



OVERVIEW

ENERGY SECTOR

GOVERNMENTAL FRAMEWORK

RENEWABLE ENERGY POTENTIAL

ZIMBABWE

Governmental Framework



The sector is primarily controlled by state-owned Zimbabwe Electricity Supply Authority Holdings (ZESA Holdings), which generates, imports and distributes all electricity in the country through its subsidiaries Zimbabwe Power Company (ZPC) and Zimbabwe Electricity Transmission and Distribution Company (ZETDC). The National Energy Policy 2012 foresees

the unbundling and privatisation of what is effectually a vertically-integrated system. Initial steps have been taken towards reaching this goal, but private sector participation in electricity services is yet to be actualised.

Although the government has stated that renewable energy is crucial for energy sector development, the legal framework has thus far not actively promoted investments in this field. According to the Zimbabwe Electricity Regulatory Authority, a feed-in tariff has been developed for renewable energy plants up to 10 MW. However, the scheme has not yet been made public. Moreover, in 2014 the agency announced that a renewable energy policy would be formulated in cooperation with the Ministry of Energy and Power Development. The policy may contain clearer targets for the expansion of renewables in the country.

Government Institutions

Ministry of Energy and Power Development (MEPD)

The Ministry of Energy and Power Development has overall responsibility for energy issues in Zimbabwe. Its mandate includes policy formulation, performance monitoring and regulation of the energy sector as well as research, development and promotion of new and renewable sources of energy. The Ministry supervises and oversees the performance of the energy utility and its subsidiaries. The current acting minister is Samuel Undenge.

<http://www.energy.gov.zw/>

Zimbabwe Electricity Regulatory Authority (ZERA)

The Zimbabwe Energy Regulatory Authority (ZERA) is a statutory body established in terms of the Energy Regulatory Act 2011 read in conjunction with the Electricity Act of 2002 and the Petroleum Act of 2006. ZERA's primary function is to regulate the energy sector. The agency seeks to create an enabling environment for competition and thus promotes an efficient electricity supply industry. The Energy Regulatory Act confers upon ZERA the authority to license any and all players in generation, transmission, distribution and supply of electricity as well as to regulate and approve tariffs.

<http://www.zera.co.zw/>

Rural Electrification Agency (REA) and Rural Electrification Fund (REF)

The government recognizes the fact that rural electrification is a major pillar in enhancing socio-economic development in rural communities. As a result, it established the Rural Electrification Fund (REF) in 2002 and later the Rural Electrification Agency (REA). The agency's main focus is to spearhead rapid and equitable electrification of rural areas in Zimbabwe. To date, the rural electrification program has enabled the electrification of more than 5,000 rural institutions, farms, villages, boreholes, dam points and irrigation schemes. The National Energy Policy 2012 puts emphasis on the coordination of the electrification program, setting of realistic targets and the determination of the appropriate mix of on- and off-grid technologies by the government.

<http://www.energy.gov.zw/index.php/power-development/rural-electrification-programme>

Zimbabwe Electricity Supply Authority (ZESA)

The Zimbabwe Electricity Supply Authority (ZESA) is a state-owned and only company whose task is to generate, transmit and distribute electricity. It delegated these tasks to its subsidiaries, the energy generator Zimbabwe Power Company and the Zimbabwe Electricity Transmission and Distribution Company. Further subsidiaries are the investment branch ZESA Enterprises and the internet provider PowerTel Communications (Pvt) Ltd.

The company's mandate includes:

- Safeguarding the government's interests in ZESA and the Electricity Supply Industry
- Coordinating the government's policy issues relating to the Electricity Industry
- Controlling group financial resources
- Reporting on group performances
- Managing cost efficiency and service quality to customers
- Optimization of benefits to be realized through privatization, protection and growth of shareholder value
- Promoting and underwriting prudent utility practice in the unbundling subsidiaries
- Ensure Strategic Planning and Risk Management
- Ensuring Feasibility, research and development activities
- New business development
- Regional and International Relations

<http://www.zesa.co.zw/>

Zimbabwe Power Company (ZPC)

The Zimbabwe Power Company (ZPC) became operational in 1999 as an investment vehicle in the generation of electricity. The organization has been authorized to construct, own, operate and maintain power generation stations for the supply of electricity.

ZPC currently operates four coal-fired power stations, Hwange, Bulawayo, Munyati and Harare thermal stations and the hydro power station Kariba. They have a total of 1,960 MW of installed capacity.

Each power station holds a generation license from the Zimbabwe Electricity Regulatory Authority. The company's mandate is to generate electricity for the domestic market. The small thermal power stations operate as embedded generators (i.e. power stations that are directly connected to the distribution network) but are only dispatched to meet supply shortfalls.

<http://www.zpc.co.zw>

Zimbabwe Electricity Transmission and Distribution Company (ZETDC)

The Zimbabwe Electricity Transmission and Distribution Company (ZETDC) is a subsidiary of ZESA Holdings. ZETDC is responsible for the transmission of electricity from the power

stations, the distribution of electricity as well as its retailing to end users. Its mission is to provide adequate, safe, reliable electricity and related services at competitive prices. The company combines two branches: The Zimbabwe Electricity Distribution Company is in charge of the distribution and retail of electricity to the end user. It is responsible for the distribution asset management and carries out network planning, development, operation and maintenance. The branch also intends to widen the customer base and conducts the pricing. The Zimbabwe Electricity Transmission Company balances supply and demand and the transmission of electricity from domestic generation plants as well as electricity trading in the Southern African Power Pool.

ZETDC has been struggling financially within the last years. In February 2015, the CEO of ZPC stated that ZETDC owed the power generator more than 558 million USD. ZETDC had tried earlier to raise the electricity tariffs. These efforts, however, were rejected by the Regulatory Authority.

<http://zetdc.co.zw>

Zimbabwe National Water Authority (ZINWA)

The Zimbabwe National Water Authority is a wholly Government owned entity tasked with managing the country's water resources. The Authority was created through the ZINWA Act as part of the Government's efforts to reform the country's water sector.

<http://www.zinwa.co.zw/what-is-zinwa/>

Standards Association of Zimbabwe (SAZ)

SAZ is mandated to facilitate the development and use of standards for technologies, industries, and business in Zimbabwe. As of 2015, SAZ was reportedly partnering with ZERA to setup a solar equipment testing laboratory.

<http://www.saz.org.zw>

Industrial Development Corporation of Zimbabwe

The Industrial Development Corporation of Zimbabwe Limited (IDCZ) is a self-financing, national Development Finance Institution (DFI) established in 1963. It is a wholly Government-owned state enterprises, however is registered in terms of Companies Act (Section 3) of Zimbabwe as a limited liability company.

<http://www.idc.co.zw/>

Zimbabwe Investment Authority

The Zimbabwe Investment Authority (ZIA) is the country's investment promotion body set up to promote and facilitate both foreign direct investment and local investment. ZIA is an institution born out of the merger of the Export Processing Zones Authority (EPZA) and the Zimbabwe Investment Centre (ZIC) to create a one stop shop for investment facilitation. Investors and developers can work with ZIA on issues related to investment license

applications; visa, residence, and work permit considerations; and the navigation of various government agencies.

<http://www.investzim.com/>

Strategies, Policies, Acts, and Regulations Governing Renewable Energy

Rural Electrification Fund Act, 2002

The Rural Electrification Act enabled the establishment of the Rural Electrification Fund Board, which holds and distributes money from the REF for rural electrification projects. It also paved the way for the expansion of the national electricity grid to rural government institutions, business centres and chiefs' homesteads. The Act also allows decentralised renewable energy electrification.

National Electricity Act, 2002

The National Electricity Act established the Zimbabwe Electricity Regulatory Commission (ZERC). The agency was responsible for licensing operators in the electricity sector, setting electricity tariffs, as well as the general regulation of the electricity sector. ZERC was dissolved following the establishment of ZERA in January 2012, and all of its duties were transferred to its successor.

Energy Regulatory Act, 2011

The Energy Regulatory Act led to the establishment of ZERA, whose board has the power to issue and withdraw licenses to all players in the electricity, petroleum and renewable energy sectors. It is responsible for creating a legal framework that promotes fair competition among both private and public players.

National Energy Policy, 2012

The National Energy Policy sets out a framework for measures that contribute to the development of the sector. Its objectives are to accelerate economic development, facilitate rural development, promote small and medium-sized enterprises, and ensure environmentally friendly energy development and efficient utilisation of energy resources. The policy foresees the unbundling and privatisation of ZESA. It assigns an important role to renewable energy in achieving increased electrification rates and reliable on-grid supply. The policy endeavors to leverage the strong potential of renewables through the adoption of a long-term, government-led renewable energy technologies programme. It also targets the installation of an additional 1,250 MW of large hydro capacity by 2020.

In the policy document, the ministry announced the implementation of regulations for the installation of solar water heaters in all new homes, the provision of incentives for retrofitting existing water heaters and the introduction of feed-in tariffs to promote on-grid and off-grid PV applications.

Electricity (Licensing) Regulations, 2008

The Electricity Regulations provide indications for the issuance of generation, transmission and distribution licenses by ZERA, including application guidelines.

Electricity Licensing Guidelines and Requirements, 2013

The Electricity Licensing Guidelines and Requirements provide simple guidelines on the license application process, including required documentation. It applies to systems above 100kW.

Zimbabwe Grid Code, 2013

The Grid Code establishes the basic rules, procedures, requirements and standards that govern the operation, maintenance, and development of the electricity distribution systems in Zimbabwe.

Environmental Management Act, 2002

The Environmental Management Act provides for the sustainable management of natural resources and protection of the environment in accordance with global commitments. Energy is a prescribed activity under schedule 1 of the Act. Thus an Environment Impact Assessment is mandatory for all energy projects to be undertaken.

Water Act, 1998

The Water Act regulates the development and utilisation of water resources within Zimbabwe such as for inland dams with potential for hydropower generation, in addition to their primary purpose of irrigation and urban water supply.

Zimbabwe National Water Authority (ZINWA) Act, 1998

ZINWA is required to undertake and publish the results of research and hydrological and geographical surveys and to develop and maintain a database on hydrological issues of interest for the development and exploitation of water resources in Zimbabwe. Hydrological data is required for planning hydro generation systems on inland dams and perennial rivers. Provides for tariffs for water users. All hydro systems pay consumptive use tariff for water.

Investment Considerations

Laws and Regulations Governing Foreign Direct Investment

The major acts governing investment and business registration in Zimbabwe include the **Companies Act**, **Competition Act**, **Zimbabwe Investment Authority Act**, **Labor Amendment Act of 2015**, and the **Deeds Registration Act**. Enacted in 2007, the **Indigenization and Economic Empowerment Act**, requires that “indigenous Zimbabweans” (i.e. black Zimbabweans) own at

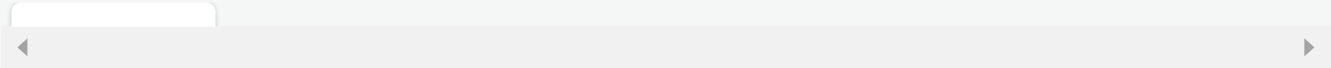
least 51 percent of all enterprises valued over \$500,000. Zimbabwe complies with International Financial Reporting Standards incorporating International Accounting Standards and Interpretations (IFRS).

Renewable Energy Investment Incentives

Energy investors in Zimbabwe may qualify for a tax holiday (negotiable), National Project Status, exemptions from payments of withholding tax, guaranteed divided payments and repatriation.



Key figures



Available statistics:

CAPITAL

Harare

OFFICIAL LANGUAGE

English

POPULATION (2017 EST.)

16,530,000

POPULATION GROWTH (2016 EST.), %

1.41

MEDIAN AGE (2018 EST.), YEARS

URBANIZATION RATE (2015 - 2018), % P.A.

19.3

URBAN POPULATION (2018), % OF TOTAL

32.20**1.32**

RURAL POPULATION (2018), % OF TOTAL

67.8POPULATION DENSITY (2018), PER KM²**37.33**

HDI (2018), RANK OF 188

156

NATIONAL CURRENCY

US Dollar

EXCHANGE RATE (JULY 2019), 1 USD

361

GDP (2018), USD MILLION CURRENT

31,001

GDP GROWTH (2018), %

6.2

GDP ANNUAL GROWTH RATE FORECAST (2020), %

2.80

GNI PER CAPITA (2018), CURRENT INT'L USD

3,010

AVG. INFLATION (2009 – 2017), %

0.87

INFLATION RATE FORECAST (2020), %

32FOREIGN DIRECT INVESTMENT, NET INFLOWS (2017),
BOP CURRENT USD BILLIONSNET OFFICIAL DEVELOPMENT ASSISTANCE (2017),
CURRENT USD MILLIONS

0.25

BUDGET DEFICIT (2016), % OF GDP

11.1**725.83**

EASE OF DOING BUSINESS (2016), RANK OF 190

155

TI CORRUPTION INDEX (2016), RANK OF 168

160

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