

SOUTH ASIAN FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)

First Executive Committee Meeting: Summary of Discussions

21 November, 2008



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A1: FIRST EXECUTIVE COMMITTEE MEETING: SUMMARY OF DISCUSSIONS

Meeting Date : 21 November, 2008

Venue : CERC's office, New Delhi

Introduction

- 1.1 The first Executive Committee Meeting of SAFIR was held on November 21, 2008 at CERC's office, Chanderlok Building, New Delhi, India. The Executive Committee Meeting was chaired by Mr. K.B. Wakhley, CEO, Bhutan Electricity Authority who is the new Chairman for SAFIR in 2008-2009. Ms. Bhavna Bhatia, Regional Program Leader, South Asia, Central Asia and Europe, represented PPIAF which is also the funding partner of SAFIR.

Welcome Address

- 1.2 In the welcome address, Mr. K.B. Wakhley, Chairman SAFIR welcomed all the Members of Executive Committee and thanked CERC and PwC for all the arrangements.
- 1.3 He reviewed the discussions during the 14th Steering Committee Meeting of SAFIR and stressed on the definite objectives to be followed by SAFIR. He highlighted the important issues to be discussed – Core Course, Permanent Secretariat, Utilization of SAFIR Funds, and, Registration of the SAFIR as a legal entity. He also mentioned that PwC will continue till 31st December, 2008 as an Administrative Partner.

Discussion on Core Course

- 1.4 Prof. Rohan Samarajiva, Executive Director, LIRNEAsia, presented his report on 8th Core Course conducted in Sri Lanka in April, 2007. The participation in this program was not encouraging as there were only 11 participants from the SAFIR members and consequently his organization could hardly reach the break-even point.
- 1.5 The main reasons for the lean attendance at the Core Course were its high cost and the longer duration. Prof. Samarajiva wanted the SAFIR Executive Committee to guarantee some minimum number of participants from their organisations, at least 30 to 40 participants for the Core Course, in the absence of which it might not be viable for LIRNEAsia to conduct the course.
- 1.6 Mr. Khalid Saeed, NEPRA, invited attention to the discussion on 15th SC Meeting and proposed to shorten the duration from 7 to 5 days. He emphasized on looking out for opportunities in India and Pakistan itself as the programme could be more cost effective and engaging local faculty members from the region would help save costs.

- 1.7 For more participation, participants from the local country (where the Course is being organized) should be encouraged. Administrative Staff Colleges or reputed training organisations like IIMs can be contacted.
- 1.8 Ms. Bhavna also proposed that the course fee should be reduced. Mr. Wakhley said that cost of organizing the course in India would be less and as such there was a need to look for opportunities in India itself.
- 1.9 The Executive Committee took the following decisions:
- CERC should identify suitable institute (like IIM-Ahmedabad) keeping in view their standing and capability in terms of imparting training.
 - Core course will be a 5 day programme and can be organized in April, 2009.
 - Apart from regulatory authorities this programme will be open for utilities and others.

Permanent Secretariat

- 1.10 The structure of permanent secretariat was discussed by the Executive Committee. Mr. Khalid Saeed and Mr. Wakhley appreciated that CERC had agreed for Secretariat of SAFIR.
- 1.11 Chairman CERC Dr. Deo informed that the SAFIR secretariat shall be housed within CERC for a period of three years, after which it shall be rotated to the location of the next member country, as decided by SAFIR Steering Committee.

Budget for Permanent Secretariat

- 1.12 Mr. S.K. Chatterjee, Deputy Chief (Regulatory Affairs), CERC presented before the Executive Committee the budget estimates for the Secretariat for the next three years. The details of estimated operation cost and manpower requirement for the next three years as under :-

Manpower requirement

It has been estimated that about 4 personnel will be required for handling the secretariat work. Average annual salary per person would be approximately about \$10000, and for the whole four member team the cost would be \$21,000.

	1st Year (2009)	2nd Year	3rd Year
Secretariat Staffing (Number)	4	4	4

Average Salary per person	\$10,000	\$11,000	\$12,100
Total Professional fees	\$40,000	\$44,000	\$48,400

Operational cost

The total operational cost of the secretariat includes professional fees, administrative cost (secretariat), and administrative cost (steering committee).

	1 st Year (2009)	2 nd Year	3 rd Year
Professional Services	\$40,000	\$44,000	\$48,400
Administrative Costs (Secretariat)	\$ 14,000	\$ 15,400	\$ 16,900
Administrative Costs (Steering Committee)	\$ 35,000	\$ 38,500	\$ 42,350
Total expenses	\$ 89,000	\$ 97,900	\$ 107,650

Thus, the total expenses are estimated to be \$89,000 for 1st Year which will reach \$107,650 in 3rd Year.

1.13 The Executive Committee agreed on the estimated budget, however, it asked the CERC to explore if the manpower costs could be minimised by reducing the required staff. The Executive Committee also requested CERC to take up the task of recruitment of staff for the Secretariat and authorized Chairman, CERC to appoint persons to carry out the activities of SAFIR.

Revision of membership fees

1.14 It was unanimously decided that there would be four categories of SAFIR members and their respective fee structure would be:

- Academic institutions – 1000 USD
- Consumer bodies/NGOs – 250 USD
- Corporates/utilities – 4000 USD

- Regulatory bodies – 3000 USD [This will also include reimbursement of costs (travel, tuition fee etc.) for one person from each regulatory authority for Core Course.]

SAFIR organization/entity – Legal Status

1.15 The Committee discussed in detail about the legal status of SAFIR. At present SAFIR is an informal group of regulators in the region. Legal opinion was also sought which was discussed in detail by the executive committee. The three options which were looked into were :-

- (a) Non-profit Company
- (b) Registration as a Society
- (c) Association of Persons (AOP)

1.16 The Executive Committee discussed pros and cons of above alternatives for establishing SAFIR as entity for receiving funds from Members and other organizations in India and abroad by complying to provisions of various Laws/Act such as FCRA and Income Tax Act. It was felt that legal status of SAFIR be evolved in such a manner as to ensure that it does not become cumbersome for the members to obtain permission from their respective Governments for becoming Member of the entity. After discussion, the Executive Committee asked CERC to formalise SAFIR as Association of Persons under the laws of India and to go ahead with completing the necessary formalities if foreign members could be members of AOP and if there were no difficulties in receiving foreign currency contribution.

Plan of activities for next one year

1.17 Mr. Alok Kumar, Secretary, CERC, proposed the following list of activities for next one year:

- Executive Committee meetings – Two (Second Executive Committee Meeting would be in Feb/March 2009)
- Steering Committee Meeting – One
- Core Course on basic aspects of regulation – One
- Capacity building Workshops – Back to back with the Steering Committee meeting
- Investors' Conference on issues relating to regulation – One (This conference will be co-arranged with the SC Meeting)
- SAFIR website updation.

- Studies on issue of common interest.

The above was agreed by the Executive Committee with the direction that assistance of PPIAF be utilized for arranging resource persons and for structuring Investor's Conference.

Industry Associations such as CII/FICCI be also associated with Investor's Conference. PPIAF may be requested to support studies on (1) Comparative Tariff for various technologies in different infrastructure sectors; (2) Renewables.

PPIAF was also broadly in agreement for extending the present assistance upto June, 2009.

End Remarks

- 1.18 Mr. Wakhley thanked all the members for actively participating in the deliberations and taking constructive decisions which he understood would go a long way in carrying forward the activities of SAFIR.

A2: ANNEXURE 1 – LIST OF PARTICIPANTS**1. Mr. Alok Kumar**

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8. Mr. Rohan Samarajiva

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9. Mr. Rohit Mittal

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10. Mr. S K Chatterjee

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11. Mr. Rahul Raizada

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12. Ms. Vineeta Kanwal

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