

HUMAN RESOURCE CONSTRAINTS FOR ELECTRICITY REGULATION IN DEVELOPING COUNTRIES: HAS ANYTHING CHANGED?

EPRG Working Paper EPRG 0910

Cambridge Working Paper in Economics CWPE 0914

Michael G.Pollitt and Jon Stern

In a paper written in 2002 with Preetum Domah, we provided strong evidence that there were significant human resource constraints which limited the scale and, hence, the scope and potential effectiveness of electricity/energy regulatory agencies in developing countries. That paper (DPS), although only circulated in working paper versions, has been quite widely referred to in policy discussions and also quite widely cited .

The key findings of the paper were:

- (i) There were large fixed costs in electricity regulation which were particularly important for developing countries;
- (ii) These fixed costs were particularly serious as regards professional staff; and
- (iii) The form and explanatory variables of the estimated human resource cost function for developing countries was quite different from that found for developed countries.

The discussion in this new paper reveals that the fixed costs of regulation remain as significant as our original DPS paper suggested.

In addition, the human resource requirements for specialist professional staff seem still to be a binding constraint for some low income and/or small countries.



However, the most significant - and worrying - finding of this current paper is how little new information on regulatory staff numbers there is since 2002. It is surprising (and disappointing) that no multilateral or regional regulatory grouping collects such data.

What little new data has emerged (e.g. for India and Latin America) tends to confirm the findings for 2001-02. Little seems to have changed: the Indian State Regulators still have tiny numbers of staff, the Caribbean and some of the smaller, poorer Latin American countries still have very low numbers of regulatory staff, while the middle income Latin American regulators seem, at least as far as these data inform us, not to have any human resource problems. For Africa, for the countries covered typical electricity staff numbers are in the 30-60 range. Of the three regulators in both the DPS sample for whom we have been able to collect recent data, two have grown by over 50% since 2002.

We strongly believe that more attention should be paid to human resource issue and how it can best be addressed. We urgently need panel data and this requires systematically collecting data on regulatory staff numbers on a regular (e.g. annual) basis. We see this as an obvious – and important task for regional regulatory groupings (such as AFUR, OLADE and IERN).

Contact m.pollitt@jbs.cam.ac.uk
Publication March 2009
Financial Support ESRC, TSEC1