

## **Project Management Update from Harare**



**By Peter Banda**

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### ***Project News from Zimbabwe***

#### **PPC to spend \$280 million on Zimbabwe capital expansion projects**

PRETORIA Portland Cement (PPC), Zimbabwe's largest cement firm, has raised its capital spending budget on expansion projects to about \$280 million, a senior company official said in a statement this week. Chief Executive Mr Ketso Gordhan said PPC would spend US\$80 million on building a cement mill in Harare to be commissioned in 2016.

This additional spending will increase PPC's capital spending budget by about 30 percent from the original \$200 million. Last year, the company announced a capital expenditure budget of \$200 million to construct a clinker plant in Mt Darwin and a cement mill in Tete Province, Mozambique. The new Harare cement mill is expected to boost operating efficiencies for the company, which is also planning to close "less efficient mills" at its Bulawayo factory.

"PPC expansion plans (will) be achieved by backward integration in a phased approach," said Mr Gordhan. "First, (will be the) construction of 100 tonnes per hour cement mill (or 700 000 tonnes per annum) in Harare for \$80 million . . . to be commissioned in 2016."

This will be followed by construction of a clinker plant and a mill at a cost of \$200 million. The Harare mill will be funded by a corporate loan to be secured against PPC Zimbabwe's balance sheet.

"The modern efficient mill in Harare gives a competitive advantage and phased capital expenditure approach reduces risk," said Mr Gordhan.

On operations, Mr Gordhan said the prevailing liquidity constraints in the economy had led to a slowdown in local demand. Zimbabwe, which adopted the multiple currency system in 2009, is facing serious liquidity challenges due to a number of factors, including subdued exports. PPC also faces stiff competition from Lafarge and Sino Zimbabwe.

“Tough economic conditions had occasioned low cement prices,” said Mr Gordhan, adding that subdued local demand was being offset by exports to neighbouring countries.

The South African rand devaluation has favourably impacted on the company’s revenues, while the benefits of investment in palletiser and right-sizing of operations are being realised. He, however, noted that local demand for cement was likely to surge, supported by strong recovery of the construction industry.

There is also huge potential in revamping the country’s infrastructure and address significant related bottlenecks. Government, under Zimbabwe’s medium-term economic blueprint the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset), has come up with an Infrastructure Cluster focused on the rehabilitation of infrastructural assets.

According to the African Development Bank, Zimbabwe requires \$14 billion for water and sanitation infrastructure, public amenities, ICTs, energy and power supply, and transport.

### **ZIMBABWE’S US\$533million Hydro Power Expansion Project Commissioned**

Zimbabwe President Robert Mugabe has commissioned the construction of the US\$533 million Kariba South Power Extension Project expected to generate an additional 300MW for Zimbabwe by 2017. The project had been on the cards for years with its implementation hampered by the shortage of project funds among other obstacles.

Development of Infrastructure and Utilities is one of the key pillars of Zimbabwe’s National Development Plan popularly known as Zim-Asset (Zimbabwe Agenda for Socio Economic Transformation) which identifies energy and power development as key enablers to productivity and socio-economic development. Over the years, the power sector has experienced challenges largely due to dilapidated and obsolete generation equipment and infrastructure as well as inadequate financing and capitalisation and other structural bottlenecks.

The US\$320 million loan extended by the Chinese government has, however, made the project a reality with the Zimbabwe Power Company weighing in with US\$213 million borrowed from Development Finance Institutions.

Speaking at the ground breaking ceremony held on 4 September 2014 in at the site in Kariba, (see event picture below) President Mugabe said he was happy that finally the project was taking shape.



“The Kariba Extension project has been on Zesa’s drawing board for a very long time. It’s coming to fruition has been hampered by many challenges which include shortage of foreign currency during the hyperinflation era. The feasibility studies for the project were eventually updated, paving the way for its completion and implementation,” President Mugabe said.

“The successful completion and commissioning of this project, Kariba South Power Station Extension, will add 300 megawatts of power to the national grid. Indeed, the project is a vital component of the Government’s strategy to meet the country’s electricity demands. It is part of our major plan to guarantee the constant and consistent supply of energy for our country.”

President Mugabe said the project entailed construction of an additional two 150MW power generating units to complement the current six 125MW generating units.

“This will increase the total capacity at the Kariba Hydro Power Station from 750MW to 1050MW. This additional capacity will serve the peak demand, significantly reducing the load shedding that we are currently experiencing,” he said.

Added President Mugabe: “Projects such as this one do not merely bring power into our homes and workplaces, but they also empower the people of Zimbabwe. I am informed that over the four years that the project will be implemented, it will employ a total of 700 workers with the majority of the general workers drawn from local communities. To date, about 200 workers have been engaged.”

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He said power projects like the Kariba Power Station Extension were an important part of Government's goal towards an empowered society and a growing economy.

"Adequate power supply infrastructure, not only helps attract investors to our country but in bringing electricity to rural areas, which improves the quality of life to our rural people," President Mugabe said.

He said hydro-power projects were costly to undertake and thanked the Chinese government for funding the extension of Kariba South through a loan facility.

"The implementation of this project is expected to cost a total of \$533 million. I wish to express my sincere appreciation to the Chinese government for extending a loan of \$320 million for the implementation of this project. The balance, \$213 million, is provided for by Zimbabwe Power Company borrowing from Development Finance Institutions," President Mugabe said.

"We also need hydro projects such as Batoka and Devils Gorge on the Zambezi River, Gairezi, Tokwe Mukosi, Kondo, as well as other small hydros, on both existing and proposed national dams. I understand that through such small hydro projects, we can generate a total of 5000MW nationwide. Such a development would provide the nation with additional and cheaper electricity for both industry and commerce, and as a result, attract investment to Zimbabwe. We certainly should actively pursue this line of action." President Mugabe said Government recognised the key role the energy sector plays as an economic enabler.

"For this reason, we have taken great steps to create an environment where participation in the power sector and state owned companies, such as the Zimbabwe Power Company. The regulatory framework and the requisite statutes are in place. This has seen development of power generation projects by Independent Power Producers (IPPs), who, I am advised, are already providing power from small hydro power station generation plants," he said.

President Mugabe warned that delays in the implementation of public projects as has been the case in the past would not be tolerated.

"I, however, would like to observe that implementation of public projects has, in the past, been characterised by inefficiency, delays, and lack of commitment, which, cumulatively, have often compromised the cost-effectiveness of the projects. This cannot be allowed to continue. Zimbabwe values the dependable supply of electricity from Kariba Power Station, which has supported the nation's economy over the past five decades," he said.

President Mugabe urged the Ministry of Energy and Power Development to ensure the Kariba South Extension project is well executed and applauded the Zambezi River

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Authority for the rehabilitation of flood gates and the remodeling of the plunge pool to ensure it does not become a threat to the integrity of the dam wall.

He bemoaned the theft and vandalism of electricity infrastructure saying it was a blow to efforts by Government to provide uninterrupted power.

“We are, however, concerned that of late, theft and vandalism of electricity infrastructure has been escalated. Thus, as we try to increase power generation and extend the national grid, some elements in our society are hell bent on taking us back. The most effective way of combating this scourge is social policing. Communities must report the perpetrators of such crimes to the police and other security agents, and the courts must take a dim view of such crimes as provided for in our existing law. Deterrent sentences must be handed down,” he said.

Energy and Power Development Minister Dzikamai Mavhaire said the construction of Kariba South Power Station Extension would help alleviate power outages.

Several Government officials among them Senior Minister of State Cde Simon Khaya Moyo and Chinese ambassador to Zimbabwe Mr Lin Lin attended the 4 September 2014 ground breaking ceremony.



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## About the Author



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**Peter Banda** is an agile Portfolio Manager with Change Management, Marketing & Project Management Skills, and an accomplished entrepreneur with broad stakeholder management experience. He is a founder of Zimbabwe's largest Association of Project Managers with a membership of over 1000, Project Management Zimbabwe (PMZ - formerly called Project Management Institute of Zimbabwe). He has worked in both the private & public sectors during the last 20 years in Zimbabwe, Botswana & South Africa. Peter is a born & passionate teacher, mentor & trainer with skills ranging from Personal Development Planning to Project Management. Peter has presented & published over 20 papers at high profile international conferences & leading newspapers & publications respectively during the last 8 years.

Peter is currently Secretary- General & CEO of PROJECT MANAGEMENT ZIMBABWE (PMZ). Responsibilities cover strategic navigation of PMZ towards the vision covering board advisory and stakeholder management. He was previously a Higher Education Examiner, Facilitator, Lecturer, Curriculum Developer and Assessor for both local and International Diploma and Degree courses for the Zimbabwe Ministry of Higher & Tertiary Education. He also served as an Examiner, Assessor and Facilitator on for SpringSoft in South Africa. Peter holds a Bachelors (Hon.) degree and MSc qualification, and is currently studying for a PhD & PMP exams. A God fearing father of 2 lovely daughters & 1 son, Peter likes reading & researching current affairs, coaching others to realise their dreams, and watching soccer & cricket. Peter Banda can be contacted at PMIZ National Secretariat Office  
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