

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
NERA	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 2003¹, 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

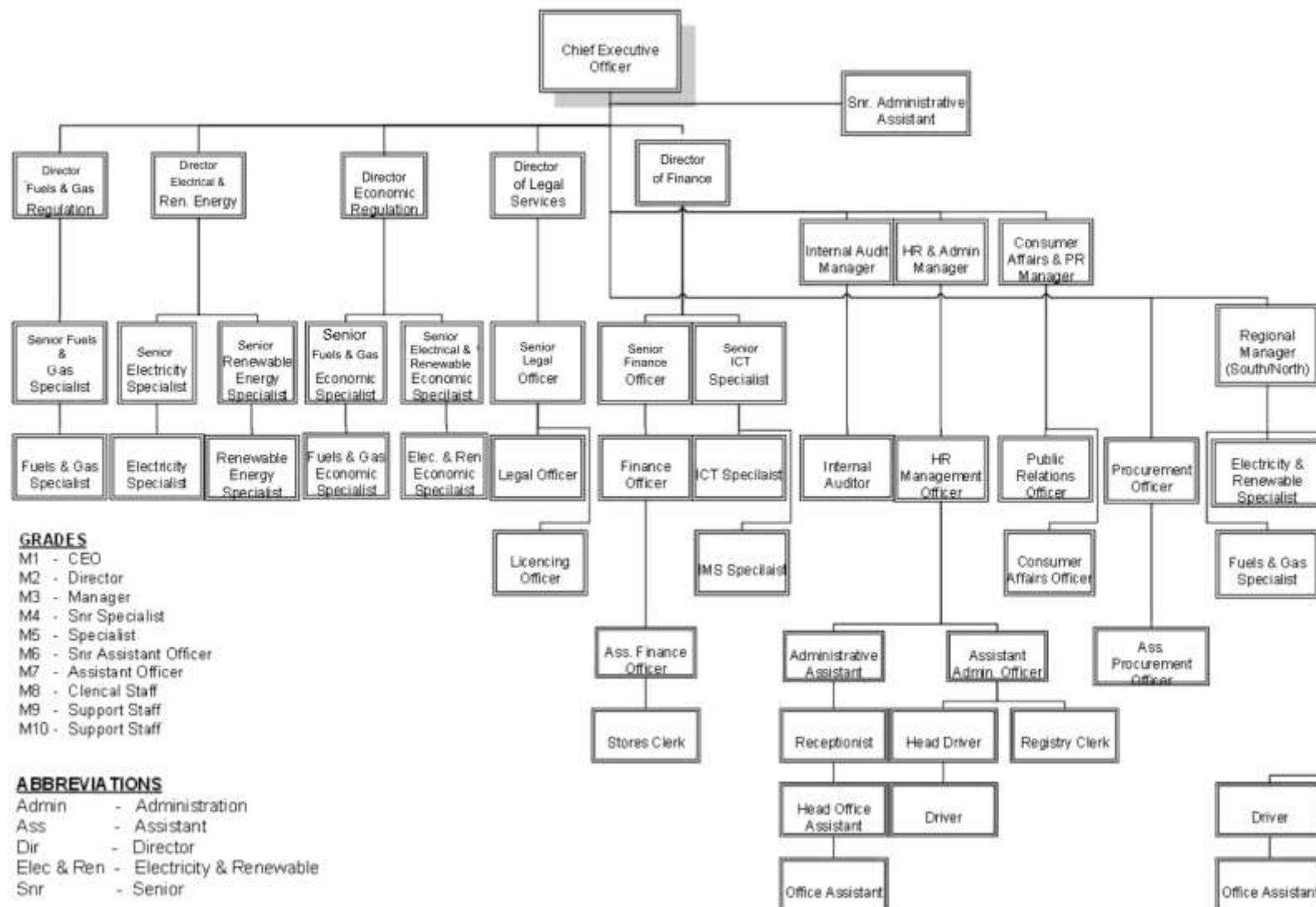
8. promote the interests of consumers of energy with respect to energy prices and charges and the continuity and quality of energy supply;
9. monitor the efficiency and performance of energy undertakings, having regard to the purpose for which they were established;
10. in conjunction with other relevant 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.

NERA 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 blue print 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.² 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 development³. 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.

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.

3.5 National Energy Policy for Malawi (2003)

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.

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 bill boards 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.
- vi) 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; up dated 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.
- vi) Partnerships in gender to enhance sensitivity towards gender in its work.
- vii) 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:

- i) Developed Liquid Fuels and Gas Regulations of 2009; Energy Regulation by-laws of 2009; Rural Electrification regulations of 2009; and Electricity by-laws of 2012.
- 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

CATEGORY	ISSUES	EFFECTS
Political	<ul style="list-style-type: none"> Increased concerns on matters of governance Bureaucratic tariff adjustment process Accumulating PSF deficit 	<ul style="list-style-type: none"> MERA may not be fully accountable and transparent (lacking disclosures of the processing for Board's decisions) Breakdown in checks and balances Loss of credibility and confidence by the general public Sharp rises in fuel
Economic	<ul style="list-style-type: none"> The unstable global fuel prices High inflation rate Exchange rate instability High Bank interest rates Inadequate incentives for investors in the power sector Price differential with neighbouring countries 	<ul style="list-style-type: none"> Unstable pump prices of fuel Delayed infrastructural development in the energy sector Unhealthy cross border trading in liquid fuels characterized by illegal vending
Social	<ul style="list-style-type: none"> Vandalism of infrastructures, (electricity poles and transformers for example), Negative publicity Speculation on fuel supply and price reviews 	<ul style="list-style-type: none"> Interrupted power supplies Negative image of MERA Hoarding and panic buying
Technological	<ul style="list-style-type: none"> Lack of technologies to monitor performance of the industry players Inadequate technical know-how 	<ul style="list-style-type: none"> Ineffective regulation Inefficient service delivery
Ecological	<ul style="list-style-type: none"> Deforestation Siltation of rivers, pollution and Climate change Reduced generation of power 	<ul style="list-style-type: none"> Adverse effects on hydro power generation Interrupted power supply
Legal	<ul style="list-style-type: none"> Limited personnel specialized in energy law matters Ineffective Legal instruments Frozen parts of the Laws 	<ul style="list-style-type: none"> Inadequate legal coverage on regulated entities Ineffective regulation Loss of investor confidence Failure to attract IPPs

5.3 A Summary of Strengths and Weaknesses

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Established by statute. • Self-sustaining organisation • Has Corporate Governance Structures in place. • Has qualified professional staff and trainable • Has operational systems in place • Member of regional and international energy regulatory bodies • Clear reporting and differentiation of responsibilities in the organizational hierarchy • Has well established advisory committees • Potential to retain qualified staff • National presences. 	<ul style="list-style-type: none"> • Inadequate interaction and engagement with customers and industry players • Limited capacity to monitor every agency • Inadequate consultation with existing major stakeholders when engaging in a project • Inadequacy and in operational legal framework • Lack of integrity among staff, at times reflected in loss of unauthorised disclosure of sensitive company documents.

5.4 A Summary of Opportunities and Threats

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • The energy sector is attractive to investors • Wide labour market from which it can recruit personnel • Government policy support • Linkages to regional and international bodies • Sharing best practices and experiences with other regulators 	<ul style="list-style-type: none"> • Political influence • Lack of compliance to regulations by some players • Governments' cumbersome and bureaucratic procedures • Sections of industry sceptical of MERA'S effectiveness at present • Government interference into organisation's plans. • Government policy of including members who are not in the law on the MERA Board

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;

STRATEGIC GOAL # 2: FACILITATE INCREASED ELECTRICITY SUPPLY

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.



Solar panels at Kamuzu International Airport

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
4. Review of the law (Electricity Act of 2004)
5. Develop and implement third party access guidelines

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
3. Bio-fuels strategy and guidelines developed.
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.
3. Bio-fuels strategy and guidelines.
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

STRATEGIC GOAL # 4: ENHANCED FINANCIAL SUSTAINABILITY

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 ⁶ 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

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

STRATEGIC GOAL # 6: STRENGTHENED INSTITUTIONAL CAPACITY

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

STRATEGIC GOAL # 7: STRENGTHENED RESEARCH IN ENERGY TECHNOLOGIES

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. Up dated 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

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
1. Streamline the Fuel Price Review Process	<ul style="list-style-type: none"> Determine a clear time table for price approval 	Government interference	Price revision table clarified	<ol style="list-style-type: none"> Consult stakeholders Draft the price timetable Seek approval from the board Publish the price timetable 	Price determination announced 48 hours after EPC meeting	Chief Executive Officer	Director of Economic Regulation All Directors Board of Directors	Timing of price revision	Price Revision Time table	↔			
	<ul style="list-style-type: none"> Publish price approval process 	Government interference	Approval process published	<ol style="list-style-type: none"> Identification of publisher Print the price timetable Publish the time table 		Chief Executive Officer	Director of Economic Regulation	Streamlined approval process	Press Statement	↔			
	<ul style="list-style-type: none"> Review legislation to incorporate the stakeholder consultations on price review to be within 48 hours 	Government interference	Stakeholder consultations incorporated in time table	<ol style="list-style-type: none"> Consult stakeholders Draft the regulation Seek approval Gazette the regulation 		Chief Executive Officer	All Directors	Number of Meetings	Report on the Consultations	• ↔			
2. To Improve Enforcement Mechanisms	<ul style="list-style-type: none"> Develop, review and enforce standards and legislation in areas of electricity, fuels and 	Stakeholder perception on MERA	Standards and regulations developed and reviewed Legislation of Renewable	<ol style="list-style-type: none"> Consult stakeholders Draft the standards and regulations Boards Approval 	Standards and regulation developed and operationalised by June 2015 Established KPIs	Chief Executive Officer	All Directors	Developed and reviewed standards and regulations	Quarterly and Annual Reports	• ↔			

Strategic Plan for Malawi Energy Regulatory Authority (2014-2018)

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
	renewable and coal fired power plants		energy technologies Act; Legislation of coal technologies Act; Annual industry performance reports received and published; Data symmetry between regulated industry and regulator	4. Publish the standards and regulations 5. Carry out awareness campaigns	(technical, financial, economic and legal) by June 2015 Independent performance monitoring; Ease of benchmarking industry performance with international best practice with availability of data;								
	• Develop information reporting guidelines	Stakeholder perception on	Information reporting guidelines developed	1. Draft the guidelines 2. Consult stakeholders 3. Seek approval from the Board 4. Publish the information reporting guidelines 5. Carry out awareness campaigns	By second year of the SP	Chief Executive Officer	All Directors	Information reporting guidelines developed	Quarterly and Annual Reports	←	→		
	• Facilitate the development of coal and	Government delays	Renewable Energy Acts	1. Carry an assessment 2. Lobby with	Acts developed	Chief Executive Officer	Government	Produced Act	Acts	•	←	→	

Strategic Plan for Malawi Energy Regulatory Authority (2014-2018)

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
	renewable energy Acts by Government			3. the Government Carry out dissemination exercise									



STRATEGIC GOAL # 2: FACILITATE INCREASE IN ELECTRICITY SUPPLY

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
1. To facilitate improved efficiency in generation, transmission and distribution	<ul style="list-style-type: none"> Develop guidelines for maintenance and operational performance 	Stakeholder inadequate adherence to guidelines	Maintenance guidelines developed Minimum efficiency levels or (performance levels)	1. Develop Terms of Reference for the Technical Committee 2. Appoint the technical Committee 3. Draft guidelines for maintenance and operational performance 4. Consult the stakeholders 5. Seek approval from the Board 6. Publish the guidelines 7. Carry out the awareness campaign	Efficiency standards developed and operationalised by June 2015 for all energy technologies : KPIs for each energy technology defined and enforced; Over 60% of operators complying;	Director, Technical Regulation	Regulated Entities	Efficiency ratios	Performance Agreement	←→			
	<ul style="list-style-type: none"> Develop electricity standards 		The standards; Electricity Supply Industry (ESI) KPIs	1. Develop the standards and KPIs 2. Consult stakeholders 3. Seek approval	Performance and efficiency levels consistent with best practice by	Director of Technical Regulation	Regulated entities	KPIs Standards	Performance Agreement	←→			

Strategic Plan for Malawi Energy Regulatory Authority (2014-2018)

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
				4. from the board Carry out awareness campaigns 5. Carry out the monitoring 6. Produce the Reports 7. Publish the Monitoring Reports	second year of SP;								
	<ul style="list-style-type: none"> Intensify monitoring of the performance of regulated entities 	Regulated entities failure to comply	Regulated entities inspected Bi-annually	1. Develop the KPIs 2. Consult stakeholders on KPIs 3. Seek approval from the board 4. Carry out awareness campaigns 5. Carry out the monitoring 6. Produce the Reports 7. Publish the Monitoring Reports	Established KPIs by June 2015 Monitoring guidelines developed by Dec 2014 Publish quarterly reports	Chief Executive Officer	Director of Technical Regulation Director of Economic Affairs	KPIs developed	Bi-Annual reports		•		
2. To develop and improve frameworks for increased generation and expansion of transmission and	<ul style="list-style-type: none"> Facilitate diversification of power sources through renewable technologies and thermal power 	Affordability of the renewable technologies	Alternative power sources identified Legal and regulatory framework for mini grid systems	1. Identify barriers to diversification 2. Identify strategies for addressing barriers 3. Establish	Frameworks and guidelines developed by December 2014	Director, Technical Regulation	Regulated Entities Director of Economic Regulation Director of Legal	Improved frameworks	Quarterly and Annual Reports	•			

Strategic Plan for Malawi Energy Regulatory Authority (2014-2018)

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
distribution capacity	<ul style="list-style-type: none"> Develop framework for mini grid systems 			demonstration sites for RETs 4. Lobby with Government of Malawi and other stakeholders for incentives 5. Collaborate with training and industry institutions	Increased private and small scale participation in energy production and supply;								
	<ul style="list-style-type: none"> Develop and implement frameworks for involvement of Independent Power Producers (IPPs) 	IPPs lack of entrepreneurial spirit	Framework for IPPs developed and operational as follows, among others: Grid Code; Frameworks for Power Purchase Agreement and Feed In Tariff;	1. Consolidate the framework for involvement of IPPs 2. Consult the stakeholders 3. Seek approval from the Board 4. Publish the framework 5. Exchange visits and tours to gain practical experience;	Conducive environment for power trading created;	Director, Technical Regulation	Director, Legal Services, Regulated Entities, Director of Energy Affairs, and PPPC	Framework for IPPs developed	Quarterly and Annual Reports				
	<ul style="list-style-type: none"> Develop and implement guidelines for cross border power trading 	Government delayed approval	Guidelines for cross border trading developed	1. Develop Terms of Reference for the Technical Committee	By the second year of SP	Director, Economic Regulation	Director, Technical Regulation, Director, Legal Services,	Guidelines for cross border trading developed	Guideline document, Quarterly and Annual Reports				

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Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
				2. Appoint the technical Committee 3. Draft guidelines for cross boarder power trading 4. Consult the stakeholders 5. Seek approval from the Board 6. Publish the guidelines 7. Carry out the awareness campaign			Counter-part regulator and power utility companies, Counterpart government						
	<ul style="list-style-type: none"> Lobby for the unfreezing of the frozen parts of the Electricity Act of 2004 	Government delays	Frozen parts unfrozen	1. Develop a position paper 2. Consult the stakeholders	Unfrozen by second year of SP	Director, Legal Services and Company Secretary	Chief Executive Officer, Director, Regulation, Director of Energy Affairs	Frozen parts unfrozen	Gazette, Quarterly and annual Reports	←————→			
	<ul style="list-style-type: none"> Develop and implement third party access guidelines 	Government delays	Third party access guidelines developed	1. Develop Terms of Reference for the Technical Committee 2. Appoint the technical Committee 3. Draft guidelines for third	Third party access guidelines developed by second year of SP	Director, Technical Regulations	Director, Legal Services and the Director, Economic Regulation and Director of Energy Affairs	Third party access guidelines developed	Quarterly Reports and Annual Reports	←————→			

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Objectives	Strategies		Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
		Risk								Y 1	Y 2	Y 3	Y 4
				4. party access Consult the stakeholders 5. Seek approval from the Board 6. Publish the guidelines 7. Carry out the awareness campaign									

STRATEGIC GOAL # 3: ENHANCED CONDUCIVE ENVIRONMENT FOR FUEL SUPPLIES

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration / Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
1. To secure uninterrupted fuel supplies	<ul style="list-style-type: none"> Develop framework for bulk procurement 	Government delays	Bulk procurement framework developed	<ol style="list-style-type: none"> Conduct study tour Consult oil industry stakeholders Draft the framework Seek approval from the Board Sensitize the stakeholders on the bulk procurement 	<p>Frameworks and guidelines developed by December 2014</p> <p>30 days stock cover achieved by June 2015</p>	Director, Economic Regulation	<p>Director of Finance and Administration</p> <p>Director of Legal</p>	Bulk procurement framework developed	Quarterly and Annual Reports				
	<ul style="list-style-type: none"> Develop framework for fuel storage incentives 	Government approval delays	Fuel storage incentive formulated	<ol style="list-style-type: none"> Consult oil industry stakeholders Draft the framework Seek approval from the Board Sensitize the stakeholders on the bulk procurement 	Fuel storage incentive developed by second year of the SP	Director of Economic Regulation	All Directors	Fuel storage incentive formulated	Quarterly and Annual Reports				
	<ul style="list-style-type: none"> Develop Framework for emergency fuel supplies 	Government approval delays	Framework for emergency fuel supplies developed	<ol style="list-style-type: none"> Consult oil industry stakeholders Draft the framework Seek approval from the Board Sensitize the stakeholders on 	Framework for emergency supplies developed by second year of SP	Chief Executive Officer	All Directors	Framework for emergency fuel supplies developed	Quarterly and Annual Reports				

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Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration / Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
				the bulk procurement									
	<ul style="list-style-type: none"> Develop framework for bio-fuels incentives 	Government approval delays	Bio-fuel 43incentive developed	1. Identify barriers to bio-fuel production 2. Identify strategies for addressing barriers 3. Establish demonstration vehicles 4. Lobby with govt and others for incentives 5. Collaborate with training and industry institutions	By second year of the SP	Chief Executive Officer	All Directors	Bio-fuel incentives developed	Quarterly and Annuals Reports	•			
	Continued implementation of APM. <ul style="list-style-type: none"> 	Government approval delays	APM adhered to	1. Review APM effectiveness 2. Publication of FOB prices and in-bond landed cost 3. Independent Certification of input data and computed pump prices	Price adjustment within periods provided by the Law	Chief Executive Officer	All Directors	Violation of APM guidelines	Pricing reports	•			

STRATEGIC GOAL # 4: ENHANCED FINANCIAL SUSTAINABILITY

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator (s)	Means of Verification	Time Frame				
										Y 1	Y 2	Y 3	Y 4	Y 5
1. To optimise income sources	<ul style="list-style-type: none"> Review the time frame for the remittance of fees through change of legislation) 	Government delays	Time frame for remittance of levies reviewed	<ol style="list-style-type: none"> Consult stakeholders Initiate review of the legislation Draft the legislation Boards Approval Gazette the legislation Gazette the legislation 	Reduce the credit period from 45 days to 30 days by year 2; 15 and COD by year 4	Director of Legal Affairs and Board Secretary	Regulated Entities Director of Finance and Administration	Time frame for remittance of levies reviewed	Quarterly and Annual Reports		•			
	<ul style="list-style-type: none"> Regular review of energy fees and charges 	Government approval delays	Fees and Charges reviewed based on set factors	<ol style="list-style-type: none"> Conduct a benchmarking study Consult stakeholders Seek approval from the board Conduct awareness 	Annually	Director of Finance and Administration	Regulated Entities	Fees and Charges reviewed	Quarterly and Annual Reports	↔				
	<ul style="list-style-type: none"> Automation of license fees invoicing and payment 	Government approval delays	License invoicing process automated	<ol style="list-style-type: none"> Procurement of software Train the staff Install the system Review 	Increase collection of license fees by 15%	Director Finance and Administration	Systems Vendor Director of Technical Regulation	License invoicing process automated	Quarterly and Annual Reports	↔				

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Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator (s)	Means of Verification	Time Frame				
										Y 1	Y 2	Y 3	Y 4	Y 5
	<ul style="list-style-type: none"> Increase efficient use of resources and minimize wastage 	Government approval delays	Potential areas of wastage identified and actions/strategies developed	the system 1. Enhance budgeting and budgetary control 2. Produce periodic financial reports 3. Regular reconciliations 4. Develop fraud and corruption prevention policy	Benchmarks developed by First year of SP and monitored annually thereafter	Chief Executive Officer	All Directors	Reduction in wastage	Quarterly Financial Management Accounts	•	←	→		
2. To diversify income sources	<ul style="list-style-type: none"> Review legislation on payment of fees 	Government approval delays	Legislation on fees reviewed	1. Conduct the study tour 2. Draft the legislation 3. Seek approval from the board 4. Gazette the legislation	To increase level of collection by 15% by 2018	Director, Legal Services and Board Secretary	Director of Finance and Administration	Legislation on fees reviewed	Quarterly and Annual Reports	•	←	→		
	<ul style="list-style-type: none"> Construct an office complex with space for renting out 	Availability of funds	Office Complex constructed	1. Identify the property manager 2. Let out the available space	Office complex constructed by end of the SP	Chief Executive Officer	Contractor Director of Finance and Administration	Office Complex constructed	Quarterly and Annual Reports	•	←	→		

STRATEGIC GOAL # 5: IMPROVED STAKEHOLDER UNDERSTANDING OF MERA'S ROLES AND MANDATE

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partners hips	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
1. To enhance MERA's image through wider publicity	<ul style="list-style-type: none"> Develop a Service Charter Establish a complaint handling framework and unit 	Resources to comply to the charter	Service Charter Developed 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	← • →			
	<ul style="list-style-type: none"> Engage stakeholders and offer advisory services 	Willingness of stakeholders	Stakeholders engaged	1. Conduct regular meetings	Quarterly awareness meetings	Director of Finance and Administration	Senior Public Relations Officer	Stakeholder s engaged	Quarterly and Annual Reports	← →			

Strategic Plan for Malawi Energy Regulatory Authority (2014-2018)

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
	<ul style="list-style-type: none"> Incorporate social media in the media strategy 	Willingness of stakeholders	Social media incorporated in media strategy	<ol style="list-style-type: none"> Draw social media procedures Register with Social media Implement the social media 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	←→			
	<ul style="list-style-type: none"> Develop a fraud and corruption prevention policy 	Will to enforce the policy	Fraud and corruption prevention policy developed	<ol style="list-style-type: none"> Liaise with Fraud and Corruption prevention agencies Develop the policy Seek board approval 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	←→			
	<ul style="list-style-type: none"> 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	<ol style="list-style-type: none"> Engage Gender, Youth and disability organisations Draft the framework Seek approval from the board 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	←→			
	<ul style="list-style-type: none"> Conduct annual Stakeholder Perception Surveys 	Perception	Perception Survey undertaken	<ol style="list-style-type: none"> Develop Terms of Reference Engage the consultant 	Annual Stakeholder Perception Survey Reports	Director of Finance and Administration	Senior Public Relations Officer	Perception Survey undertaken	Annual Reports	• ←→			

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Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
				3. Conduct the survey 4. Report and disseminate the report findings									
2. To maximise opportunities for corporate social responsibility	<ul style="list-style-type: none"> Develop a social responsibility policy and strategy 	Stakeholder perception	Social responsibility policy and strategy developed	1. Draft the policy 2. Conduct internal consultations 3. Seek board approval 4. Publicise the policy	By Second Year of the SP	Director of Finance and Administration	Senior Public Relations Officer	Social responsibility policy and strategy developed	Quarterly and Annual Reports	←————→			
	<ul style="list-style-type: none"> Increase the target group 	Challenges identifying the target group	Target audiences identified	1. Conduct internal consultation 2. Develop a donation strategy	Health sector Education (rural communities)	Director of Finance and Administration	Senior Public Relations Officer	Target audiences identified	Quarterly and Annual Reports	•	↔		

STRATEGIC GOAL # 6: STRENGTHENED INSTITUTIONAL CAPACITY

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
1. To develop and retain high calibre staff	<ul style="list-style-type: none"> Coordinate staff skill development and replacement based on identified skills gaps 	Staff resignations	Capacity Development Strategy developed and implemented	<ol style="list-style-type: none"> Conduct regular Training Needs Assessment Identify training institutions Conduct training Evaluate ROI Draw a training plan Enter the twinning arrangement with other regulators 	Staff turn-over less than 5%	Director of Finance and Administration	Senior Human Resources and Administration Officer	Capacity Development Strategy developed and implemented	Quarterly and Annual Reports	•			
	<ul style="list-style-type: none"> Regular reviews of Conditions of Service 	Competitive market conditions	Conditions of Service reviewed regularly	<ol style="list-style-type: none"> Conduct benchmarking with other institutions Update the Conditions of Service Seek approval from the Board Implement the updated Conditions of Service 	Annually	Director of Finance and Administration	Senior Human Resources and Administration Officer	Conditions of Service reviewed regularly	Quarterly and Annual Reports	•			
	<ul style="list-style-type: none"> Regular review of human resource policies and systems 	Competitive market conditions	Human resource policies and systems regularly reviewed	<ol style="list-style-type: none"> Conduct benchmarking with other institutions Update Policies Seek approval from the Board Implement the updated Policies 	Bi-annually	Director of Finance and Administration	Senior Human Resources and Administration Officer	Human resource policies and systems regularly reviewed	Quarterly and Bi-Annual Reports	•			
2. To establish	<ul style="list-style-type: none"> Establish an 	Team playing	SP	<ol style="list-style-type: none"> Develop the 	Before the	Director of	Chief	SP	Quarterly	•			

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Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
modalities for implementing the SP	SP Coordination Team	spirit	Coordination Team established	2. Appoint the Coordination Team 3. Train the team	SP is implemented	Finance and Administration	Executive Officer	Coordination Team established	and Annual Reports				
	• Produce annual and/or scheduled SP Progress Reports		Perception Study conducted	1. Conduct periodic evaluations 2. Produce the reports 3. Publish the report findings	Annually	SP Implementation Committee	Chief Executive Officer		Survey Reports	•			
3. To develop a robust record management and archive system	• Develop MIS	Provision of information	MIS developed	1. Review current system 2. Procure MIS system 3. Train staff on the system 4. Monitor the system	Within 2 years of SP implementation	Director of Finance and Administration	Senior Human Resources and Administration Officer	Develop IMS	Quarterly and Annual Reports	•	↔		
	• Develop systematic documentation and archiving of information and reports		Documentation and Archiving system developed	1. Review registry procedure 2. Recruit registry staff 3. Train the staff	Within the first Year of Implementation of SP	Director of Finance and Administration	Senior Human Resources and Administration Officer, Senior ICT Officer	Documentation and Archiving system developed	Quarterly and Annual Reports	•	↔		
4. To enhance management information	• develop robust Management	Provision of information	Functional MIS	1. Carry out a need analysis study 2. Study tour of	By the Third Year of the SP	Director of Finance and Administration	All Directors	Stakeholders aware of regulatory		•	↔		

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y1	Y2	Y3	Y4
system	nt Information System			other regional regulators 3. Draw specifications and TORs for consultant 4. Design and Develop MIS System 5. Procure additional hardware and support equipment 6. Train users 7. Launch Systems				framework					
5. To conduct a regulatory impact assessment	<ul style="list-style-type: none"> Engage a Consultant on regulatory impact assessment 	Government approval	Impact Assessment Undertaken	1. Develop Terms of Reference 2. Engage the consultant 3. Conduct the impact assessment 4. Produce Report and disseminate the report findings	Every 2 years	Director of Finance and Administration	All Directors	Impact Assessment Undertaken	Annual Report, Consultancy Report	•	←	→	
6. To strengthen the organisational management arrangements	<ul style="list-style-type: none"> Conduct a Functional Review 	Staff perceptions	Functional Review conducted	1. Develop Terms of Reference 2. Engage the consultant 3. Seek approval from the board 4. Implement the Board	Within 1 st year of SP implementation	Director of Finance and Administration	Senior Human Resources and Administration Officer	Functional Review conducted	Consultancy Report	•	←	→	→



STRATEGIC GOAL # 7: STRENGTHENED RESEARCH IN ENERGY TECHNOLOGIES

Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
1. To develop controls for energy technologies	<ul style="list-style-type: none"> Review mechanisms for assessing energy technologies for use in Malawi Assess and recommend appropriate energy technologies for Malawi 	Lengthy consultation process	Mechanisms developed and implemented; List of energy technologies appropriate for Malawi used to guide investors area for investment; Controls developed for the appropriate technologies;	1. Undertake study of existing controls mechanisms 2. Develop standards and guidelines 3. Consult on guidelines and standards 4. Implement guidelines and standards 5. Use the mechanism to identify appropriate energy technologies	Controls developed by 2015 Appropriate energy technologies identified and information availed to all for development	Director of Technical Regulation	Department of Energy	Controls developed	Quarterly and Annual Reports	← ● →			
	<ul style="list-style-type: none"> Regularly update register of approved energy technologies 	Storage system adequacy	Updated register	1. Identify emerging technologies appropriate for Malawi 2. Update register	Register up dated Annually	Director of Technical Regulation	Department of Energy	Up dated register	Annual Report	● ← →			
	<ul style="list-style-type: none"> Regularly inform users on benefits and challenges of various energy technologies 	Identification of media	Stakeholders informed on emerging technologies Potential technologies in Malawi promoted;	1. Publish press releases on emerging technologies 2. Solicit stakeholder feedback on emerging technologies	Quarterly Press releases	Director of Technical Regulation	Department of Energy	Press releases	Quarterly Report	← →			

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Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
	<ul style="list-style-type: none"> Update guidelines and standards on emerging energy technologies 		Up dated guidelines and standards on emerging energy technologies	<ol style="list-style-type: none"> Review existing guidelines and standards Re-draft the guidelines and standards Consult stakeholders on re-drafted guidelines and standards 	Guidelines and standards updated annually	Director of Technical Regulation	Department of Energy and regulated entities	Guidelines and standards developed	Annual Report	↔			
2. To increase the level of research in energy related affairs	<ul style="list-style-type: none"> Have a dedicated budget for targeted research 	Adequacy of budget	Dedicated research budget	<ol style="list-style-type: none"> Identify research priorities Cost research priorities 	Annually	Director of Technical Regulation	Department of Energy	Dedicated research budget	Annual Budget	←			→
	<ul style="list-style-type: none"> Establish linkage with research institutions in energy affairs 	Will of the institutions	Linkages established with research institutions	<ol style="list-style-type: none"> Identify relevant research institutions Establish and agree areas of interest Develop MOU 	Linkages established with at least two research institutions by 2015	Director of Technical Regulation	All Directors	Number of research institutions with MOUs		•	↔		
	<ul style="list-style-type: none"> Develop research capacity in relevant institutions in energy matters 	Will of the research institutions	Capacity in research developed	<ol style="list-style-type: none"> Identify critical research gaps in research in the energy sector in Malawi Develop Capacity Development Plan Implement Capacity Development 	Capacity Development Plan developed by 2015 Capacity Development Plan implemented by 2018	Director of Technical Regulation	All Directors	Number of people trained	Annual Report	•		↔	

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Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
				Plan									
3. To increase capacity of MERA to facilitate research in energy	<ul style="list-style-type: none"> Establish Unit to facilitate research in affairs 	Will of the research institutions	Research Unit established in MERA	<ol style="list-style-type: none"> Develop ToRs for the Unit Obtain Board approval 	Research Unit established by 2015	Director of Finance and Administration	Chief Executive Officer	Established Research Unit	Annual Report	•	↔		
	<ul style="list-style-type: none"> Recruit qualified staff for Unit 		Staff recruited and trained Partnerships with International professional institutions Twinning arrangements and exchange visits with similar institutions	<ol style="list-style-type: none"> Develop job advert Advertise Interview/select candidate Develop partnerships with training and professional institutions on energy technologies development and performance 	Qualified Staff recruited by 2015 Capacity for quality measurement of all Energy technologies installations and gadgets developed;	Director of Finance and Administration	Chief Executive Officer	Staff recruited	Annual Report	•	↔		
	<ul style="list-style-type: none"> Equip unit with necessary facilities 	Risk of equipment not meeting standards	Equipment procured Testing of energy technologies and certifying equipment;	<ol style="list-style-type: none"> Development and floating of tender documents Selection of supplier Supply and installation of equipment 	Equipment procured and installed	Director of Finance and Administration	Chief Executive Officer	Procurement of equipment	Annual Report	•		↔	
4. To disseminate best practices in energy technologies	<ul style="list-style-type: none"> Document and publish best practice in energy technologies appropriate 		Best practices documented and published	<ol style="list-style-type: none"> Compile best practices in energy Publish best practices in energy 	Annually	Director of Technical Regulation	Director of Energy	Documented best practices	Annual Report	•	←		→

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Objectives	Strategies	Risk	Expected Output(s)	Activities	Target(s)	Responsible Body	Collaboration/ Partnerships	Performance Indicator(s)	Means of Verification	Time Frame			
										Y 1	Y 2	Y 3	Y 4
	for Malawi			technologies									
	<ul style="list-style-type: none"> Organise forum for dissemination of energy research 		Forum on best practices organised	1. Identify key stakeholders 2. Organize panelist and presents 3. Handle meeting logistics	Annually	Director of Technical Regulation	Director of Energy	Forum on best practices organised	Annual Report	•			
	<ul style="list-style-type: none"> Process stakeholders feedback for further research 	Cooperation of stakeholders	Inputs for research agenda gathered	1. Develop platforms for obtaining feedback on use of various energy technologies 2. Prioritise feedback into research agenda	Quarterly	Director of Technical Regulation	All the Directors	Inputs for research agenda gathered	Annual Report	•			

APPENDIX 2: LIST OF STAKEHOLDERS CONSULTED

NAME	DESIGNATION	ORGANISATION
Mr L.Y. Zinyemba	Board Chairperson	MERA
Mr B.B. Mwambakulu	Deputy Board Chairperson	MERA
Mr B. M. Kachinjika	Board member	MERA
Mr I. Malera	Board member	MERA
Mr P. Zembani	Board member	MERA
Mr R. Kamoto	Chief Executive Officer	MERA
Mrs E. Potani	Director of Economic Regulation	MERA
Mr E. Hausi	Director of Finance and Administration	MERA
Mr W. Saiwa	Director – Technical Regulation	MERA
Mr I. Chioko	Director – Legal Services and Board Secretary	MERA
Mr G. Nyirongo	Director	Department of Energy
Mr L. Mhango	Deputy Director - Planning	Department of Energy
Dr W. Masanjala	Secretary for Energy and Natural Resources	Ministry of Energy and Natural Resources
Dr L. Kalindekafe	Secretary for Mines	Ministry of Mines
Mr H. Njaka	Deputy Secretary	Ministry of Energy and Natural Resources
Mr R. Mbale	Managing Director	INJENA
Mr S. Muyaya	Finance Manager	INJENA
Dr D. Lanjesi	Managing Director	PUMA & PIL Chairman
Mr F. Banda	Head of Business Supply and Support	PUMA
Mr P. Nkhono	Director of Planning	ESCOM
Mr P. Zuzani	Deputy Dean of Faculty of Engineering	Polytechnic
Mr R. Bakolo	Lecturer in Electrical Engineering	Polytechnic
Mr M. Mafuta	Lecturer in Electrical Engineering	Polytechnic
Mr G. Salima	Lecturer in Electrical Engineering	Polytechnic
Mr T. Chanza	Lecturer in Electrical Engineering	Polytechnic
Ms M. Madinga	Lecturer in Electrical Engineering	Polytechnic
Mr L. Chitawo	Head of Department of Renewable Energy	Mzuzu University
Mr K. Gondwe	Head of Energy Department	Mzuzu University
Prof. R. I. Tambulasi	Deputy Principal and Lecturer in Public Administration	Chancellor College
Mr K. Matupa	Acting Director of Revenue	Ministry of Finance
Prof. G.K. Kululanga	Principal	Polytechnic
Mr I.W. Salima	Acting Director of Geological Survey	Geological Survey - Ministry of Mining
Mrs M. Makwelero	Under Secretary	Ministry of Mines
Mr J. Nanfuko	Chief Economist	Ministry of Economic

NAME	DESIGNATION	ORGANISATION
		Planning and Development
Mrs J. Tambala	Deputy Director	Department of Statutory Corporations
Mr J. Kandulu	Chief Executive Officer	Electricity Supply Corporation of Malawi
Dr S. Sajidu	Dean of Sciences	Chancellor College
Mr R. Mdeza	Chief Executive Officer	National Oil Company of Malawi
Mr. C. Mussa	General Manager	International Haulage Brokers
Mr C. Dunkalo	Senior Economist	NERA
Mr Z. Ng'oma	Senior Finance Officer	NERA
Mrs P. Mkandawire	Personal Assistant	NERA
Mr A. Wengawenga	Senior Licensing Officer	NERA
Mr D. Mwangonde	Senior Economist	NERA
Mr M. Mwase	Senior OSHE Officer	NERA
Ms Z. Chisenga	Administrative Assistant	NERA
Ms L. Kathyanga	Administrative Assistant	NERA
Mr G. Ndilowe	Senior Engineer	NERA
Mr M. Yona	Senior Internal Auditor	NERA
Mr S. Mludi	Senior Engineer (E)	NERA
Mr V. Lulker	Chairman	Petroleum Retailers Association
Mr N. Kakwambi	Managing Director	ENGEN

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
6. Annual Economic Report (2012)
7. National Energy Policy January 2003
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
12. Dan Liwimbi, 2006, Ethanol – The Spirit of Success
13. MIPA, Investor's Guide, 2007
14. UNDP: Feasibility study for the use of ethanol as a household cooking fuel in Malawi
15. Malawi Economic Recovery Plan
16. Mining Policy