountability
- Responsiveness
- Integrity
- Professionalism
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ABBREVIATIONS AND ACRONYMS
AFUR Africa Forum of Utility Regulators
AIDS Acquired Immune Deficiency Syndrome
APM Automatic Pricing Mechanism
DFID Department for International Development
DSC Department of Statutory Corporations
DSM Demand Side Management
EHS Environmental Health and Safety
ESCOM Electricity Supply Corporation of Malawi
HIV Human Immunodeficiency Virus
ICT Information Communication Technologies
IPC Internal Procurement Committee
IPP Independent Power Producers
IRP Integrated Resource Plan
KPI Key Performance Indicator
LPG Liquid Petroleum Gas
MCC Millennium Challenge Compact
MERP Malawi Economic Recovery Plan
MERA Malawi Energy Regulatory Authority
MDGs Millennium Development Goals
MGDS II Malawi Growth and Development Strategy II
PCC Petroleum Control Commission
PPP Public Private Partnership
MBCA Malawi Business Coalition Against HIV and AIDS
MIS Management Information System
MoF Ministry of Finance
MPS Malawi Police Service
MoEPD Ministry of Economic Planning and Development
MRA Malawi Revenue Authority
NECO National Electricity Council
NOCMA National Oil Company of Malawi
ODPP Office of the Director of Public Procurement
OMC Oil Marketing Companies
RBM Reserve Bank of Malawi
SP Strategic Plan
RERA Regional Electricity Regulators of Southern Africa (RERA)
MESSAGE FROM THE CHAIRPERSON OF THE BOARD

I am pleased to present the 2014 - 2018 Strategic Plan that will be implemented under the theme ‘Effective, Efficient and Robust Energy Regulatory Service Provision’. The Plan marks an important milestone in consolidating the achievements of the 2009 - 2013 Strategic Plan. It is aligned to the Millennium Development Goals (MDGs), Malawi’s Vision 2020, Malawi Growth and Development Strategy (MGDS) II, Malawi’s Economic Recovery Plan (MERP), and the National Energy Policy (2003).

I note with satisfaction that the Plan was developed using a highly participatory process involving a cross section of stakeholders and an extensive review of literature. The Plan also benefited from documented experiences of energy regulatory agencies around the world and the analysis of topical issues in the area of regulation. The result is a comprehensive series of interventions that I am sure will take energy regulation in Malawi to the next level as we strive to become a world class energy regulator.

As MERA forges ahead in upscaling energy regulation, it is pleasing to note the commendable strides that have been made in the past four years that include raising awareness on issues related to regulation, steering the development of the regulatory framework that has included development of legislation, standards and protocols to facilitate regulation of the energy sector, and the establishment of the MERA Secretariat.

Notwithstanding the impressive performance of MERA, there are also some notable areas in which improvements are possible as new areas are being pursued. In order to tackle the challenges that lie ahead, MERA will build on its strengths and the trust it enjoys amongst its key stakeholders in implementing well tested initiatives, as well as new and innovative ones in an ever challenging and dynamic landscape. MERA acknowledges among others, the under-utilization of bio-fuels, inadequate penetration of renewable energy technologies and lack of Coal Supply Regulation, as well as the continued need for improved availability, accessibility, quality and reliability of electricity supply, security of fuel supply and the need to ensure clarity of the mandate of MERA among key stakeholders. MERA will also in this Strategic Plan period endeavour to address these.

It is my sincere hope that the spirit of cooperation among stakeholders that characterised the development of the 2014 - 2018 Strategic Plan will continue into its implementation, as it will take more than MERA to ensure its success. I would also want to believe that Government and the key stakeholders will continue to provide unwavering support to MERA in the discharge of its mandate.

Dingiswayo Jere

BOARD CHAIRPERSON
STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The period 2009 - 2013 was historic and marked the beginning of a new era in the regulation of the energy sector as MERA implemented its first Strategic Plan. Through this plan, MERA was able to institutionalize the concept of energy regulation amongst its stakeholders, developed legal instruments and standards to operationalise its regulatory mandate. MERA also created and sustained institutional capacity and frameworks that facilitated improvements in its enforcement capabilities.

MERA is aware of the challenges that continue to impact on the execution of its mandate. The misconception of MERA’s role amongst some stakeholders and lack of critical data in some aspects of the regulated entities continue to pose some challenges in the regulation of the energy sector. The macro-economic situation as experienced by Malawi and the world at large negatively impacted on the financial sustainability of both the regulated entities as well as MERA. Inadequate and non-availability of legislation and operating frameworks for renewable energy and Coal fired generation technologies during the period proved to be another challenge.

The 2014 - 2018 Strategic Plan builds on the achievements made in the previous plan which has also provided the necessary platform and drive to achieve more. Apart from the identified ongoing strategic issues in the previous plan and those that were partly addressed, new and emerging strategic issues have also been reflected and addressed in this plan.

The implementation of this plan will take a participatory approach in which the relevant stakeholders will play their necessary and rightful roles and will adequately be engaged in MERA’s work execution process. This spirit of engagement is also evident from the manner in which this 2014 - 2018 Strategic Plan was developed where various stakeholders were involved in various forms including individual and focus group discussions, as well as workshops. This approach has enriched the Strategic Plan as views of the various stakeholders have been incorporated in terms of their expectations on MERA’s roles and mandates in the regulation of the energy sector.

I sincerely hope that this Strategic Plan, just like the previous one, will go a long way in guiding and ensuring that MERA performs its mandate to the satisfaction of all its stakeholders and for the betterment of the entire energy sector.

Raphael Kamoto

CHIEF EXECUTIVE OFFICER
EXECUTIVE SUMMARY

This Strategic Plan (2014 - 2018) has been developed following the expiry of the 2009 - 2013 Strategic Plan. The new Plan is part of efforts by the Board and Management of MERA to ensure its continued relevance and effectiveness in the light of changes in the environment. The process of developing the new Plan entailed carrying out an evaluation of the 2009 - 2013 Strategic Plan, as well as undertaking an environmental scan in order to have a firm basis for the development of the 2014 - 2018 Strategic Plan. The evaluation, conducted in a highly participatory manner involved a cross section of stakeholders from the Government, Non Governmental Organisations and Private Sector, including MERA Board Members and Staff. The evaluation culminated in the production of a report, which is a complementary document to this Strategic Plan.

MERA has made commendable strides over the last four years that include:
  i) Development of the necessary legal instruments and standards to operationalise its regulatory mandate.
  ii) Creation and sustaining of an institutional framework that has facilitated some level of regulatory work
  iii) Development and implementation of a Strategic Plan, which has provided direction and focus of the work undertaken over the last four years
  iv) Some level of sensitization on the mandate and role of MERA has been undertaken

Although, MERA made reasonable progress, a review of the previous plan and environmental scan indicated scope not only to address outstanding issues, but the need to address emerging issues. The strategic issues that will be the areas of focus for the next four years are presented below.

  i) The regulatory environment of the energy sector still remains unsatisfactory.
  ii) The availability, accessibility, quality and reliability of electricity supply and renewable energy technologies still remain a challenge.
  iii) Security of fuel supply remains a challenge due to inadequate fuel storage capacity, logistical problems, uncoordinated procurement, underutilization of bio-fuels, over reliance of imported fuels.
  iv) Financial sustainability of MERA still remains a challenge.
  v) Misconceptions on MERA’s mandate among key stakeholders and the general public suggest that its role in the society is not well understood.
  vi) Inadequate institutional capacity that has experienced challenges in terms of operational autonomy, technological changes and high staff turnover.
  vii) Inadequate research in energy technologies.

MERA’s response to the key challenges and issues that require adequate attention over the next four years is set out below.

  i) Strengthening of the regulatory framework for optimum delivery of regulated services.
  ii) Facilitating increased electricity supply.
  iii) Creating an environment for security of fuel supplies.
iv) Enhancing sustainability of MERA.
v) Increasing awareness of the role and mandate of MERA.
vi) Strengthening the institutional capacity of MERA for efficient and effective delivery of regulatory services.
vii) Promote research in new energy technologies.

MERA hopes that the following key success factors will be prevalent in the process of implementing this Strategic Plan:

i) Sustained commitment to respect of the energy laws.
ii) Neutrality and independence in regulation and decision making in line with the laws.
iii) Collaboration with stakeholders, including in areas of research.
iv) Enhanced awareness of the role and mandate of the Authority and procedures and processes for conduct of its work.
v) Adequate resources to implement regulatory functions.
vi) Staff retention
1.0 INTRODUCTION

1.1 Rationale for the Strategic Plan

The 2014 - 2018 MERA Strategic Plan has been developed following expiry of the 2009 - 2013 Strategic Plan. The Plan is necessary to guide the activities of MERA over the four fiscal years period as it seeks to contribute to Malawi Government’s development agenda, which identifies energy as a strategic sector that should be managed in a manner that facilitates economic development. The Plan will also serve as an instrument for focusing on priority areas requiring the attention of MERA. The Strategic Plan is complemented by an Implementation Plan attached as Appendix 1.

1.2 Strategic Planning Process

The Strategic Plan of MERA was developed in a highly participatory manner, to ensure relevance and ownership of the results. The evaluation process entailed consultations with a cross section of groups and individual stakeholders of MERA to obtain their inputs on the extent to which objectives set in the 2009 - 2013 MERA Strategic Plan were met, as well as their perceptions of the issues that need to be addressed in the 2014 - 2018 Strategic Plan. The list of stakeholders consulted is attached as Appendix 2. The evaluation process was ably supported by a Strategic Planning Steering Committee established to oversee progress of the Strategic Plan development, provide administrative support to the facilitation team that included coordination of the meeting schedule and provision of literature for review. The list of documents reviewed is attached as Appendix 3.

The development of MERA’s Strategic Plan was informed by a number of key policy and development frameworks that included the Millennium Development Goals, Malawi Growth and Development Strategy II (2011-2016), Malawi Economic Recovery Plan and the Energy Policy of 2003.

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

i) An evaluation exercise that was undertaken to assess the extent to which the strategic objectives and identified priority areas in the previous plan were addressed and achieved. The evaluation was based on extensive literature review pertaining to the achievements of the 2009 - 2013 MERA Strategic Plan, as well as current operations of MERA. It also identified the factors that may have contributed to success or hindered successful implementation so as to provide lessons for the formulation of the 2014 - 2018 Strategic Plan.

ii) The evaluation exercise was complemented by an environmental scan that sought to appreciate the key challenges and opportunities in the energy sector in general and MERA in particular, including systemic challenges to do with its structures and systems.
iii) Evaluation findings were presented at an Internal Stakeholders Workshop comprised of senior staff of MERA. The workshop was also used to obtain inputs of MERA staff into the draft Strategic Plan, which was later presented at a similar workshop for endorsement and further refinement.

iv) The Draft Strategic Plan was presented to the Board of MERA for their inputs, after which it was presented to key Stakeholders. The Plan therefore, reflects their inputs.
2.0 ORIGIN, MANDATE AND INSTITUTIONAL SET UP OF MERA

2.1 Origin of MERA

MERA arose out of a need to ensure a planned and coordinated approach to regulating the country’s energy sector. There was recognition by the Government of Malawi (GoM) as articulated in its Energy Policy of 2003\(^1\), that energy regulation arrangements at the time were not only inefficient, but costly and ineffective. The challenges identified included housing of the legal instruments governing energy sub sectors, electricity, liquid fuels, and gas, bio-mass, renewable energy and coal in different institutions that did not often synchronise their activities. The National Electricity Council (NECO) was responsible for regulating the electricity sub-sector, while Petroleum Control Commission (PCC) was responsible for regulating liquid fuels and gas. This meant that the fragmented regulatory institutions, in some instances only had one monopoly to regulate. In this connection, an independent energy regulatory agency was seen as necessary to replace NECO and PCC to ensure the energy sector was appropriately regulated. To this end, the Government set out to reform the sector, by among other things, a) the formulation of an Energy Framework Law in the form of an Energy Regulation Act and related sub sector legislation, including the Electricity Act, the Rural Electrification Act, the Liquid Fuels and Gas Act, the Coal Act, to provide a legal basis for improved energy sector governance; and b) the establishment of a sector wide Energy Regulator to regulate all commercial energy supply industries. Therefore, MERA is in part an outcome of the Energy Policy of 2003.

2.2 Mandate

MERA is a body corporate established under the Energy Regulatory Act No. 20 of 2004 as the Energy Sector Wide Regulator with the mandate to regulate the energy sector in Malawi in a fair, transparent, efficient and cost effective manner for the benefit of the Malawi Economy that includes consumers and operators. This mandate is derived from the Energy Laws in general and the Energy Regulation Act in particular. Specifically, the mandate includes:

1. receive and process license applications for energy undertakings;
2. grant, revoke or amend licenses granted under the Act and Energy Laws;
3. approve tariffs and prices of energy sales and services;
4. monitor and enforce compliance by licensees with licences granted under the Act and the Energy Laws;
5. develop and enforce performance and safety standards for energy exploitation, production, transportation and distribution;
6. prescribe and collect fees, charges, levies or rates under the Energy Regulation Act and Energy Laws;
7. arbitrate commercial disputes under the Act and Energy Laws; and do all such things as are necessary or incidental or conducive to the better carrying out of the functions of the Authority provided for in the Act and Energy Laws;

\(^1\) National Energy Policy for Malawi, page 49
8. promote the interests of consumers of energy with respect to energy prices and charges and the continuity and quality of energy supply;
9. monitor the efficiency and performance of energy undertakings, having regard to the purpose for which they were established;
10. in conjunction with other relevant agencies, monitor the levels and structures of competition within the energy sector in order that competition in, and accessibility to, the energy sector in Malawi should be promoted;
11. facilitate increasing access to energy supplies;
12. promote energy efficiency and energy saving;
13. promote consumer awareness and education;
14. promote the integrity and sustainability of energy undertakings and seek to ensure that energy undertakings, whilst providing efficient service, are able to finance the carrying on of the activities which they are licensed or authorized to carry on;
15. in conjunction with other relevant agencies, formulate measures to minimize the environmental impact of the exploitation, production, transportation, storage, supply and use of energy and enforce such measures by the inclusion of appropriate conditions to licenses held by energy undertakings;
16. promote the exploitation of renewable energy resources; and
17. taking all such measures as are necessary to fulfil the above purposes through regulations to be made under this Act or the Energy Laws.

2.3 Institutional Structure of MERA

The Board of MERA as stipulated in Section 4 of Energy Regulation Act, 2004 comprises five appointed members and three ex-officio members. The five Board Members including the Chairperson and the Vice Chairperson are appointed by the President, and confirmed by the Parliament, for tenure of three years. The three ex-officio members comprise the Secretary for Energy, the Director of Energy Affairs and the Chief Executive Officer of MERA. The Secretary to the Treasury and Department of Statutory Corporations (DSC) also sit on the Board of MERA as co-opted members.

The Secretariat headed by the Chief Executive Officer, supports the Board of Directors in the execution of its mandate. The Secretariat is organized into four directorates, namely Technical Regulation, Economic Regulation, Legal and Company Secretarial Services and a Directorate of Finance and Administration. At the time of developing the Strategic Plan, MERA had a staff establishment of 68.
MERA Organizational Chart
3.0 CONTEXT

3.1 Millennium Development Goals (MDGs)

The eight MDGs, which range from halving extreme poverty rates and ensuring environmental sustainability, all by the target date of 2015, form a blueprint agreed by world leaders and all the leading development institutions. The strategic aspirations that MERA is pursuing over the next four years are linked more directly to MDG 1 and 7, which aim to tackle the world’s poverty in a manner that ensures environmental sustainability, as energy is an indispensable ingredient in any development endeavor. Given that some energy forms may have a negative impact on the environment MERA seeks to ensure that such effects are minimized through its regulatory efforts.

3.2 Vision 2020

Vision 2020 advocates the provision of efficient energy supplies as a key pre-requisite for achieving economic development and middle income status. The Vision laments the inadequacy of the supply of modern energy systems and the limited access to modern energy services. It cites a number of issues such as high cost of energy service production, unreliability of supply due to monopolistic market structures, underdeveloped services, and lack of competition among other challenges. These issues necessitate the need for an energy regulator to ensure entities in the sector operate in a manner that benefits the consumer.

3.3 Malawi Growth and Development Strategy II

This Strategic Plan has been aligned to The Malawi Growth and Development Strategy (MGDS II) (2011-2016) that identifies Energy as one of the key Priority Areas of Malawi’s economy. MGDS II is in turn aligned to Malawi’s Vision 2020. The Malawi Government sees a well developed energy system as vital for industrial, mining and tourism development. In this regard, the Government will increase generation, transmission and distribution of electricity and promote other energy sources with the aim of improving service delivery and increased output in the economy.

3.4 Malawi Economic Recovery Plan

The Malawi Government, with a view to eliminate challenges associated with fuel pump pricing and to stabilize fuel supply, reverted back to use of the Automatic Pricing Mechanism (APM) after years of controlling fuel pump prices. The control of pump prices meant subsidizing fuel when international prices rise and thus accumulating deficits in the Price Stabilization Fund (PSF) hence posing a risk to the budget.

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2 Malawi’s Vision 2020
3 Malawi growth and Development Strategy II page xxii
Other key measures set out in the Economic Recovery Plan include⁴:
   i) Continuing financing works at Kapichira II rehabilitation project;
   ii) Establishing new hydro stations;
   iii) Pursuing widening the scope of the Millennium Challenge Compact;
   iv) Managing the demand in the industry by encouraging economic usage of electricity, including usage of energy saver bulbs;
   v) Encouraging regional interconnectivity;
   vi) Exploring establishment of coal generated electricity;
   vii) Enhancing research in other sources of energy including wind and solar; and
   viii) Promoting Public Private Partnerships (PPP) in energy generation and distribution.


Malawi is pursuing an integrated energy policy that recognizes developments in the energy sector as having an important bearing on economic development initiatives of the country and the need to fully exploit the energy potential that exists, as well as the need to fully involve the private sector in energy development and delivery. Other important considerations include the emergence of regional trading opportunities as a result of globalization and regional integration, and growing international concerns over environmental issues.⁵

The objectives of Malawi’s Energy Policy are as follows:
   i) Improve efficiency and effectiveness of the commercial energy supply industries;
   ii) Improve the reliability and security of energy supply systems;
   iii) Increase access to affordable and modern energy services;
   iv) Stimulate economic development and rural transformation for poverty reduction;
   v) Improve energy sector governance; and
   vi) Mitigate environmental, safety, health impacts of energy production and utilisation.

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⁴ Malawi Economic Recovery Plan page 10
⁵ National Energy Policy, 2003 page xvi-xvii
4.0 REVIEW OF THE 2009-2013 STRATEGIC PLAN

4.1 Key Achievements

MERA has made some strides in the last SP that include:
   i) Development of the necessary legal instruments and standards to operationalise its regulatory mandate, although some gaps still exist. The instruments that were developed are indicated in 4.2.4. However, the instruments have yet to be fully enforced.
   ii) Creation and sustaining of an institutional framework that has facilitated some level of regulatory work, as it has areas that require strengthening.
   iii) Development and implementation of a Strategic Plan, which has provided direction and focus of the work undertaken over the last four years.
   iv) Some level of sensitization on the mandate and role of MERA has been undertaken, even though misconceptions among some of its stakeholders still exist.

4.2 Performance Against Strategic Aspirations

4.2.1 Strategic Aspiration # 1: Enhanced visibility, profile and presence of MERA

This aspiration aimed at increasing the public awareness of MERA’s existence and functions. The aspiration had three objectives namely
   i) To develop a Communication Strategy
   ii) To operationalise the Communication Strategy
   iii) To promote MERA Brand

The following are the key achievements of MERA in pursuit of this Strategic Aspiration:
   i) MERA produced the Communication strategy.
   ii) MERA operationalised the Communication Strategy. This entailed production of brochures, organising debates on Radio and TV, production of news articles on regulatory requirements, organising press briefings and conduct of awareness meetings on the grid code; energy regulations and standards.
   iii) MERA promoted its Corporate Brand. The activities undertaken included branding of vehicles, Mwanza and Dedza borders and produced branded T-shirts and diaries and had jingles put on both TV and Radio.

In addition to the planned activities, MERA also opened regional offices to expand its operations.

The following are activities not undertaken and their associated challenges during the reporting period:
   i) MERA was unable to effectively inform the public about its mandate and functions, as some stakeholders view it as not able to make independent decisions.
   ii) MERA was seen as not proactive in its communication approach.
   iii) Some activities related to promoting MERA identity were not undertaken such as billboards and large sign posts due to sign post space limitations.
4.2.2 Strategic Aspiration # 2: Enhanced Institutional Capacity

This aspiration aimed at developing and improving capacity of the institution to carry out its mandate. The following were the objectives under this aspiration.

i) To establish effective human resource management systems, practices and procedures.
ii) To develop technical and managerial competencies.
iii) To implement an institutional and functional review of MERA.
iv) To build an effective team and develop organizational culture in MERA.
v) To coordinate and expand networks, partnerships (alliances) and collaboration with its key stakeholders in the industry.
vii) To establish a computerized information management system.

The following are the key achievements of MERA in pursuit of this Strategic Aspiration:

i) A number of planned human resource management systems have been developed. These include transparent recruitment procedures; staff performance system; transparent disciplinary procedures; training policy; updated conditions of service; and grievance handling procedures.

ii) Activities undertaken related to developing technical and managerial competencies include: conducted training needs assessment; developed Training Plans which were implemented; conducted study tours, but to a lower extent due to cash-flow challenges; and successfully lobbied for the inclusion of renewable studies at Mzuzu University.

iii) Functional Review of MERA has been undertaken, but the report was yet to be finalized at the time of reviewing the Plan.

iv) Took steps to enhance team work through two structured team building workshops and to put in place a welfare Committee.

v) Taken steps to support building of capacity in the area of energy in local universities.
vi) Has initiated steps to build partnerships in the areas of energy affairs, law enforcement, in research, promoting environmental friendly technologies and in HIV and AIDS. In this regard, MERA is a member of the Regional Electricity Regulators of Southern Africa (RERA) and Africa Forum of Utility Regulators (AFUR). It has forged partnerships with Malawi Police Service (MPS), Malawi Revenue Authority (MRA), Malawi Judiciary, Department of Environmental Affairs, Malawi Business Coalition Against HIV and AIDS (MBCA), and local universities.

vii) Procured and implemented Sage Pastel accounting package and also procured and is implementing a human resource package that contributed efficient and effective accounting reporting and human resource management.

The following planned activities were not implemented in the period.

i) Succession plan;
ii) Monitoring the impact of training on staff performance.
iii) Regional study tours and sharing of experience/ information with other regulators undertaken to a lower extent.
iv) Performance reflection workshop.
v) Enhance strategic alliances in skills enhancement and promotion of Energy development initiatives due to financial constraints.
vii) Partnerships in gender to enhance sensitivity towards gender in its work.
viii) Focal person only focused on MERA.
viii) Management information system. However, specifications for procurement of an MIS are at an advanced stage.

4.2.3 Strategic Aspiration # 3: Sustainability of MERA

This aspiration aimed at achieving financial autonomy for operational independence and continued service delivery. The objectives under this aspiration were:

i) To explore and diversify sources of income.
ii) To implement transparent and accountable financial management systems.
iii) To implement effective procurement systems.
iv) To develop and implement robust ICT systems for enhanced service delivery.

The following are the key achievements of MERA in pursuit of this Strategic Aspiration:

i) Embarked on a project to construct an office complex, part of which will be let out commercially. MERA also expanded technical regulation to cover registration of fuel storage for own use.
ii) Revenue collection procedures, but to be enhanced through legislation.
iii) Income and expenditure monitored closely.
iv) Financial management procedures in place.
v) Penalties and interest levied on defaulters to ensure timely collection of revenue.
vi) Financial management system enhanced through production of Annual Reports based on audited reports.
vii) Annual Report submitted to Parliament by 31st December of every year.
viii) Board reviews management accounts every quarter.
ix) Internal Audit staff has been equipped with necessary skills and report directly to the Audit Committee.
x) MERA Annual Reports available on website.
xi) IPC is in place.
xii) Procurement procedures are in place.
xiii) Staff and Procurement Officer were trained by the ODPP.
xiv) MERA has a qualified Procurement Specialist.
xv) ICT equipment was procured.
xvi) Local Area Network (LAN) and Wi-fi service installed.
xvii) Annuity Billing System for license billing is in place.

There is one key activity that was not undertaken during the reporting period. This related to diversification into licensable and leviable energy sources. It failed to regulate and license coal supply activities due to conflicting laws. The constraining issues have been reported to Government through the Ministry of Mines for redress.

Some potential risks that MERA had during this period are as follows:

i) The current ratio has been at 1:1 since 2009 - 2013. This means that although the organization can meet its obligations it is likely to slip off and fail to pay its obligations should there be any disruptions to its income sources.
ii) The levy collection days for MERA average around 45 days. The period is relatively long. This may affect the organization on working capital and can be the explanation of the point above that the organization current ratio is not adequate. If the organization reduces its levy collection period, the working capital is likely to improve.

### 4.2.4 Strategic Aspiration # 4: Increased Electricity Generation Capacity

This aspiration aimed at facilitating increased electricity generation capacity for increasing access to 30% by the year 2020. The objectives under this aspiration were:

- i) To review the current power development plan by 2010.
- ii) To facilitate the development of new hydro power stations.
- iii) To catalyse the development of coal and biomass power stations.
- iv) To promote private sector investments through Public and Private Partnerships (PPP) and other commercial investment models.
- v) To create a robust and sustainable maintenance and replacement culture in the energy sector.
- vi) To increase the utilization of renewable energy technologies.

The key achievements towards this Strategic Aspiration by the end of the reporting period were as follows.

- i) In relation to the review of the current power development plan, MERA developed a concept paper for Master Plan development highlighting investment opportunities in the energy sector; it developed an Integrated Resource Plan (IRP)/Master Plan (MCC-Compact).
- ii) In pursuit of the objective to facilitate the development of new hydro power stations, MERA developed ToRs and acquired funding for feasibility studies for four sites of Chimgonda (20-50 MW), Mpatamanga (160-310 MW), Kholombidzo (140-280 MW) and Lower Fufu (100-175 MW); undertook feasibility studies for Chasombo (25-50 MW) and Chizuma (25-50 MW) through Government funding; and one Independent Power Producer (IPP) granted permission to develop one site at Mbongozi (30-60 MW).
- iii) To catalyse the development of coal and bio-mass power stations, MERA carried out preliminary studies for a coal fired power station for modular development with initial capacity estimated at 300 MW. At the time of the review, it was progressing to carry out full feasibility studies. It also granted permission to an IPP to develop an estimated capacity of (120 MW) at Chipoka in Salima with coal ferried from the northern coal fields. MERA was also able to work with Government to catalyse the construction of a 300 MW coal-fired plant at Kammwamba in Balaka District. In addition, Feed-in Tariff guidelines have been promulgated to facilitate investments in the renewable energy technologies, including the bio-mass generation plants.
- iv) With regard to promotion of private sector investments through public and private partnerships (PPPs) and other commercial investment models, Feed-in Tariffs, Power Purchase Agreement Framework, Grid Code and renewable energy were developed. The frameworks were submitted for gazetting. In addition, it registered an 830 Kw solar power plant under the Airport Development Limited (ADL) and on energy banking arrangement, but licensing for power trading was hampered by lack of a legal framework. Further, wind resource mapping is underway to create an enabling environment and promote PPP.
- v) To create a robust and sustainable maintenance and replacement culture in the energy sector, MERA developed Key Performance Indicators (KPIs) and reporting framework for the
Electricity Supply industry; developed a framework for an operational agreement to be signed by licensees, which has been presented to the power utility to sign; developed standards for Liquid Fuels, Gas and Coal Supply; and developed Environmental Health and Safety (EHS) Guidelines for Liquid Fuels and Gas in compliance with standards; developed penalties as part of energy regulations and by-laws; and electricity by-laws include incentives for compliance.

vi) In order to facilitate increase in the utilisation of renewable energy technologies Feed-in Tariff guidelines were developed. MERA also participated locally in facilitating research in RETs, developed standards for renewable energy supply; trained Government District Projects supervisors to improve service delivery in renewable energy installation of public institutions; partnered with Mzuzu University to conduct research on renewable energy technologies; implementing Best Student Award program with Mzuzu University; pursuing development of smart grids through RERA regional program; and monitoring of quality of renewable energy installations and enforcing regulatory requirements under Rural Electrification Act 2004 and energy laws.

The following planned activities were not implemented in the reporting period.

i) Efforts to develop a hydro power site at Kayelekera for 10 MW under an IPP failed to materialise due to uncertainty in the take-off and legal framework.

ii) Review of the current power development plan was not done, as it reverted back to Government.

iii) Facilitation of the development of hydro power stations not done, as it reverted back to Government.

iv) The creation of robust and sustainable maintenance and replacement culture has yet to be developed. None of the planned activities have been done, such as establishing minimum amount of revenue to be reserved for maintenance for various industry types, mandatory power supplies to reserve the minimum amount for maintenance work, and development of mechanisms for monitoring and enforcing maintenance work, development of incentive scheme for compliance with maintenance requirements, and development of punitive measures for compliance. Further delays were experienced in gazetting a legal mandate for spot fines, which posed challenges for enforcement of energy laws, regulations and standards. Apart from incentives included in the Electricity by-laws, other areas of energy have yet to be incentivised.

4.2.5 Strategic Aspiration # 5: Creating an environment which minimises interruption in fuel supply

This aspiration was aimed at creating an environment that mitigates interruptions and consequent scarcity of petrol, diesel, paraffin and jet fuel supply into the country. The objectives under this aspiration were:

i) To promote minimum storage capacities requirement for petrol, diesel, paraffin and jet fuels.

ii) To monitor storage capacities requirement for petrol, diesel, paraffin and jet fuels.

iii) To enforce a minimum storage capacities requirement for petrol, diesel, paraffin and jet fuels.

iv) To promote the use of the most cost effective transport system.
The achievements of MERA towards attainment of this Strategic Aspiration are as follows:

i) In relation to the promotion of minimum storage capacities requirements for petrol, diesel, paraffin and jet fuels, an energy demand survey was commissioned, storage levy was introduced and construction works for strategic fuel reserve tanks in Blantyre, Lilongwe and Mzuzu has started to be managed by the National Oil Company of Malawi (NOCMA). In addition, rehabilitation of old Government strategic fuel reserves in Mchinji and Chipoka was undertaken. MERA also facilitated a survey of ethanol demand and supply projections to support unleaded fuel blending.

ii) With regard to monitoring storage capacity requirement for petrol, diesel, paraffin and jet fuel only the energy demand survey was undertaken.

iii) In pursuit of enforcement of a minimum storage capacity requirement for petrol and diesel, there is a daily generation of stock monitoring report; storage capacity and demand patterns have been established resulting in MERA being able to identify storage gaps for each oil marketing company; demand patterns established which have informed determining capacities for strategic fuel reserves facilities by NOCMA.

iv) With regard to the promotion of use of the most cost effective transport system, route mix has been reviewed on an annual basis. Larger weighting has been allocated to Beira which is the most cost-effective route; in order to maintain operations on all routes the 50:30:20 for Beira, Nacala and Dar-es-Salaam has been maintained; Central Eastern African Railways continued to invest in petroleum transportation facility for the Nacala-Limbe route; and Road transporters have continued to invest in equipment in the Beira and Dar-es-Salaam routes.

A number of planned activities that were not implemented and their associated challenges experienced in pursuit of this Aspiration were as follows.

i) Enforcement of minimum stock holding has yet to start due to failure by importers to meet demand due to limited availability of foreign currency reserves. The majority of Oil Marketing Companies (OMCs) were operating their storage facilities partially filled.

ii) Monitoring tools for the monitoring and evaluation of fuel reserves yet to be developed.

iii) Forum for managing fuel reserves yet to be put in place.

iv) Monitoring and evaluation mechanisms for paraffin reserves have yet to be done.

v) Incentives and penalties for minimum stock holding due to inadequate storage capacity to meet the minimum 30 day requirement.

vi) Supply routes not surveyed due to Government restrictions on travel during the reporting period.

4.2.6 Strategic Aspiration # 6: Effective, Efficient and Robust Regulatory Services Provided

This aspiration aimed at ensuring that all players in the industry have access to information to ensure enforcement of and adherence to regulatory requirements. The following were the objectives of this aspiration.

i) To develop energy regulations and By-laws.

ii) To develop national liquid fuels and gas information systems.
iii) To monitor the performance of the undertakings in the energy sector.
iv) Facilitate the implementation of Demand Side Management (DSM) by the players.
v) To monitor energy economic factors.
vi) To monitor customer expectations on all services delivered.

The achievements of MERA towards attainment of this Strategic Aspiration are as follows:
ii) Monitored performance of ESCOM on the agreed key performance indicators (KPI). Inspection reports available on licensee’s installations; and investigated accidents and complaints in electricity sector; submits quarterly performance reports to DSC; and provides annual reports to Parliament and key stakeholders.
iii) Reviewed energy prices for fuel, electricity, LPG, ethanol and jet/avgas.
iv) Conducted regulatory audits for fuel importers, oil marketing companies, retailers, ethanol, LPG and jet/avgas.
v) Measure quality of service and supply.
vi) Implemented Demand-Side Management (DSM) by players through a DFID funded energy saver bulbs. In addition, Government granted duty-free status for all energy generation equipment as announced in the 2013/14 budget.
vii) In pursuit of efforts to monitor energy economic factors subsidies were removed on pricing of petroleum products and electricity following introduction of the APM; pricing models for fuels and gas were developed, adopted and implemented. In addition, APM and targeted approach pricing reviewed, resulting in APM being maintained as the most efficient way of pricing petroleum products.

The following planned activities were not implemented in the reporting period.

i) Demand Side Management (DSM) Options Study.
ii) Review of regulations and standards in the energy sector was partly accomplished.
iii) The collection of data on the industry on various energy undertakings was partly done.
iv) Identification and registration of liquid fuels and gas operator’s electricity and rural electrification activities so as to monitor generation, transmission and distribution was partly done.
v) Lubricants pricing models yet to be developed with market set up posing a huge challenge.
vi) Consultancy to design and develop a service level agreement between MERA and licensees.
vii) Adopt and maintain the Service Charter.
viii) Establish the systems and procedures for monitoring the implementation of service level agreements.
ix) Define both compliance incentives and rewards.
x) Define non-compliance punitive measures forum for consultations with stakeholders.
5.0 SITUATIONAL ANALYSIS

5.1 Introduction

To inform identification of strategic issues, an analysis was conducted to understand both the internal and external environments in which MERA operates and executes its mandates. The environmental scan was done through the use of PESTEL (Political, Economic, Social, Technological, Ecological and Legal) and SWOT (Strengths, Weaknesses, Opportunities and Threats). The environmental scan for MERA is highlighted in the tables below.

5.2 Results of Pestel

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>ISSUES</th>
<th>EFFECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political</td>
<td>• Increased concerns on matters of governance</td>
<td>• MERA may not be fully accountable and transparent</td>
</tr>
<tr>
<td></td>
<td>• Bureaucratic tariff adjustment process</td>
<td>(lacking disclosures of the processing for Board’s decisions)</td>
</tr>
<tr>
<td></td>
<td>• Accumulating PSF deficit</td>
<td>• Breakdown in checks and balances</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Loss of credibility and confidence by the general public</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sharp rises in fuel</td>
</tr>
<tr>
<td>Economic</td>
<td>• The unstable global fuel prices</td>
<td>• Unstable pump prices of fuel</td>
</tr>
<tr>
<td></td>
<td>• High inflation rate</td>
<td>• Delayed infrastructural development in the energy sector</td>
</tr>
<tr>
<td></td>
<td>• Exchange rate instability</td>
<td>• Unhealthy cross border trading in liquid fuels characterized by illegal</td>
</tr>
<tr>
<td></td>
<td>• High Bank interest rates</td>
<td>vending</td>
</tr>
<tr>
<td></td>
<td>• Inadequate incentives for investors in the power sector</td>
<td>• Interrupted power supplies</td>
</tr>
<tr>
<td></td>
<td>• Price differential with neighbouring countries</td>
<td>• Negative image of MERA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Hoarding and panic buying</td>
</tr>
<tr>
<td>Social</td>
<td>• Vandalism of infrastructures, (electricity poles and</td>
<td>• Ineffective regulation</td>
</tr>
<tr>
<td></td>
<td>transformers for example),</td>
<td>• Inefficient service delivery</td>
</tr>
<tr>
<td></td>
<td>• Negative publicity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Speculation on fuel supply and price reviews</td>
<td></td>
</tr>
<tr>
<td>Technological</td>
<td>• Lack of technologies to monitor performance</td>
<td>• Adverse effects on hydro power generation</td>
</tr>
<tr>
<td></td>
<td>of the industry players</td>
<td>• Interrupted power supply</td>
</tr>
<tr>
<td></td>
<td>• Inadequate technical know-how</td>
<td></td>
</tr>
<tr>
<td>Ecological</td>
<td>• Deforestation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Siltation of rivers, pollution and Climate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>change Reduced generation of power</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Inadequate legal coverage on regulated entities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ineffective regulation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Loss of investor confidence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Failure to attract IPPs</td>
</tr>
<tr>
<td>Legal</td>
<td>• Limited personnel specialized in energy law matters</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ineffective Legal instruments</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Frozen parts of the Laws</td>
<td></td>
</tr>
</tbody>
</table>
## 5.3 A Summary of Strengths and Weaknesses

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Established by statute.</td>
<td>• Inadequate interaction and engagement with customers and industry players</td>
</tr>
<tr>
<td>• Self-sustaining organisation</td>
<td>• Limited capacity to monitor every agency</td>
</tr>
<tr>
<td>• Has Corporate Governance Structures in place.</td>
<td>• Inadequate consultation with existing major stakeholders when engaging in a project</td>
</tr>
<tr>
<td>• Has qualified professional staff and trainable</td>
<td>• Inadequacy and in operational legal framework</td>
</tr>
<tr>
<td>• Has operational systems in place</td>
<td>• Lack of integrity among staff, at times reflected in loss of unauthorised disclosure of sensitive company documents.</td>
</tr>
<tr>
<td>• Member of regional and international energy regulatory bodies</td>
<td></td>
</tr>
<tr>
<td>• Clear reporting and differentiation of responsibilities in the organizational hierarchy</td>
<td></td>
</tr>
<tr>
<td>• Has well established advisory committees</td>
<td></td>
</tr>
<tr>
<td>• Potential to retain qualified staff</td>
<td></td>
</tr>
<tr>
<td>• National presences</td>
<td></td>
</tr>
</tbody>
</table>
5.4 A Summary of Opportunities and Threats

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The energy sector is attractive to investors</td>
<td>• Political influence</td>
</tr>
<tr>
<td>• Wide labour market from which it can recruit personnel</td>
<td>• Lack of compliance to regulations by some players</td>
</tr>
<tr>
<td>• Government policy support</td>
<td>• Governments’ cumbersome and bureaucratic procedures</td>
</tr>
<tr>
<td>• Linkages to regional and international bodies</td>
<td>• Sections of industry sceptical of MERA’S effectiveness at present</td>
</tr>
<tr>
<td>• Sharing best practices and experiences with other regulators</td>
<td>• Government interference into organisation’s plans.</td>
</tr>
<tr>
<td></td>
<td>• Government policy of including members who are not in the law on the MERA Board</td>
</tr>
</tbody>
</table>
6.0 STRATEGIC FRAMEWORK

6.1 Introduction

As the preceding contextual and strategic analysis has shown, there are weaknesses and threats that MERA should address moving forward, while building on its strengths. There are also opportunities that it should exploit as it seeks to fulfil its mandate of regulating the energy sector. The strategic direction set out in this section therefore is MERA’s response to the key challenges and issues that require adequate attention over the SP life span in a focused and action oriented manner. The strategic direction outlines the priorities of MERA, strategic goals and objectives, and implementation strategies.

In setting the strategic direction, MERA recognizes it is not possible for it to address all the issues identified in the situational analysis due to capacity and resource limitations and therefore it has identified priorities or areas of strategic focus for the SP life span. The priorities are reflected in the form of strategic issues.

6.2 Strategic Issues

The key strategic issues that will be the areas of focus for the SP life span are set out below.

i) The regulatory environment of the energy sector still remains unsatisfactory. The reasons leading to this unsatisfactory situation include; bureaucratic price revision approval process, gaps in regulations and standards, political interference, limited understanding of MERA’s mandate, and lack of critical data in some aspects of the regulated entities and information asymmetry between the regulator and the regulated entities. In addition there are gaps in monitoring the efficiency and performance of energy undertakings due to inadequate mechanism and tools.

ii) The availability, accessibility, quality and reliability of electricity supply and renewable energy technologies still remain a challenge. The current scope of energy management is inefficient and impacting negatively on the environment. The regulatory frameworks for coal-fired power plants and renewable energy technologies are yet to be developed.

iii) Security of fuel supply remains a challenge due to inadequate fuel storage capacity, logistical problems, uncoordinated procurement, underutilization of bio-fuels, over reliance of imported fuels. There are continued challenges of timelines of contracting volumes, route mixing and adherence to APM.

iv) Financial sustainability of MERA still remains a challenge.

v) Misconceptions on MERA’s mandate among key stakeholders and the general public suggest that its role in the society is not well understood.

vi) Inadequate institutional capacity that has experienced challenges in terms of operational autonomy, technological changes and high staff turnover.

vii) Inadequate research in energy technologies.
6.3 Strategic Goals

The strategic goals of the SP life span are set out below.

1. Strengthened regulatory framework for optimum delivery of regulated services.
2. Facilitating increased electricity supply.
3. Enhanced conducive environment for security of fuel supplies.
4. Enhanced sustainability of MERA.
5. Increased awareness of the role and mandate of MERA.
6. Strengthened institutional capacity of MERA for efficient and effective delivery of services.
7. Strengthened research in new energy technologies.

6.4 Strategic Goals, Objectives and Strategies

**STRATEGIC GOAL # 1: STRENGTHENED REGULATORY FRAMEWORK FOR OPTIMUM DELIVERY OF REGULATED SERVICES**

**Rationale:** Although significant efforts have been made to put in place the necessary legal instruments for regulation of the Energy Sector, there are still some gaps that need to be addressed. This is compounded by the lack of critical data in some aspects of the regulated entities and information asymmetry between regulator and regulated. In addition there are gaps in monitoring the efficiency and performance of energy undertakings due to inadequate mechanisms and tools.

**Expected Outcomes:**

1. Predictable pricing processes.
2. Standards and legislations that are benchmarked with international best practices.
3. Regulated services that are in conformity with standards and legislations.

Indicators of achievement are as follows:

- Pricing revision within set time frame
- Efficacy of standards and legislations
- Number of regulated entities that are complying with standards and legislation.

**Objective # 1: Streamline the Fuel Price Review Process**

**Strategies:**

1. Review a clear time table for approval
2. Publish price approval process
3. Review legislations to incorporate the stakeholder consultations on price review to be within 48 hours
Objective # 2: Improve Enforcement Mechanisms,

Strategies:
1. Develop standards and regulations for coal fired power plants.
2. Review and enforce standards and regulations in areas of electricity and fuels.
3. Review and enforce standards and regulations in renewable energy. and
4. Develop information reporting guidelines.
5. Facilitate the development of coal and renewable energy Acts by Government;
Rationale: The quality, accessibility, availability and reliability of electricity supply and renewable energy technologies still remain a challenge. The country is overly dependent on hydro-electricity. The current scope of energy management is inefficient and impacting negatively on the environment.

Expected Outcomes:

1. Increase in the quality, accessibility, availability and reliability of electricity supply
2. Increased usage of renewable energy technologies
3. Diversified power generation sources.
4. Improved management of energy

Indicators of achievement are as follows:

- Increase in electricity supply
- Number of consumers using renewable technologies
- Ratio of energy mix.
- Reduction in technical and non-technical losses

**Objective # 1: To facilitate improved efficiency in generation, transmission and distribution**

**Strategies:**
1. Develop monitoring mechanisms for maintenance and operational performance
2. Intensify monitoring of the performance of regulated entities

**Objective # 2: To develop and improve frameworks for increased generation and expansion of transmission and distribution capacity**

**Strategies:**
1. Facilitate diversification of power sources through renewable technologies and thermal energy
2. Develop and implement frameworks for involvement of Independent Power Producers (IPPs)
3. Develop and implement guidelines for power trading
5. Develop and implement third party access guidelines
Strategic Plan for Malawi Energy Regulatory Authority (2014-2018)

STRATEGIC GOAL # 3: ENHANCED CONDUCIVE ENVIRONMENT FOR SECURITY OF FUEL SUPPLIES

**Rationale:** Security of fuel supply remains a challenge due to inadequate fuel storage capacity, logistical problems, uncoordinated procurement, underutilization of bio-fuels, over reliance of imported fuels. There are continued challenges of timeliness of contracting volumes, route mixing, and adherence to APM to control losses.

**Expected Outcomes:**

1. No disruption in fuel supplies
2. Coordinated value for money procurement arrangements of fuel
4. Reduced in transit losses.
5. Optimal landed costs of imported fuels reduced.
6. Increased storage capacity.
7. Improved access to fuel in the remote rural areas
8. Incentives that increases investment in the energy infrastructure in the rural areas

An aerial view of a Blantyre NOCMA Fuel Depot

Indicators of achievement are as follows:

1. Increase in consumption day’s cover of fuel in the country.
2. Reduction in fuel in transit losses and gains within the prescribed band.
4. Landed cost of imported fuels.
5. Volume of bio-fuels produced.
6. Number of service stations operating in remote rural areas
Objective # 1: To ensure uninterrupted fuel supplies

Strategies:

1. Develop framework for bulk procurement
2. Develop framework for fuel storage incentives
3. Develop framework for emergency fuel supplies
4. Develop framework for bio-fuels incentives
5. Continued implementation of APM in accordance with the law.
6. Enforce compliance of the law in the operations fuel business i.e. retail outlets, storage
7. Develop scheme / strategies to reduce in transit losses
Rationale: Financial sustainability of MERA still remains a challenge, as it is still susceptible to income reductions caused by drastic decreases in imported volumes.

Expected Outcomes

1. MERA meets its obligations as they fall due
2. Diversify income sources

Indicators of achievement are as follows:

- Adequate current ratio (above 2:1)
- Levy collection days reduced
- New income sources

Objective # 1: To optimize Income Sources

Strategies:

1. Review the time frame for the remittance of levies (through change of legislation)
2. Regular review of energy fees and charges
3. Automation of license fees invoicing and payment
4. Increase efficient use of resources and minimise wastage

Objective # 2: To diversify income sources

Strategies:

1. Review legislation to include fees on all energy sources
2. Construct office complex with space for renting out
STRATEGIC GOAL # 5: IMPROVED STAKEHOLDER UNDERSTANDING OF MERA ROLES AND MANDATE

Rationale: Misconceptions on MERA’s mandate among key stakeholders and the general public suggest that its role in society is not well understood.

Expected Outcomes

1. By the end of the plan period 80 percent of stakeholders can explain the role of MERA in the country
2. By the end of the plan period 80 percent of stakeholders understand the processes for engaging MERA on its various mandates.

Indicators of achievement are as follows:

- Percentage of stakeholders that can explain the role of MERA
- Percentage of stakeholders that explain processes for engaging with MERA
- A Service Charter is developed

Objective # 1: To enhance MERA’s image

Strategies:

1. Establish a complaint handling framework and unit
2. Engage stakeholders and offer advisory services
3. Incorporate social media in the media strategy
4. Develop a fraud and corruption prevention policy
5. Promote gender, youth and disability participation in the energy sector
6. Conduct annual Stakeholder Perception Surveys

Objective # 2: To maximize opportunities for corporate social responsibility

Strategies:

1. Increase the target group
2. Develop a social responsibility policy and strategy

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6 MERA currently has no verifiable baseline data to indicate level of awareness, but assumes that 50% of the population mainly in urban areas are aware of its mandate.
Rationale: Inadequate institutional capacity that has experienced challenges in terms of operational autonomy, technological changes and high staff turnover.

Expected Outcomes

1. Knowledge, skills and attitudes in MERA, reflecting its core values
2. Structure, management systems and processes, well aligned with its strategic focus
3. MERA enjoys operational autonomy

Indicators of achievement are as follows:

- Number of staff with knowledge and skills consistent with job profiles
- Reduced Number of complaints (attitudes, skills and knowledge) from those served by MERA
- Timeliness of responses to issues

Objective #1: To recruit, develop and retain high calibre staff

Strategies:

1. Coordinated staff skills development based on identified skills gaps
2. Regular review of Conditions of Service
3. Regular review of human resource policies and systems
4. Provide competitive remuneration.

Objective #2: To review modalities for implementing the SP

Strategies:

1. Establish an SP Coordination Team
2. Produce annual and/or scheduled SP Progress Reports

Objective #3: To develop a robust record management and archive system

Strategies:

1. Develop Management Information System (MIS)
2. Develop systematic documentation and archiving of information and reports
Objective # 4: To develop a regulatory impact assessment framework

Strategies:

1. Engage a consultant on regulatory impact assessment
2. Engage and sensitize the stakeholders on the regulatory framework

Objective # 5: To strengthen the organizational arrangements

Strategies:

1. Review implications of the Functional Review on the SP implementation
2. Develop Organisational Improvement Framework
3. Update the enabling legislation
Rationale: There has been inadequate research in the energy related matters in the country, resulting in MERA not being able to proactively provide informed guidance on emerging energy technologies.

Expected Outcomes

1. The country is up to date with technological changes in the energy sector
2. The country’s choices on energy use are informed by research
3. Malawi’s standards and guidelines are aligned to energy technologies that benefit the country

Indicators of achievement are as follows:

- Number of approved technologies that are in line with global best or standard practice
- Number of research programmes facilitated by MERA
- Number of skilled researchers in-country in the area of energy
- Increased capacity by MERA to facilitate research

Objective #1: To develop controls for energy technologies

Strategies:

1. Review mechanisms for assessing energy technologies for use in Malawi
2. Regularly update register of approved energy technologies
3. Regularly inform users on benefits and challenges of various energy technologies
4. Updated guidelines and standards on emerging energy technologies

Objective #2: To increase the level of research in energy related affairs

Strategies:

1. Have a dedicated budget for targeted energy research
2. Establish linkages with research institutions in energy matters
3. Develop research capacity in relevant institutions in energy affairs
Objective # 3: To increase capacity of MERA to facilitate research in energy

Strategies:

1. Establish Unit to facilitate research in energy affairs
2. Recruit qualified staff for Unit

Objective # 4: To disseminate best practices in energy technologies

Strategies:

1. Documenting and publishing best practice energy technologies appropriate for Malawi
2. Organise forum for dissemination of energy research
3. Process stakeholder feedback for further research

A Solar Steriliser developed by a Mzuzu University student
7.0 KEY SUCCESS FACTORS

Factors considered key to the successful implementation of the SP are set out below.

i) Sustained commitment to respect of the energy laws.

ii) Neutrality and independence in regulation and decision making in line with the laws.

iii) Collaboration with stakeholders including in areas of research.

iv) Enhanced awareness of the role and mandate of the Authority and procedures and processes for conduct of its work.

v) Adequate resources to implement regulatory functions.

vi) Staff retention
8.0 IMPLEMENTATION, MONITORING AND EVALUATION ARRANGEMENTS

8.1 Introduction

Given that implementation of the Strategic Plan cannot happen in a vacuum, set out below are the institutional arrangements that provide guidance to the various bodies that are expected to play critical roles in its implementation.

8.2 The Board

The Board in line with the enabling legislation is expected to oversee and own the operations of MERA. In this regard, it will receive quarterly reports on the implementation of the Strategic Plan. This will enable the Board to measure progress and address challenges in the implementation of the Plan.

8.3 Strategic Plan Implementation Committee

To ensure timely implementation of the strategies set out in this Plan, MERA will establish a Strategic Plan Implementation Committee to facilitate implementation of the Plan. The Committee will also be responsible for marketing and publicising the Strategic Plan. The Committee shall elect a chairperson and will be comprised of members from all Directorates and Sections. In this connection, each Directorate will be expected to develop annual work plans to facilitate implementation of the Strategic Plan. The plans will be discussed and endorsed by the Committee before they are forwarded to the Chief Executive Officer for approval. The Committee will also be responsible for monitoring and evaluating implementation of activities and advise the Chief Executive Officer accordingly on progress and emerging issues.

Specific activities in relation to the Strategic Plan Implementation Committee are as follows:

- Ensure strategic goals and objectives are integrated in Annual Work Plans
- Monitor and evaluate progress of the implementation of planned activities
- Report to the Chief Executive Officer on a quarterly basis
- Liaising with Finance and Administration on provision and allocation of resources for the implementation of the Strategic Plan, including its publicity
- Facilitate Base Line Surveys, Mid Term and Final Evaluations
- Market the new SP to all key stakeholders.

8.4 Communication Strategy

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

- A launch involving eminent officials in Government and key stakeholders of MERA;
- Popularising the Plan, especially the new Vision, Mission and Core Values through Banners, Brochures, Calendars and Diaries. It will entail updating the Orientation Handbook for MERA staff to ensure inculcation of its core values.
- TV and Radio presentations on MERA’s role and focus for next four years.
- Dramatisation of MERA’s role through use of drama groups
- Development of jingles
## APPENDIX 1: IMPLEMENTATION PLAN

### STRATEGIC GOAL # 1: STRENGTHENED REGULATORY FRAMEWORK FOR OPTIMUM DELIVERY OF REGULATED SERVICES

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Strategies</th>
<th>Risk</th>
<th>Expected Output(s)</th>
<th>Activities</th>
<th>Target(s)</th>
<th>Responsible Body</th>
<th>Collaborati on/Partnershi ps</th>
<th>Performan ce Indicator(s)</th>
<th>Means of Verification</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Streamline the Fuel Price Review Process</td>
<td>• Determine a clear timetable for price approval</td>
<td>Government interference</td>
<td>Price revision table clarified</td>
<td>1. Consult stakeholders 2. Draft the price timetable 3. Seek approval from the board 4. Publish the price timetable</td>
<td>Price determination announced 48 hours after EPC meeting</td>
<td>Chief Executive Officer</td>
<td>Director of Economic Regulation / All Directors Board of Directors</td>
<td>Timing of price revision</td>
<td>Price Revision Time table</td>
<td>Y 1  Y 2  Y 3  Y 4</td>
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<tr>
<td></td>
<td>• Publish price approval process</td>
<td>Government interference</td>
<td>Approval process published</td>
<td>1. Identification of publisher 2. Print the price timetable 3. Publish the timetable</td>
<td></td>
<td>Chief Executive Officer</td>
<td>Director of Economic Regulation</td>
<td>Streamlined approval process</td>
<td>Press Statement</td>
<td>Y 1  Y 2  Y 3  Y 4</td>
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<td></td>
<td>• Review legislation to incorporate the stakeholder consultations on price review to be within 48 hours</td>
<td>Government interference</td>
<td>Stakeholder consultations incorporated in timetable</td>
<td>1. Consult stakeholders 2. Draft the regulation 3. Seek approval 4. Gazette the regulation</td>
<td>Standards and regulation developed and operationalised by June 2015</td>
<td>Chief Executive Officer</td>
<td>All Directors</td>
<td>Number of Meetings</td>
<td>Report on the Consultations</td>
<td>Y 1  Y 2  Y 3  Y 4</td>
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<tr>
<td>2. To Improve Enforcement Mechanisms</td>
<td>• Develop, review and enforce standards and legislation in areas of electricity, fuels and Stakeholder perception on MERA</td>
<td>Standards and regulations developed and reviewed</td>
<td>1. Consult stakeholders 2. Draft the standards and regulations Boards Approval</td>
<td>Standards and regulation developed and operationalised by June 2015</td>
<td>Chief Executive Officer</td>
<td>All Directors</td>
<td>Developed and reviewed standards and regulations</td>
<td>Quarterly and Annual Reports</td>
<td>Y 1  Y 2  Y 3  Y 4</td>
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<tr>
<td>Objectives</td>
<td>Strategies</td>
<td>Risk</td>
<td>Expected Output(s)</td>
<td>Activities</td>
<td>Target(s)</td>
<td>Responsible Body</td>
<td>Collaborative Partnerships</td>
<td>Performance Indicator(s)</td>
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<td>renewable and coal fired power plants</td>
<td>energy technologies Act; Legislation of coal technologies Act; Annual industry performance reports received and published; Data symmetry between regulated industry and regulator</td>
<td>4. Publish the standards and regulations 5. Carry out awareness campaigns</td>
<td>(technical, financial, economic and legal) by June 2015</td>
<td>Independent performance monitoring; Ease of benchmarking industry performance with international best practice with availability of data;</td>
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<td>Stakeholder perception on Information reporting guidelines developed</td>
<td>1. Draft the guidelines 2. Consult stakeholders 3. Seek approval from the Board 4. Publish the information reporting guidelines 5. Carry out awareness campaigns</td>
<td>By second year of the SP</td>
<td>Chief Executive Officer All Directors</td>
<td>Information reporting guidelines developed</td>
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<td>• Facilitate the development of coal and Government delays</td>
<td>Stakeholder perception on Information reporting guidelines developed</td>
<td>1. Draft the guidelines 2. Consult stakeholders 3. Seek approval from the Board 4. Publish the information reporting guidelines 5. Carry out awareness campaigns</td>
<td>By second year of the SP</td>
<td>Chief Executive Officer All Directors</td>
<td>Information reporting guidelines developed</td>
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<td>renewable energy Acts by Government</td>
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<td>3. the Government Carry out dissemination exercise</td>
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## STRATEGIC GOAL # 2: FACILITATE INCREASE IN ELECTRICITY SUPPLY

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<th>Strategies</th>
<th>Expected Output(s)</th>
<th>Activities</th>
<th>Target(s)</th>
<th>Responsible Body</th>
<th>Collaborati on/ Partnershi ps</th>
<th>Performance Indicator(s)</th>
<th>Means of Verification</th>
<th>Time Frame</th>
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<tbody>
<tr>
<td>1. To facilitate improved efficiency in generation, transmission and distribution</td>
<td>• Develop guidelines for maintenance and operational performance</td>
<td>Stakeholder inadequate adherence to guidelines</td>
<td>1. Develop Terms of Reference for the Technical Committee</td>
<td>Efficiency standards developed and operationalised by June 2015 for all energy technologies</td>
<td>Director, Technical Regulation</td>
<td>Regulated Entities</td>
<td>Efficiency ratios</td>
<td>Performance Agreement</td>
<td>Y 1 Y 2 Y 3 Y 4</td>
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<td></td>
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<td>Maintenance guidelines developed; Minimum efficiency levels or (performance levels)</td>
<td>2. Appoint the technical Committee</td>
<td>KPIs for each energy technology defined and enforced; Over 60% of operators complying;</td>
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<td>5. Seek approval from the Board</td>
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<td>6. Publish the guidelines</td>
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<td>7. Carry out the awareness campaign</td>
<td>7. Carry out the awareness campaign</td>
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<td>• Develop electricity standards</td>
<td>The standards; Electricity Supply Industry (ESI) KPIs</td>
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<td>1. Develop the standards and KPIs</td>
<td>Performanc e and efficiency levels consistent with best practice by</td>
<td>Director of Technical Regulation</td>
<td>Regulated entities</td>
<td>KPIs Standards</td>
<td>Performance Agreement</td>
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<td>2. Consult stakeholders</td>
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<td>Objectives</td>
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<td>from the board</td>
<td>4. Carry out awareness campaigns</td>
<td>second year of SP;</td>
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<td>Regulated entities failure to comply</td>
<td>1. Intensify monitoring of the performance of regulated entities</td>
<td>Bi-annually</td>
<td>Chief Executive Officer</td>
<td>Director, Technical Regulation</td>
<td>KPIs developed</td>
<td>Bi-Annual reports</td>
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<td></td>
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<td>Regulated entities inspected Bi-annually</td>
<td>2. To develop and improve frameworks for increased generation and expansion of transmission and power</td>
<td>Affordability of the renewable power sources</td>
<td>Director, Technical Regulation</td>
<td>Regulated Entities</td>
<td>Improved frameworks</td>
<td>Quarterly and Annual Reports</td>
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<td>Alternative power sources identified</td>
<td>1. Identify barriers to diversification</td>
<td>Frameworks and guidelines developed by December 2014</td>
<td>Director of Technical Regulation</td>
<td>Regulated Entities</td>
<td>Improved frameworks</td>
<td>Quarterly and Annual Reports</td>
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<td>Legal and regulatory framework for mini grid systems</td>
<td>2. Identify strategies for addressing barriers</td>
<td>Frameworks and guidelines developed by December 2014</td>
<td>Director of Technical Regulation</td>
<td>Regulated Entities</td>
<td>Improved frameworks</td>
<td>Quarterly and Annual Reports</td>
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<td>Establish</td>
<td>3. Establish</td>
<td>Frameworks and guidelines developed by December 2014</td>
<td>Director of Technical Regulation</td>
<td>Regulated Entities</td>
<td>Improved frameworks</td>
<td>Quarterly and Annual Reports</td>
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<td>Objectives</td>
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<td>distribution capacity</td>
<td>• Develop framework for mini grid systems</td>
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<td>demonstratio n sites for RETs</td>
<td>Increased private and small scale participation in energy production and supply;</td>
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<td>4. Lobby with Government of Malawi and other stakeholders for incentives</td>
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<td>5. Establish collaboration with industry institutions</td>
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<td>IPPs lack of entrepreneurial spirit</td>
<td>Framework for IPPs developed and operational as follows, among others:</td>
<td>Conducive environment for power trading created;</td>
<td>Director, Technical Regulation</td>
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<td>Grid Code; Framework for Power Purchase Agreement and Feed In Tariff;</td>
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<td>1. Consolidate the framework for involvement of IPPs</td>
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<td>2. Consult the stakeholders</td>
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<td>3. Seek approval from the Board</td>
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<td>4. Publish the framework</td>
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<td>5. Exchange visits and tours to gain practical experience;</td>
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<td></td>
<td>• Develop and implement guidelines for cross border power trading</td>
<td>Guidelines for cross border trading developed</td>
<td>1. Develop Terms of Reference for the Technical Committee</td>
<td>By the second year of SP</td>
<td>Director, Economic Regulation</td>
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### Risk
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<th>Activities</th>
<th>Target(s)</th>
<th>Responsible Body</th>
<th>Collaborator/Partner(s)</th>
<th>Performance Indicator(s)</th>
<th>Means of Verification</th>
<th>Time Frame</th>
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<tbody>
<tr>
<td>• Lobby for the unfreezing of the frozen parts of the Electricity Act of 2004</td>
<td>Government delays</td>
<td>Frozen parts unfrozen</td>
<td>1. Develop a position paper</td>
<td>Unfrozen by second year of SP</td>
<td>Director, Legal Services and Company Secretary</td>
<td>Chief Executive Officer, Director, Regulation, Director of Energy Affairs</td>
<td>Frozen parts unfrozen</td>
<td>Gazette, Quarterly and annual Reports</td>
<td>Y 1 Y 2 Y 3 Y 4</td>
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<td>2. Consult the stakeholders</td>
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<td>• Develop and implement third party access guidelines</td>
<td>Government delays</td>
<td>Third party access guidelines developed</td>
<td>1. Develop Terms of Reference for the Technical Committee</td>
<td>Third party access guidelines developed by second year of SP</td>
<td>Director, Technical Regulations</td>
<td>Director, Legal Services and the Director, Economic Regulation and Director of Energy Affairs</td>
<td>Third party access guidelines developed</td>
<td>Quarterly Reports and Annual Reports</td>
<td>Y 1 Y 2 Y 3 Y 4</td>
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<td>2. Appoint the technical Committee</td>
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<td>3. Draft guidelines for third</td>
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<th>Objectives</th>
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<th>Collaborati on/ Partnerships</th>
<th>Performan ce Indicator(s)</th>
<th>Means of Verification</th>
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<td>party access Consult the stakeholders Seek approval from the Board Publish the guidelines Carry out the awareness campaign</td>
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### STRATEGIC GOAL # 3: ENHANCED CONDUCIVE ENVIRONMENT FOR FUEL SUPPLIES

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<th>Strategies</th>
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<th>Activities</th>
<th>Target(s)</th>
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<th>Collaboration / Partnerships</th>
<th>Performance Indicator(s)</th>
<th>Means of Verification</th>
<th>Time Frame</th>
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<tbody>
<tr>
<td>1. To secure uninterrupted fuel supplies</td>
<td>• Develop framework for bulk procurement</td>
<td>Government delays</td>
<td>Bulk procurement framework developed</td>
<td>1. Conduct study tour  2. Consult oil industry stakeholders  3. Draft the framework  4. Seek approval from the Board  5. Sensitize the stakeholders on the bulk procurement</td>
<td>Frameworks and guidelines developed by December 2014  30 days stock cover achieved by June 2015</td>
<td>Director, Economic Regulation  Director of Finance and Administration  Director of Legal</td>
<td>Bulk procurement framework developed</td>
<td>Quarterly and Annual Reports</td>
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<td>2. Develop framework for fuel storage incentives</td>
<td>Government approval delays</td>
<td>Fuel storage incentive formulated</td>
<td>1. Consult oil industry stakeholders  2. Draft the framework  3. Seek approval from the Board  4. Sensitize the stakeholders on the bulk procurement</td>
<td>Fuel storage incentive developed by second year of the SP</td>
<td>Director of Economic Regulation</td>
<td>All Directors</td>
<td>Fuel storage incentive formulated</td>
<td>Quarterly and Annual Reports</td>
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<td>3. Develop Framework for emergency fuel supplies</td>
<td>Government approval delays</td>
<td>Framework for emergency fuel supplies developed</td>
<td>1. Consult oil industry stakeholders  2. Draft the framework  3. Seek approval from the Board  4. Sensitize the stakeholders on</td>
<td>Framework for emergency supplies developed by second year of SP</td>
<td>Chief Executive Officer</td>
<td>All Directors</td>
<td>Framework for emergency fuel supplies developed</td>
<td>Quarterly and Annual Reports</td>
<td>Y Y Y Y</td>
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<td>Objectives</td>
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<td>Target(s)</td>
<td>Responsible Body</td>
<td>Collaboration/Partnerships</td>
<td>Performance Indicator(s)</td>
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<td>• Develop framework for bio-fuels incentives</td>
<td>Government approval delays</td>
<td>Bio-fuel 43incentive developed</td>
<td>1. Identify barriers to bio-fuel production</td>
<td>By second year of the SP</td>
<td>Chief Executive Officer</td>
<td>All Directors</td>
<td>Bio-fuel incentives developed</td>
<td>Quarterly and Annuals Reports</td>
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<td>2. Identify strategies for addressing barriers</td>
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<td>3. Establish demonstration vehicles</td>
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<td>4. Lobby with govt and others for incentives</td>
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<td>5. Collaborate with training and industry institutions</td>
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<tr>
<td>Continued implementation of APM.</td>
<td>Government approval delays</td>
<td>APM adhered to</td>
<td>1. Review APM effectiveness</td>
<td>Price adjustment within periods provided by the Law</td>
<td>Chief Executive Officer</td>
<td>All Directors</td>
<td>Violation of APM guidelines</td>
<td>Pricing reports</td>
<td>Y 1 Y 2 Y 3 Y 4</td>
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<td>2. Publication of FOB prices and in-bond landed cost</td>
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<td>3. Independent Certification of input data and computed pump prices</td>
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### STRATEGIC GOAL # 4: ENHANCED FINANCIAL SUSTAINABILITY

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<th>Objectives</th>
<th>Strategies</th>
<th>Expected Output(s)</th>
<th>Activities</th>
<th>Target(s)</th>
<th>Responsible Body</th>
<th>Collaboratio n/ Partnerships</th>
<th>Performance Indicator(s)</th>
<th>Means of Verificatio n</th>
<th>Time Frame</th>
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</thead>
<tbody>
<tr>
<td>1. To optimise income sources&lt;br&gt;• Review the time frame for the remittance of fees through change of legislation</td>
<td>Government delays</td>
<td>Time frame for remittance of levies reviewed</td>
<td>1. Consult stakeholde rs&lt;br&gt;2. Initiate review of the legislation&lt;br&gt;3. Draft the legislation&lt;br&gt;4. Boards Approval&lt;br&gt;Gazette the legislation</td>
<td>Reduce the credit period from 45 days to 30 days by year 2; 15 and COD by year 4</td>
<td>Director of Legal Affairs and Board Secretary</td>
<td>Regulated Entities&lt;br&gt;Director of Finance and Administration</td>
<td>Time frame for remittance of levies reviewed</td>
<td>Quarterly and Annual Reports</td>
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<tr>
<td>&lt;br&gt;• Regular review of energy fees and charges</td>
<td>Government approval delays</td>
<td>Fees and Charges reviewed based on set factors</td>
<td>1. Conduct a benchmarking study&lt;br&gt;2. Consult stakeholde rs&lt;br&gt;3. Seek approval from the board&lt;br&gt;4. Conduct awareness</td>
<td>Annually</td>
<td>Director of Finance and Administration</td>
<td>Regulated Entities</td>
<td>Fees and Charges reviewed</td>
<td>Quarterly and Annual Reports</td>
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<tr>
<td>&lt;br&gt;• Automation of license fees invoicing and payment</td>
<td>Government approval delays</td>
<td>License invoicing process automated</td>
<td>1. Procurement of software&lt;br&gt;2. Train the staff&lt;br&gt;3. Install the system&lt;br&gt;4. Review</td>
<td>Increase collection of license fees by 15%</td>
<td>Director Finance and Administration</td>
<td>Systems Vendor&lt;br&gt;Director of Technical Regulation</td>
<td>License invoicing process automated</td>
<td>Quarterly and Annual Reports</td>
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<tr>
<td>Objectives</td>
<td>Strategies</td>
<td>Expected Output(s)</td>
<td>Activities</td>
<td>Target(s)</td>
<td>Responsible Body</td>
<td>Collaboratio n/ Partnerships</td>
<td>Performance Indicator (s)</td>
<td>Means of Verification</td>
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<td>• Increase efficient use of resources and minimize wastage</td>
<td>Government approval delays</td>
<td>1. Enhance budgeting and budgetary control</td>
<td>Benchmarks developed by First year of SP and monitored annually thereafter</td>
<td>Chief Executive Officer</td>
<td>All Directors</td>
<td>Reduction in wastage</td>
<td>Quarterly Financial Management Accounts</td>
<td>Y 1 Y 2 Y 3 Y 4 Y 5</td>
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<td>Potential areas of wastage identified and actions/strategies developed</td>
<td>2. Produce periodic financial reports</td>
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<td>3. Regular reconciliations</td>
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<td>4. Develop fraud and corruption prevention policy</td>
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<td>• Review legislation on payment of fees</td>
<td>Legislation on fees reviewed</td>
<td>1. Conduct the study tour</td>
<td>To increase level of collection by 15% by 2018</td>
<td>Director, Legal Services and Board Secretary</td>
<td>Director of Finance and Administration</td>
<td>Legislation on fees reviewed</td>
<td>Quarterly and Annual Reports</td>
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<td>2. Draft the legislation</td>
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<td>3. Seek approval from the board</td>
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<td>4. Gazette the legislation</td>
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<td></td>
<td>• Construct an office complex with space for renting out</td>
<td>Availability of funds</td>
<td>1. Identify the property manager</td>
<td>Office complex constructed by end of the SP</td>
<td>Chief Executive Officer</td>
<td>Contractor</td>
<td>Office Complex constructed</td>
<td>Quarterly and Annual Reports</td>
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<td>2. Let out the available space</td>
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## STRATEGIC GOAL # 5: IMPROVED STAKEHOLDER UNDERSTANDING OF MERA’S ROLES AND MANDATE

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<th>Objectives</th>
<th>Strategies</th>
<th>Expected Output(s)</th>
<th>Activities</th>
<th>Target(s)</th>
<th>Responsible Body</th>
<th>Collaboration/Partnerships</th>
<th>Performance Indicators(s)</th>
<th>Means of Verification</th>
<th>Time Frame</th>
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| 1. To enhance MERA’s image through wider publicity | • Develop a Service Charter  
• Establish a complaint handling framework and unit | Resources to comply to the charter  
Complaints handling framework and unit established | 1. Undertake Baseline Survey  
2. Establish indicators of performance  
3. Agree expectation with key stakeholders  
4. Benchmark study on complaint handling  
5. Draw specifications for Complaint Handling Systems  
6. Procure Complaint Handling System and support equipment  
7. Train users and stakeholders  
8. Launch the system  
9. Review the system | By end of SP period | Director of Finance and Administration  
Senior Public Relations Officer, Senior ICT Officer | Complaints handling framework and unit established | Quarterly and Annual Reports |

- Engage stakeholders and offer advisory services

- Willingness of stakeholders engaged

1. Conduct regular meetings

Quarterly awareness meetings

Director of Finance and Administration  
Senior Public Relations Officer

Stakeholders engaged

Quarterly and Annual Reports
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<th>Objectives</th>
<th>Strategies</th>
<th>Expected Output(s)</th>
<th>Activities</th>
<th>Target(s)</th>
<th>Responsible Body</th>
<th>Collaboraton/Partnerships</th>
<th>Performance Indicator(s)</th>
<th>Means of Verification</th>
<th>Time Frame</th>
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</table>
| • Incorporate social media in the media strategy                           | Willingness of stakeholders                                               | Social media incorporated in media strategy                                    | 1. Draw social media procedures  
2. Register with Social media  
3. Implement the social media  
4. Review the social media | Enhanced confidence of stakeholders                                      | Director of Finance and Administration                                         | Senior Public Relations Officer               | Social media incorporated in media strategy | Quarterly and Annual Reports | Y 1 Y 2 Y 3 Y 4 |
| • Develop a fraud and corruption prevention policy                          | Will to enforce the policy                                                | Fraud and corruption prevention policy developed                             | 1. Liaise with Fraud and Corruption prevention agencies  
2. Develop the policy  
3. Seek board approval  
4. Conduct awareness campaign | Within the first year of the SP                                           | Director of Finance and Administration                                         | Senior Public Relations Officer               | Fraud and corruption prevention policy developed | Quarterly and Annual Reports     | Y 1 Y 2 Y 3 Y 4 |
| • Promote gender, youth and disability participation in the energy sector  | Will of the targeted individuals                                          | Framework for participation of women and youth and physically challenged developed | 1. Engage Gender, Youth and disability organisations  
2. Draft the framework  
3. Seek approval from the board  
4. Conduct awareness campaign | Within the first year of the SP                                           | Director of Finance and Administration                                         | Senior Public Relations Officer               | Framework for participation of women and youth and physically challenged developed | Quarterly and Annual Reports     | Y 1 Y 2 Y 3 Y 4 |
| • Conduct annual Stakeholder Perception Surveys                            | Perception                                                                | Perception Survey undertaken                                                  | 1. Develop Terms of Reference  
2. Engage the consultant  
3. Review the consultant  
4. Develop the survey | Annual Stakeholder Perception Survey Reports                              | Director of Finance and Administration                                         | Senior Public Relations Officer               | Perception Survey undertaken          | Annual Reports         |

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<th>Time Frame</th>
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<td>Y 1 Y 2 Y 3 Y 4</td>
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<tr>
<td>2. To maximise opportunities for corporate social responsibility</td>
<td>• Develop a social responsibility policy and strategy</td>
<td>Stakeholder perception</td>
<td>1. Draft the policy</td>
<td>By Second Year of the SP</td>
<td>Director of Finance and Administration</td>
<td>Senior Public Relations Officer</td>
<td>Social responsibility policy and strategy developed</td>
<td>Quarterly and Annual Reports</td>
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<td>Social responsibility policy and strategy developed</td>
<td>2. Conduct internal consultations</td>
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<td>3. Seek board approval</td>
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<td>4. Publicise the policy</td>
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<td>• Increase the target group</td>
<td>Challenges identifying the target group</td>
<td>1. Conduct internal consultation</td>
<td>Health sector Education (rural communities)</td>
<td>Director of Finance and Administration</td>
<td>Senior Public Relations Officer</td>
<td>Target audiences identified</td>
<td>Quarterly and Annual Reports</td>
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<td>2. Develop a donation strategy</td>
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<tr>
<th>Objectives</th>
<th>Strategies</th>
<th>Expected Output(s)</th>
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<th>Performance Indicator(s)</th>
<th>Means of Verification</th>
<th>Time Frame</th>
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<tr>
<td>1. To develop and retain high calibre staff</td>
<td>• Coordinate staff skill development and replacement based on identified skills gaps</td>
<td>Capacity Development Strategy developed and implemented</td>
<td>1. Conduct regular Training Needs Assessment 2. Identify training institutions 3. Conduct training 4. Evaluate ROI 5. Draw a training plan 6. Enter the twinning arrangement with other regulators</td>
<td>Staff turnover less than 5%</td>
<td>Director of Finance and Administration</td>
<td>Senior Human Resources and Administration Officer</td>
<td>Capacity Development Strategy developed and implemented</td>
<td>Quarterly and Annual Reports</td>
<td>Y Y Y Y</td>
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<td>1. Regular reviews of Conditions of Service</td>
<td>Conditions of Service reviewed regularly</td>
<td>Conduct benchmarking with other institutions 2. Update the Conditions of Service 3. Seek approval from the Board 4. Implement the updated Conditions of Service</td>
<td>Annually</td>
<td>Director of Finance and Administration</td>
<td>Senior Human Resources and Administration Officer</td>
<td>Conditions of Service reviewed regularly</td>
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<td>1. Regular review of human resource policies and systems</td>
<td>Competitive market conditions</td>
<td>Conduct benchmarking with other institutions 2. Update Policies 3. Seek approval from the Board 4. Implement the updated Policies</td>
<td>Bi-annually</td>
<td>Director of Finance and Administration</td>
<td>Senior Human Resources and Administration Officer</td>
<td>Human resource policies and systems regularly reviewed</td>
</tr>
<tr>
<td>2. To establish</td>
<td>• Establish an</td>
<td>Team playing</td>
<td>SP</td>
<td>1. Develop the</td>
<td>Before the</td>
<td>Director of</td>
<td>Chief</td>
<td>SP</td>
<td>Quarterly</td>
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<td>Objectives</td>
<td>Strategies</td>
<td>Expected Output(s)</td>
<td>Activities</td>
<td>Target(s)</td>
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<td>Collaboratio n/ Partnerships</td>
<td>Performance Indicator(s)</td>
<td>Means of Verification</td>
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<td>modalities for implementing the SP</td>
<td>SP Coordination Team</td>
<td>Coordination Team established</td>
<td>Terms of Reference 2. Appoint the Coordination Team 3. Train the team</td>
<td>SP is implemented</td>
<td>Finance and Administration</td>
<td>Executive Officer</td>
<td>Coordination Team established</td>
<td>and Annual Reports</td>
<td>Y1 Y2 Y3 Y4</td>
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<tr>
<td>• Produce annual and/or scheduled SP Progress Reports</td>
<td>Perceptions Study conducted</td>
<td>1. Conduct periodic evaluations 2. Produce the reports 3. Publish the report findings</td>
<td>Annually</td>
<td>SP Implementation Committee</td>
<td>Chief Executive Officer</td>
<td>Survey Reports</td>
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<tr>
<td>3. To develop a robust record management and archive system</td>
<td>• Develop MIS</td>
<td>Provision of information</td>
<td>MIS developed</td>
<td>1. Review current system 2. Procure MIS system 3. Train staff on the system 4. Monitor the system</td>
<td>Within 2 years of SP implementation</td>
<td>Director of Finance and Administration</td>
<td>Senior Human Resources and Administration Officer</td>
<td>Develop IMS</td>
<td>Quarterly and Annual Reports</td>
</tr>
<tr>
<td>• Develop systematic documentation and archiving of information and reports</td>
<td>Documentati on and Archiving system developed</td>
<td>1. Review registry procedure 2. Recruit registry staff 3. Train the staff</td>
<td>Within the first Year of Implementation of SP</td>
<td>Director of Finance and Administration</td>
<td>Senior Human Resources and Administration Officer, Senior ICT Officer</td>
<td>Documentati on and Archiving system developed</td>
<td>Quarterly and Annual Reports</td>
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<tr>
<td>4. To enhance management information</td>
<td>• Develop robust Management</td>
<td>Provision of information</td>
<td>Functional MIS</td>
<td>1. Carry out a need analysis study 2. Study tour of</td>
<td>By the Third Year of the SP</td>
<td>Director of Finance and Administration</td>
<td>All Directors</td>
<td>Stakeholders aware of regulatory</td>
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<tr>
<td>Objectives</td>
<td>Strategies</td>
<td>Expected Output(s)</td>
<td>Activities</td>
<td>Target(s)</td>
<td>Responsible Body</td>
<td>Collaboratio n/Partnerships</td>
<td>Performance Indicator(s)</td>
<td>Means of Verification</td>
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<td>5. To conduct a regulatory impact assessment</td>
<td>• Engage a Consultant on regulatory impact assessment</td>
<td>Government approval, Impact Assessment Undertaken</td>
<td>1. Develop Terms of Reference</td>
<td>Every 2 years</td>
<td>Director of Finance and Administration</td>
<td>All Directors</td>
<td>Impact Assessment Undertaken</td>
<td>Annual Report, Consultancy Report</td>
<td>Y 1 Y 2 Y 3 Y 4</td>
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<tr>
<td>6. To strengthen the organisationa l</td>
<td>• Conduct a Functional Review</td>
<td>Staff perceptions, Functional Review conducted</td>
<td>1. Develop Terms of Reference</td>
<td>Within 1st year of SP implementation</td>
<td>Director of Finance and Administration</td>
<td>Senior Human Resources and Administration Officer</td>
<td>Functional Review conducted</td>
<td>Consultancy Report</td>
<td>Y 1 Y 2 Y 3 Y 4</td>
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## STRATEGIC GOAL # 7: STRENGTHENED RESEARCH IN ENERGY TECHNOLOGIES

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<th>Objectives</th>
<th>Strategies</th>
<th>Expected Output(s)</th>
<th>Activities</th>
<th>Target(s)</th>
<th>Responsible Body</th>
<th>Collaborator(s)</th>
<th>Performance Indicator(s)</th>
<th>Means of Verification</th>
<th>Time Frame</th>
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<tbody>
<tr>
<td>1. To develop controls for energy technologies</td>
<td>• Review mechanisms for assessing energy technologies for use in Malawi</td>
<td>Lengthy consultation process</td>
<td>1. Undertake study of existing controls mechanisms</td>
<td>Controls developed by 2015</td>
<td>Director of Technical Regulation</td>
<td>Department of Energy</td>
<td>Controls developed</td>
<td>Y 1 Y 2 Y 3 Y 4</td>
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<td>• Assess and recommend appropriate energy technologies for Malawi</td>
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<td>2. Develop standards and guidelines</td>
<td>Appropriate energy technologies identified</td>
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<td>3. Consult on guidelines and standards</td>
<td>and information availed to all for development</td>
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<td>4. Implement guidelines and standards</td>
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<td>5. Use the mechanism to identify appropriate energy technologies</td>
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<td>• Regularly update register of approved energy technologies</td>
<td>Storage system adequacy</td>
<td>1. Identify emerging technologies appropriate for Malawi</td>
<td>Register updated Annually</td>
<td>Director of Technical Regulation</td>
<td>Department of Energy</td>
<td>Up dated register</td>
<td>Y 1 Y 2 Y 3 Y 4</td>
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<td>2. Update register</td>
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<td>Annual Report</td>
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<td>• Regularly inform users on benefits and challenges of various energy technologies</td>
<td>Identification of media</td>
<td>1. Publish press releases on emerging technologies</td>
<td>Quarterly Press releases</td>
<td>Director of Technical Regulation</td>
<td>Department of Energy</td>
<td>Press releases</td>
<td>Y 1 Y 2 Y 3 Y 4</td>
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<td>2. Solicit stakeholder feedback on emerging technologies</td>
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<td>Quarterly Report</td>
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<td>Objectives</td>
<td>Strategies</td>
<td>Risk</td>
<td>Expected Output(s)</td>
<td>Activities</td>
<td>Target(s)</td>
<td>Responsible Body</td>
<td>Collaboratio n/Partnerships</td>
<td>Performance Indicator(s)</td>
<td>Means of Verification</td>
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<tr>
<td></td>
<td>● Have a dedicated budget for targeted research</td>
<td>Adequacy of budget</td>
<td>Dedicated research budget</td>
<td>1. Identify research priorities 2. Cost research priorities</td>
<td>Annually</td>
<td>Director of Technical Regulation</td>
<td>Department of Energy</td>
<td>Dedicated research budget</td>
<td>Annual Budget</td>
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<tr>
<td></td>
<td>● Establish linkage with research institutions in energy affairs</td>
<td>Will of the institutions</td>
<td>Linkages established with research institutions</td>
<td>1. Identify relevant research institutions 2. Establish and agree areas of interest 3. Develop MOU</td>
<td>Linkages established with at least two research institutions by 2015</td>
<td>Director of Technical Regulation</td>
<td>All Directors</td>
<td>Number of research institutions with MOUs</td>
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<tr>
<td></td>
<td>● Develop research capacity in relevant institutions in energy matters</td>
<td>Will of the institutions</td>
<td>Capacity in research developed</td>
<td>1. Identify critical research gaps in research in the energy sector in Malawi 2. Develop Capacity Development Plan 3. Implement Capacity Development</td>
<td>Capacity Development Plan developed by 2015 Capacity Development Plan implemented by 2018</td>
<td>Director of Technical Regulation</td>
<td>All Directors</td>
<td>Number of people trained</td>
<td>Annual Report</td>
</tr>
<tr>
<td>Objectives</td>
<td>Strategies</td>
<td>Expected Output(s)</td>
<td>Activities</td>
<td>Target(s)</td>
<td>Responsible Body</td>
<td>Collaborat ion/Partnerships</td>
<td>Performan ce Indicator(s)</td>
<td>Means of Verification</td>
<td>Time Frame</td>
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<tr>
<td>3. To increase capacity of MERA to facilitate research in energy</td>
<td>• Establish Unit to facilitate research in affairs</td>
<td>Will of the research institutions</td>
<td>Research Unit established in MERA</td>
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<td></td>
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<td></td>
<td>1. Develop ToRs for the Unit 2. Obtain Board approval</td>
<td>Research Unit established by 2015</td>
<td>Director of Finance and Administration</td>
<td>Chief Executive Officer</td>
<td>Established Research Unit</td>
<td>Annual Report</td>
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<tr>
<td></td>
<td>• Recruit qualified staff for Unit</td>
<td>Staff recruited and trained Partnerships with International professional institutions Twinning arrangements and exchange visits with similar institutions</td>
<td>1. Develop job advert 2. Advertise Interview/select candidate 3. Develop partnerships with training and professional institutions on energy technologies development and performance</td>
<td>Qualified Staff recruited by 2015 Capacity for quality measurement of all Energy technologies installations and gadgets developed;</td>
<td>Director of Finance and Administration</td>
<td>Chief Executive Officer</td>
<td>Staff recruited</td>
<td>Annual Report</td>
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</tr>
<tr>
<td></td>
<td>• Equip unit with necessary facilities</td>
<td>Risk of equipment not meeting standards</td>
<td>Equipment procured Testing of energy technologies and certifying equipment;</td>
<td>Equipment procured and installed</td>
<td>Director of Finance and Administration</td>
<td>Chief Executive Officer</td>
<td>Procurement of equipment</td>
<td>Annual Report</td>
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<td>Objectives</td>
<td>Strategies</td>
<td>Risk</td>
<td>Expected Output(s)</td>
<td>Activities</td>
<td>Target(s)</td>
<td>Responsible Body</td>
<td>Collaboration/Partnerships</td>
<td>Performance Indicator(s)</td>
<td>Means of Verification</td>
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<td>STRATEGIES FOR MALAWI TECHNOLOGIES</td>
<td>• Organise forum for dissemination of energy research</td>
<td></td>
<td>Forum on best practices organised</td>
<td>1. Identify key stakeholders 2. Organize panelist and presents 3. Handle meeting logistics</td>
<td>Annually</td>
<td>Director of Technical Regulation</td>
<td>Director of Energy</td>
<td>Forum on best practices organised</td>
<td>Annual Report</td>
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<td>STRATEGIES FOR IMPROVING STAKEHOLDER FEEDBACK</td>
<td>• Process stakeholders feedback for further research</td>
<td></td>
<td>Cooperation of stakeholders</td>
<td>Inputs for research agenda gathered</td>
<td>Quarterly</td>
<td>Director of Technical Regulation</td>
<td>All the Directors</td>
<td>Inputs for research agenda gathered</td>
<td>Annual Report</td>
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### APPENDIX 2: LIST OF STAKEHOLDERS CONSULTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>Mr L. Y. Zinyemba</td>
<td>Board Chairperson</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr B.B. Mwambakulu</td>
<td>Deputy Board Chairperson</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr B. M. Kachinjika</td>
<td>Board member</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr I. Malera</td>
<td>Board member</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr P. Zembani</td>
<td>Board member</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr R. Kamoto</td>
<td>Chief Executive Officer</td>
<td>MERA</td>
</tr>
<tr>
<td>Mrs E. Potani</td>
<td>Director of Economic Regulation</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr E. Hausi</td>
<td>Director of Finance and Administration</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr W. Saiwa</td>
<td>Director – Technical Regulation</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr I. Chioko</td>
<td>Director – Legal Services and Board Secretary</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr G. Nyirongo</td>
<td>Director</td>
<td>Department of Energy</td>
</tr>
<tr>
<td>Mr L. Mhango</td>
<td>Deputy Director - Planning</td>
<td>Department of Energy</td>
</tr>
<tr>
<td>Dr W. Masanjala</td>
<td>Secretary for Energy and Natural Resources</td>
<td>Ministry of Energy and Natural Resources</td>
</tr>
<tr>
<td>Dr L. Kalindekafe</td>
<td>Secretary for Mines</td>
<td>Ministry of Mines</td>
</tr>
<tr>
<td>Mr H. Njaka</td>
<td>Deputy Secretary</td>
<td>Ministry of Energy and Natural Resources</td>
</tr>
<tr>
<td>Mr R. Mbale</td>
<td>Managing Director</td>
<td>INJENA</td>
</tr>
<tr>
<td>Mr S. Muyaya</td>
<td>Finance Manager</td>
<td>INJENA</td>
</tr>
<tr>
<td>Dr D. Lanjesi</td>
<td>Managing Director</td>
<td>PUMA &amp; PIL Chairman</td>
</tr>
<tr>
<td>Mr F. Banda</td>
<td>Head of Business Supply and Support</td>
<td>PUMA</td>
</tr>
<tr>
<td>Mr P. Nkhono</td>
<td>Director of Planning</td>
<td>ESCOM</td>
</tr>
<tr>
<td>Mr P. Zuzani</td>
<td>Deputy Dean of Faculty of Engineering</td>
<td>Polytechnic</td>
</tr>
<tr>
<td>Mr R. Bakolo</td>
<td>Lecturer in Electrical Engineering</td>
<td>Polytechnic</td>
</tr>
<tr>
<td>Mr M. Mafuta</td>
<td>Lecturer in Electrical Engineering</td>
<td>Polytechnic</td>
</tr>
<tr>
<td>Mr G. Salima</td>
<td>Lecturer in Electrical Engineering</td>
<td>Polytechnic</td>
</tr>
<tr>
<td>Mr T. Chanza</td>
<td>Lecturer in Electrical Engineering</td>
<td>Polytechnic</td>
</tr>
<tr>
<td>Ms M. Madinga</td>
<td>Lecturer in Electrical Engineering</td>
<td>Polytechnic</td>
</tr>
<tr>
<td>Mr L. Chitawo</td>
<td>Head of Department of Renewable Energy</td>
<td>Mzuzu University</td>
</tr>
<tr>
<td>Mr K. Gondwe</td>
<td>Head of Energy Department</td>
<td>Mzuzu University</td>
</tr>
<tr>
<td>Prof. R. I. Tambulasi</td>
<td>Deputy Principal and Lecturer in Public Administration</td>
<td>Chancellor College</td>
</tr>
<tr>
<td>Mr K. Matupa</td>
<td>Acting Director of Revenue</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>Prof. G.K. Kululanga</td>
<td>Principal</td>
<td>Polytechnic</td>
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<tr>
<td>Mr I.W. Salima</td>
<td>Acting Director of Geological Survey</td>
<td>Geological Survey - Ministry of Mining</td>
</tr>
<tr>
<td>Mrs M. Makweler</td>
<td>Under Secretary</td>
<td>Ministry of Mines</td>
</tr>
<tr>
<td>Mr J. Nafuко</td>
<td>Chief Economist</td>
<td>Ministry of Economic</td>
</tr>
<tr>
<td>NAME</td>
<td>DESIGNATION</td>
<td>ORGANISATION</td>
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<tr>
<td>Mrs J. Tambala</td>
<td>Deputy Director</td>
<td>Department of Statutory Corporations</td>
</tr>
<tr>
<td>Mr J. Kandulu</td>
<td>Chief Executive Officer</td>
<td>Electricity Supply Corporation of Malawi</td>
</tr>
<tr>
<td>Dr S. Sajidu</td>
<td>Dean of Sciences</td>
<td>Chancellor College</td>
</tr>
<tr>
<td>Mr R. Mdeza</td>
<td>Chief Executive Officer</td>
<td>National Oil Company of Malawi</td>
</tr>
<tr>
<td>Mr. C. Musa</td>
<td>General Manager</td>
<td>International Haulage Brokers</td>
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<tr>
<td>Mr C. Dunkalo</td>
<td>Senior Economist</td>
<td>MERA</td>
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<tr>
<td>Mr Z. Ng’oma</td>
<td>Senior Finance Officer</td>
<td>MERA</td>
</tr>
<tr>
<td>Mrs P. Mkandawire</td>
<td>Personal Assistant</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr A. Wengawenga</td>
<td>Senior Licensing Officer</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr D. Mwangonde</td>
<td>Senior Economist</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr M. Mwase</td>
<td>Senior OSHE Officer</td>
<td>MERA</td>
</tr>
<tr>
<td>Ms Z. Chisenga</td>
<td>Administrative Assistant</td>
<td>MERA</td>
</tr>
<tr>
<td>Ms L. Kathyanga</td>
<td>Administrative Assistant</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr G. Ndilowe</td>
<td>Senior Engineer</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr M. Yona</td>
<td>Senior Internal Auditor</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr S. Mludi</td>
<td>Senior Engineer (E)</td>
<td>MERA</td>
</tr>
<tr>
<td>Mr V. Lulker</td>
<td>Chairman</td>
<td>Petroleum Retailers Association</td>
</tr>
<tr>
<td>Mr N. Kakwambi</td>
<td>Managing Director</td>
<td>ENGEN</td>
</tr>
</tbody>
</table>
APPENDIX 3: LIST OF DOCUMENTS REVIEWED

1. Energy Laws
2. MERA 2009 – 2013 Strategic Plan
3. Annual Report July 12 to June 13
4. Proposed Areas for Review under the Energy Laws
5. MERA Financial Statements
8. Existing Organisational structure
9. Malawi Growth and Development Strategy
10. Concept Paper on the Establishment of the National Oil Company of Malawi
11. Expansion of Maximum pump prices for Petroleum Products - July 2013 by MERA
14. UNDP: Feasibility study for the use of ethanol as a household cooking fuel in Malawi
15. Malawi Economic Recovery Plan
16. Mining Policy