



# FINANCING A REGULATORY AGENCY

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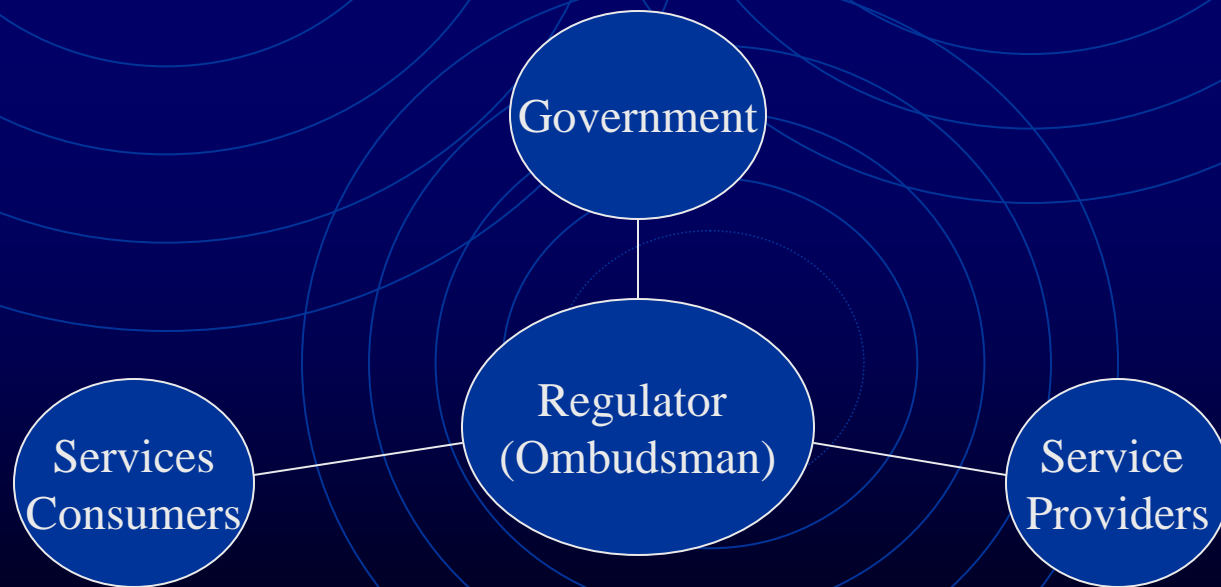
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# Topics

- Introduction
- Source of Funds
- Challenge in Financing a Regulatory Agency
- Rwanda case
- Conclusion

# Introduction (Why Financing a Regulatory Agency?)

- A Regulator = Interface between ...



•Regulator offers services to the Government by implementing its sector policy and acts as his advisor => The Government should finance the Regulatory Agency « if necessary ».

The Regulator Offers services to Operators (dispute resolution, guidelines on fair competition, protection against abuse of dominant position,...). => Operators should finance the Regulatory Agency.

The Regulator offers services to Consumers by improving quality of services at a reasonable price. => consumers should finance a Regulatory Agency.

The Regulator is managing scarce resources on behalf of the Government. =>any user of those resources should pay a certain fee.

# Source of funds

- Government: Subsidy from Government only at the beginning otherwise no Independancy
- Operators: regulatory fee charged by operators which can be a percentage of Utility 's turnover or a fee levied on each bill (a certain amount per minute or per kwh,..)
- Consummers: regulatory fees paid by Utilities are charged to the consumer. It means that the Utilities collecte those fees on behalf of the Regulatory Agency
- National ressources utilized by Utilities such as spectrum frequencies & numbers.
- Donations and legacies

# Challenge in Financing a Regulatory Agency

- The Regulator has the right and the power to set regulatory fees.
- The problem is how to fix them for a new Regulatory Agency?
- Normally, those fees should cover expenses required to run the Regulatory Agency (self –financing but not profit-making). Expenses are not easily predictable and there is a risk of overcharging or undercharging.
- Which solution?

# Rwanda case

- The Law creating the Regulatory Agency (article 35) stipulates that: expense of running The Regulatory Agency are derived from:
  - fees for application for and grant licenses, approuval, permits, allocations to each Utility Operator
  - Grants,donnation and legacies
  - Fees for services rendered to each utility by the Regulatory Agency
  - Loans
  - Annual fees based on a percentage of the turnover of each Public Utility . This percentage has been fixed at 1% by

Ministerial order N° 4/DC/04 of 07/06/2004.

- All fines imposed by the Regulatory Board
- For all sector, only the Communications sector has a Telecommunication Act which allows this sector to charge regulatory fees (application fees, spectrum fees, % of the turnover, fines,...).



# Conclusion

Regulator should not complaint that he doesn't have enough financial ressources to fulfil his mission.

He should emphasize on doing his job professionnaly and on a transparent manner. If so done, the community will finance Regulator's services without complaining.

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Thank you