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Zambian Regulator Embraces Public Outreach Strategy to Promote Transparency and Build Trust with the Public and Energy Sector Stakeholders



January 2022 – With support from the United States Agency for International Development (USAID) and Power Africa, the National Association of Regulatory Utility Commissioners (NARUC) collaborated with the Zambian Energy Regulation Board (ERB) to draft a new *Communications and Visibility Strategy (CVS)* for the period 2021-2025. The CVS, which replaces the previous communication strategy that lapsed in 2021, will help the ERB to effectively communicate its mandate and strengthen relations with energy sector

stakeholders.ⁱ In doing so, the ERB can better contribute to the Power Africa goals of unlocking energy sector potential, expanding electricity generation capacity, and increasing access to reliable, affordable, and sustainable power by enhancing the clarity and transparency of regulatory processes and decisions.

Established in 1995, the ERB's mandate widened in 2020 with the passing of the *Electricity Act No. 11* of 2019 and the *Energy Regulation Act No. 12* of 2019. The *Electricity Act No. 11* regulates the generation, transmission, and distribution of electricity in Zambia. It also outlines a multi-year tariff framework for the ERB and states that any licensee (or entity operating in the energy sector) must get approval from the ERB for a proposed retail tariff.ⁱⁱ Meanwhile, the *Energy Regulation Act No. 12* specifies licensing procedures and states that licensees must meet ERB minimum technical standards and financial reporting requirements.ⁱⁱⁱ As the ERB must carefully balance the interests of consumers, licensees, and the Zambian government, the steps laid out in the CVS will help it to proactively engage with stakeholders at all levels to carry out these mandates.

The Role Of Transparency in Implementing Cost-Reflective Tariffs

In addition, the CVS will be instrumental in aiding the ERB's efforts to enhance its visibility and improve its public perception through clearer, more proactive communications practices. This development is essential, as efforts to move toward cost-reflective electricity tariffs – or tariffs that reflect the cost of electricity generation, transmission, and distribution – have been met with resistance from the public. Tariffs have increased on average by 200% since 2017, and limited regulatory transparency has prevented consumers from understanding the purpose for the increases or the ERB's role in the process.^{iv} Moreover, continued power outages have raised public concerns over the level of service quality provided by ZESCO,^v Zambia's state-owned power utility company.

As of 2014, Zambia had the lowest tariffs in sub-Saharan Africa.^{vi} This was made possible through its reliance on cheap hydropower, which comprises nearly 85% of the national installed capacity of 2,800 megawatts.^{vii} However, Zambia has also kept electricity tariffs well below cost-reflective levels. As the country's population grew over time and more customers connected to the grid, the absence of cost-reflective tariffs prevented ZESCO from investing in new production capacity.^{viii} Recent droughts have added strain to the energy sector, with low rainfall in 2019 leading to unprecedented electricity outages that lasted up to 20 hours per day in some areas.^{ix} This crisis highlighted the need for the utility to increase its financial viability in order to make needed investments in maintenance and new energy generation projects to reliably meet growing demand, diversify the energy mix away from hydropower, and support broader economic development.

With this in mind, the ERB's role in educating the public and energy sector stakeholders on the decision-making processes and justification behind tariff adjustments will be key to building consumer buy-in. By engaging key stakeholders from the outset of the tariff review process, the ERB can help mitigate the reaction to an increase in utility rates by providing the opportunity to:^x

- Participate in the regulatory process
- Review/inspect the detailed application
- Speak during a public hearing
- Be educated on the pending application and on the ERB's responsibilities toward them and the utility applicant

Developing the CVS

Apart from tariff setting, many of the ERB's functions are poorly understood by the public. For example, while most stakeholders are aware of the ERB, the level of awareness varies greatly between 1) energy sector stakeholders and utilities, and 2) consumers and media.^{xi} Moreover, there is little universal understanding of the ERB's wider mandate. To ensure that the CVS was informed by the most up-to-date information regarding the ERB's current visibility and communications practices, NARUC conducted research on Zambia's existing regulatory policies and procedures, communication materials, and digital platforms.

The ERB also worked with NARUC to compile a list of energy sector stakeholders to interview on key considerations regarding communication practices and expectations, including ERB departments, the Zambian media, licensees, government ministries and agencies, other Zambian government regulators, public relations practitioners, consumer organizations, the Regional Electricity Regulators Association of Southern Africa (RERA), and businesses.^{xii} These consultations all contributed to the development of a draft CVS. Subsequently, participating stakeholders later met with ERB staff and NARUC experts to provide feedback on the draft, all of which was incorporated into the final product.

Through conducting several analyses – including situational, internal communication, and stakeholder analyses – the CVS identifies several communications needs and provides suggestions on how to address them. For example, as digital media has changed the way in which information is disseminated and consumed by stakeholders, the CVS emphasizes the need for an increased use of digital platforms to generate better engagement, including revamping the ERB's website and social media platforms. For rural communities, the CVS recommends using alternative outreach methods (e.g., traditional leaders, town hall meetings, community radio, or school clubs) and conducting campaigns to increase energy literacy.

By engaging in more frequent and consistent public outreach, the ERB will be able to better shape the media narrative and give legitimacy to its decision-making process. As a result, the public will be better able to understand energy sector developments, why they are needed, and how they will help to improve electricity access and reliability. Further, strengthening its practices for communicating transparently with targeted stakeholders will help the ERB relay key messaging around its role in creating regulatory frameworks that are conducive to economic growth and investment in the energy sector.

The CVS was presented to the ERB Board in July 2021, and went into effect in September 2021. It will be implemented on a phased basis, with much of the implementation taking place in 2022. NARUC will continue to provide support to the ERB during this process.

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- i “ERB Communications and Visibility Strategy 2021-2025.” NARUC.
- ii “Zambia.” GET-invest. <https://www.get-invest.eu/market-information/zambia/market-segments/>
- iii Idem.
- iv “ERB Communications and Visibility Strategy 2021-2025.”
- v ZESCO was formerly known as Zambia Electricity Supply Corporation Limited.
- vi “Increasing tariffs to prevent another electricity crisis in Zambia.” International Growth Centre. <https://www.theigc.org/blog/increasing-tariffs-to-prevent-another-electricity-crisis-in-zambia/>
- vii “Zambia: Power Africa Fact Sheet.” USAID. <https://www.usaid.gov/powerafrica/zambia>
- viii “Blackouts hit Zambia and Zimbabwe as hydropower dams drain over drought.” BusinessDay. 2019. <https://www.businesslive.co.za/bd/world/africa/2019-12-18-blackouts-hit-zambia-and-zimbabwe-as-hydropower-dams-drain-over-drought/>
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- xi “ERB Communications and Visibility Strategy 2021-2025.”
- xii Idem.