


2021

Annual Report



Embracing sustainable
energy for the future.

**ZERA**
ZIMBABWE ENERGY REGULATORY AUTHORITY
For sustainable energy

TABLE OF CONTENTS

1.	CHAIRPERSON'S STATEMENT	5
1.1.	Introduction	5
1.2.	Macroeconomic overview	5
1.3.	Energy Market	5
1.4.	Incentive Regulation	6
1.4.1.	Electricity	6
1.4.2.	Petroleum and Gas	6
1.5.	Corporate Governance	6
1.6.	Stakeholder Engagement and Advisory Services	6
1.7.	Finance and Administration	7
1.8.	Way forward	7
1.9.	Appreciation	7
2.	CHIEF EXECUTIVE OFFICER'S OVERVIEW	8
2.1.	Introduction	8
2.2.	Electricity Sub-sector Performance	8
2.3.	Petroleum Sub-sector performance	9
2.4.	Stakeholder Engagement and Advisory Services	9
2.5.	Finance and Administration	9
2.6.	Human Resources	9
2.7.	Regional Membership	10
2.8.	Corporate Social Responsibility	10
2.9.	Conclusion	10
3.	THE YEAR 2021 IN NUMBERS	11
4.	ZERA COMPOSITION	12
4.1.	Board Members	12
4.2.	Executive Management	13
5.	ZERA MANDATE	14
5.1.	Functions of ZERA	14
5.2.	Strategic Planning, Monitoring and Evaluation Report	14
5.3.	Procurement Overview	14
6.	CORPORATE GOVERNANCE	17
6.1.	Legal and Corporate Governance Report	17
6.2.	Governance Structure	18
6.3.	Board of Directors	18
6.4.	Board Meetings	18
6.5.	Annual General Meeting for 2021	18
6.6.	Board Committees	18
6.7.	Constitution and Attendance Register - Board Committees:	20
6.8.	Prosecution Cases	20
6.9.	Litigation cases	20
7.	INTERNAL AUDIT	21
7.1.	Introduction	21
7.2.	Consulting Services	21
7.3.	Stakeholder Engagement	21
7.4.	Annual Audit Recommendation Implementation Award	21

7.5.	Internal Audit Meeting with the Board	22
7.6.	Quality Assurance Improvement Programme	22
7.7.	Challenges	22
8.	OPERATIONS	23
8.1.	Electricity Sub-Sector Regulation	23
8.2.	Petroleum Sub-Sector Regulation	34
8.2.1.	Licensed Petroleum Companies (2020-2021)	34
8.2.2.	LPG Licenses	34
8.2.3.	Compliance and Enforcement	35
8.2.4.	Petroleum sector pricing and general trends	35
8.2.5.	LPG Pricing	37
8.2.6.	Geographical Information System (GIS)	37
8.3.	Petroleum Sector Infrastructure	39
9.	FINANCE AND ADMINISTRATION	42
9.1.	Financial overview	42
10.	HUMAN RESOURCES OVERVIEW	44
10.1.	Head Count	44
10.2.	Gender Mainstreaming	44
10.3.	Organisational Structure	45
10.4.	Employee performance and turnover	45
10.5.	Employee Engagement	45
10.6.	Training and Development	45
10.7.	Employee Relations	45
10.8.	Employee Wellness	45
10.9.	Covid-19	45
10.10.	Ethics	45
11.	CONSUMER STAKEHOLDER ENGAGEMENT AND EDUCATION	46
11.1.	Engagement strategy	46
11.2.	Regional Consumer Education Outreaches	47
11.3.	Quarterly Stakeholder Meetings	47
11.4.	Consumer complaints and dispute resolution	47
11.5.	Consumer Initiated Conferences and Networking initiatives	48
12.	COMMUNICATIONS AND PUBLIC AFFAIRS	49
12.1.	Overview	49
12.2.	Expression of Interest: National Stakeholder Satisfaction Survey	49
12.3.	Site visits to Energy Service Providers	49
12.4.	Public exhibitions and Stakeholder Engagement	50
12.5.	Corporate Social Responsibility	50
12.6.	Media relations and coverage	50
12.7.	Corporate Communications	51
12.8.	Public Education programmes and outreach programmes	51
13.	QUALITY MANAGEMENT	52
13.1.	Quality Management Systems: ZWS ISO 9001:2015	52
14.	ELECTRICITY SUB-SECTOR PERFORMANCE	53
14.1.	Overall Sources of Energy	53
14.2.	Performance of independent power producers IPPs	54
14.3.	Analysis of Licensee Performance	54
15.	PETROLEUM SUB-SECTOR PERFORMANCE	60
15.1.	Annual Fuel imports trend and analysis	60
15.2.	Monthly Liquid Fuels Imports	60
15.3.	Ethanol production	61
15.4.	Annual and Monthly LPG Imports	62
15.5.	Petroleum products sales	62
15.6.	Petroleum products sales by economic sector	63
15.7.	Petroleum products sale by geographic region	63
16.	FINANCIAL STATEMENT	64

1. CHAIRPERSON'S STATEMENT



*Dr. D. D. Madzikanda
BOARD CHAIRPERSON*

Following the Board's appointment in January 2021, the year has been that of learning, appreciating, and bringing about change. Particular effort has been exerted in promoting and incentivising the energy and power players to achieve a sustainable sector, security and reliability of supply, improved operational efficiency and enhanced service delivery.

1.1. Introduction

I am pleased to present the Zimbabwe Energy Regulatory Authority 2021 Annual Report, which gives highlights of the Authority's performance in delivering its mandate; the achievements recorded; new developments which took place during the year, as well as strategies put in place to help the Authority stay on course. The Authority's strategic focus for 2021 was premised on the three programmes that were commissioned at the onset of the year to guide performance management. These are Policy and Administration; Energy Regulation; and Stakeholder Engagement and Advisory Services.

The Authority was not immune to the global challenges, not least of which was Covid-19 which adversely affected its operations and its staff physically and emotionally. The Authority achieved a 100% vaccination head count for the two mandatory doses in line with WHO guidelines. Our thoughts are with all our staff who suffered personally with the effects of the Covid-19 pandemic, directly through having contracted it, and indirectly, for example in caring for, or worse, losing loved ones. The pandemic-induced strict lockdowns also limited movement for compliance monitoring, thereby ultimately impacting on the overall performance of the Authority. Our management team is applauded for adapting to the challenges brought by the pandemic, and thus coming up with mitigation strategies to ensure the Authority played its monitoring role across the sector. The Authority demonstrated remarkable resilience and resourcefulness and embraced new ways of working.

1.2. Macroeconomic overview

The trajectory of the economy was well on its recovery in 2021, mainly boosted by higher agricultural and mining production, improved capacity utilization in industry, however marred by fluctuating exchange rates, thereby affecting prices of energy products.

At a time of global uncertainty, we believe an important role of any business operation is to seek solutions and seize opportunities. The Authority put in place measures to ensure that it remained financially viable under a turbulent environment.

1.3. Energy Market

Despite the economic turbulence caused by the effects of the pandemic, it was the Authority's main objective to maintain sanity in the energy market and facilitate the smooth flow of business operations. Seven Independent Power Producers (IPPs) were licensed in 2021, as the Authority continued to promote for small power producers to augment the supply of electricity to the grid. In addition, the Authority began a drive to license corporate and commercial industries to produce solar power for own consumption. Out of the seven IPPs licenced in 2021, five were for own consumption and captive power. This complements efforts to encourage the use of renewable energy as a country and significantly improves the success rate of IPPs. However, some of the projects under construction were delayed due to the Covid-19 pandemic which caused construction stoppages

as key staff, in particular expatriates, had to return to their countries of origin at the height of the pandemic.

The petroleum and gas market remained fairly buoyant as 1 363 license applications were received and processed by the Authority, from all licensing categories. The Authority creates a level playing field, by regulating the energy sector, ensuring prices are affordable, the suppliers realise good returns and at the same time ensuring access of energy by all.

1.4. Incentive Regulation

1.4.1. Electricity

Whilst there were 104 licenced IPPs, the contribution of operational IPP projects to the electricity grid remained low at 1.87 % due to a variety of reasons, chief of which was lack of financial closure. As a result, the electricity demand-supply balance remained problematic leading to power outages. Commissioning of IPPs and tightening of IPP licensing therefore was one of the areas that the Board focused on. In line with the Electricity Act, the Authority continued to implement tariff adjustments emanating from the movements in the exchange rate and inflation and to ensure that there is investment in the power sector. In addition, the Authority developed energy management regulations with the objective of promoting and enforcing energy management practices for medium and large power customers.

To augment the supply of electricity on the grid, the Authority placed emphasis on Net Metering Regulations (Statutory Instrument 86 of 2018) which would ultimately promote the uptake of net metering by consumers. The Authority is promoting net metering in conjunction with ZETDC, as a way of increasing the contribution of small-scale renewable energy generation and to reduce the carbon footprint.

1.4.2. Petroleum and Gas

The 2021 licensing year recorded the highest number of licenses at 1 363, for both petroleum and liquefied petroleum gas. The private sector is greatly commended as it is now a significant player in the provision of petroleum and gas in the country and this resulted with a reliable supply of fuel and gas during the year. Petroleum plays a critical role in the nation's critical industries of mining, agriculture and manufacturing. It is

therefore the Authority's role to ensure petroleum and gas products are always available to aid the country's economic activity.

To ensure compliance of the sector, use has been made of the Geographic Information System (GIS) that has served the Authority well for purposes of improving on enforcement of compliance and better understanding of the petroleum sector.

In 2021, the Authority developed a scheme of grading and labelling fuel retail sites. The thrust of this scheme is to improve the standards of the petroleum industry towards offering best customer experience and scaling up to international standards. Furthermore, the President launched a fuel management system that will assist in the management of fuel bought using funds made available from the Dutch auction system currently in place.

1.5. Corporate Governance

Pursuant to the expiry of the tenure of the previous Board, five (5) new Board Members were appointed on 20 January 2021 whilst the other two (2) were appointed on 03 May 2021. In addition to the seven (7) Board members, one (1) Board member was retained from the previous Board since his term had not yet expired.

The Board set the direction of the Authority through the establishment of strategies and measurable objectives to ensure the effective and efficient execution of the Authority's mandate. The Board recognises the importance of good corporate governance and is committed to conducting the business of the Authority with integrity and in line with best corporate governance practices.

In line with the Public Entities and Corporate Governance Act [Chapter 10:31], the Board approved the revised Code of Ethics for the organisation as well as the Board Charter. The two documents are awaiting approval by the Office of the President and Cabinet and the line Minister, respectively.

1.6. Stakeholder Engagement and Advisory Services

Regular engagement, dialogue with and feedback from the Authority's internal and external stakeholders are important to its success, and a core element of its operations. From a strategic

perspective, stakeholder engagement and feedback inform the strategic direction of the Authority and helps improve the corporate image of the Authority. The past year was comprised of both online and physical stakeholder engagements, as the Authority maintained interaction lines with the varied stakeholders. It was evident that each stakeholder group required a tailored engagement approach to foster effective communication and mutually beneficial relationships.

The Authority's Strategy Review process held in the last quarter of the year was therefore better informed, based on views and input from various stakeholders, thereby giving direction to the Authority for the ensuing year. The interactions with stakeholders also helped to educate better use of energy and in particular, brought greater awareness of the dangers of electricity and curbed fatalities.

1.7. Finance and Administration

An Operating Surplus of ZWL\$350,062,295 was realised compared to ZWL\$50,162,897 in the prior year. The net worth of the Authority for the year ended 31 December 2021 was at ZWL\$922,694,720 compared to ZWL\$289,627,467 in the prior year and this accounted for a 219% increase from 2020 to 2021, signifying a sound health position of the Authority.

In line with Section 31 of the Energy Regulatory Authority Act, the Authority realised a surplus of ZWL\$28,749,071 from the electricity account which will be remitted to the Rural Electrification Fund (REF) as compared to a deficit of ZWL\$15,525,626 in 2020.

1.8. Way Forward

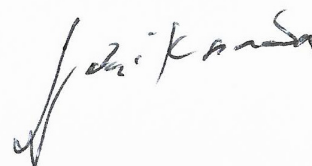
Looking forward into the year ahead, I am confident that the Authority is on track in delivering its mandate, given the plans that have been put forward by each department, and collectively, as well as acknowledging the measures put in place to ameliorate the effects of Covid-19 pandemic. As a Board, we acknowledge that despite the uncertainty in the economic environment, as well as the pandemic that lurks on the edges, the Authority is well on the right path. Having exhibited its commitment to deliver against all odds, coupled with a resilient workforce, the Authority is set to keep the energy sector afloat and be the panacea to the economy's woes.

The focus will be in ensuring a reliable supply of both electricity and petroleum and gas products that are affordable to the customers. The use of new and renewable energy sources will be pursued vigorously to ensure that the country plays its role in minimising gas emissions.

1.9. Appreciation

On behalf of the Board, I would like to express our deepest appreciation and gratitude to our capable and reliable management team and staff, for their continuous dedication, commitment, and support in executing the business of the Authority and achieving the set objectives throughout the year. The team remained resolute in the toughest period that impacted on personal well-being; when new working conditions were introduced to preserve business continuity.

To our stakeholders, in their different categories, as well as our Ministry of Energy and Power Development, we thank you for always putting your trust and confidence in the Authority's capability to always deliver on the mandate it has been given.



Dr. D. Madzikanda
Board Chairperson



*Edington Mazambani
Chief Executive Officer*

2. CHIEF EXECUTIVE OFFICER'S OVERVIEW

2.1. Introduction

The Authority set out to operationalise the 2021-2025 Programme Based budgeting strategy, which was a framework the Authority used to keep on track, hold ourselves accountable and allocate resources accordingly. With the pandemic halting several of our normal activities, the Authority forged forward to ensure the energy sector remains in check, and there is access to energy. With the team showing tremendous resilience, responsibility and innovation, the Authority stayed on course achieving an overall performance of 90.2%

2.2. Electricity Sub-sector Performance

A total of 10,643 GWh of energy was supplied in 2021 against 8,664 GWh in 2020 (23% increase) with Kariba Power Station being the dominant power plan contributing 57% of the energy requirements. Supply from renewables was a meagre 2% of internal power generation excluding large hydro. The Authority will continue to open up the renewables space through interventions such as competitive bidding to increase the renewables share.

Power outages increased by a moderate 6% increase with 127,241 faults recorded in 2021 against 120,184 recorded in 2020. Most of the faults are attributed to acts of vandalism and theft of both transformer oil and conductor, which have been on the increase.

With regards to electricity sales, there was an increase of 21.8%, with all sectors recording positive variances between 2020 and 2021 and the mining sector remaining the largest consumer of electricity.

The electricity sector observed an increase of 25% of new connections, from 17,600 in 2020, to 22,021 in the year 2021. The increase was a result of new residential areas being electrified and customers procuring their own connection materials. As such, the active customer base increased by 2% to 789,394 in 2021, up from 776,179 in 2020.

The Authority continues to advocate for the safety of consumers and stakeholders within the energy sector. The Electricity Supply Industry recorded 74 accidents, an 11.91% decrease as compared to 2020; however, no change was noted in the number of fatalities which stood at 29 by end of 2021, the same number in 2020.

Due to Covid-19 induced travel restrictions, the Authority requested ZETDC to self-audit for compliance to the Distribution Code. The general compliance rate for Northern region was 92% (84/91) from 76% recorded in the last audit of 2018. There was also an improvement in the compliance rate in Kariba from 71.3% in 2020 to 78.8% in 2021. The compliance rate in the Southern Region closed at 72% (68/94) from 50%, (44/88) recorded during the last audit, whilst the general compliance rate stood at 67% (61/91) in the Eastern region at the close of 2021 based on self-audit submissions by ZETDC.

2.3. Petroleum sub-sector performance

The Authority licensed 1 363 petroleum sector operators in 2021, where the highest number of licenses issued were in the Retail and Wholesale sector.

Comparison of overall importation figures for all liquid fuels (diesel, unleaded petrol, illuminating paraffin and Jet A1) in the year 2021 showed a 21.4% increase as compared to same period in 2020. Disaggregation by products shows an increase of 15.4% for diesel, 27.2% for unleaded petrol, 122.5% for Jet A1 fuel and a decrease of 58.7% in importation of illuminating paraffin. The increase in Jet A1 fuel importation was attributed to the opening of the aviation services due to relaxation of measures meant to curb the spread of COVID-19.

LPG imports in 2021 were 45.8% higher as compared to the % in the same period in 2020 indicating greater use of LPG by consumers.

The Authority continued to enforce compliance to standards and regulations within the confines of Covid 19 regulations. Licensing Compliance enforcement was done in all the ten (10) Provinces of Zimbabwe with one hundred and sixty-six (166) notice to produce licenses issued to operators trading without licenses as this was a violation of the Petroleum Act 13:22 section 29.

A total of 152 cases for prosecution were finalised in all the provinces with fines charged to offending operators. Fourteen (14) cases were still pending at the end of the 2021 trading period, with eleven cases still to be filed with the Zimbabwe Republic Police. The delay for filing was due to the Covid-19 induced suspension of field work in December 2021.

Pricing enforcement was conducted in line with Fuel Pricing Regulations (SI 270 of 2019 and SI 90 of 2021) with 2,383 visits to retail sites and Oil Marketing Companies in all the ten provinces. The visited operators had a 99.5% compliance to prescribed prices for fuel with twelve (12) sites issued with compliance orders for over pricing.

2.4. Stakeholder Engagement and Advisory Services

Feedback and input from our stakeholders are imperative to the Authority as it provides a deeper understanding of their needs, challenges, interests and expectations of the energy sector.

Despite the continued restrictions on physical engagements for the better part of 2021, due to the pandemic, the Authority continued to engage stakeholders virtually. Consumers also activated online platforms in which they invited the Authority to discuss pertinent issues within the sector. This also complimented efforts by the Authority to maintain an online presence throughout the lockdown, by providing relevant updates on fuel and LPG pricing. The Authority's brand was kept alive to the online audiences, drawing a combined following of 32,000 across all digital platforms.

The Authority also continued with one of its mandates of resolving complaints and disputes within reasonable periods. Resolution of complaints and disputes declined from 96.06% in 2020 to 82.35% in 2021 mainly due to the covid-19 pandemic induced lock down restrictions, which caused the inevitable disruption of service delivery.

The relaxation of the lockdown regulations to allow for public exhibitions, such as the Zimbabwe International Trade Fair, as well as the Harare Agricultural Show gave the Authority an opportunity to re-assert itself and increase its visibility.

2.5. Finance and Administration

The financial results for the year ended 31 December 2021 were achieved in a challenging economic environment. Coupled with the effects of the pandemic on the economy, in general, the macroeconomic environment continued to exhibit hyperinflationary traits, thereby impacting on the Authority's operations. Year on year inflation declined from 557.21% in 2020 to 92.54% in 2021. The Authority's year to date income for the year ended 31 December 2021 was ZWL\$917 226 018, which was 5% below budgeted income of ZWL\$968 633 850. However, the year saw historical income increasing by 92% compared to the prior year. This helped keep the Authority to stay afloat and self-sufficient in its operations.

2.6. Human Resources

Due to the turbulent nature of the year 2021, the Authority experienced a significant staff turnover across all departments. This can be attributed to reduced remuneration levels, despite the Authority's continued efforts to retain staff. However, the Authority boasts of skilled and resilient staff, who have exhibited dedication and

commitment to the success of the Authority, in spite of the challenging environment that we are operating in.

2.7. Regional Membership

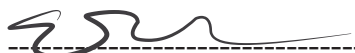
The Authority kept its ties with other energy regulators in the region, by maintaining its membership with the Regional Electricity Regulators Association of Southern Africa, (RERA). For the better part of the year, which was under lockdown across the region, meetings, trainings and workshops were held virtually, thereby keeping the Authority abreast of developments within the regional energy sector. The Authority is also a member of the African Forum for Utility Regulators (AFUR), African Refiners Association) and the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA).

2.8. Corporate Social Responsibility

To support the growth and capacitation of the energy sector, the Authority continued to fund education for five university students studying towards engineering degrees. This was in addition to electrical equipment donated to the University of Zimbabwe towards capacitating the Faculty of Engineering and the Built environment in teaching electricity courses.

2.9. Conclusion

The past year has been difficult as each of us has had to wrestle with big changes in our sector. However, armed with the reviewed Strategic Plan, an understanding of our mandate, I am confident the Authority will drive the energy sector to ensure sustainable energy for all, whilst also contributing towards the national vision. As challenging as 2021 was, it also offered glimpses of inspiration, that if we work as a team, aligning our activities to the strategy, we can perform much better, and achieve a lot more.



Mr. E. T. Mazambani
Chief Executive Officer

3. THE YEAR 2021 IN NUMBERS

2021

7 

Electricity licenses issued with a capacity of **526.898 MW** in 2021 against 22 licenses with a capacity of **712.6 MW** in 2020.

19 

New electricity licenses applications received with potential to generate **321.4 MW** against 22 in 2020 with potential to generate **712.6 MW**


10,193 ^{GWh} 

of energy supplied in 2021 against **8,664 GWh** of 2020 (**17.65% increase**)

IPPs 

supplied 131.1 GWh in 2021 against **106.7 GWh** in 2020 (**22.8% increase**)


Fuel procurers imported

850 million litres  of diesel in 2021 against **736.4** million litres in 2020 and **510** million litres of petrol against **403.8** million litres in 2020.

882 retail sites  against **733** in 2020.

20 Power projects  operational out of **96 licensed** by end of 2021

90.2%  corporate performance against a set target of **100%**

1038  of inspections against 1,255 in 2020 under energy efficiency program yielded 2.5MW of banned products

56 789 548 kgs  of LPG consumed in 2021 against **38 959 000 kgs** in 2020

82.35%  success rate of resolving consumer complaints against **90%** in 2020



Historic Income **ZWL\$917.2 million** in 2021 against **ZWL\$478.6 million** in 2020.
Historic Surplus **ZWL\$350 million** in 2021 against **ZWL\$50.1 million** in 2020.
Historic Net Worth **ZWL\$923.6 million** in 2021 against **ZWL\$289.6 million** in 2020.

4. ZERA COMPOSITION

4.1. Board Members



Dr. D. D. Madzikanda
BOARD CHAIRPERSON



Eng. F. Mavhiya-Bhiza
VICE CHAIRPERSON



Mrs. Gertrude Chikwava
BOARD MEMBER



Mrs. T. Madzivire
BOARD MEMBER



Mr. M. Kambarami
BOARD MEMBER



Mr. T. K. Ncube
BOARD MEMBER



Ms. Sheila Rufu
BOARD MEMBER



Dr. S. Ziuku
BOARD MEMBER



Edington Mazambani
Chief Executive Officer
EX-OFFICIO BOARD MEMBER

4.2. Executive Management



Edington Mazambani
Chief Executive Officer
EX-OFFICIO BOARD MEMBER



Misheck Siyakatshana
Technical Director



Ngoni Ranga
Finance & Administration Director



Jacqueline Mupamhanga
Corporate Secretary/Legal Advisor



Charity Machimbidzofa
Senior Manager Monitoring & Evaluation



Rumbidzai Musiyiwa
Head of Internal Audit



Learmore Nechitoto
Senior Economic Regulation
Manager

2021

5. ZERA MANDATE

5.1. Functions of ZERA

The Zimbabwe Energy Regulatory Authority (ZERA) is a body corporate established in terms of the Energy Regulatory Authority Act [Chapter 13:23] of 2011. The Authority is mandated to regulate the entire energy sector in Zimbabwe in a fair, transparent, efficient, and cost-effective manner for the benefit of the consumers and energy suppliers.

ZERA derives its mandate from the Energy Regulatory Authority Act [Chapter 13:23] of 2011 read together with the Electricity Act no 4 of 2002 [Chapter 13:19] and its subsequent amendments and the Petroleum Act [Chapter 13:22] of 2006. The Energy Regulatory Authority Act prescribes 18 functions and powers of the Authority which have been summarized into six categories as below:

- 1) Regulation and licensing
- 2) Research and development
- 3) To increase access and security of energy supply
- 4) Market Reform and Competition
- 5) Energy efficiency and Environmental protection
- 6) Key Stakeholder Advisory

5.2. Strategic Planning, Monitoring and Evaluation Report

5.2.1. 2021 Strategic Plan Implementation Review and Formulation

The year 2021 was the first implementation year of the NDS1 and so the set targets were as embodied in ZERA's 5 year (2021-2025) Strategic Plan, as more fully detailed in the 2021 Annual Strategic Plan and 2021 CEO's Performance Contract. Programme Based Budgeting was also introduced in 2021 and implementation of the strategy was therefore done through Programmes and Sub-Programmes.

Following the holding of internal stakeholder

departmental reviews that assessed Programme and Sub-Programme implementation performance of the First, Second and Third Quarters of the year, emerging strategies and issues were identified and incorporated into the strategies in order to address non-performing indicators at the annual strategy review workshop held in Dec 2021. Programme based reports incorporating were presented to the Board at the workshop where key success milestones, performance gaps and intervention strategies were analysed and a collective critique of the same done. This exercise brought to the fore ZERA's strategy implementation strength and deficiencies at both corporate and departmental levels. Appropriate mitigatory measures were identified for immediate implementation in 2021 as well as for 2022. The Board highlighted its 2022 and long-term performance expectations.

The annual strategy review process is part ZERA's yearly assessments to ensure that the energy regulator remains on course to fulfil its mandate and mission. Monitoring of the performance of key projects also continued in 2021 through implementation of the 100 days Rapid Results Approach Initiative.

5.2.2. Overall Organisational Performance Index

During the year under review, the Authority continued to focus on its strategic role of energy regulation and supporting implementation of the Government's NDS1 through implementation of its 5 Year (2021-2025) strategic plan. ZERA's annual organisational performance index achievement for 2021 was 90.2% against a set target of 100%. This performance was 22.3% above that of 2020 for the same period which was 67.9%. This performance which is slightly below the 100% target is highly attributed to measures that the Authority put in place in

2021 based on lessons learnt from in 2020 to mitigate against the impact of the Covid-19 restrictive measures. Such measures included the introduction of online engagements and inspections with stakeholders and licensees as well as by effecting more prudent financial interventions which included continuously reviewing spending patterns and monitoring revenue lines in terms of adequacy to supporting activities of the Authority.

In spite of this good performance, subdued performance during the last quarter of 2021 was mainly due to shortage of staff in the Audit department, financial constraints which delayed the Call for Proposals with respect to implementation of research projects, delayed promulgation of Petroleum Licensing Regulations and delayed electricity physical monitoring inspections due to the Covid-19 restrictions.

Evaluation of the organisations performance shows that the Petroleum Unit performed highly in spite of the Covid-19 restriction faced by all the other departments. Analysis of the reasons for this performance has identified the factor which facilitated this high performance. During the year and in the face of Covid-19 restrictions to carry out inspections, the department was highly innovative and developed a Standard Operations Procedure (SOP) for remote monitoring of sites and online inspectors were trained. Online inspections were done that covered remote areas including areas under quarantine such as Hurungwe and Kadoma. The virtual inspections also helped cut out on time and cost constraints that could have been a back draw in physical

visits. This enabled the department to do many more inspections and concentrate on other KPI. To ensure accuracy of information provided online, the inspectors then followed up with physical inspections when the Covid-19 restrictions were eased out.

Such innovative ways of dealing with Covid-19 restrictions provide good learning points to the organisation in dealing with future pandemic challenges in the implementation of ZERA's mandate.

5.2.3. ZERA 5 Year Strategic Plan Formulation Review Report

The Authority's contribution to the energy sector falls under the Sectorial Key Result Area of "Provision of Improved Infrastructure and Services", while its priority area is "Infrastructure and Utilities." The Strategic Plan review process was guided by the dictates of NDS1, the IRBM and Project Based Budgeting (PBB) principles. The formulation process entailed the review of the same plan formulated for 2021 to ensure that it remained compliant with NDS1 and considered the existing macroeconomic environment. The departmental review reports and Board comments on the 2021 performance reports also provided vital inputs to the strategy formulation process.

5.2.4. ZERA Programmes and Outcomes

ZERA maintained the three Programmes that were adopted in 2020 to ensure continuity. The ZERA Programmes and Outcomes for 2021 are outlined in Table 1: The implementing functions produce their own Sub-programmes which were the implementing documents for the strategic year 2022.

Table 1: Programmes and Outcomes

No	Issue	Update During the Year	Update at the Year End
1.	Policy and Administration	Support Functions	Improved Institutional Capacity
2.	Energy Regulation	<ul style="list-style-type: none"> Technical Electricity Technical Petroleum Economic Regulation 	<ul style="list-style-type: none"> 1. Increased regulatory compliance 2. Enhanced cost reflectivity of energy prices 3. Improved uptake of modern energy and technological innovations 4. Increased energy efficiency
3.	Stakeholder Engagement and Advisory Services	Consumer Services Communications	Improved Stakeholder Satisfaction

5.3. Procurement Overview

The Procurement Management Unit (PMU) is responsible for the acquisition of goods and services required by the Authority. It also oversees the disposal of obsolete assets and equipment. The PMU obtained a Class A procurement license from the Procurement Regulatory Authority of Zimbabwe. A disposal policy which governs the disposal of obsolete assets and equipment was developed and approved by the Board during the year.

The Authority procured goods worth ZW\$157,272,497.03 during the year under against a planned expenditure of ZW\$540,000,000.00.

The level of procurement increased by 148.87% from ZW\$63,195,149.26 in 2020. Out of the total procurement spend in 2021, ZW\$65,115,589.07 were goods whilst services valued at ZW\$92,156,907.96 were rendered to the Authority. The delivery rate of goods and services in 2021 stood at 99% as compared to 95% in 2020. The performance of key suppliers by procurement category was satisfactory as there were no returns of goods and services procured due to poor quality. The Authority achieved a disposal rate of 100% of obsolete assets and equipment thereby eliminating unnecessary waste.

Table 2: List of Tenders Awarded in 2021

No	Tender No	Description	Winning Bidder	Award Amount
1.	ZERA COMP 01/2021	Supply and delivery of Computer Consumables	Blinart Technologies	ZW\$ 3 500 000.00
2.	ZERA COMP 02/2021	Supply and delivery of Laptops, Printers, IPADs and Cell phones	<ul style="list-style-type: none"> · Laptops – Jeriel Technologies · Printers – Innovative Technologies · Ipads – Top Tech · Cellphones – Blinart Technologies 	<ul style="list-style-type: none"> · ZW\$ 2 920 000.00 · ZW\$500 000.00 · ZW\$ 2 500 000.00 · ZW\$ 750 000.00
3.	ZERA COMP 03/2021	Supply and delivery of Corporate Wear	Appointment Corporate Pinkler Media Active Marketing E-Style	ZW\$869 000.00 ZW\$456 000.00 ZW\$845 000.00 ZW\$166 274.00
4.	ZERA COMP 10/2021	Provision of Air-conditioning Services	Panasonic	N/A
5.	ZERA COMP 11/2021	Provision of Telephone Services	Compliant Technologies	N/A
6.	ZERA COMP 13/2021	Supply and delivery of Toyota Landcruiser Prado	Croco Motors	US\$112 350.00
7.	ZERA COMP 14/2021	Provision of Auctioning Services	Millenium Auctions	N/A
8.	ZERA COMP 15/2021	Provision of Biometric Access	Radio Solutions	ZW\$903 113.55
9.	ZERA COMP 16/2021	Provision of Travel Agency Services	Southern African Tours Blueberry Travel Pearlsard	N/A N/A N/A
10.	ZERA COMP 17/2021	Supply and delivery of 3x Portable Density Meters	Elliot and Nephew	ZW\$2 847 178.80
11.	ZERA COMP 17/2021	Supply and delivery of Diaries and Calendars	Tramgraphics LACC Enterprise Printworks Mbaitisi	ZW\$962 244.83 ZW\$1 822 329.33 ZW\$696 400.54 ZW\$1 024 513.86
12.	ZERA COMP 18/2021	Installation, Testing, commissioning and Maintenance	SIRDC	US\$55,675.00
13.	ZERA COMP 19/2021	Supply and Delivery of 2x LPG density Meters	Labcal Instruments	ZW\$1 566 360.00

6. CORPORATE GOVERNANCE

2021

6.1. Legal and Corporate Governance Report

Pursuant to the expiry of the tenure of the previous Board, five (5) new Board Members were appointed on 20 January 2021 whilst the other two (2) were appointed on 03 May 2021. In addition to the seven (7) Board members, one (1) Board member was retained from the previous Board since his term had not yet expired. An induction program was conducted for the newly appointed Board Members to ensure familiarisation with the Authority's operations as well as the industry. As part of the induction, the Board met some of the key industry stakeholders and visited a number of licensed operations. Upon assumption of duty, the Board set the direction of the Authority through the establishment of strategies and measurable objectives and approval of a strategy aligned organisational structure to ensure the effective and efficient execution of the Authority's mandate.

The Board recognises the importance of good corporate governance and is committed to conducting the business of the Authority

with integrity and in line with best corporate governance practices. The Authority strives to conform, in all material respects, to all laws and regulations governing its operations including the Public Entities Corporate Governance Act [Chapter 10:31]. In order to enhance its governance effectiveness, the Board reviewed the Board Charter, Board Committee Terms of Reference and the Code of Ethics for the organisation. The Board Committees were also reconstituted to ensure that they are aligned with industry needs.

In line with the Public Entities Corporate Governance Act [Chapter 10:31], each Board member is required to notify the Board of any actual or potential conflicts of interest and update the Board of any changes on an ongoing basis. A Register of Directors' Interests is maintained wherein Board Members disclose any interests with regard to matters to be considered at any meeting of the Board. Board Members also declare their assets on an annual basis as required by the Public Entities Corporate Governance Act [Chapter 10:31].

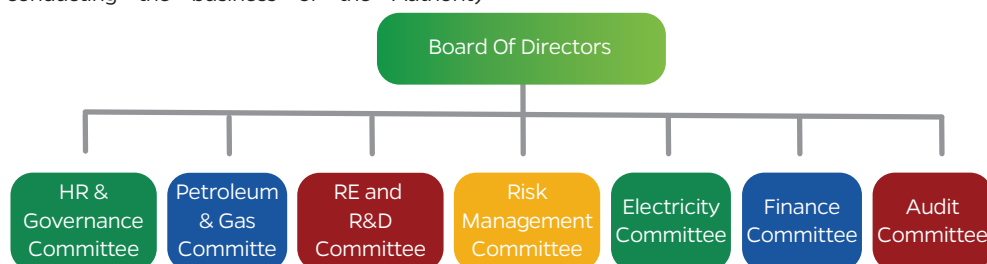


Fig.1 - Board Structure

Acronyms

- i. HR & Governance Committee - Human Resources and Governance Committee; and
- ii. RE and R&D Committee - Renewable Energy and Research and Development Committee.

Board training and developmental initiatives remain focused on enabling Directors to have access to learning, development and training opportunities which enable them to be suitably knowledgeable and skilled to carry out their roles. In addition to the induction program conducted soon after the appointment of the Board, members attended the following training programs:

- a) Ethical Leadership;
- b) Corporate Governance training by the Office of the President and Cabinet – Corporate Governance Unit; and
- c) Managing Power Sector Reform and Regulation in Africa.

In terms of the Public Entities Corporate Governance Act [Chapter 10:31], the Board is required to carry out an annual evaluation to appraise its performance both collectively and for individual members. Board evaluation was however, not conducted during the reporting period as this was not yet due. The evaluation process will be conducted during the ensuing year after the Board's first anniversary.

6.2. Governance Structure

The structure of the Board as at 31 December 2021 was as follows:

6.2.1. Board of Directors

Section 6(2) of the Energy Regulatory Authority Act [Chapter 13:23] provides that the operations of the Authority shall be controlled by a Board of Directors consisting of individuals with knowledge of, ability and experience in the following:

- a. Finance and administration;
- b. Electrical industry;
- c. Petroleum industry;
- d. Qualified to practice as a legal practitioner in terms of the Legal Practitioner's Act [Chapter 27:07]; and
- e. Qualified to practice as an engineer in terms of the Engineering Council Act [Chapter 27:22].

The Board's skills matrix, qualification, expertise and gender balance is in compliance with the provisions of the Public Entities Corporate Governance Act [Chapter 10:31].

6.2.2. Board Meetings

The impact of the Covid-19 pandemic affected Board operations, and this necessitated a new approach to the way the Board conducted its meetings. Board meetings as well as the Annual General Meeting which are traditionally physical meetings continued unabated through virtual channels.

All quarterly-scheduled Board and Committee meetings were successfully conducted during the

year under review. Special Board and Committee meetings were also conducted to cater for urgent issues that could not wait for the scheduled meetings. Issues covered by special meetings included electricity licensees' show cause hearings, licence cancellations, review of the organisational structure and the remuneration package, amongst others.

6.2.3. Board Committees

The Board established and delegated specific roles and responsibilities to seven (7) Committees to ensure the efficient discharge of the Board's mandate. The Committees assist the Board in giving detailed attention to specific areas of the Directors' duties and responsibilities. The Terms of Reference of each Committee are approved by the Board and reviewed when necessary. All Committees are chaired by non-executive Directors of the Board with Executive Management attending meetings upon invitation. The Committees meet quarterly, and Special meetings are also held as necessary. The Board receives minutes of the Committees, and the Committee Chairpersons present the recommendations made by their respective Committees for Board approval.

6.2.3.1. Committees' Key Responsibilities:

- a) Human Resource & Governance Committee

Ensure that the Authority discharges its responsibility to attract, motivate, develop and retain the required staff competencies in line with its Strategic Plan.

- b) Petroleum and Gas Committee

Discharge the Board's responsibilities with regards delegated petroleum and gas sub-sectors regulatory matters in terms of the Energy Regulatory Authority Act [Chapter 13:23] as well as the Petroleum Act [Chapter 13:22].

- c) Renewable Energy and Research and Development Committee

Strategically drive the Authority's promotion of the uptake of green sources of energy with a view to maintain the cleanliness of the environment and minimize the negative effects of climate change. Unlocking of potential in new discoveries of the energy industry is undertaken through research and development as spearheaded and overseen by the Committee.

- d) Risk Management Committee

Play an oversight role in respect of the Authority's risk management policies and practices. It ensures that the Authority's risk management

frameworks are commensurate with the organizational structure, risk profile, complexity, activities, and size.

e) Electricity Committee

Discharge the Board's responsibilities with regards delegated electricity sub-sector regulatory matters in terms of the Energy Regulatory Authority Act, 2011 [Chapter 13:23] and the Electricity Act [Chapter 13:19].

f) Finance Committee

Ensure that Management has created and maintained an effective environment for financial management and procurement processes in

adherence with international financial reporting standards, Public Finance Management Act [Chapter 22:19] and other relevant statutes and standards.

g) Audit Committee

Ensure that Management has created and maintained an effective environment for internal control processes in line with PECOGA and Board-approved policies and procedures.

6.3. Annual General Meeting for 2021

An Annual General Meeting was successfully conducted during the year under review in line with the provisions of the Public Entities Corporate Governance Act [Chapter 10:31].

Table 3: Board Committees

HR & Governance Committee	Petroleum & Gas Committee	RE and R&D Committee	Risk Management Committee	Electricity Committee	Finance Committee	Audit Committee
Ms. S. Rufu*	Mr. M. Kambarami*	Dr. S. Ziuku*	Mrs. T. Madzivire*	Eng. F. Mavhiya-Bhiza*	Mr. T.K. Ncube*	Mrs. G. Chikwava*
Dr. D. Madzikanda	Ms. S. Rufu	Eng. F. Mavhiya-Bhiza	Mr. T.K. Ncube	Dr. S. Ziuku	Mrs. G. Chikwava	Dr. S. Ziuku
Mrs. T. Madzivire	Mrs. T. Madzivire	Mr. M. Kambarami	Mrs. G. Chikwava	Mr. T.K. Ncube	Eng. F. Mavhiya-Bhiza	Mr. M. Kambarami
				Ms. S. Rufu		

*Chairperson of the committee

Table 4: Board Members' Attendance Register

BOARD MEMBER	BOARD OF DIRECTORS' MEETINGS (4)	SPECIAL BOARD OF DIRECTORS' MEETINGS INC. AGMs (7)	HR & GOVERNANCE COMMITTEE (7)	PETROLEUM COMMITTEE (9)	ELECTRICITY COMMITTEE (11)	FINANCE COMMITTEE (4)	AUDIT COMMITTEE (4)	RISK MANAGEMENT COMMITTEE (4)	RENEWABLE ENERGY AND RESEARCH & DEVELOPMENT COMMITTEE (4)	STAKEHOLDER ENGAGEMENT MEETINGS/ WORKSHOPS (13)	BOARD MEMBERS INAUGURATION (2)	BOARD INTRODUCTORY MEETING (1)	BOARD INDUCTION (1)	TOTAL
Dr. D. Madzikanda**	4	7	7	1	1	-	-	-	-	11	2	1	1	35
Eng. F. Mavhiya-Bhiza***	4	7	-	-	11	4	4	2	4	10	1	1	1	45
Mrs. T. Madzivire	4	7	7	9	-	-	-	4	-	10	1	1	1	44
Mr. T. K. Ncube	4	7	-	1	11	4	4	4	-	13	1	1	1	47
Mr. M. Kambarami	4	7	-	9	-	-	-	-	4	10	1	1	1	41
Ms. S. Rufu	3	4	4	5	8	-	-	-	-	5	1	-	-	29
Dr. S. Ziuku	4	7	-	-	8	-	-	-	3	8	1	1	1	38
Mrs. G. Chikwava	3	4	-	-		2	2	2	-	6	1	-	-	19

**Board Chairperson

***Vice Board Chairperson

6.4. Prosecution Cases

In 2021 the Authority handled one hundred and fifty-four (154) cases involving the following offences:

- The sale of petroleum products without a licence in contravention of the Petroleum Act [Chapter 13:22];
- The sale of contaminated fuel in contravention of the Petroleum (Fuel Quality) Regulations, 2013 published in SI 23 of 2013;
- Failure to pay penalties as well as selling banned lighting products in contravention of the Electricity (Inefficient Lighting Products Ban and Labelling) Regulations, 2017 published in SI 21 of 2017; and
- Failure to rectify an infrastructural condition that exposes the public to electrical risk in contravention of the Electricity (Public Safety) Regulations, 2018 published in SI 177 of 2018.

Amongst the one hundred and fifty-four (154) cases, one hundred and fifteen (115) were finalized with fines ranging from ZWL\$100 to ZWL\$280 000 being imposed. The remaining eight (8) cases were pending as of 31 December 2021. The Authority will continue to engage both the Police and the Public Prosecutors to ensure finalisation of the pending cases whose traction was affected by the Covid-19 pandemic which disrupted court business.

6.5. Litigation cases

The Authority handled four (4) major litigation cases in 2021. Of the four (4) cases, one (1) was a labour dispute whilst the other three (3) were court applications challenging certain regulatory decisions and frameworks by the Authority. Three (3) of the cases were finalised in favour of the Authority. The courts ruled that the challenged regulatory decisions and frameworks were lawful.

7. INTERNAL AUDIT

2021

7.1. Introduction

Internal Audit provides independent, objective assurance and consulting services over the effectiveness of the Authority's governance, risk management, and internal control processes at

all levels on an ongoing basis. In 2021, Internal Audit was constrained by inadequate human resources which affected the execution of the planned audit engagements. Out of 11 planned engagements; only 4 were completed.

The following assurance audits as indicated in table 5 were completed in 2021:

Table 5: Assurance Services

Audit Engagement	Audit Observations			
	Total	High Risk	Medium Risk	Low Risk
1. Petroleum Technical (Statutory Compliance)	12	10	2	-
2. Business Continuity	17	16	1	-
3. Reporting	13	13	-	-
Follow-Up Audit Engagement	Total	Implemented	Partially Implemented	Not implemented
1. Management of Digital Platforms	17	5	4	8

7.2. Consulting Services

Consulting services were provided to management on various emerging issues during the year. The following services were rendered:

- A review of the electronic licensing process which was introduced in January 2021.
- A review of the Authority's Risk Appetite Statement.

In addition to the above, Internal Audit was able to fulfil the Zimbabwe Anti-Corruption Commission's request for a follow-up audit of the External Auditors' 2020 Audit report implementation.

7.3. Stakeholder Engagement

In addition to the ongoing engagement of management and staff through audit engagements, Internal Audit participated in the global May Month of Internal Audit Awareness activities by giving staff an opportunity to be "internal auditors" for a month. Staff submitted their observations to Internal Audit and prizes were awarded to the top submissions that were prepared in accordance with the set criteria

7.4. Annual Audit Recommendation Implementation Award

The annual Audit Recommendation Implementation Award was won by the Legal Department which had the highest audit issue resolution rate based on the 2020 follow-up audit engagements.



Fig. 2 – Award winning team receiving shield from Audit Committee member

From left: Mr. Kambarami (Audit Committee Member), Ms. Jingo (Legal Secretary) Ms. Mupamhanga (Corporate Secretary), Mrs. Jabangwe (Registry), Mr. Garai (Legal Officer), Mr. Guchu (Registry Clerk), Mr. Madondo (Legal Officer)

7.5. Internal Audit Meeting with the Board

Internal Audit also had a meeting with the ZERA Board in the absence of management. The meeting discussed the role of Internal Audit, achievements, challenges, and mutual expectations.

7.6. Quality Assurance Improvement Programme

Two in-house assessments on the conformance

of Internal Audit with the Internal Auditing Standards and application of the Code of Ethics were conducted and reported to the Board.

7.7. Challenges

The effectiveness and efficiency of Internal Audit continue to be adversely affected by the unavailability of the TeamMate audit management software and inadequate internal audit staff.



Fig. 3 - Women of Excellence – Corporate Secretary flanked by the 3 ladies who scooped the prizes for the 2021 Internal Audit Awareness Competition

From left: Mrs K.Kowo (3rd prize winner), Ms. Mupamhanga, Mrs A. Magodora (1st prize winner) Mrs. Ngoma (2nd prize winner)

8. OPERATIONS

2021

This report gives a detailed description on the operations of the Authority, under each operational unit, citing successes, challenges and opportunities in the year under review.

8.1. Electricity Sub-Sector Regulation

8.1.1. Electricity Tariffs reviews

In line with the Electricity Act, the Authority continued to implement tariff adjustments emanating from the movements in the exchange rate and inflation to ensure that the tariff level is preserved. The objective was to ensure that the utility's financial performance

is not adversely affected, and service is not affected. A tariff adjustment of 30% was implemented in May 2021 resulting in a tariff of ZWLc820.38/kWh. At the same time, the cost of supply study was being undertaken for the electricity supply chain to establish the applicable tariffs.

In accordance to section 53 (6) of the Electricity Act, the Authority received and approved power purchase agreements (PPAs) between independent power producers (IPPs) and Zimbabwe Electricity Transmission and Distribution Company (ZETDC) as follows:

Table 6: Power Purchase Agreements

Quarter	Name of Licensee	Technology	Capacity
Q1	Gombe Power Solutions	Solar PV	50 MW
	Custodian Energy	Solar PV	50 MW
	Hapnust Investments Solar	Solar PV	5 MW
	Ecosoft - TD Energy	Solar PV	36 MW
	Triangle Solar Systems	Solar PV	45 MW
	De Green Rhino	Solar PV	50 MW
	Solarwise Energy	Solar PV	20 MW
Q2	Camelzone Enterprises	Solar PV	50 MW
	Zororo Energy Company	Solar PV	50 MW
Q3	AF Power Zimbabwe	Solar PV	50 MW
	Acacia Energy Company	Solar PV	50 MW
	Zimbabwe Zhongxin Electrical Energy	Coal - fired	50 MW
	Equinox Energy	Solar PV	10 MW

8.1.2. Licenses issued in 2021

The Authority processed applications for generation licenses and issued seven (7) new licences in 2021 with total capacity of 526.9 MW. Out of the 7 generation licenses, 3 are for generation to supply to captive customers, 2 to generate for own consumption and 2

for selling to the national grid. The Authority has noted that increasingly, companies are installing systems for own consumption and getting involved in net metering. At the same time, there is also an increasing trend towards supplying to captive customers as a way of reducing risk.

Table 7: Licenses Issued in 2021

No	Licensee Name	MW	Technology	Market	Location
1.	ZFC Limited	5	Solar PV	Own consumption	Lot 2 and 3 Salisbury Park, Lochnivar, Harare
2.	Solgas Energy (Private) Limited	10	Solar PV	ZETDC	Cross Mabale, Hwange, Matabeleland North
3.	Titan Power (Private) Limited	270	Coal-fired	ZETDC	Hwange, Matabeleland North
4.	Old Mutual Life Assurance Company	0.648	Solar PV	Own consumption	Mutual Gardens, 100 The Chase, Emerald Hill, Harare Province
5.	Gridpro (Private) Limited	56.25	Solar PV	Captive Power	Burnside Estate, Bindura District, Mashonaland Central Province
6.	Zimbabwe Platinum Mines (Private) Limited	105	Solar PV	Captive Power	Ngezi Mine, Mhondoro District, Mashonaland West Province
7.	Zimbabwe Platinum Mines (Private) Limited	80	Solar PV	Captive Power	Selous Mine in Chegutu District, Mashonaland West Province

8.1.3. Licences Amended

As part of monitoring progress in the implementation of generation projects, some licenses are amended to accommodate changes encountered in implementation. Other licenses are amended to in response to requests by licensees.

Table 8: Amended Licenses

No	Licensee Name	Power Station	Nature of Amendment
1.	Tsanga Power Stations (Private) Limited	Tsanga A Power Station	Amendment to match installed capacity with licences capacity
2.	Tsanga Power Stations (Private) Limited	Tsanga B Power Station	Amendment to match installed capacity with licences capacity
3.	Sengwa Power Station (Private) Limited	Sengwa Power Station	Revalidation of conditions of the licence in line with revised milestones
4.	Sinogy Power (Private) Limited	Sinogy Power Station	Revalidation of conditions of the licence in line with revised milestones
5.	Southern Energy (Private) Limited	Shangano Power Station	Revalidation of conditions of the licence in line with revised milestones
6.	Steam Team (Private) Limited	Crystal Creek Mini Hydro Power Plant	Revalidation of conditions of the licence in line with revised milestones

Licences being considered to cancellation

According to Section 51 of the Electricity Act (Chapter 13:19), the Authority may cancel a license if license conditions are not met. Before cancellation, the Authority however provides the licensee an opportunity to demonstrate why the license should not be cancelled.

During the year 2021, nine licensees attended such hearings. The licensees were given timelines to have achieved outstanding milestones including attainment of financial closure, conclusion of power purchase agreements with off-takers. Reviews would be done to check whether the deadlines were met.

8.1.4. Projects under construction and projects commissioned

There were 9 projects that were under construction during the year with total installed capacity of 728.6 MW and these are given in table 9 below.

Table 9: Projects Under Construction and Projects Commissioned

No	Licensee Name	MW	Market	Technology	Location	Expected Date of Commissioning
1.	Plum Solar (Private) Limited	5	ZETDC	Solar PV	Bulilimamangwe, Matebeleland South	2022
2.	Richaw Solar Tech (Private) Limited	5	ZETDC	Solar PV	Gwanda, Matebeleland South	2022
3.	Harava Solar Park (Private) Limited	20	ZETDC	Solar PV	Seke, Mashonaland East	2022
4.	Kefalos Cheese Products (Private) Limited	0.6	Own consumption	Solar PV	Mubaira Road, Mashonaland East	2021
5.	Zimbabwe Zhongxin Electrical Energy (Private) Limited	50	ZETDC	Coal-fired	Deke Bridge Farm, Hwange District, Matebeleland North	2021
6.	Power Ventures (Private) Limited	25	ZETDC	Solar PV	Mizpah - Chidobe Ward, Hwange District, Matebeleland North	2021
7.	Guruve Solar Park (Private) Limited	5.5	ZETDC	Solar PV	Dunavet, Guruve District, Mashonaland East	2021
8.	Hwange Electricity Supply Company (HESCO) (ZPC)	600	ZETDC	Coal-fired (Thermal)	Hwange Power Station, Hwange District, Matebeleland North	2022 (Phase 1) 2023 (Phase 2)
9.	Caledonia Mining Services	17.5	Own consumption	Solar PV	Blanket Mine, Gwanda, Matebeleland South	2022

Table 10: Commissioned projects

	Licensee Name	Power Station	Installed Capacity (MW)	Technology	Location	Date of Licensing	Date of commissioning
3.	SolGas (Private) Limited	Cross Mabale Power Plant	5	Solar PV	Cross Mabale, Hwange, Matabeleland North	23-Aug-16	17-Oct-21

8.1.5. Review of licensing requirements

The Authority tightened the licensing requirements with the objective to increase the success rate of implementation. Instead of a pre-feasibility report for the generation license, the Authority changed that to a full feasibility report with geo-technical studies, hydrological studies, topographical studies, yield tests and project drawings.

The Authority also added the requirement of a full environmental impact assessment (EIA) certificate. Another new requirement is that of an irrevocable financing commitment or agreement with both equity and loan providers.

Applications for licences for projects for captive power should include a signed off-taker/power purchase agreement (PPA) with the identified off-taker indicating the capacity to be contracted.

8.1.6. Regulatory Compliance

8.1.6.1. Policies

8.1.6.1.1. National Integrated Energy Resource Plan

The National Integrated Energy Resource Plan is now under Ministry of Energy and Power Development with the Authority providing technical assistance. Little progress was made towards the development of the plan as the Consultant's contract was terminated for unsatisfactory work. Progress has however been made towards finalising the utility's System Development Plan (SDP) which has been done by an international consultant. A draft national Load Forecast was produced towards the end of 2021. The Consultant is now expected to conclude the least cost generation plan in early 2022 taking into consideration the phase down on use of coal.

8.1.6.1.2. Electric Mobility – Policy Development

The Authority participated in the development of the EV Mobility Policy Framework and Roadmap and was represented in the Steering Committee (SC) for the development of the E-Mobility Policy Framework and Roadmap Project.

Three meetings were held in 2021 with focus on the following;

- a) National Electric Mobility Policy and Market Readiness Framework- Zimbabwe
- b) EV Policy Roadmap Options for Zimbabwe and
- c) Introduction to Market feasibility study of intracity e-Buses deployment in Harare.

The Consultant engaged in various consultations with stakeholders to contribute to the final policy document. The final E-Mobility Policy Framework and Roadmap is expected to create a conducive environment for increased deployment and uptake of electric vehicles.

The final E-Mobility Policy Framework and Roadmap is expected to address the following facets;

- 1) Financial incentives for users
- 2) Non-financial incentives for users
- 3) Building Development Codes
- 4) Disincentives on ICEVs (internal combustion engine vehicle)
- 5) Consumer Awareness
- 6) Emission Standards
- 7) EVs and Charging Infrastructure Standards and Guidelines
- 8) EV Mandate for local Original Equipment Manufacturers (OEMs)
- 9) Financial Incentives for OEMs and
- 10) Financial Incentives for Public and Fleet Charging Infrastructure

Key to the policy, renewable energy integration for EV charging will take centre-stage and should be additionally incentivized through available renewable fiscal incentives (and also exempting wheeling charges). The Policy is now expected to be completed during 2022.

8.1.6.1.3. Energy Efficiency Policy

The Authority participated in the development of the National Energy Efficiency Policy by the Ministry of Energy and Power Development. Through various strategies, the policy seeks to unlock potential energy efficiency savings which were estimated at 18% of total consumption during a National Efficiency Audit in 2015.

Following the engagements of a consultant and extensive consultations with stakeholders during the year under review, a draft policy had been produced by the end of the year. This policy is expected to be finalized and approved in 2022.

8.1.6.2. Development of Standards/ Codes/Regulations

8.1.6.2.1. Third Party Access Code

The Electricity Networks Third Party Access Code is a framework for ensuring equitable, efficient and coordinated access to the Electricity Grid/ Network infrastructure in Zimbabwe in terms of section 59 (5) of the Electricity Act [Chapter 13:19] and as part of its mandate in terms of section 4 (g) of the Energy Regulatory Act [Chapter 13:23]. The Code was approved by the Board during Q4 2021 and has been submitted to the Ministry of Energy and Power Development for gazetting.

There is a requirement for access to electricity networks which arises because of the Government's intention to progressively open up the electricity sector to Independent Power Producers and retailers to promote competition as prescribed in the Electricity Act.

As electricity networks evolve, some infrastructure facilities cannot be economically duplicated. Third Party use of these networks is an essential prerequisite for introducing competition in upstream and downstream markets.

Gazetting of the Code will ensure increased contribution from renewable energy source generators in line with the provisions of the Renewable Energy Policy.

8.1.6.2.2. Grid Code

The Grid Code Review Panel (GCRP) met during the year and proposed the insertion of two additional sections to the grid code covering Solar PV integration and telecommunication standards. The meetings held developed, reviewed and finalised the Solar PV Integration Code as well as

the Telecommunications Code. The two sections are expected to be promulgated in 2022.

a) The Solar PV Integration Code section outlines the minimum technical, design and operational criteria to be met by embedded and non-embedded Solar PV generators /IPPs synchronised to the grid system. This is in order to maintain a stable and secure operation of the grid.

b) The Telecommunications Code specifies the minimum telecommunication requirements to ensure adequate performance of the power network as experienced by the customers. The Zimbabwe Electricity Transmission and Distribution Company (ZETDC), Telecoms section shall always install and maintain telecommunication equipment that complies with the principles and specifications of the code.

8.1.6.2.3. Generation Code

The Generation Code is a framework approved by ZERA and formulated in order to ensure efficient coordinated development, operation and maintenance of the electricity Generation systems in Zimbabwe.

The Generation Code is a dynamic document that is revised periodically as per the procedures laid down, considering the reasonable interests and views as expressed by the stakeholders in light of the experience gained in the actual implementation of the code. The Generation Code establishes the basic rules, procedures, requirements and standards that govern the operation, maintenance, and development of the Generation Systems in Zimbabwe to ensure the safe, reliable, and efficient operation of their plants.

The Code was approved by the Board and is expected to be gazetted in 2022.

8.1.6.3. Enforcement of Standards/ Codes/Regulations

8.1.6.3.1. Distribution Code

a) Distribution Code Compliance Audits

The audits were hamstrung by the restrictions imposed by the Covid 19 lockdown measures and as a result the Authority requested ZETDC to conduct own audits and submit reports for review. As a result, ZETDC submitted infrastructure compliance audit evidence for audits conducted during the year. The following documentation was submitted:

- Power Quality analysis reports
- Loss study report
- Grid Impact Assessment reports
- Performance indices analysis
- Protection tests results
- Connection fees schedule.

There are seven (7) outstanding areas to be addressed which include:

- a) Licensee to develop Engineering Instructions to cover harmonic content monitoring and correction.
- b) Performing Earth resistance tests in substations and submitting test reports.
- c) Connection of customers within 21 business days after purchase of meter.
- d) Developing and submitting annually to ZERA a Distribution Development Plan.
- e) The Distributor to establish a System Test Group and appoint a System Test Coordinator.
- f) Carry out System tests and submit reports to ZERA.

- g) Review of the metering standards in the code to include prepayment and smart meters.

b) Distribution Code Follow Up Audits

i. Northern Region

In Q2 2021, the general compliance rate for Northern region was 92% from 76% recorded in 2018. Follow up meetings to the compliance orders issued were done on the seven (7) outstanding areas and the following timelines were agreed upon.

Table 11: Northern region outstanding issues

No	Issue	Update During the Year	Way forward and timelines	Update at the Year End
1.	Licensee to develop Engineering Instructions (EI) to cover harmonic content monitoring and correction	Internal committee setup to review Engineering instructions and Distribution code	ZETDC in the process of developing the Harmonics EI.	Not complete
2.	Performing Earth resistance tests in substations and submitting test reports	Tests had been suspended due to lockdown guidelines. Earth resistance test have been resumed & are being carried out during maintenance.	Results now being submitted	Done
3.	Connection of customers within 21 business days after purchase of meter	Delays in connection are due to lack of resources e.g., vehicles	The 21 days deadline can be met once resources are availed.	Resources not available
4.	Developing and submitting annually to ZERA a Distribution Development Plan	The Regional Distribution Development plan is available. Compliance engineer to submit sample report.	ZETDC still working on the plan	Plan submitted
5.	The Distributor to establish a System Test Group and appoint a System Test Coordinator	Network Development department has been designated to perform System tests	Test Group has been set up.	Simulation tests yet to commence
6.	Review of the metering standards in the code to include prepayment and smart meters	Metering department engaged to compile list of new standards. Standards to be reviewed by the Distribution Code review panel.	Metering standards to be identified for review at Q1 2022 Distribution Code review meeting.	Not complete

There was an improvement in the compliance rate in Kariba from 71.3% in 2020 to 78.8% in 2021. The outstanding issues have been raised by the depot with the regional office that procures the materials to be used. Some of the recurrent issues raised included: -

- 1) Inadequate resources for use like operational vehicles and spares for requisite maintenance.

- 2) Need to revise Engineering Instructions that deal with:
- 3) Use of solid links on transformers
- 4) Standard for numbering substations

ii. NRE Riverside 2.5MW Solar Plant

A site visit was held at Riverside 2.5 MW solar PV plant. The two (2) outstanding issues were updated as follows:

Table 12: Riverside Site outstanding issues

No	Issue	Update During the Year	Way forward and timelines	Update at the Year End
1.	Harmonic Content above threshold	Establishment of source of Harmonics in the plant.	Ascertain harmonic threshold from Inverters.	Harmonics established to be emanating from perimeter LED lights.
2.	Low voltages below allowable range	A replacement Voltage regulator to be installed at Mutoko 33/11kV substation sourced from Western region. Commissioning set for October 2021.	Commissioning of regulator set for October 2021	Regulator was installed in October 2021 with minimum impact on the Solar plant voltage as it is connected after the Solar plant. Long term plan and solution is to convert the 33kV substation to 132kV.

iii. Southern region

The new compliance rate for the Distribution code is now 72% (68/94) from 50%. (44/88) recorded during the last audit. Among the issues addressed were:

- 1) Monitoring and submission of Power Quality reports
- 2) Carrying out awareness campaigns.
- 3) Submission of handover certificates for connection points
- 4) Submission of earth resistance tests conducted.
- a) Follow Up Audits- Western Region Distribution Code Audits

The general compliance rate remained at 67% since the last audit done in 2020. Resource constraints (vehicles and equipment) were cited as the cause for lack of improvement.

iv. Eastern Region

No audits were carried out by ZERA due to Covid-19 restrictions, only Internal Audits were carried out by ZETDC in Eastern Region (71% compliance rate).

v. Harare Region

Follow up communication to the previous compliance notices issued to Harare Region was done (70% compliance rate) and the region committed to rectify the following non-compliances:

- 1) Carry out power quality monitoring.
- 2) Publish customer charter and consumer protection standards
- 3) Develop and submit a Distribution Development Plan annually to ZERA.
- 4) Establish a System Test Group and appoint a System Test Coordinator and carry out System tests and submit reports to ZERA.
- 5) Issue Hazard warning notices to property owners with trees encroaching powerline wayleaves.

Table 13: Meters procurement and distribution

Description	2021	2020	% Change
Meters Imported	21,083	20,403	3.3%
Meters Sold	26,860	22,441	19.7%
Agents Registered	23	21	9.5%
Agents Deregistered	5	10	-50%
Certificates Issued	23	21	9.5%

8.1.6.3.2. Customer Supplied Prepayment Scheme

The scheme is now in its fourth year running and has assisted customers secure connection to the grid. The Authority ensures there are enough Agents to deter collusion in pricing of the meters and to ensure that competition thrives. From table 8 above, there was a 19.7% increase in meters sold in 2021 compared to 2020.

The Authority assessed and approved additional 43 service providers to bring the total to 142 as at year-end and the exercise is ongoing. The benefits of being registered for service providers are as follows;

- a) Key requirement for bidding in public tender solar installation projects
- b) Participation in ZERA run renewable energy training programs and stakeholder consultation workshops/meetings.
- c) Customer referencing in ZERA website

8.1.6.4. Improved Uptake of Renewable Energy

8.1.6.4.1. Renewable Energy Service Provider Registration

The renewable energy service provider registration trend from year 2019 is as shown in the table below:

Table 14: Renewable Energy Service Providers Registered over 3-year period

Description	2021	2020	2019
Cumulative Registered RE Service Providers	142	99	65

The distribution of the registered service providers is shown in Figure 4 is as follows: Harare (120), Gweru (4), Bulawayo (11), Mutare (2) Kwekwe (2) and Zvishavane (2).

Fig. 4 - Distribution of RE Service Providers

Harare contributes the largest number of registered renewable energy service providers. The Authority is also making frantic efforts to assess and register service providers outside Harare. The registration of service providers was also affected by the Covid-19 pandemic as it limited the number of onsite inspections that could be carried out. The targeted number of inspections for the year 2021 was 60 and only 41 were conducted.

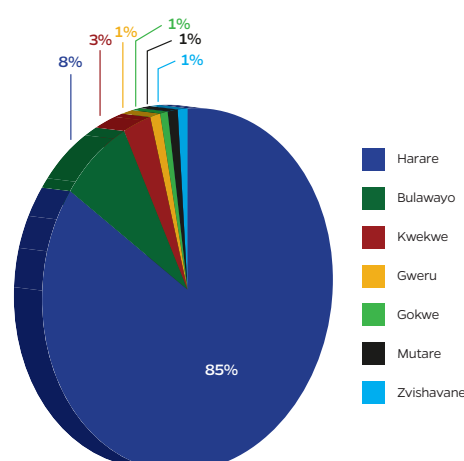


Fig. 4 - RE Service Providers Distribution

8.1.6.4.2. AFUR Mainstreaming Mini-grid Tariff Tools & Methodologies Project Update

ZERA participated in a Mainstreaming Mini-grid Tariff Tools and Methodologies project which seeks to develop a mini-grid standard tariff tool across the African Forum for Utility Regulators (AFUR) members. This project was sponsored by the Foreign Commonwealth Development Office through Carbon Trust of UK. The tool seeks to deliver a fair return for private sector capital and provides transparency around cost incurred by both the developer and potentially public entity.

A draft enhanced mini-grid tariff settlement tool was developed by the Consultant and underwent stakeholder reviews. The first draft of full tariff settlement framework will be validated by end of March 2022. A stakeholder's workshop will then be conducted to share the structure of key components of the improved tariff settlement framework.

8.1.6.4.3. Solar Water Heating Regulations Implementation and Training

The Government of Zimbabwe promulgated Electricity (Solar Water Heating) Regulations (SI 235 of 2019) which provides for the mandatory installation of solar geysers on new buildings. The regulations obligate ZETDC to only connect new premises to the grid provided they have a solar water heating system installed as per requirements of the regulations. The conventional electric geysers are to be gradually phased out. The SWH regulations are meant to accelerate the adoption of solar geysers in the country in line with the adopted Solar Thermal Technology Roadmap and Implementation Plan. The Solar Thermal Technology Roadmap for Zimbabwe targets to reach 0.1 m² of collector area per capita by 2030 or an equivalent of 2 million m² of solar collector area by 2030.

The project implementation status is as follows;

- a) ZETDC has already modified the consumer connection requirements forms to incorporate solar water heating regulations.
- b) The Authority has written to Ministry of Industry and Commerce to put solar water heaters on Consignment Based Conformity Assessment (CBCA) program. The inclusion of solar water heaters on CBCA will safeguard the country from substandard solar water heater product imports.

8.1.6.4.4. Net Metering Regulations Amendments

The Net Metering Regulations (Statutory Instrument 86 of 2018) were revised to address operational challenges encountered during implementation. The Authority in concurrence with the Ministry of Energy and Power Development (MOEPD) and ZETDC proposed the following key amendments to the regulations:

- a) The threshold capacity to be extended from 100kW to 5MW
- b) The compensation factor proposed to be reduced from 0.9 to 0.8 for domestic customers and 0.85 for Maximum Demand customers/Time of use customers. This provides for the utility network use charges.
- c) The accrued energy credits to be rolled over only for a period to be determined by the Authority from time to time as opposed to perpetual roll over.
- d) The connection fees to be determined by the power utility and shall be subject to ZERA approval.

8.1.6.4.5. Net Metering Connections Update

The national total number of net metering connections is at 81 as of 31 December 2021 out of a total number of 109 applications that were received and are being processed. The connected installed capacity is at 2.1MW whilst the total capacity for all the applications received is about 4MW.

The Authority is promoting net metering in conjunction with ZETDC as a way of increasing the contribution of small-scale renewable energy generation and to reduce the carbon footprint.

8.1.6.4.6. Solar Products Regulations

The Authority developed draft Solar Products Regulations with a view to curb the influx of substandard solar products on the local market. The draft solar products regulations were subjected to both internal and external stakeholder reviews and are expected to be gazetted in 2022.

The implementation of the solar products regulations once they are promulgated is envisaged to ensure quality of products in the market. Products to be monitored under these regulations include Solar PV panels, inverters, batteries and solar water heaters.

8.1.6.4.7. Research and development

a) Call for Research Proposals 2021

The Authority commissioned the Research Council of Zimbabwe (RCZ) to issue a “Call for Proposals for Research in Energy Production, Storage and Delivery. The focus of the Call was to seek innovative solutions to identified operational and developmental issues and thus improve reliability in the generation, transmission, distribution, and supply of modern energy and develop heritage-based knowledge in the research area.

A total of 14 proposals were received in response to the call and were whittled down to six (Table 9) for possible funding at a total cost of US\$459,718.60. This amount represents approximately 5% of the revenue budget and is line with the new directive from the Board that at least 5% of the Authority’s revenue be committed to research.

The funding for these projects is expected to be approved by the Board in early 2022. The proposals were ranked as given in Table 13 below;
b) Medium Temperature Solar Thermal Technology (US\$48,235.00)

Table 15: The ranked list of Project Proposals

Rank	Proposal Title	Amount (USD)
1	Investigation of water tube boiler failure and water chemistry at Zimbabwe Power Company Coal Fired Power Plants – Case Study of Hwange Power Plant	120,973.60
2	Laboratory Scale Manufacture of Lithium Cathode Materials for Heritage Based development of High Energy Density Lithium-Ion and Lithium-Air Batteries in Zimbabwe	20,000.00
3	Carry out Power Density and Durability Assessment of Locally Manufactured Batteries	81,389.00
4	Design and Implementation of a Transformer Anti-Vandalism System	59,550.00
5	The economics of coal washing in Zimbabwe	92,312.00
6	The economics of coal washing in Zimbabwe	85,494.00
Total		459,718.60

In 2020, the Authority accepted for funding a proposal submitted by Chinhoyi University of Technology (CUT) for designing and developing medium temperature solar thermal technology potentially suitable for heating processes in, mainly the food processing industries, that require operating temperatures not exceeding about 1500C. The proposed technology could be configured to provide preheating and economization for processes requiring higher temperatures.

The first phase of the project which consists of techno-feasibility and acceptability assessment of the proposed technology was completed in 2021. The objective of the techno-economic analysis was to identify opportunities for substitution of conventional fuels used in food industries

with solar thermal application. The survey was conducted on the following: industries, hospital, tea production, beverages and dairy production. The project is now set to go into the second phase. The second phase which involved Engagement, Design and Simulation for the selected industrial application best suited for the technology is expected to be completed in 2022.

c) Jatropa Multi-Purpose Plant (US \$70,000.00)

In 2014, the Harare Institute of Technology submitted a proposal for investigating the possibility of designing a plant that could self sustainably generate electricity, produce bio-diesel, glycerine, and stock feed from Jatropa and on a mobile platform.

The Institute claimed that the concept was novel and could aid in improving the standard of living of sparsely populated rural communities. Over the years, the project experienced significant problems due to forex shortages and availability of components.

The mobile diesel plant is almost complete with the final stages involving oil press filter installation, raw material collection, and integration of the various components including the automation control unit. Inter alia, the major remaining aspects to be done before a test run. This project is expected to be completed in 2022.

8.1.6.5. Increased Deployment of Energy Efficiency Technologies

8.1.6.5.1. Inefficient Lighting Ban

a) Inspections

The Authority carried out 1,038 (1,255 done in 2021 – 17% reduction) lighting products retailer inspections and a compliance rate of 81.89% was observed. The target of 1,800 inspections was missed mainly due to Covid19 restrictions.

The inspections covered the following regions/areas; Harare, Mutare, Masvingo, Chiredzi/Triangle, Kadoma, Chegutu, Sanyati, Chitungwiza, Zvishavane, Shurugwi, Bulawayo, Filabusi, Merengwa, Ruwa and Domboshawa.

A total of 1.52MW of inefficient and sub-standard lighting products were destroyed as a result. The Authority expects to inspect 5,400 retailers in 2022 provided Covid19 offers a reprieve.

b) Integrating Sphere Tests

336 lighting products were verified on the Integrating Sphere and 292 of products were compliant and resultantly registered to be sold in Zimbabwe. 44 of the non-compliant products failed to meet the labelling criteria, electrical and photometric requirements.

A list of compliant products was published on the ZERA website to give the buying public an informed choice.

8.1.6.5.2. Minimum Energy Efficiency Performance of Domestic Electrical Appliances Regulations

The Authority developed Minimum Energy Efficiency Performance of Domestic Electrical Appliances Regulations which seek to enforce minimum energy efficiency performance standards for household electrical appliances.

The appliances covered by the Regulations are;

- a) Air conditioners
- b) Refrigerators and freezers
- c) Washing machines
- d) Induction cookstoves

The regulations were submitted to MOEPD for promulgation and are expected to be gazetted in 2022.

8.1.6.5.3. Energy Management Regulations

The Authority developed Energy Management Regulations with the objective of promoting and enforcing energy management practices for medium and large power customers (i.e., maximum demand customers). The regulations are centred on the ISO 50,001 Energy Management System standard to enforce mandatory energy audits once every three years for all energy intensive customers as well as registration of Energy Services Companies (ESCOs). The regulations were submitted to MOEPD for promulgation.

8.2. Petroleum Sub-Sector Regulation

8.2.1. Licensed Petroleum Companies (2020-2021)

In the period January to December 2021, the Authority licensed petroleum sector operators as shown in the following table.

The total number of licensees increased over the years since the inception of the Authority with the most significant change being attributed to the retail licensees, which rose from 229 in the year 2012 to 882 in the year 2021. The 2021 licensing year recorded the highest number of licenses issued in the Retail and Wholesale license categories.

8.2.2. LPG Licenses

The table 15 on the following page shows that the number of licensed LPG operators have increased over the period 2015 and 2021.

Table 16: Petroleum Licensing Statistics

Licensee Category	Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Retail	229	411	496	594	569	609	638	709	733	882
Procurement	48	39	32	31	36	40	63	130	10	69
Wholesale	16	6	7	6	7	2	3	7	18	26
Blending	5	11	18	16	15	10	11	11	10	11
Production	1	2	4	4	3	4	2	1	1	1
Total	299	469	557	651	630	665	717	996	772	989

8.2.3. Compliance and Enforcement

8.2.3.1. Notices Issued

The Authority continued to enforce compliance to standards and regulations within the confines of Covid-19 regulations.

Table 17: Number of licensed LPG operators (2015-2021)

Licensee Category	Year						
	2015	2016	2017	2018	2019	2020	2021
Retail	39	80	110	135	125	158	356
Wholesale	14	17	16	17	13	23	18
Total	53	57	126	152	138	181	374

The Authority did not come across any operators selling fuel above the regulated levels.

In fact, a number of operators were selling fuel below the regulated levels due to competition and this was benefiting the consuming public.

8.2.4. Petroleum sector pricing and general trends

8.2.4.1. International Crude Oil Prices

The Authority monitored the movements in international crude oil prices for purposes of the pricing of fuel as provided in section 54 of the Petroleum Act. The graph on the following page shows the movement in Brent crude oil in the period January 2021 to December 2021:

8.2.3.2. Prosecution

Pending cases

Despite the effects of the lockdowns, compliance work was done in all the provinces. During the year 2021, retail cases were prosecuted for operating without fuel retail licences and by the end of the year, all sites were compliant.

8.2.4.2. Landed Fuel Prices

Based on the information obtained from Platts, the Authority determined the landed fuel prices based on the M-1 principle. Figure 6 on the following page shows the movements in the period January to December 2021 landed fuel prices.

8.2.4.4. Jet A1

The Authority allows for the determination of Jet A1 prices based on the market. Operators therefore enter into negotiations and sign supply contracts with airlines for the supply of Jet A1.

Crude Oil Prices

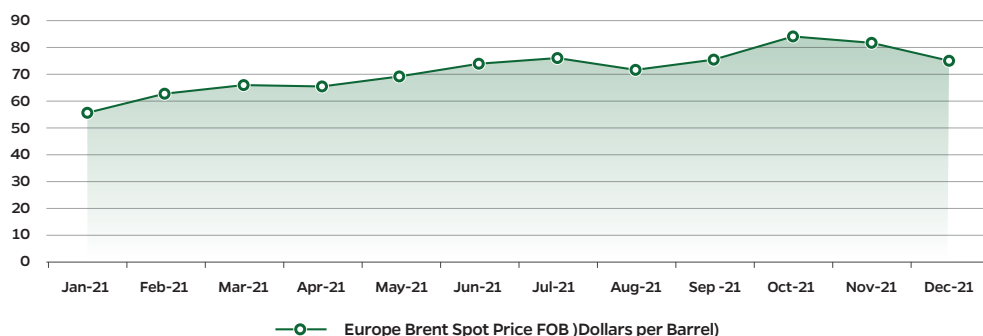


Fig. 5 Source: U.S. Energy Information Administration (EIA)

FOB Prices

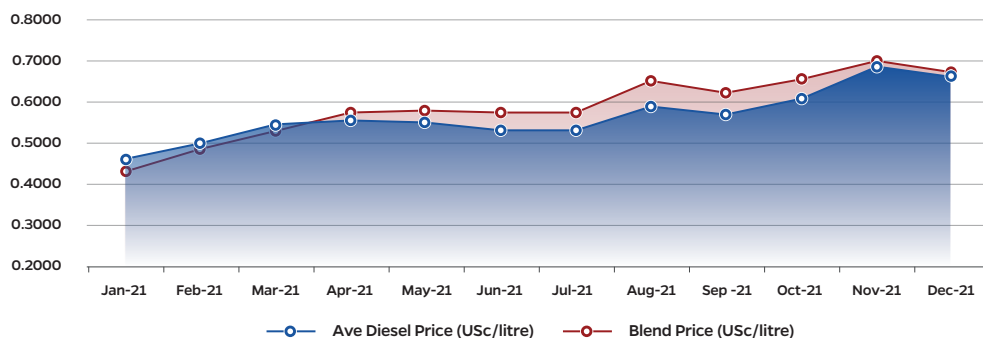
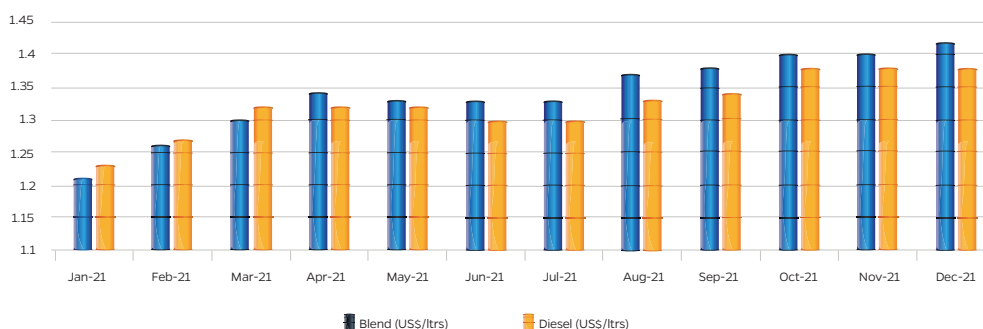


Fig. 6: Landed Fuel prices

8.2.4.3. Maximum pump prices

The resultant maximum pump prices are shown in the graph below:

Fig 7: USS Maximum Pump Fuel Prices



Once the maximum prices have been determined, the Authority allows for the differentiation of fuel prices based on the delivery costs to different cities and towns thus allowing licensees to recover transport costs.

8.2.5. LPG Pricing

The prices of LPG in the market are determined based on the LPG Pricing Regulations, Statutory Instrument 90 of 2021 which started in July 2021. The following table shows the LPG prices during the period July 2021 to December 2021:

Table 18: LPG prices from July to December 2021

Month	LPG Prices (US/kg)
July 2021	1.69
August 2021	1.85
September 2021	1.92
October 2021	1.87
November 2021	2.05
December 2021	2.14

8.2.6. Geographical Information System (GIS)

The Authority continues to use the Geographical Information System (GIS) for purposes of improving on enforcement of compliance and better understanding of the energy sector.

8.2.6.1. Sites licensed in 2021

The map below depicts all retail sites licensed in the year 2021. The GIS also allocates unique identification numbers to each site and this number does not change even if there is a change in ownership or tenancy. The unique identification number can also be used by members of the public in lodging complaints to the Authority.

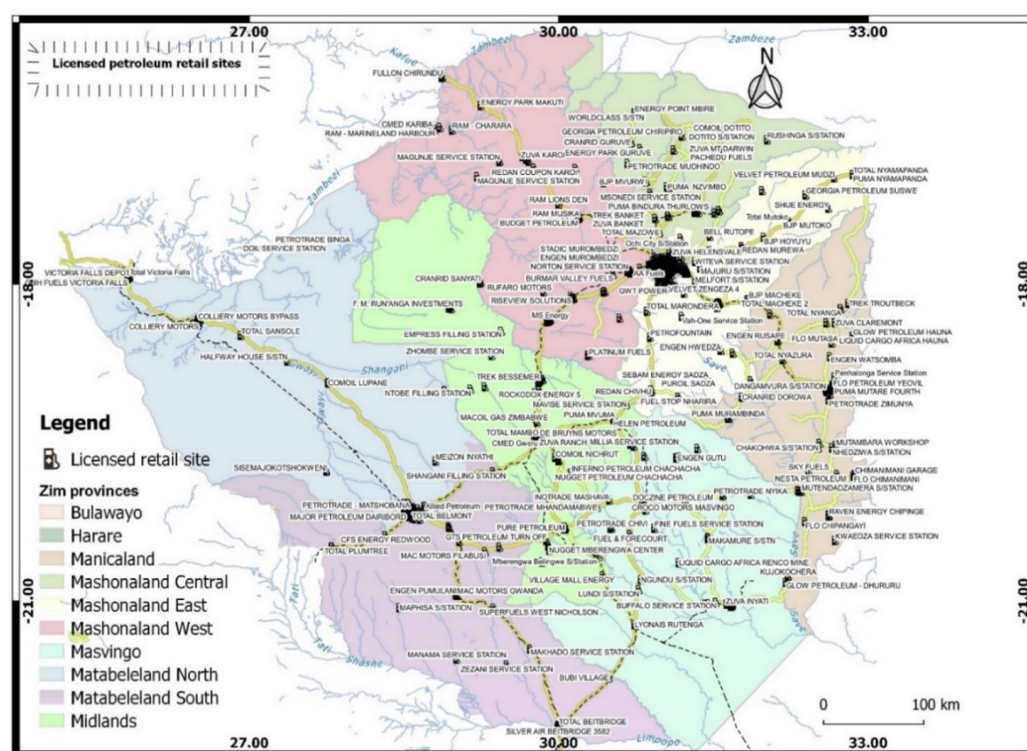


Fig 8: Petroleum licensed retail sites in 2021

8.2.6.2. Production sites licensed in 2021

The map below shows the location of companies licensed to produce ethanol and those licensed for blending of ethanol with unleaded petrol.

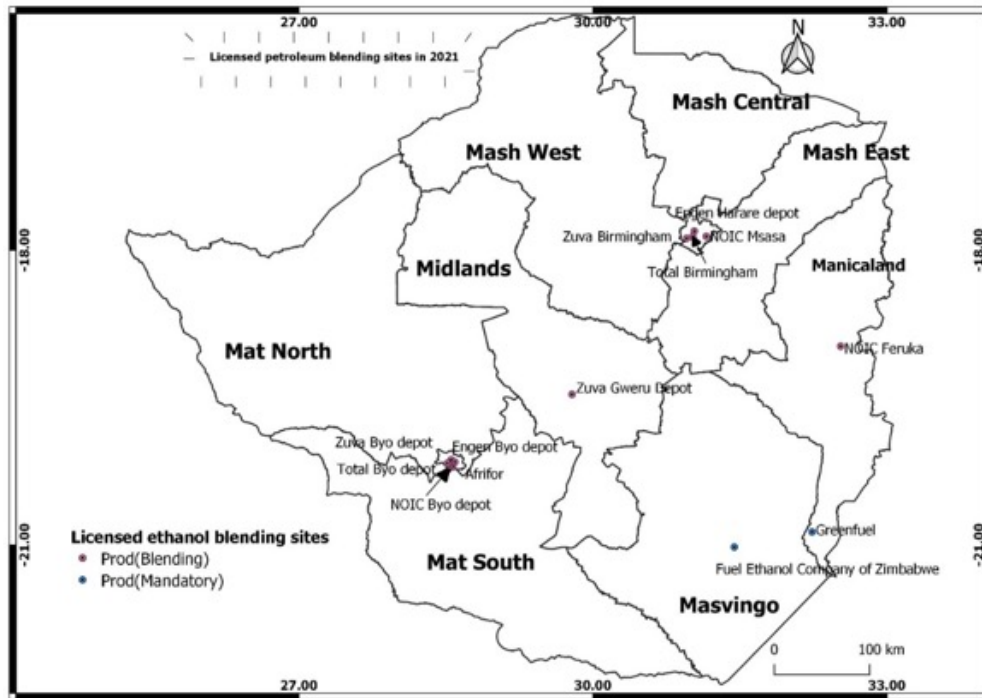


Fig 9: Petroleum production sites licensed in 2021

8.2.6.3. Distribution of Petroleum Retail Sites at District and Provincial Level

The map below shows the distribution of retail sites in the country. It is evident from the map that densities are higher in the cities as compared to rural areas

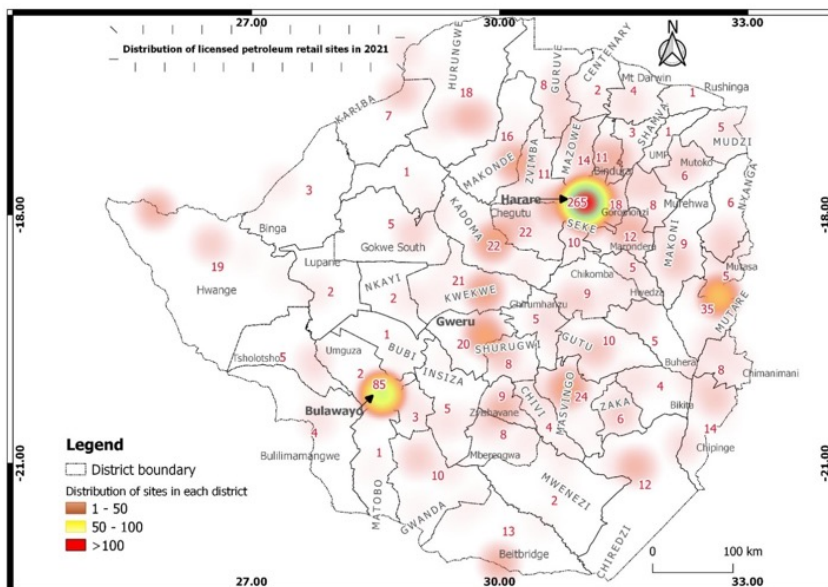


Fig 10: Distribution of licensed sites by district

8.3. Petroleum Sector Infrastructure

8.3.1. Fuel Retail Sites Monitoring

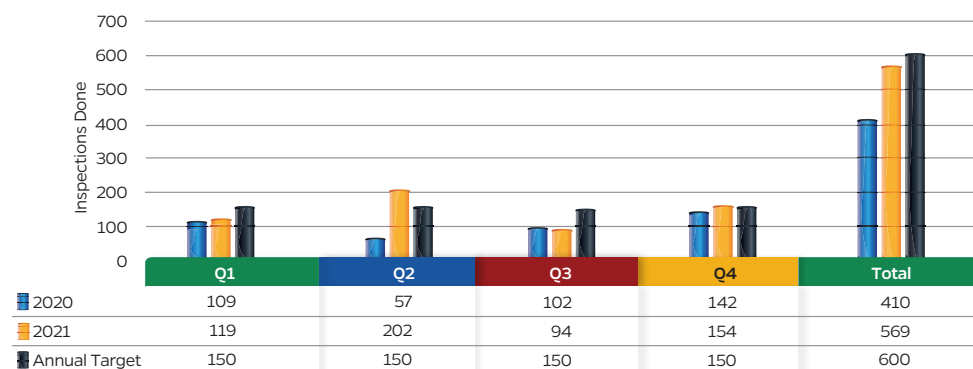


Fig 11: No of Inspections Conducted in 2021

Fuel facilities infrastructure monitoring improved significantly in 2021 over 2020 although field movement continued to be curtailed by intermittent Covid 19 lockdown restrictions. The decision to adopt online inspections of facilities in remote areas and in Covid 19 quarantined districts during the year enabled the Authority to reduce pre-licensing inspection turnaround times from 15 days to below 6 days. Physical verification inspections were carried out during the year whenever travel restrictions were eased.

There was an increase in site inspections conducted against targets from 68.3% in 2020 to 94.8% in 2021.

8.3.2. Petroleum Industry Safety

There was improved safety in the petroleum sector in 2021 with no accidents recorded from licensees in the year compared to one accident in 2020. In addition, there were no cases of fire incidents recorded from handling of fuel by the public compared to 5 cases recorded in 2020. This is attributed to increased awareness campaigns by ZERA and the stable fuel supply situation that resulted in reduced illegal storage and sale of fuel from undesignated premises.

8.3.3. Grading of Service Stations

In 2021, ZERA developed a scheme of grading and labelling fuel retail sites. The scheme involves assessment of fuel retail sites compliance to technical and consumer service standards and awarding a commensurate grade. The grade is affixed at a prominent position at the fuel retail forecourt so that consumers can see for themselves the compliance and service standard levels to expect at a graded site. There are three grades used to categorise fuelling stations namely; Fair (grade C – 1 Star), Good (grade B – 3 Star) or Very Good (grade A – 5 star) depending on the extent to which they meet technical and customer service standards.

A pilot grading program was conducted in Harare and Bulawayo during the year at 20 fuel retail sites. There were 2 sites (10 %) that attained a 5-star rating, 16 sites (80%) that attained a 3-star rating and 2 sites (10%) that attained a 1-star rating. Using experiences gathered during the pilot exercise, the Authority will roll out the grading program nationally in 2022.

8.3.4. LPG Retail Sites Monitoring

A total of 500 LPG wholesale and retail site inspections were conducted during the year exceeding the annual target of 400 inspections by 25%. The overall compliance to infrastructure standards ZWS960 Part 2 & 3 was 83.3% This was a significant improvement from the 410 inspections conducted in 2020 with an overall compliance rate of 76%.

The increased number of inspection assessments done was due to the innovation of online and remote assessments introduced in 2021. Follow up inspections after lockdown were conducted to verify sites information obtained virtually and there was good correlation between information submitted virtually and compliance evidence verified physically.

8.3.4.1. LPG Safety

There were no recorded cases of accidents in 2021 compared to 4 cases in 2020, when one domestic accident and 3 retail facilities accidents were investigated by the Authority. Increased monitoring of the sector and safety information dissemination contributed to safety in the industry. The Authority is concerned by lack of capacity in the LPG industry to provide LPG cylinder revalidation services for both company owned and customer owned cylinders. The repeal of LPG Regulations underway will address the lacuna by making provision of cylinder repair and revalidation or proof of access thereof a license condition for LPG wholesalers.

Table 19: Summary of LPG Compliance Visits

Area	Total Inspections Conducted		Target Quarterly Inspections
	2020	2021	
Q4	66	142	100
Q3	143	102	100
Q2	222	57	100
Q1	69	109	100
YTD	500	410	400

8.3.5. Fuel Quality Monitoring

In 2021, nationwide fuel quality monitoring activities covered 592 sites from which 860 fuel samples were collected and tested. Four blend samples and eight diesel samples failed to meet specifications resulting in the prosecution of the retail sites in the year.

There was a 34% increase in fuel sites visited for quality monitoring in 2021 compared to 2020. A total of 12 retail sites were caught with contaminated fuel in 2021 compared to 3 cases in 2020 and these were prosecuted as shown below.

- Low flash point diesel – 7 retail sites
- Low density petrol – 3 retail sites
- Water contamination – 2 retail sites

The offending sites paid fines ranging from ZWL\$20 000 to ZWL\$200 000 and 1 of the retail sites had their licence cancelled.

8.3.5.1. Fuel Quality Complaints

The Authority received complaints from motorists concerning suspected fuel quality from 10 service stations. Investigations confirmed that one customer had received water contaminated blend from a retail site, which has since been prosecuted. Three of the complaints were received out of time for ZERA to take relevant samples for testing. ZERA is stepping up consumer awareness of the Authority's quality testing services and is emphasizing the need for consumers to make prompt reports to enable timeous sampling of fuel batches in the investigations.

Table 20: Fuel Monitoring Activities in 2021

		Q1	Q2	Q3	Q4	Total 2021	Total 2020
No. of sites visited		85	254	50	203	592	445
Samples tested	Blend	18	171	18	149	421	257
	D50	21	173	21	169	439	226
	Total	39	344	39	318	860	483
No. Failures	Blend	2	0	0	2	4	20
	D50	0	4	0	5	8	3
	Total	2	4	0	6	12	3
Compliance %	Blend	88.9	100	100	98.7	99.0	100
	D50	100	97.7	100	97.6	98.2	98.7
	Overall	98.7	98.8	100	98.1	98.6	99.1

Table 21: No of Operators Trained on Standards Awareness

Area	Number of operators trained	
	2020	2021
ZWS 960 Part 3 Standard for LPG Filling Stations and Procedures	148	462
ZWS 970 Guidelines and Requirements for Service Stations	0	99
Total	148	561

8.3.6. Petroleum Standards Awareness

ZERA conducted standards awareness training for operators in the LPG and fuel sector countrywide as follows.

More trainings were conducted in 2021 due to the easing of Covid19 restrictions of gatherings. The training was conducted following all COVID-19 protocols. Continued training of petroleum operators has seen a significant improvement in safety standards in the sector.

8.3.7. Standards and Regulations Development and Review

During the year, ZERA worked on the following technical regulations and standard to enhance compliance enforcement in the sector.

8.3.7.1. Standards and Guidelines Developed

a) LPG cylinder retest revalidation framework – the framework was developed to provide guidance to service providers and investors in safe maintenance and revalidation of LPG cylinders. By the end of the year, the standard was 80% complete.

b) Framework for registration of LPG Installers – the framework was developed to facilitate implementation of the requirements of S19 of the Petroleum (Liquefied Petroleum Gases) Regulations 2014 for the certification of LPG installers. Registration of LPG Installers will begin in 2022.

8.3.7.2. Regulations developed

a) Petroleum (Automotive Lubricants) Regulations 2021 – were developed to provide for the regulation and control of automotive lubricants as required by the Petroleum Act Cap 13:22. The draft regulations were submitted to the Ministry of Energy and Power Development for review in 2021.

b) Petroleum (Liquid Fuels Licensing and Undertakings, Inspections and Compliance) Regulations – The regulations were developed to provide clarity on petroleum industry standards, provide for regulation of petroleum storage and transportation undertakings as well as provide for civil penalties for non-conformities. The draft regulations were submitted to the Ministry of Energy and Power Development for review in 2021.

2021

9. FINANCE AND ADMINISTRATION

The financial results for the year ended 31 December 2021 were achieved in a challenging economic environment. Coupled with the effects of the pandemic on the economy, in general, the macroeconomic environment continued to exhibit hyperinflationary traits, thereby impacting on the Authority's operations. Year on year inflation declined from 557.21% in 2020 to 92.54% in 2021. However, the year saw historical income increasing by 92% compared to the prior year. This helped keep the Authority afloat and self-sufficient in its operations.

9.1. Financial overview

The following overview of the financial performance for the year ended 31 December 2021 is based on historical costs.

Income increased by 92% compared to the prior year. A total income of ZWL\$917 226 018 was recognized in 2021, of which 66% was attributable to 1% electricity levies, 26% to electricity and fossil fuels and the remaining 8% was from other income, whilst a total of ZWL\$478 682 710 was recognized as income in 2020.

Total expenditure for the year ended 31 December 2021 amounted to ZWL\$ 567 163 723, out of which 50% related to Employment Costs, 42% Administration Overheads, 7% Depreciation and amortization and 1% Corporate Social Responsibility and Donations. Prior year expenditure amounted to ZWL\$ 428 519 813, thus accounting for a 32% rise from 2020 to 2021.

The Employment Costs as a percentage of Income was 31%, and the 1% excess above the prescribed ratio of 30% was as a result of salary arrears for Senior Management which was back dated from 1st October 2020.

Operating surplus rose by 598% from 2020 to 2021. In 2021 ZERA realized a surplus of ZWL\$350 062 295 up from a surplus of ZWL\$50 162 897 in 2020.

The net worth of ZERA for the year ended 31 December 2021 was at ZWL\$922 694 720 compared to ZWL\$289 627 467 in the prior year and this accounted for a 219% increase from 2020 to 2021.

Capital expenditure acquisitions for the year ended 31 December 2021 amounted to ZWL\$18 132 344 from ZWL\$28 576 481 in 2020, thus accounting for a 36% decrease. The acquisitions were mainly for operational tools of trade and no expenditure was incurred towards Head Office construction works in 2021.

An audited electricity receipts and expenditure account was prepared and audited to determine whether any funds were to be remitted to the Rural Electrification Fund (REF) in terms of the Energy Regulatory Authority Act (Chapter 13:23) Section 31, for the financial year ended 31 December 2021. A surplus of ZWL\$28 749 071 was recognized in the year 2021 in comparison to a deficit of ZWL\$15 525 626 incurred in 2020. The 2021 surplus will be remitted to the Rural Electrification Fund in accordance with the provisions of the Energy Regulatory Authority Act.

9.2. Administration Overview

Concerted efforts were made toward minimizing the spread of the dreaded Covid-19 pandemic, as all employees and field officers were supplied with personal protective equipment such as masks and sanitizers. Fumigation and sanitization of all offices including regional offices remained an on-going process for the department. All employees were provided with transport to avoid exposure to the pandemic through use of public transport.

9.3. Information Communication Technology

New normal, Virtual Regulation

During the year, the ICT Section was in the forefront of actions to ensure that the Authority continued to deliver on its goal of regulating the energy industry through virtual interventions. The Authority implemented a blended work environment, with other employees working from home and only skeletal staff working from the company premises. ICT was crucial in the setup and maintenance of the collaborative virtual tools, as well as training employees on their use, allowing the Authority to effectively deploy the hybrid working environment. The Authority continued to use Microsoft Teams as its primary virtual meetings platform, and the product was successfully employed during the year under review, with board, management, departmental, and stakeholder meetings all being held virtually.

2021

10. HUMAN RESOURCES OVERVIEW

10.1. Head Count

The headcount as of 31 December 2021 was 63 compared to 62 for the previous year showing a 2% increase. A lot of effort was done to maintain adequate numbers given the level of turnover experienced:

Table 22: Head Count

Department	Budgeted	Total Recruited	Male	Female	Vacancies
CEO's Office	5	5	3	2	0
Procurement Unit	3	2	2	0	1
Internal Audit	3	2	1	1	1
Communications	2	2	1	1	0
Consumer Services	4	4	2	2	0
Corporate Services	7	7	3	4	0
Technical Services	19	17	15	2	2
Economic Regulation	11	9	6	3	2
Finance and Administration	17	15	5	10	2
Totals	71	63	38	25	8

The headcount as at 31 December 2021 was 63 against a budget of 71 resulting in a vacancy rate of 11%. In addition to the 63-permanent staff, the Authority had 1 Student Intern, 1 Graduate Trainee and 15 Fixed Term contract employees.

10.2. Gender Mainstreaming

During the period under review, female employees accounted for 40% of head count. The Authority is continuously striving to achieve a gender balance of 50% as well as recruit the best employees in vacant positions. A deliberate effort will be made to create the required gender balance while taking cognisance of performance.

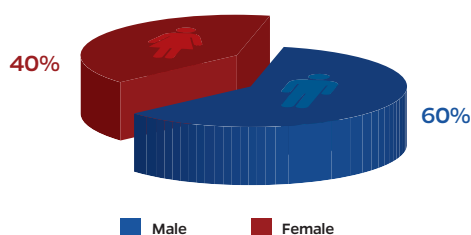


Figure 12: Gender Mainstreaming

10.3. Organisational Structure

The Authority is always focusing on improving the customer experience and meeting the needs of all stakeholders. In pursuit of the need to be properly structured, the Board of Directors approved a new structure with a view to ensure that it is appropriate for achieving the Authority's mandate.

10.4. Employee performance and turnover

Employee turnover allows organisational renewal, and a certain level is required to achieve this. During the period under review, a turnover rate of 11% was experienced. Efforts are being made to attract and retain the right skills to execute the business mandate. In a desire to achieve and maintain superior performance, the business has

in place mechanisms to manage performance quarterly providing constructive feedback and rewarding excellent performance. This creates a comprehensive process that includes full co-operation and involvement of each staff member.

10.5. Employee Engagement

The Authority recognizes the importance of employee engagement and loyalty in driving superior performance. In pursuit of higher employee engagement, the Authority focused on issues that would have not done well in the previous engagement survey namely communication, leadership, participation, work life balance and teamwork. A team building event was done for the Authority's employees in order to improve on teamwork.



Fig 13: The Authority Employees at a Team Building Event

10.6. Training and Development

Learning and development plays a critical role in enhancing personal growth and providing the knowledge and skills required. During the period under review, the challenges created by COVID-19 were circumvented through the use of virtual training and development programmes.

10.7. Employee Relations

Employees spend most of their time at work and it is important for the Authority to create a conducive working environment which promotes productivity. The Authority enjoyed cordial relations with the employees, and this assisted in the achieving of organisational goals. The Authority continues to value communication with employees and encourage employees' participation on issues of mutual interest.

10.8. Employee Wellness

Employee wellness is an integral part of managing staff as it reduces staff turnover, improves retention, reduces absence and boosts productivity. The adoption of online wellness programmes ensured continuous and timely dissemination of information on the pandemic and other health related issues was done to all employees. In addition to this, employees were encouraged to be vaccinated. The availability of virtual platforms enabled celebration of major health days including but not limited to presentations on HIV and Aids and mental health.

10.9. COVID-19

The Covid-19 affected the way in which business operated and in response to this, guidelines for managing pandemics and business continuity measure were set in place. Measures to minimise the spread of Covid-19 such as decongestion of offices, social distancing, handwashing, sanitizing, wearing of masks and the use of Personal Protective Clothing were implemented. The offices were also disinfected for Covid-19 occasionally and every time whenever there were some positive Covid-19 cases. A total of 33 positive cases (representing 41% of staff) was recorded and sadly one employee passed on out of a head count of 80 employees, including non-permanent employees. Employees were capacitated to work remotely, and all meetings were done virtually to avoid physical contact.

10.10. Ethics

A strong corporate culture based on core values is essential for business ethics. To this end, the Code of Ethics was revised after consultative meetings with all stakeholders to make sure their input is incorporated in the new Code of Ethics.

As a result of this initiative three awards were won as follows: -

- a)** Best Code of Ethics Development and Implementation Award 2021- State Owned Enterprises and Parastatals Category
- b)** Most Ethical Company of the Year Award 2021 - Runner Up - Overall Category
- c)** Ethical Company of the Year Award 2021 for State Owned Enterprises and Parastatals Category

2021

11. CONSUMER STAKEHOLDER ENGAGEMENT & EDUCATION

The year 2021 was characterised by mixed developments in terms of stakeholder engagement and advisory services given the lockdown measures imposed to curtail the Covid-19 pandemic. The lockdown measures resulted in the demand for radical innovative measure to ensure delivery of the Authority's mandate under difficult circumstances. Despite the lockdown, consumer education and awareness workshops were held both physically and virtually; with the same scenario for scheduled quarterly stakeholder meetings and stakeholder-initiated workshops. The stakeholder feedback workshop which had been promised to stakeholders in 2020, was held albeit in a hybrid fashion with physical gatherings limited to 50 and the rest of the participants attending virtually. Feedback was provided through this forum and stakeholders appreciated the measures the Authority was taking to ensure delivery of its mandate.

In the year under review there was an increase in the number of scheduled quarterly meetings with stakeholders or consumer groups with Renewable

Energy Association of Zimbabwe (REAZ) and Indigenous Petroleum Association of Zimbabwe (IPAZ) being taken on board.

Resolution of complaints and disputes declined from 96.06% in 2020 to 82.35% in 2021 mainly due to the Covid-19 pandemic induced lock down restrictions which caused the inevitable disruption of service delivery. Despite the decline in the resolution of complaints, there was a noticeable improvement in the turn-around time for complaints for the electricity sub-sector.

11.1. Engagement strategy

The engagement strategy for 2021, like for 2020, was born out of the restrictive measures emanating from the Covid-19 pandemic. A high dependence on virtual meetings such as Zoom, and Microsoft Teams was prevalent, whilst WhatsApp engagements were also adopted. The latter was made possible courtesy of the groups created by consumer groups, residents' associations, and other advocacy groups.



Fig 14: Rusape consumer education and awareness workshop



Fig 15: Inyathi Town Consumer education and awareness workshop



Fig 16: Mr. Precious Shumba, Secretary General, Harare Residence Trust, giving a vote of thanks at Mabvuku/Tafara Consumer education and awareness workshop



Fig 17: Mabvuku/Tafara Consumer education and awareness workshop

11.2. Regional Consumer Education Outreaches

A hybrid of consumer education and awareness campaigns was undertaken in 2021 in line with the Covid-19 restrictions. Physical meetings were held in Mabvuku, Harare, Chegutu, Chiredzi, Checheche, Nyanga, Rusape, Filabusi, Inyathi, Mutasa DC, Honde Valley whilst online meetings were in Mashonaland West, Harare, Bulawayo, Matabeleland North, Masvingo, and Manicaland Provinces.

11.3. Quarterly Stakeholder Meetings

Online quarterly Stakeholder meetings were held with IPAZ, COMZ, CZI, FARMERS, MIAZ and REAZ. 2021 saw the number of such meetings increasing compared to 2020.

11.4. Consumer complaints and dispute resolution

The Authority continued with one of its mandates of resolving complaints and disputes. Most of the disputes resolved in 2021 were from the electricity subsector which contributed 59.8% of the 112 complaints and disputes received. Most of these complaints and disputes received were to do with electricity supply faults which had taken long to be attended to. The enforcement of consumer protection standards and the stability in the petroleum sub-sector contributed to the reduction of complaints from 317 in 2020 to 112 in 2021. Resolution of complaints and disputes declined from 96.06% in 2020 to 82.35% mainly due to the covid-19 pandemic induced lock down restrictions which caused the inevitable disruption of service delivery.

11.5. Consumer Initiated Conferences and Networking initiatives

The Authority attended nearly all the Consumer initiated conferences and networking initiatives which it was invited to in 2021. The notable ones were the ZNCC Congress, CZI Congress, COMZ -State of the Mining Industry Report breakfast meeting, COMESA Fact-finding Mission and National Awareness workshop on consumer protection law and enforcement in Zimbabwe as well as golf tournaments.

12. COMMUNICATIONS & PUBLIC AFFAIRS

2021

The role of the Department of Communications is to promote, protect and uphold the brand of the Authority to all stakeholders. In the year 2021, the department embarked on several initiatives, guided by the organisational strategy, to enhance publicity of the Authority at all possible platforms, managed internal and external communications to ensure the good image of the Authority, whilst stakeholder engagements and awareness activities were done to increase knowledge of the Authority amongst consumers and energy sector stakeholders.

12.1. Overview

The continued Covid-19 pandemic restrictions saw the Authority maximising on all alternative and existing platforms to engage its stakeholders to keep them abreast on renewable energy, developments in the energy sector, investment opportunities, public safety, and awareness. The use of traditional media such as print and broadcast, ZERA social media platforms and the website immensely contributed to communicating the Authority's mandate. Similar to the year 2020, social media and broadcast (radio) remained reliable forums for informative and awareness alerts while the website and print media articles were of interest to investors and suppliers. Communications department continued

to reinforce the Authority's role of stakeholder engagement and advisory services by facilitating field tours to licensed power and petroleum sites during the year thus ensuring the Authority is accessible to stakeholders.

12.2. Expression of Interest: National Stakeholder Satisfaction Survey

The major challenge faced in carrying out the second National Stakeholder Satisfaction Survey in 2021 was the failure to secure an appropriate service provider to undertake the National Energy Satisfaction Survey when it went to tender. The bids submitted did not meet the set parameters, hence a call for an Expression of Interest was made to select a service provider. By end of 2021, there was positive feedback from the Procurement Regulatory Authority of Zimbabwe (PRAZ) hence the process is to be finalised in the first quarter of 2022.

12.3. Site visits to Energy Service Providers

As per mandate, ZERA routinely tours licensees in the energy sector to assess progress on their several projects and to appreciate the challenges



Fig 18: Eng. N. Matarutse, Mr J. Chamunorwa and Mr E. Mazambani being shown Richaw Solar Power plant in Gwanda

they encounter, thereby ascertaining their readiness for commissioning. These are also done to ensure the licenses are not awarded for speculative purposes.

The CEO visited power projects which include Power Ventures in Victoria Falls, Solgas in Cross Mabale, Richaw Solar Farm in Gwanda, Zimbabwe Zhongxin Electrical Energy (ZZEE), Guruve Solar Project and Hwange 7 & 8 in Hwange. The Covid-19 pandemic has affected the progress of these IPPs, therefore the need to visit, assess and recommend ways to meet the commissioning dates agreed upon.

The Chief Executive Officer also attended the Rural Electrification Fund (REF) Commissioning of their projects in Muzarabani Mashonaland Central, Umzingwane in Matabeleland South and Chikomba in Mashonaland East during the year. The launch of these projects is in sync with the thrust to achieve universal access to affordable, sustainable, clean, and efficient energy for all by year 2030.

12.4. Public exhibitions and Stakeholder Engagement

The year began with strict restrictions against public face-to-face engagements and exhibitions that led to the postponement of the Zimbabwe International Trade Fair (ZITF) and provincial shows scheduled for the first half of the year. Some shows were postponed indefinitely whilst some were eventually held after the relaxation of Covid-19 restrictions.

Exhibitions are imperative as they offer a huge platform to educate, raise awareness, increase brand visibility, and manage the organisation's corporate image to the public. The Authority, successfully exhibited at the ZITF, Harare Agricultural Show, Midlands Show, Manicaland Show and the CZI Annual Conference where the premium exhibit was the Electric Vehicle.

In addition to publicity, these exhibitions are used to engage stakeholders. Stakeholder feedback helps feed into crafting the Authority's strategy, and ultimately contributes to achieving ZERA's mandate as a regulator. Engagements were done in line with set parameters of the Covid-19 pandemic.

The Authority also reviewed the Stakeholder Engagement Framework and realigned it to Chapter 8 of the Public Entities and Corporate Governance Act (PECOGA) of 2018. The draft was presented to the Board for consideration and approval. The framework was finalised and approved in September. This framework guides the Authority in terms of depth, span and how it will engage with its varied stakeholders.

12.5. Corporate Social Responsibility

ZERA donated electrical equipment to the University of Zimbabwe's (UZ) Electrical Engineering and Built Environment Faculty. The donation came as part of the Authority's strategy to negotiate partnerships with different stakeholders to capacitate the country's energy sector, which is a key cog in driving the country's vision of attaining a middle-class economy status by 2030.

The students who were enrolled under the ZERA Scholarship Undergraduate Programme all finished in the year 2021. The five students were drawn from: UZ (2), CUT (1), MSU (1) and NUST (1). The target for the next round of students is awarding students in their second year of study in an engineering or physics degree programme, in addition to looking at their disadvantaged social backgrounds. The need to balance gender and the country's regional representation will serve as guiding tools.

12.6. Media relations and coverage

The year 2021 had favourable media engagements and relations with detailed feature stories of the Authority in the print media, radio, whilst television interviews and programmes were broadcast. Feature stories in the mainstream print followed the inaugural engagement between the Board members and journalists that was held in Q1 of 2021 as well as feature stories in the Sunday Mail and the Zimbabwe Independent focusing on the Board Chairperson.

Two Board Members who were appointed during Q2 of 2021 were duly covered in the media with emphasis being on the Authority's compliance to PECOGA and the Energy Regulatory Authority Act of 2011 which call for gender and professional balance. An hour-long Question and Answer session was hosted on ZIFM radio with the Board Chairperson speaking on the energy regulation trajectory.

Additionally, the CEO had television interviews with the ZBC's Face the Nation programme, Zimpapers Television Network (ZTN), Sustain TV from Bizani Media, Mail on Post (during ZITF) and Deutsche Welle (DW). The interviews varied from the Electric Vehicle to the state of the energy sector, fuel supply and pricing, as well as the new LPG pricing regulation.

On average, the energy topic was covered in more than 300 articles in the year focusing on fuel prices; LPG; licensing; fuel blending; solar; IPPs; power and fuel.

The department continues to provide information to the media as required to ensure the Media responses also continue to prove relevancy as media articles featuring ZERA in 2021 doubled as timely responses were made to the enquiries that guided the articles that went on to be published.

12.7. Corporate Communications

The inclusion of social networking sites like Facebook, LinkedIn, Twitter and WhatsApp in our corporate communication strategy has seen improved engagement with our stakeholders. With many audiences embracing social networking sites due to Covid-19, the Authority is using these platforms for Notices, press releases and awareness campaigns.

By end of Q4 of 2021, the Authority had gained 32 567 followers from its social media platforms which are Twitter- 20 353, 2250 contacts on WhatsApp; LinkedIn -4 000 and Facebook- 5 964. The followers include policy makers, investors, legislators, politicians and the general consumers of energy. Each message posted on the Authority's social media pages was seen by about 250, 000 people. The online audience presents an opportunity for the Authority to increase its presence and keep the audience informed and engaged on energy issues.

12.8. Public Education programmes and outreach programmes

The Authority developed and widely shared energy information nuggets which were informed by identified gaps among consumers of energy. The focus of the public education was on the safe use of LPG heaters in the home, fuel saving tips, guidelines for construction of new fuel service station; fuel quality; consumer rights, responsibilities and remedies. The impact and reach of these awareness initiatives were confirmed through feedback and evidence of wider circulation of the alerts on social media platforms.

13. QUALITY MANAGEMENT

2021

ZERA has successfully maintained the quality management system (QMS) in conformance with its ZWS ISO9001:2015 certification. Through management reviews and internal quality audits, the Authority managed to inculcate the culture of customer focus and continuous improvement enunciated in its Quality Policy.

13.1. Quality Management Systems: ZWS ISO 9001:2015

The year 2021 marked the last year in the 3-year ZWS ISO9001:2015-certification cycle making the Authority due for a recertification audit by the Standards Association of Zimbabwe (SAZ). ZERA prepared for the recertification audit, which was successfully conducted for all its key processes in November 2021. Three major and five minor nonconformities were raised during the audit and ZERA has since submitted the Plan for Corrective Action, which SAZ accepted. ZERA is now waiting for the decision on recertification from the Registration Approval Board.

14. ELECTRICITY SUB-SECTOR PERFORMANCE

2021

14.1. Overall Sources of Energy

A total of 10,193 GWh of energy was supplied in 2021 against 8,664 GWh in 2020 (17.65% increase). Annual energy supply shows that Kariba power station was the dominant energy supply source in 2021. Kariba South power station increased its output by 57%. Hwange power stations decreased its output compared to

2020 by 2%. The increase in output from Kariba South and imports from EDM of Mozambique compensated for the decrease in imports from Eskom and HCB.

The energy delivered to the transmission system in 2021 exceeded 10,000 GWh for the first time after a long period.

Table 23: 2021 Energy supply by source

Source	2021 Supply (GWh)	2020 Supply (GWh)	Difference (GWh)	Variance %
Kariba	5,813.74	3,707.00	2,106.74	57%
Hwange	2,307.85	2,356.40	-48.55	-2%
Bulawayo	31.47	24.3	7.17	30%
Munyati	87.74	42.9	44.84	105%
Harare	80.73	53.7	27.03	50%
NRE hydro	110.84	83.2	27.64	33%
NRE Solar	5.26	5	0.26	5%
Dema	-0.22	-0.5	0.28	-56%
Chisumbanje	0.22	10.7	-10.48	-98%
Kupinga	9.54	6.6	2.94	45%
Claremont	1.8	1.7	0.1	6%
Centragrid	3.65	0	3.65	100%
Total Internal	8,452.63	6,291.00	2,161.63	34%
ZESCO	0	0	0	0%
ESKOM	1502.16	1735	-232.84	-13%
HCB (Schedule)	493.38	577.2	-83.82	-15%
EDM	185.5	0	185.5	100%
DAM Import	9.65	61.6	-51.95	-84%
Imports	2190.69	2373.8	-183.11	-8%
Total supply	10,643.32	8,664.80	1,978.52	23%
DAM export	25.4	24.3	1.1	5%
Nampower	424.84	330.2	94.64	29%
Total Exports	450.24	354.5	95.74	27%
Total Supply	10,193.08	8,310.30	1,882.78	23%

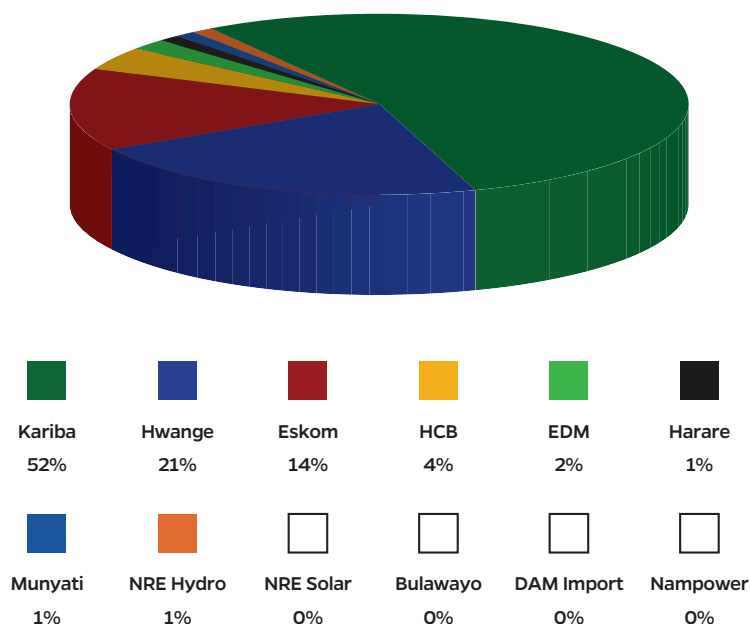


Fig 19: Energy Supply by source 2021

14.2. Performance of independent power producers IPPs

IPPs grid contribution increased by 19% from 110GWh in 2020 to 131.31 GWh in 2021 mainly due to increased rain at hydro plants. IPP production remained about 5.4% of the total production. The following table summarises the total annual production over the period 2017 through to 2021:

Table 24: IPP Energy Production

Producer	Technology	Production (GWh)				
		2021	2020	2019	2018	2017
NRE	Mini-hydro and Solar	116.1	88.2	70.1	112	111
Border Timbers	Biomass	0	0	0	0	0
Chisumbanje	Biomass	0.22	10.7	5	39.5	10.8
Dema E/Peaking Power	Diesel	0	0	0	0.15	48.2
Kupinga	Mini hydro	9.54	6.6	3.3	13.1	7.9
Claremont	Mini hydro	1.8	1.7	1.6	1.68	0.4
Centragrid	Solar	3.65	2.63			
Total		131.31	109.83	80	166.4	178.3

14.3. Analysis of Licensee Performance

14.3.1. ZPC Performance

The total energy sent out from Hwange Power Station decreased by 2% from 2,356.40 GWh in 2020 to 2,307.85 GWh in 2021 mainly due to prolonged units 1,2,3 and 6 outages and numerous plant breakdowns at Hwange Power station. The individual contribution from the generating stations is as depicted in Table 23 and Figure 20 on the following page.

Table 25: ZPC Energy GWh Sent

Year	Hwange	Kariba	Harare	Munyati	Bulawayo
2021	2,307.85	5,813.74	80.73	87.74	31.47
2020	2,356.40	3,707	53.7	42.9	24.3
% Change	-2%	57%	50%	105%	30%

Figure 20: ZPC Energy Sent Out

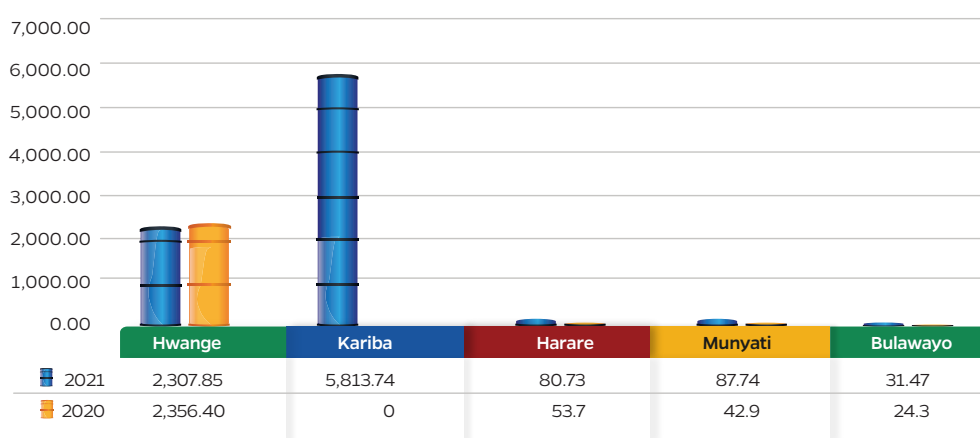


Figure 20: ZPC Energy Sent Out

Table 26: ZPC Plant Availability Factor

Plant	Actual 2021	Actual 2020	ZERA Target	Variance	2020/2021 Variance%
Hwange Power Station	42.41	40.2	75	-43%	5%
Small Thermals	35	24.83	70	-50%	41%
Kariba Power Station	94.8	88.56	90	5%	7%

ZPC Hwange power station operated with an average of three units throughout the year. Numerous forced outages, prolonged outages, boiler tube leaks and other plant breakdowns constrained plant availability. Recurring plant problems as a result of unidentified root causes remain the key issues affecting plant availability.

Table 27: ZPC Plant Efficiencies

Plant	Actual 2021	Actual 2020	ZERA Target	Variance	2020/2021 Variance%
Hwange Power Station	25.03	27	30	-15.67%	-7.30%
Small Thermals	15.96	14	20	-20.20%	14%
Kariba Power Station	90.21	93.11	95	-5.04%	-3.11%

Inadequate plant maintenance remains a major driver towards plant efficiency.

Table 28: ZPC Plant Trips

Plant	Actual 2021	Actual 2020	ZERA Target	Variance	2020/2021 Variance%
Hwange Power Station	93	45	6	-1450%	-107%
Small Thermals	37	6	3	-1133%	-517%
Kariba Power Station	12	15	9	-33%	-20%

A significant increase in the number of trips was recorded at ZPC power stations in the year 2021 compared to the same period in 2020. Unit trips remain a key area of concern due to their contribution to poor system performance and the associated cost of restarting the units in order to supply load to the grid.

14.3.2. Analysis of ZETDC Performance

14.3.2.1. Energy sales

Annual energy sales increased by 21.8% with all sectors recording negative variances between 2020 and 2021.

Table 30: Energy consumption per sector in 2021

Source	2021	2020	2020/2021 Variance%
Consumption GWh	2021	2020	14.95%
Domestic metered	393.8	342.6	23.23%
Domestic Prepayment	1,899.2	1,541.1	28.68%
Mining and Industrial	3,957.6	3,075.6	13.44%
Commercial	1,660.8	1,464.1	2.81%
Agriculture	446.7	434.5	13.43%
Public lighting	71.8	63.3	10.35%
ZETDC properties	8.8	8.0	21.79%
Total	8,439	6,929	

Mining sector was the largest consumer surpassing the domestic sector which used to be the largest consumer.

14.3.2.2. System Reliability

14.3.2.2.1. Transmission

Table 31: Transmission Quality of Supply Parameters

Description	2021 Actual	Target	Variance%
Number of Interruptions	148	120	-23%
System minutes	222	300	+26%
Average duration of interruptions (minutes) - SAIDI	564	120	-370%
Unserved Energy (MWh)	10.427	7.5	-39%
Voltage excursions	217	168	-29%
System Losses	17.20%	12%	-43%

a) Average System Minutes - The system recorded average system minutes of 222 in the year 2021. This translates into a positive variance of 26% relative to the target of 300 minutes and negative performance of 252% against 63 minutes recorded in 2020.

b) SAIDI - the average duration of interruption (SAIDI) in 2021 was 564 minutes in comparison with the target of 120 minutes which gives a negative performance of 370%. The number of supply interruptions were 148 against a target of 120 giving a negative performance of 23%.

c) Transmission Unserved Energy - in 2021 unserved energy was 10.427GWh and translates to a negative variance of 39% against a target of 7.5GWh (ZERA).

d) 3.5 Voltage Excursions - There were 217 voltage excursions outside statutory limits on the National Grid network in 2021 and this gave a negative variance of 29% against a target of 168.

e) System Losses - the 2021 overall system losses calculated based on energy delivered to the Transmission network against energy sales by distribution were 17.2% against 16.62% achieved in 2020. This indicates a 0.588% increase in system losses. The 2021 losses were 5.2% above the ZERA target of 12%.

14.3.2.2. Distribution

a) Faults

The total faults recorded in 2021 was 127,241 against 120,184 recorded in 2020 this representing a 6% increase in the faults recorded.

Most of the faults are a result of acts of vandalism and theft of both transformer oil and conductor.

Table 32: Distribution Quality of Service Parameters

Description	YTD 2021	YTD 2020	YTD Variance %
Number of faults	127,241	120,184	6%
Average arrival time at a fault urban (minutes)	616	586	5%

b) Distribution System Losses

Annual average distribution losses were 12.76%

against the ZERA target of 8%. This gives a 60% variance.

Table 33: Losses in Distribution

Losses	2021	ZERA target	Difference	Variance
Technical	5%	4.00%	1%	
Non-technical	7.76%	4.00%	3.76%	
Total	12.76%	8.00%	4.76%	60%

c) New Connections

The total number of new connections increased by 25% to 22,021 in 2021 against 17,600 in 2020. The increase has been attributed to sprouting residential areas being electrified and customers procuring their own connection materials.

There was a 19% decrease in the number of customers paid but unconnected at 11,704 in December 2021 compared to 14,482 in December 2020. Non-connection attributed to ZETDC were 99% attributed. ZETDC is failing to supply connection cables and other accessories.

The active customer base increased as a result by 2% to 789,394 up from 776,179 in 2020.

Table 34: Customer Connection

Description	YTD 2021	YTD 2020	YTD Variance % 2020/2021
New connections	22,021	17,600	25.12%
Active customer base	789,394	776,179	1.70%
Customers paid but not connected	11,704	14,482	-19.18%

d) Industry Related Accidents
The Electricity Supply Industry recorded 74 accidents, an 11.91% decrease as compared

to 2020; however, no change was noted in the number of fatalities.

Table 28: Industry related accidents

Reported Accidents	YTD 2021	YTD 2020	% Change
Total	74	84	-11.91
Fatal (Humans)	29	29	0.00

		Harare	Northern	Eastern	Southern	Western	Total
	Total	6	28	14	16	10	74
2021	Fatal (Humans)	2	14	5	4	4	29
	Fatal (Livestock)	0	3	0	7	1	11
	Non-Fatal (Humans)	4	11	9	5	5	34
2020	Total	12	27	19	14	12	84
	Fatal(Humans)	4	9	8	3	5	29
	Fatal (Livestock)	0	5	0	7	0	12
	Non-Fatal (Humans)	8	13	11	4	7	43
% Change		-50.00	3.70	-26.32	14.28	-16.67	-11.91

The majority of the accidents occurred in the Northern Region due to its extensive and predominantly rural farming coverage.

Infrastructure collapse and unsafe use or practice by members of the public were the leading causes of the electrical accidents as tabled below.

Table 36: Distribution of accidents

Description	Total	% Distribution
1 Theft and Vandalism on electricity infrastructure	2	2.70
2 Infrastructure collapse	36	48.65
3 Unsafe operations by employees	11	14.86
4 Unsafe practices/operations by the public	25	33.78
Total	74	100.00

Twenty-three (23) fatal electrical accidents and a single severe non-fatal accident were investigated in 2021. 45.83% of these accidents were due to infrastructure collapse, 50% were due to unsafe practice by members of the public, whilst a single accident was due to unsafe operations by utility employees.

The Authority brought ZETDC before the courts in Kadoma in a case in which a victim, Vanessa Mapokotera was electrocuted to death on 23

January 2019 by a low hanging 11kV conductor which ZETDC failed to rectify upon notification in Chegutu. ZETDC was charged for violation of the Electricity (Public Safety) Regulations, SI 177 of 2018 and pleaded guilty to the charge and was given a maximum fine of level 14 amounting to ZWL 280,000.00 due to the aggravating circumstances of electrocution that led to loss of life.

More prosecutions will follow for infringement of the provisions of the SI 177 of 2018.

2021

15. PETROLEUM SUB-SECTOR PERFORMANCE

15.1. Annual Fuel imports trend and analysis

Comparison of overall importation figures for all liquid fuels (Diesel, Unleaded Petrol, Illuminating Paraffin and Jet A1) in the year 2021 showed a 21.4% increase as compared to same period in 2020. Disaggregation by products shows an increase of 15.4% for diesel, 27.2% for unleaded

petrol, 122.5% for Jet A1 fuel and a decrease of 58.7% in importation of illuminating paraffin. The increase in Jet A1 fuel importation was attributed to the opening of the aviation services due to relaxation of measures to curb the spread of COVID 19 imposed by Government.

The table below shows the trends in volumes of fuel imported over the years.

Table 37: Liquid Fuel Imports, 2016 - 2021

Year & Period	Diesel (ltrs)	Petrol (ltrs)	Paraffin (ltrs)	Jet A1 (ltrs)	Total (ltrs)
Jan - Dec 2021	849,605,993	513,712,727	739,494	48,687,310	1,412,745,524
Jan - Dec 2020	736,447,091	403,897,735	1,791,590	21,880,815	1,164,017,231
Jan - Dec 2019	937,406,602	456,080,132	5,100,022	63,073,804	1,461,660,560
Jan - Dec 2018	921,171,992	616,339,735	11,682,716	74,605,374	1,623,799,817
Jan - Dec 2017	761,813,335	445,068,704	23,647,385	60,246,486	1,290,775,910
Jan - Dec 2016	733,857,144	444,322,565	90,139,683	47,925,383	1,316,244,775
% Difference	15.4	27.2	-58.7	-122.5	21.4

15.2. Monthly Liquid Fuels Imports

Fig. 21 on the following page shows monthly trends in the importation of liquid fuels in 2021 as compared to 2020. There were low imports in second quarter of the year 2020 due to total

lockdown that was imposed by Government to curb the spread of Covid 19 infections. This lockdown had the stricter measures than the subsequent lock downs. Generally, fuel imports are higher in 2021 than 2020.

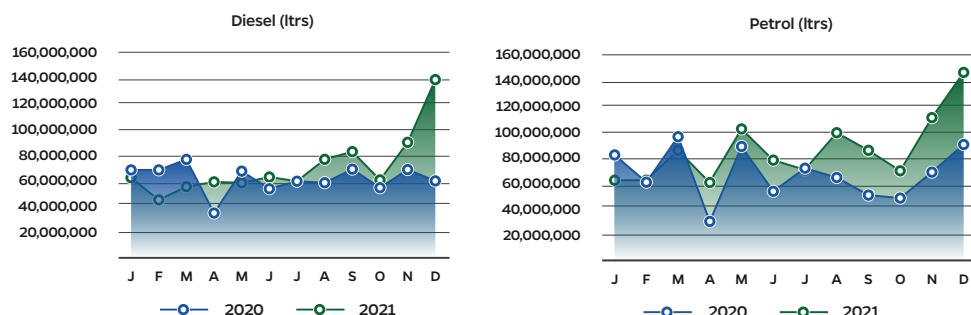


Fig.21: Monthly Liquid Fuel and Jet A1 imports, 2020/21

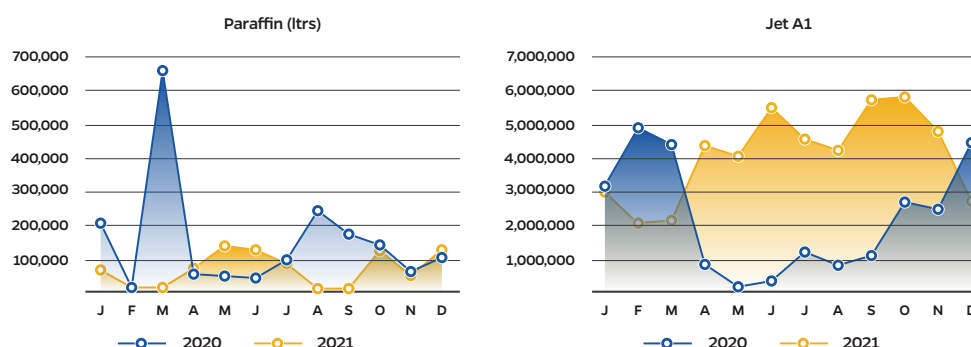


Fig.22: Monthly paraffin and Jet A1 imports, 2020/21

15.3. Ethanol production

The Table 35 below shows the ethanol production for blending volumes by the two producers for the year 2021.

Table 38: Ethanol Production, 2021

Year & Period	Greenfuel (ltrs)	Triangle (ltrs)
January	0	2,978,393
February	0	2,348,851
March	0	3,289,416
April	3,980,104	0
May	8,070,686	2,221,647
June	9,261,457	2,781,669
July	10,313,617	2,561,590
August	7,275,025	2,003,153
September	8,277,544	1,519,714
October	9,110,541	1,521,883
November	7,000,557	2,295,862
December	1,317,977	2,879,195
Total	64,607,508	26,401,373

15.4. Annual and Monthly LPG Imports

An analysis of the imports of LPG in the 2021 and the figures shows that the overall volumes for the year 2021 were 45.8% higher as compared to the same period in 2020.

Table 39: LPG Imports, 2020/21

Month	Year and Volume (Kg)	
	2020	2021
January	3,890,000	4,131,000
February	3,956,000	3,872,756
March	3,157,000	4,995,281
April	3,286,000	4,081,959
May	1,962,000	3,899,309
June	2,951,000	4,652,925
July	3,282,000	5,711,645
August	3,231,000	5,319,353
September	3,471,000	3,727,171
October	3,211,000	4,858,276
November	3,331,000	6,319,399
December	3,231,000	5,220,474
Total	38,959,000	56,789,548

15.5. Petroleum products sales

The daily consumption is an important statistic that can be used to compare different countries as well as draw conclusions on developments in

the country from one year to another. Based on the information below, blend consumption has significantly increased from 2020 to 2021. Diesel consumption is also increasing but more slowly.

Table 40: Daily Consumption of fuels, 2020/21

Month	Year and Volume (Kg)	
	2020	2021
Diesel (ltrs)	2,015,097	2,366,706
Blend (ltrs)	1,147,483	1,582,647
Paraffin (ltrs)	8,552	2,324
Jet A1 (ltrs)	75,173	118,357

15.6. Petroleum products sales by economic sector

The table 38 below shows the percentage sales of the petroleum products by economic sectors.

The data shows that most of the sales of diesel and petrol are distributed through retail sites.

Table 41: Petroleum Products Sales by Economic Sector

Diesel		Petrol	
Sector	Percentage	Sector	Percentage
Retail	32.44	Retail	54.79
Commercial	37.89	Commercial	34.81
Agriculture	5.58	Agriculture	0.5
Mining	8.33	Mining	1.85
Manufacturing Industry	7.77	Manufacturing Industry	4.3
Transport	6.36	Transport	1.98
Own Use	1.63	Own Use	1.77
Total	100	Total	100

15.7. Petroleum products sale by geographic region

Table 39 below shows the percentage sales of the petroleum products by geographic region. Harare and Bulawayo dominate regional fuel comparison figures because of higher numbers of fuel sites in the two cities.

Table 42: Petroleum Products Sales by Geographic Region

Petroleum	Diesel	Petrol
Harare	49.23	40.64
Bulawayo	11.19	21.49
Manicaland	8.36	9.57
Mash Central	4.14	4.81
Mash East	3.27	3.55
Mash West	6.75	4.17
Mat North	5.33	2.73
Mat South	1.32	1.33
Midlands	7.45	6.05
Masvingo	2.96	5.66
Total	100	100

2021

Financial Statements

Embracing sustainable
energy for the future.



GENERAL INFORMATION

Country of Incorporation and domicile	Zimbabwe
Nature of business and principal activities	Regulation of the Energy Sector in Zimbabwe
Board Members- Non-Executive	Dr. D. Madzikanda (Chairperson) Eng.F. Mavhiya-Bhiza (Vice Chairperson) Mrs.T. Madzivire Mr.T. K. Ncube Mr. M. Kambarami Dr. S. Ziuku Ms.S. Rufu Mrs.G. Chikwava
Board Members - Executive	Mr. E.T. Mazambani- Chief Executive Officer
Management	Mr. E.T. Mazambani - Chief Executive Officer Eng.M. Siyakatshana - Technical Services Director Mr.N. Ranga - Finance and Administration Director Ms. J. Mupamhanga- Corporate Secretary Mr. L. Nechitoto - Senior Manager Economic Regulation Mrs.C. Machimbudzofa- Senior Manager Monitoring and Evaluation Mrs. R. Musiyiwa- Head Internal Audit
Business office	14th Floor Century Towers 45 Samora Machel Avenue HARARE ZIMBABWE
Main Bankers	ZB Bank Limited 4th& 5th Floors ZB House Cnr Speke Avenue/First Street HARARE Stanbic Bank 59 Samora Machel Avenue HARARE
Auditors	Baker Tilly Chartered Accountants (Zimbabwe) Celestial Office Park, Unit D & H Block, Borrowdale Road, Borrowdale HARARE
Corporate Secretary	Ms. J. Mupamhanga

INDEX

The reports and statements set out below comprise the financial statements approved by the Board of Directors.

Index	Page
Directors' Responsibilities and Approval	67
Independent Auditor's Report	68-71
Statement of Financial Position	72
Statement of Profit or Loss and Other Comprehensive Income	73
Statement of Changes in Equity	74
Statement of Cash Flows	75
Accounting Policies	76-80
Notes to the Financial Statements	81-95

Directors' Responsibilities and Approval

The directors of Zimbabwe Energy Regulatory Authority (ZERA) are required in terms of the Energy Regulatory Authority Act (Chapter 13:23) and the Public Finance Management Act (Chapter 22:19) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of ZERA as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by ZERA and place considerable importance on maintaining a strong control environment. To enable ZERA to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout ZERA and all employees are required to maintain the highest ethical standards in ensuring ZERA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in ZERA is on identifying, assessing, managing and monitoring all known forms of risk across ZERA. While operating risk cannot be fully eliminated, ZERA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only


reasonable, and not absolute, assurance against material misstatements or loss.

The directors have reviewed ZERA's cash flow forecast for the year to 31 December 2022 and in the light of this review and the current financial position, they are satisfied that ZERA has access to adequate resources to continue in operational existence for the foreseeable future.

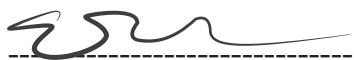
The external auditors are responsible for independently reviewing and reporting on ZERA's financial statements. The financial statements have been examined by ZERA's external auditors and their report is presented on pages 68 to 71.

The financial statements set out on pages 72 to 95 which have been prepared on the going concern basis, were approved by the board of directors on 20 May 2022 and were signed on its behalf by:

Approval of financial statements



Dr. D. Madzikanda
Board Chairperson



Mr. E. T. Mazambani
Chief Executive Officer

Preparer of the financial statements

The financial statements were prepared under the supervision of Mr. N. Ranga, a registered Public Accountant Zimbabwe (Reg number 0549).



Mr. N. Ranga
Finance and Administration Director

2021

INDEPENDENT AUDITORS REPORT

To the Members of Zimbabwe Energy Regulatory Authority ("ZERA")

Report on the Audit of the Inflation Adjusted financial statements

Qualified Opinion

We have audited the financial statements of Zimbabwe Energy Regulatory Authority ("ZERA or the Authority") set out on pages 72 to 95, which comprise the inflation adjusted statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the matters discussed in the Basis for Qualified Opinion section of our report, the financial statements present fairly the financial position of the Zimbabwe Energy Regulatory Authority as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Energy Regulatory Authority Act [Chapter 13:23].

Basis for Qualified Opinion

Impact of prior year non-compliance with International Financial Reporting Standards IAS 21 – 'Effects of changes in foreign exchange rates'

The basis for qualification is due to misstatements contained in the opening balance for retained earnings. The opening balances for 2019 financial period were reported as USD end of 2018 financial year and translated to ZWL on the rate

of 1:1 at the beginning of 2019. Additionally, transactions between 1 January 2019 and 21 February 2019 were recorded at the rate of 1:1 in compliance with SI 33/19. Although the evidence in the market suggested that there was no longer parity between the USD and "local currency" up to 21 February 2019, the directors maintained an exchange rate of 1:1 in compliance with SI 33/19. This constituted a departure from the requirements of IAS 21.

As a result, the misstatements on the prior years' income statement are still carried forward in the current retained earnings balance.

Key audit matters

Key audit matters are those matters that, in our professional judgment were of the most significance in our audit of the financial statements of the current period and which are not materially impacted by the matter described in the Basis for Qualified Opinion section. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our qualified opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we determined the matters below to be key audit matters to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of Property, Plant and Equipment and Investment Property (High Risk)	
<p>ZERA revalued its property, plant and equipment at the end of the year to correctly show the value of various items of property, plant and equipment as well as investment properties.</p> <ul style="list-style-type: none"> • There is inherent complexity in accounting, measurement, valuation and disclosure requirements of IAS 16, IAS 40 and IFRS 13. • The significance of these assets on the ZERA's statement of financial position is high. • The valuation of PPE is subjective due to the absence of an active market for some items of property, plant and equipment in the Zimbabwean market. Because of the significance of these issues, valuation of property, plant and equipment was considered a key audit matter for the audit of ZERA. 	<p>Our procedures encompassed the following;</p> <ul style="list-style-type: none"> • Review the work of an expert as required by International Standards on Auditing (ISA 620) by assessing qualifications and experience in valuation of property, plant and equipment. • Review of inputs used by the expert in determining fair value and assessing the inputs for reasonableness • Assess whether the valuation technique used by the expert is consistent with fair value measurement methods in terms of IAS 40 and IFRS 13. • Assess whether the entity complied with the accounting for the revaluation as required by IAS 16 and accounting for Investment Properties as required by IAS 40. • Recompute revaluation reserve and review revaluation journals for accuracy and compliance with IAS 16. • Recompute fair value adjustments as required by IAS 40 and trace the related amounts to the financial statements for accuracy. • Review financial statements for adequate disclosures as required by IAS 16 and IAS 40. • Based on our procedures, we noted no exceptions and consider management's application of IAS 16, IAS 40 and IFRS 13 to be appropriate.
Hyperinflation Accounting (High risk area and significant judgement)	
<p>Following Public Accountants and Auditors Board ("PAAB") designation of Zimbabwe as hyperinflationary economy, the Authority applied the IAS 29 – <i>Financial Reporting in Hyperinflationary Economies</i>.</p> <p>Hyperinflationary accounting was determined to be a matter of most significance to the audit due to the complexity and subjectivity relating to the application of the Standard.</p> <p>IAS 29 requires significant judgments to be made by management considering the guidelines provided in the standard.</p>	<p>We obtained an understanding of the Authority's process for identifying hyperinflationary economies and evaluated the policy in relation to hyperinflation accounting. Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • We assessed and tested the indicators of hyperinflation on the Zimbabwean economy by corroborating these with industry reports and our own understanding of the economy; • We recomputed and tested the hyperinflation workings prepared by management by evaluating the rationale for the economic indicators included (such as the inflation rate, cumulative inflation rate, consumer price indices from various sources). • We tested the source data used by agreeing it to supporting schedules. • We assessed the reasonability of the assumptions used by comparing these to externally available industry, financial and economic data; and; • We tested restatement of the statement of financial position and income statement items for correct restatement in terms of IAS 29. • We assessed whether disclosures in the financial statements appropriately reflected the effects of the adoption of IAS 29. <p>We found that the inflation adjusted financial statements have been properly restated in terms of IAS 29.</p>

Other Information

The Directors are responsible for the other information. The other information comprises of the Director's Report. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the organization or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

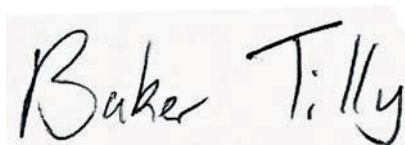
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.



Partner: Richard Mandeya
PAAB Practising number: 0965
Baker Tilly Chartered Accountants (Zimbabwe)
Celestial Office Park, Unit D & H Block, Borrowdale
Road, Borrowdale Harare

Date 24 /05 / 22

Report on Other Legal and Regulatory Requirements

Energy Regulatory Authority Act [Chapter 13:23]
In our opinion, the accompanying inflation adjusted financial statements have in all material respects, been properly prepared in compliance with the requirements of and in the manner required by the Energy Regulatory Authority Act [Chapter 13:23] (paragraph 21(1), to comply with International Accounting Standards when keeping its accounting records.

Statement of Financial Position

	Note(s)	Inflation Adjusted 2021 ZWL\$	Inflation Adjusted 2020 ZWL\$	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
ASSETS					
Non-current assets					
Property, plant and equipment	3	547,420,469	400,744,079	547,420,469	249,316,354
Right of use asset	4	19,421,700	5,576,210	11,394,969	787,818
Intangible assets	5	1,113,600	1,082,450	1,113,600	34,247
Investment property	6	56,000,000	39,541,348	56,000,000	24,600,001
		623,955,769	446,944,087	615,929,038	274,738,420
Current assets					
Inventory	7	1,353,198	731,334	1,353,198	454,988
Trade and other receivables	8	208,603,290	177,301,426	208,603,290	110,305,173
Cash and cash equivalents	9	256,469,737	26,053,151	256,469,737	16,208,541
		466,426,225	204,085,911	466,426,225	126,968,702
Total assets		1,090,381,994	651,029,998	1,082,355,263	401,707,122
EQUITY AND LIABILITIES					
Equity					
Reserves		462,062,783	331,472,946	524,822,058	213,068,029
Retained income		468,658,668	139,403,368	397,872,662	76,559,438
Total equity		930,721,451	470,876,314	922,694,720	289,627,467
Non Current Liabilities					
Long term liability					
Deferred VAT liability	11	35,919,790	57,437,814	35,919,790	35,733,993
Current liabilities					
Trade and other payables		102,953,472	112,766,463	102,953,472	70,155,804
Current portion of deferred VAT liability		9,317,356	8,297,161	9,317,356	5,161,942
Lease liability		11,469,925	1,652,245	11,469,925	1,027,916
Total current liabilities	10	123,740,753	122,715,870	123,740,753	76,345,662
Total liabilities	11	159,660,543	180,153,684	159,660,543	112,079,655
Total equity and liabilities	12	1,090,381,994	651,029,998	1,082,355,263	401,707,122

The financial Statements and notes on pages 72-95 were approved by the board of directors on 24 May 2022 and were signed on it's behalf by:



Dr. D. Madzikanda
Board Chairperson



Mr. E. T. Mazambani
Chief Executive Officer



Mr. N. Ranga
Finance and Administration Director

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	Inflation Adjusted 2021 ZWL\$	Inflation Adjusted 2020 ZWL\$	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
Income	13	1,093,521,451	736,343,182	845,199,015	458,103,828
Other income	14	57,658,650	4,717,868	72,027,003	20,578,882
Operating expenses	15	(706,503,704)	(688,790,672)	(567,163,723)	(428,519,813)
Monetary gain/(loss)		(86,672,026)	(550,333,904)	-	-
Operating (loss)/surplus for the year		358,004,371	(498,063,526)	350,062,295	50,162,897
(Deficit)/Surplus for the year		358,004,371	(498,063,526)	350,062,295	50,162,897
Other Comprehensive Income					
Revaluation surplus/(loss)		130,589,837	295,870,633	311,754,028	184,071,059
Total comprehensive income/(loss)		488,594,208	(202,192,893)	661,816,323	234,233,956
Total Comprehensive Income/(loss)					
attributable to:					
ZERA		459,845,137	(202,192,893)	633,067,252	234,233,956
Rural Electrification Fund	16	28,749,071	-	28,749,071	-
		488,594,208	(202,192,893)	661,816,323	234,233,956

Statement of Changes in Equity

	Non Distributable Reserve ZWL\$	Revaluation Reserve ZWL\$	Total reserves ZWL\$	Retained Income ZWL\$	Total equity ZWL\$
Inflation Adjusted					
Balance at 01 January 2020	35,602,313	-	35,602,313	637,466,894	673,069,207
Surplus/ (Deficit) for the year		-	-	(498,063,526)	(498,063,526)
Revaluation surplus	-	295,870,633	295,870,633		295,870,633
Total changes	-	295,870,633	295,870,633	(498,063,526)	(202,192,893)
Balance at 01 January 2021	35,602,313	295,870,633	331,472,946	139,403,368	470,876,314
Surplus for the year	-	-	-	358,004,371	358,004,371
Revaluation surplus	-	130,589,837	130,589,837	-	130,589,837
Transfer to Rural Electrification Fund Account				(28,749,071)	(28,749,071)
Total Change	-	130,589,837	130,589,837	329,255,300	459,845,137
Balance at 31 December 2021	35,602,313	426,460,470	462,062,783	468,658,668	930,721,451
Historical Cost					
Balance at 01 January 2020	794,854	28,202,116	28,996,970	26,396,541	55,393,511
Surplus for the year	-	-	-	50,162,897	50,162,897
Revaluation surplus	-	184,071,059	184,071,059	-	184,071,058
Total Changes	-	184,071,059	184,071,059	50,162,897	234,233,957
Balance at 31 December 2020	794,854	212,273,175	213,068,029	76,559,438	289,627,468
Balance at 01 January 2021	794,854	212,273,175	213,068,029	76,559,438	289,627,468
Surplus for the year	-	-	-	350,062,295	350,062,295
Revaluation surplus	-	311,754,028	311,754,028	-	311,754,028
Transfer to Rural Electrification Fund Account				(28,749,071)	(28,749,071)
Total comprehensive income for the year	-	311,754,028	311,754,028	321,313,224	633,067,252
Balance at 31 December 2021	794,854	524,027,203	524,822,058	397,872,662	922,694,720

Statement of Cash Flows

	Note(s)	Inflation Adjusted 2021 ZWL\$	Inflation Adjusted 2020 ZWL\$	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
Cashflow from operating activities					
Surplus/(Deficit) for the year		358,004,371	(498,063,526)	350,062,295	50,162,897
Adjustment for:					
Depreciation		50,095,935	15,558,783	38,122,900	9,679,642
Loss on Asset disposal or assets scrapped		6,171,182	144,178	3,839,299	89,698
Interest received		(666,613)	(202,183)	(549,835)	(125,785)
Fair value adjustment		(16,458,652)	(31,504,489)	(31,399,999)	(19,600,001)
Other non cash adjustment			4,185,969	-	2,604,232
Rural Electrification Fund Transfer		(28,749,071)		(28,749,071)	
Operating Income before working capital changes		368,397,152	(509,881,268)	331,325,589	42,810,683
Working Capital Movements					
Increase /(decrease) in payables		(9,812,991)	67,459,821	32,797,668	41,969,021
(Increase)/decrease in receivables		(31,301,864)	(142,638,288)	(98,298,117)	(88,740,070)
(Increase)/decrease in inventory		(621,864)	(446,322)	(898,210)	(277,672)
VAT and withholding tax liability		(20,497,829)	64,876,832	4,341,211	40,362,056
Sub total		(62,234,548)	54,128,874	(62,057,448)	(6,686,665)
Cash generated from operating activities		306,162,604	(455,752,394)	269,268,141	36,124,018
Finance Costs					
Interest received		666,613	202,183	549,835	125,785
Net financing costs		666,613	202,183	549,835	125,785
Cash flow from operations		306,829,217	(455,550,210)	269,817,976	36,249,803
Investing Activities					
Purchase of tangible non current assets		(58,217,486)	(45,933,030)	(18,132,344)	(28,576,481)
Change in right of Use Asset		(35,459,683)	(7,090,111)	(22,479,841)	(4,410,996)
Proceeds from sale of assets		745,964	15,011,950	613,395	9,339,438
Purchase of intangible assets		-	-	-	-
Net cashflow from Investing		(92,931,205)	(38,011,191)	(39,998,790)	(23,648,039)
Net cash inflow/(outflow) before financing		213,898,011	(493,561,401)	229,819,187	12,601,764
Financing activities					
Lease liability		9,817,680	3,852,523	10,442,009	493,640
Net cash inflow/(outflow) from financing		9,817,680	3,852,523	10,442,009	493,640
Increase /(decrease) in cash and cash equivalents		223,715,692	(489,708,878)	240,261,196	13,095,404
Cash and cash equivalent at beginning of year		32,754,045	515,762,029	16,208,541	3,113,137
Cash and cash equivalents at end of year	9	256,469,737	26,053,151	256,469,737	16,208,541
Represented by:					
Cash and bank balances		256,469,737	26,053,151	256,469,737	16,208,541
Cash and cash equivalents at end of year	9	256,469,737	26,053,151	256,469,737	16,208,541

2021

INDEPENDENT AUDITORS REPORT

Accounting policies

1. REPORTING ENTITY NATURE OF BUSINESS

ZERA is a parastatal established by an Act of Parliament, the Energy Regulatory Authority Act (Chapter 13:23) and is wholly owned by the Government of Zimbabwe. The mandate of ZERA is to regulate the energy industry.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements for the year ended 31 December 2021, have been prepared on the going concern basis in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ('IFRIC') interpretations and in the manner required by the Energy Regulatory Authority Act (Chapter 13:23).

2.2 Application of IAS 29- Financial Reporting in Hyperinflation Economy

The Public Accountants and Auditors Board (PAAB) issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019. The pronouncement was issued pursuant to a broad market consensus within the accounting and auditing professions that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial results. However, the historical cost results are included as supplementary information to meet other user requirements.

As a result, the auditors have not expressed an opinion on this historical information. In order to account for the rapid loss in the purchasing power of the local currency, hyperinflation accounting principles require transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period.

ZERA adopted the Zimbabwe consumer price index (CPI) as the general price index to restate transactions and balances as appropriate.

The conversion factors used to restate the organisation's financial statements for the year ended 31 December 2021 are as follows:

Dates	Indices	Conversion Factor
31 Dec 2021	3997.46	1.00
31 Dec 2020	2474.51	1.61
31 Dec 2019	551.67	7.24

The main procedures applied for the above-mentioned restatements are as follows:

Financial statements prepared in the currency of a hyperinflationary economy are restated in terms of the measuring unit current at the statement of financial position date, and corresponding figures for the period are restated in the same terms.

Monetary assets and liabilities that are carried at amounts current at the financial position date are not restated because they are already expressed in terms of the monetary unit current at the financial position date.

Non-monetary assets and liabilities that are not carried at amounts current at the financial position date and components of shareholders' equity are restated by applying the relevant conversion factors.

Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated to Zimbabwe dollars at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Zimbabwean dollars at the foreign exchange rate ruling at the date of the transaction.

Accounting policies (continued)

Comparative financial statements are restated using general inflation indices in terms of the measuring unit, current at the latest balance sheet date.

All items in the income statement are restated by applying the relevant month, yearly average or year-end conversion factor.

The effects of inflation on the net monetary position of the organisation are included in the income statement as a monetary gain/(loss) adjustment (IAS 29.9).

2.3 Presentation and functional currency

The financial statements are expressed in Zimbabwean dollars ("ZWL\$") which was both the functional and presentation currency of the organisation for the year ended 31 December 2021.

2.4 Critical accounting judgments assumptions and estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. The use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future may differ from these estimates, which may be material to the financial statements. Estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant judgments include the following:

2.4.1 Investment property fair value

ZERA engages professional valuers to estimate the fair value of its investment property. Based on these estimates, adjustments are made to the carrying value of the related assets.

2.4.2 Useful lives and residual values of property, plant, and equipment

ZERA assesses useful lives and residual values of property, plant, and equipment each year considering past experience and technology changes. The depreciation rates are set out in note 2.7.

The residual values for the year were assessed and have been noted as adequate. The value for this year has been assessed as \$Nil (2020 \$ Nil). ZERA changed the useful life of the following assets effective 1 July 2021;

Laptops and iPads from 2 years to 3 years.

2.5 New and amended IFRS that are effective for the current year

The entity did not adopt any new standards in the current year.

2.6 Revenue recognition

As per IFRS 15, revenue is recognized on accrual basis and the revenue categories of the entity are as follows;

2.6.1 Electricity annual levies

Levies are charged at 1% of electricity sales to electricity generating, transmission and distributing companies in terms of Statutory Instrument number 6 of 2008.

2.6.2 Electricity license application fees

License application fees are charged to all companies and individuals who submit applications to obtain any form of trading license in terms of the applicable regulation promulgated through statutory instrument.

2.6.3 License fees

Electricity License fees are charged to new companies who are into the generation, transmission and distributing companies in terms of the applicable regulation promulgated through statutory instrument.

Liquefied petroleum gas (LPG) license fees are charged in terms of fees promulgated through statutory instrument.

License fees for the Petroleum sub-sector vary depending on the category of business as follows:

- (a) Blending
- (b) Procurement
- (c) Production
- (d) Retail
- (e) Wholesalers

2.6.4 Interest received

Revenue is recognised as the interest accrued in line with IFRS 9.

2.7 Property, plant, and equipment

Property, plant, and equipment are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation.

Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace

Accounting policies (continued)

part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised.

Property, plant, and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Depreciation on revalued assets is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for administrative purposes are carried at revalued amounts. Cost includes professional fees and, for qualifying assets, borrowing costs. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use. Land is not depreciated.

Depreciation is provided for on a straight-line basis over the assets' expected economic useful lives on the following rates:

Item	Depreciation Rates
Furniture and fixtures	20%
IT equipment	33.3%- 50%
Land	-
Motor vehicles	20%
Office equipment	20%
Office partitions	4%
Other property & equipment	33.3%-50%

Depreciation commences when the asset is ready for intended use and it ceases when the asset is no longer in use or is disposed.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from derecognition of an item of property and equipment is included in profit or loss when the item is derecognized. The gain or loss arising from derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Impairment of assets assessment

The carrying amounts of ZERA assets are reviewed at each financial reporting date to determine whether there is any indication of

impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

2.8 Investment property

Investment property is initially recognized at cost and subsequently measured at fair value at every statement of financial position date.

2.9 Intangible assets

Intangible assets acquired are measured on initial recognition at cost. After initial recognition, the assets are carried at revalued amounts, being fair value at the date of revaluation. The Authority adopted the revaluation model in 2021 and all assets are carried at fair value as at 31 December 2021.

Item	Amortization Rates
Computer Software	33.33%
ZERA Website	20.00%

2.10 Provisions

Provisions are recognized when ZERA has a present legal or constructive obligation because of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.11 Employee benefits

Employee benefits are the consideration given by ZERA in exchange for services rendered by employees. In summary the benefits are;

Short-term benefits

Benefits earned by employees under normal employment terms including salaries, bonuses and leave pay. These are expensed as earned and accordingly provisions are made for unpaid bonuses and leave pay.

Post-employment benefits

Contributions to Old Mutual Pension Fund and Group Life Cover are expensed as and when incurred.

All employees contribute to the National Social Security Authority pension scheme and the amounts are included in the determination of surplus for the year.

2.12 Corporate tax

ZERA is exempt from paying corporate tax in accordance with the Income Tax Act (Chapter 23:06).

2.13 Inventory

Accounting policies (continued)

Inventory is valued at the lower of cost and net realizable value. Cost is calculated using the weighted average price method.

2.14 Foreign currency transactions

Transactions in foreign currency are translated into United States dollars at rates of exchange prevailing at date of transaction. At each statement of financial position date, monetary assets and liabilities that are dominated in foreign currencies are translated at the rates prevailing on the statement of financial position date. Gains and losses arising on exchange are included in the statement of comprehensive income for the period.

2.15 Financial instruments

Classification

ZERA classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss – designated.
- Loans and receivables.
- Financial liabilities measured at amortized cost.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Classification is re-assessed on an annual basis, except for financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognized initially when ZERA becomes a party to the contractual provisions of the instruments. ZERA classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments that are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognized in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value,

with gains and losses arising from changes in fair value being included in profit or loss for the period. Net gains or losses on the financial instruments at fair value through profit or loss includes interest. Loans and receivables are subsequently measured at amortized cost, using the effective interest method, less accumulated impairment losses.

Impairment of financial assets

At each reporting date ZERA assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to ZERA, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognized in profit or loss. Impairment losses are recognized in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognized. Reversals of impairment losses are recognized in profit or loss except for equity investments classified as available-for-sale. Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable. Where financial assets are impaired through use of an allowance account, the amount of the loss is recognized in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to directors, managers and employees
These financial assets are classified as loans and receivables.

Accounting policies (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are

subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

2.16 Leases

The Authority accounts for leases in line with IFRS 16 principles. The Authority recognize right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of the future lease payments. Depreciation of right-of-use assets and interest on lease liabilities for the reporting period is recorded in profit or loss. The Authority separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Statement of Cash Flows.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Authority recognize a lease expense on a straight-line basis as permitted by IFRS 16 through the profit or loss.

2.17 Value Added Tax (VAT)

VAT is accounted for on accrual basis but remittance to Zimbabwe Revenue Authority (ZIMRA) is on cash basis. This was after ZIMRA approved for the use of the cash basis. The difference which arises between accrual and cash basis are classified under long term liability as Deferred VAT liability in the Statement of Financial Position. However, there is no obligation to settle it with ZIMRA, the liability will clear when the cash amount received from electricity receivables exceeds the invoiced value. ZERA had collected amounts from which VAT is due to ZIMRA and is included in the Trade and other payables figure in the Statement of Financial Position.

Notes to the Financial Statements

3. Property and Equipment

Inflation Adjusted Property and Equipment	2021			2020		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Furniture and fixtures	25,428,208	-	25,428,208	18,484,944	-	18,484,944
IT Equipment	27,721,433	-	27,721,433	12,595,526	-	12,595,526
Land	126,000,000	-	126,000,000	92,263,142	-	92,263,142
Motor vehicles	112,858,685	-	112,858,685	90,829,366	-	90,829,366
Office equipment	1,201,291	-	1,201,291	879,640	-	879,640
Office partitions	4,684,748	-	4,684,748	3,430,395	-	3,430,395
Other assets	39,526,104	-	39,526,104	24,095,678	-	24,095,678
W.I.P building	210,000,000	-	210,000,000	158,165,388	-	158,165,388
Total	547,420,469	-	547,420,469	400,744,079	-	400,744,079

Reconciliation of Property and equipment -2021

Inflation Adjusted 2021	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Depreciation	Total
Furniture and fixtures	18,484,944	213,349	6,729,915	-	-	-	25,428,208
IT Equipment	12,595,526	13,616,965	1,607,853	(98,911)	-	-	27,721,433
Land	92,263,142	-	33,736,858	-	-	-	126,000,000
Library books	-	-	-	-	-	-	-
Motor vehicles	90,829,366	465,884	27,975,324	(6,411,889)	-	-	112,858,685
Office equipment	879,640	-	321,651	-	-	-	1,201,291
Office partitions	3,430,395	-	1,254,353	-	-	-	4,684,748
Other assets	24,095,678	8,461,607	7,129,271	(160,452)	-	-	39,526,104
W.I.P building	158,165,388	-	51,834,612	-	-	-	210,000,000
Total	400,744,079	22,757,803	130,589,837	(6,671,252)	-	-	547,420,469

Reconciliation of Property and equipment -2020

Inflation Adjusted 2020	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Depreciation	Total
Furniture and fixtures	15,181,217	478,354	5,938,871	-	-	(3,113,498)	18,484,944
IT Equipment	16,001,565	5,677,243	(5,085,175)	(509,946)	-	(3,488,161)	12,595,526
Land	57,685,882	-	34,577,260	-	-	-	92,263,142
Library books	326,360	-	-	(326,360)	-	-	-
Motor vehicles	81,607,725	28,198,295	(4,279,530)	(2,354,736)	-	(12,342,388)	90,829,366
Office equipment	875,226	304,130	93,403	-	-	(393,119)	879,640
Office partitions	3,149,674	-	406,708	-	-	(125,987)	3,430,395
Other assets	21,747,622	1,538,187	11,421,208	(3,488,268)	-	(7,123,071)	24,095,678
W.I.P building	194,689,854	61,412,396	(33,271,366)	-	(64,665,496)	-	158,165,388
Total	391,265,125	97,608,605	9,801,379	(6,679,310)	(64,665,496)	(26,586,224)	400,744,079

Assets were revalued on 31 December 2021 by a qualified independent valuer, Crusader Real Estate Consultancy P/L, using the open market value as the basis to determine the fair value of the Property, Plant and Equipment. The net replacement value was used in determining the Fair Value (FV) of the Property, Plant and Equipment. The directors certify that there are no restrictions on the title and the Property, Plant and Equipment has not been pledged against any liability of the Authority.

Notes to the Financial Statements
Property and Equipment (continued)

Historical Cost Property and Equipment	2021			2020		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Furniture and fixtures	25,428,208	-	25,428,208	11,500,104	-	11,500,104
IT Equipment	27,721,433	-	27,721,433	7,836,100	-	7,836,100
Land	126,000,000	-	126,000,000	57,400,000	-	57,400,000
Motor vehicles	112,858,685	-	112,858,685	56,508,000	-	56,508,000
Office equipment	1,201,291	-	1,201,291	547,254	-	547,254
Office partitions	4,684,748	-	4,684,748	2,134,164	-	2,134,164
Other assets	39,526,104	-	39,526,104	14,990,731	-	14,990,731
W.I.P building	210,000,000	-	210,000,000	98,400,001	-	98,400,001
Total	547,420,469	-	547,420,469	249,316,354	-	249,316,354

Reconciliation of Property and equipment -2021

Historical Cost 2021	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Depreciation	Total
Furniture and fixtures	11,500,104	184,077	13,744,027	-	-	-	25,428,208
IT Equipment	7,836,100	10,677,029	9,279,731	(71,427)	-	-	27,721,433
Land	57,400,000	-	68,600,000	-	-	-	126,000,000
Library books	-	-	-	-	-	-	-
Motor vehicles	56,508,000	336,734	61,261,951	(5,248,000)	-	-	112,858,685
Office equipment	547,254	-	654,037	-	-	-	1,201,291
Office partitions	2,134,164	-	2,550,585	-	-	-	4,684,748
Other assets	14,990,731	6,934,503	17,744,316	(143,446)	-	-	39,526,104
W.I.P building	98,400,001	-	111,600,000	-	-	-	210,000,000
Total	249,316,354	18,132,344	285,434,647	(5,462,873)	-	-	547,420,469

Reconciliation of Property and equipment -2020

Historical Cost 2020	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Depreciation	Total
Furniture and fixtures	2,105,364	76,990	9,751,654	-	-	(433,904)	11,500,104
IT Equipment	2,219,131	2,162,891	4,170,538	(11,385)	-	(705,075)	7,836,100
Land	8,000,000	-	49,400,000	-	-	-	57,400,000
Library books	45,261	-	-	(45,261)	-	-	-
Motor vehicles	11,317,533	15,618,673	32,926,030	(326,560)	-	(3,027,676)	56,508,000
Office equipment	121,376	-	466,337	-	-	(40,459)	547,254
Office partitions	436,804	-	1,714,832	-	-	(17,472)	2,134,164
Other assets	3,016,006	833,742	12,396,490	(77,879)	-	(1,177,628)	14,990,731
W.I.P building	27,000,000	9,884,185	70,483,764	-	(8,967,948)	-	98,400,001
Total	54,261,475	28,576,481	181,309,645	(461,085)	(8,967,948)	(5,402,214)	249,316,354

Assets were revalued on 31 December 2021 by a qualified independent valuer, Crusader Real Estate Consultancy P/L, using the open market value as the basis to determine the fair value of the Property, Plant and Equipment. The net replacement value was used in determining the Fair Value (FV) of the Property, Plant and Equipment. The directors certify that there are no restrictions on the title and the Property, Plant and Equipment has not been pledged against any liability of the Authority.

Notes to the Financial Statements

4. Right of use asset

Inflation Adjusted Property and Equipment	2021			2020		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Right of use asset	41,035,893	(21,614,193)	19,421,700	34,583,289	(29,007,079)	5,576,210
Total	41,035,893	(21,614,193)	19,421,700	34,583,288	(29,007,079)	5,576,210

Reconciliation of Right of use asset -2021

Inflation Adjusted 2021	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Total
Right of use asset	5,576,210	35,459,683	-	-	(21,614,193)	19,421,700
Total	5,576,210	35,459,683	-	-	(21,614,193)	19,421,700

Reconciliation of Right of use asset -2020

Inflation Adjusted 2020	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Total
Right of use asset	27,493,178	7,090,111	-	-	(29,007,079)	5,576,210
Total	27,493,178	7,090,111	-	-	(29,007,079)	5,576,210

Historical Cost

Right of use asset	2021			2020		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Right of use asset	23,267,659	(11,872,690)	11,394,969	4,885,995	(4,098,177)	787,818
Total	23,267,659	(11,872,690)	11,394,969	4,885,995	(4,098,177)	787,818

Reconciliation of Right of use asset -2021

Historical Cost 2021	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Total
Right of use asset	787,818	22,479,841	-	-	(11,872,690)	11,394,969
Total	787,818	22,479,841	-	-	(11,872,690)	11,394,969

Reconciliation of Right of use asset -2020

Historical Cost 2020	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Total
Right of use asset	474,999	4,410,996	-	-	(4,098,177)	787,818
Total	474,999	4,410,996	-	-	(4,098,177)	787,818

Notes to the Financial Statements

5. Intangible assets

Inflation Adjusted Intangible assets	2021			2020		
	Cost or Revaluation	Amortization	Carrying Value	Cost or Revaluation	Amortization	Carrying Value
Computer software	663,600	-	663,600	8,194,841	(7,213,885)	980,956
Motor vehicle branding	-	-	-	71,414	(65,504)	5,910
ZERA logo	-	-	-	163,583	(163,583)	-
ZERA reception branding	-	-	-	68,632	(68,632)	-
ZERA website	450,000	-	450,000	249,369	(153,785)	95,584
Total	1,113,600	-	1,113,600	8,747,839	(7,665,389)	1,082,450

Reconciliation of Intangible assets -2021

Inflation Adjusted 2021	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	980,956	-	(317,356)	-	-	663,600
Motor vehicle branding	5,909.00	-	(5,909)	-	-	-
ZERA logo	-	-	-	-	-	-
ZERA reception branding	-	-	-	-	-	-
ZERA website	95,585	-	354,415	-	-	450,000
Total	1,082,450	-	31,150	-	-	1,113,600

Reconciliation of Intangible assets -2020

Inflation Adjusted 2020	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	1,727,561	-	-	-	(746,605)	980,956
Motor vehicle branding	7,620	-	-	-	(1,711)	5,909
ZERA logo	-	-	-	-	-	-
ZERA reception branding	-	-	-	-	-	-
ZERA website	139,456	-	-	-	(43,871)	95,585
Total	1,874,636	-	-	-	(792,187)	1,082,450

Intangible assets continued

Historical Cost Intangible assets	2021			2020		
	Cost or Revaluation	Amortization	Carrying Value	Cost or Revaluation	Amortization	Carrying Value
Computer software	663,600	-	663,600	205,297	(184,493)	20,804
Motor vehicle branding	-	-	-	1,594	(1,594)	-
ZERA logo	-	-	-	3,652	(3,652)	-
ZERA reception branding	-	-	-	1,532	(1,532)	-
ZERA website	450,000	-	450,000	19,508	(6,065)	13,443
Total	1,113,600	-	1,113,600	231,582	(197,336)	34,247

Reconciliation of Intangible assets -2021

Historical Cost 2021	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	20,804	-	642,796	-	-	663,600
Motor vehicle branding	-	-	-	-	-	-
ZERA logo	-	-	-	-	-	-
ZERA reception branding	-	-	-	-	-	-
ZERA website	13,443	-	436,557	-	-	450,000
						-
Total	34,246	-	1,079,353	-	-	1,113,600

Reconciliation of Intangible assets -2020

Historical Cost 2020	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	39,508	-	-	-	(18,704)	20,804
Motor vehicle branding	38	-	-	-	(38)	-
ZERA logo	-	-	-	-	-	-
ZERA reception branding	-	-	-	-	-	-
ZERA website	16,875	-	-	-	(3,432)	13,443
Total	56,421	-	-	-	(22,174)	34,247

Notes

		Inflation Adjusted 2021 ZWL\$	Inflation Adjusted 2020 ZWL\$	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
6	Investment Property				
	Opening balance	39,541,348	36,053,676	3 24,600,001	5,000,000
	Fair value adjustment	16,458,652	3,487,672	31,399,999	19,600,001
	Closing balance	56,000,000	39,541,348	56,000,000	24,600,001

The Investment property was valued on 31 December 2021 by a qualified independent valuer, Crusader Real Estate Consultancy P/L, using the open market value as a basis to determine the fair value. The valuer used the comparative method to come up with a value for the Investment property. The directors certify that there are no restrictions on the title and the investment property has not been pledged against any liability of the Authority.

7	Inventory				
	Cartridges	813,293	449,710	813,293	279,780
	Cleaning materials	4,555	184	4,555	115
	Consumables	170,379	44,498	170,379	27,683
	Promotional material	39,520	1,593	39,520	991
	Seals	-	1,191	-	741
	Stationery	283,396	188,255	283,396	117,120
	Teas and beverages	42,055	45,904	42,055	28,558
	Total	1,353,198	731,334	1,353,198	454,988
8	Trade and Other Receivables				
	Trade receivables	447,526,533	527,159,623	447,526,533	327,963,709
	Prepayments	3,564,606	2,253,199	3,564,606	1,401,791
	Other receivables	21,724,124	5,524,963	21,724,124	3,437,265
	Total	472,815,263	534,937,785	472,815,263	332,802,765
	Trade Receivables Reconciliation				
	Gross trade receivables	472,815,263	534,937,785	472,815,263	332,802,765
	Allowance for credit losses	(264,211,973)	(357,636,359)	(264,211,973)	(222,497,592)
	Total	208,603,290	177,301,426	208,603,290	110,305,173
9	Cash and Cash Equivalents				
	Cash and cash equivalents consist of:				
	Bank balances	256,469,737	26,053,151	256,469,737	16,208,541
	Cash on hand	-	-	-	-
	Total	256,469,737	26,053,151	256,469,737	16,208,541
10	Trade and Other Payables				
	Trade and other payables	54,843,730	43,841,391	54,843,730	27,275,202
	Other accruals and provisions	14,902,777	40,641,748	14,902,777	25,284,596
	Deferred income	33,206,965	28,283,324	33,206,965	17,596,006
	Total	102,953,472	112,766,463	102,953,472	70,155,804

Notes Continued

		Inflation Adjusted 2021 ZWL\$	Inflation Adjusted 2020 ZWL\$	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
11	Deferred VAT				
	VAT based on accruals concept	35,919,790	57,437,814	35,919,790	35,733,993
	Outstanding Cash VAT due and payable to ZIMRA	9,317,356	8,297,161	9,317,356	5,161,942
	Deferred VAT Liability	45,237,146	65,734,975	45,237,146	40,895,935
	Non-Current portion	35,919,790	57,437,814	35,919,790	35,733,993
	Current portion	9,317,356	8,297,161	9,317,356	5,161,942
	Total	45,237,146	65,734,975	45,237,146	40,895,935

Notes to the Financial statements

		Inflation Adjusted 2021 ZWL\$	Inflation Adjusted 2020 ZWL\$	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
12	Lease Liability				
	Current liability	11,469,925	1,652,372	11,469,925	1,027,916
	Non-current liability	-	-	-	-
	Total	11,469,925	1,652,372	11,469,925	1,027,916
13	Income				
	Electricity annual levies	770,313,583	360,880,562	608,980,979	224,515,920
	Electricity licenses application fees	5,517,866	1,350,758	4,613,217	840,352
	Electricity licenses fees	16,912,802	13,963,264	12,817,415	8,687,016
	Liquid petroleum gas license fees	21,173,194	1,519,834	15,243,022	945,540
	Petroleum licenses fees	279,604,006	358,628,764	203,544,382	223,115,000
	Total	1,093,521,451	736,343,182	845,199,015	458,103,828
14	Other income				
	Fair value adjustment on investment property	16,458,652	3,144,439	31,399,999	19,600,000
	Insurance proceeds	120,150	299,343	91,915	186,231
	Interest received	666,613	202,183	549,835	125,785
	Loan administration commission	4,834	12,602	4,065	7,840
	Miscellaneous	1,476,664	377,090	1,223,644	234,600
	Unrealized gain on Foreign Currency Account	37,999,747	-	37,999,747	-
	Rental income	289,698	270,375	220,000	168,210
	Tender income	642,292	23,163	537,798	14,411
	Training registration fees	-	63,002	-	39,195
	Unlicensed petroleum operators' fees	-	325,670	-	202,610
	Total	57,658,650	4,717,868	72,027,003	20,578,882

Notes to the Financial statements Continued

		Inflation Adjusted 2021 ZWL\$	Inflation Adjusted 2020 ZWL\$	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
15	Operating expenses				
	Audit fees	1,015,018	243,915	709,826	151,748
	Bad debts	-	87,763	-	54,600
	Bank charges	9,682,800	3,439,702	7,806,288	2,139,954
	Board fees	3,610,985	3,075,297	2,827,897	1,913,246
	Computer expenses	3,252,965	2,053,284	2,497,691	1,277,417
	Consulting and professional fees	26,407,507	7,928,757	19,860,451	4,932,746
	Consumables	1,642,818	1,463,111	1,322,362	910,251
	Corporate social responsibility and donations	6,045,297	5,005,640	5,315,906	3,114,177
	Depreciation and amortisation	50,095,935	15,558,783	38,122,900	9,679,642
	Employee costs	355,485,407	191,003,257	284,571,326	118,829,542
	Entertainment	648,109	353,931	563,554	220,193
	Foreign currency exchange loss	11,833,433	38,264,676	10,327,031	23,805,740
	Impairment and loss on de-recognition of assets	4,696,891	137,235	3,839,299	85,378
	Insurance	8,008,707	3,319,568	6,260,676	2,065,215
	Interest on lease	1,619,872	476,507	1,129,409	296,451
	Lease rentals on operating lease	13,391,955	7,313,224	9,913,691	4,549,802
	Loss on revaluation	-	4,185,968	-	2,604,231
	Motor vehicle expenses	25,637,063	10,831,393	20,511,860	6,738,573
	Postage	22,475	8,389	16,602	5,219
	Printing and stationery	3,932,715	2,673,814	3,074,026	1,663,469
	Promotions, advertising and publicity	26,630,369	6,505,190	22,256,859	4,047,097
	Repairs and maintenance and office administration	70,843,311	357,283,016	57,889,753	222,277,765
	Research and development	1,702,357	-	1,300,153	-
	Subscriptions	16,083,929	5,022,870	12,238,395	3,124,896
	Telephone and fax	19,823,658	8,583,965	16,014,485	5,340,373
	Travel external	2,743,829	235,552	2,535,225	146,545
	Travel local	21,966,867	6,242,446	18,474,366	3,883,636
	Workshops and seminars	19,679,432	7,493,418	17,783,692	4,661,907
	Total	706,503,704	688,790,672	567,163,723	428,519,813

16. INCOME ATTRIBUTABLE TO RURAL ELECTRIFICATION FUND

2021

In accordance with the Energy Regulatory Authority Act (Chapter13:23) section 31, ZERA is required to remit surplus funds realized in the electricity account to the Rural Electrification Fund. As at 31 December 2021, an audited electricity receipts and expenditure statement

was prepared and audited, and the account recognized a surplus of ZWL\$ 28 749 071 hence remittance will be made to the Rural Electrification Fund. In 2020 a deficit of ZWL\$ 15 525 626 was recognized. Below is the electricity cash receipts and expenditure statement for 2021:

Notes to the Financial Statements

16. Income Attributable to Rural Electrification Fund

	Inflation Adjusted 2021 ZWL\$	Inflation Adjusted 2020 ZWL\$	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
Receipts - Electricity Portion	549,270,190	439,020,586	441,614,858	146,051,183
Audit fees	(862,766)	(467,394)	(603,352)	(128,986)
Bank charges	(8,230,380)	(5,040,171)	(6,635,402)	(1,818,961)
Board fees	(3,069,337)	(3,148,018)	(2,403,713)	(1,629,261)
Capital expenditure	(14,296,198)	(51,478,036)	(13,975,389)	(26,118,995)
Computer expenses	(2,765,020)	(1,701,747)	(1,754,999)	(745,538)
Consulting & professional fees	(19,578,695)	(11,122,410)	(14,102,365)	(4,060,158)
Consumables	(1,396,395)	(2,066,754)	(1,067,029)	(778,829)
Corporate & Social Responsibility	(5,138,503)	(7,010,293)	(3,500,357)	(2,708,022)
Employee Costs	(303,622,200)	(203,356,418)	(238,061,009)	(88,105,574)
Entertainment	(550,893)	(1,202,930)	(479,021)	(691,902)
Exchange Gains gains or losses	(9,808,688)	(8,836,183)	(16,874,234)	(5,497,286)
Insurance	(6,807,401)	(4,107,195)	(5,321,574)	(1,755,433)
Motor Vehicle expenses	(15,047,372)	(12,165,554)	(10,485,579)	(4,700,336)
Lease rentals	(11,175,191)	(10,370,680)	(8,508,416)	(3,915,318)
Postage	(19,104)	(19,959)	(13,765)	(4,673)
Printing & stationery	(1,030,061)	(3,148,211)	(861,406)	(1,425,887)
Promotions	(25,399,647)	(4,776,352)	(19,467,002)	(2,278,298)
Research & development	(1,447,004)	-	(800,936)	-
Subscriptions	(2,922,893)	(6,422,028)	(3,055,252)	(2,056,420)
Telephone & fax	(16,856,981)	(9,690,236)	(13,028,613)	(4,368,690)
Travel expenses external	(2,332,254)	(743,895)	(2,156,588)	(162,422)
Travel local	(18,672,015)	(5,991,901)	(12,537,779)	(2,613,258)
Repairs, maintenance & admin expenses	(31,156,216)	(4,118,654)	(24,675,799)	(1,916,137)
Workshops & seminars	(13,963,684)	(11,694,858)	(12,496,209)	(4,096,425)
Total	(516,146,897)	(412,865,787)	(412,865,787)	(161,576,809)
Cash surplus (Deficit) for the year	33,121,293	28,749,071	28,749,071	(15,525,626)

17. RELATED PARTY DISCLOSURES

2021

Notes to the Financial Statements
17. Related Party Disclosures

Short-Term Employment Benefits	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
Executive management remuneration and benefits	36,093,100	10,740,985
Non-Executive Board members fees	924,252	710,520
Subtotals	37,017,352	11,451,505
Other transactions		
Skills Retention - Ministry of Energy & Power Development	779,434	1,039,225
Total related party transactions	37,796,786	12,490,730

The amount disclosed above is the amount recognized as an expense during the reporting period related to non-Executive board members' fees (2021 \$924 252 and 2020 \$710 520) and key management personnel (2021 \$36 093 100

and 2020 \$10 740 985). For key management personnel, the figure includes salary and bonus, medical aid, pension, security and motoring benefits.

18. LEASE COMMITMENT CLASSIFIED AS RIGHT OF USE ASSET

2021

ZERA entered into a lease agreement with Old Mutual Properties for ZERA Harare Head Office space, Zimbabwe International Trade Fair for ZERA Bulawayo Regional Office space and Zimre Properties for ZERA Mutare Regional Office

space and these have been recognised as right of use assets in the statement of financial position in compliance with IFRS 16. The lease agreements have a remaining term of two years and there is a renewal clause.

Notes to the Financial Statements

18. Lease Commitment Classified as Right of Use Asset

Future minimum rental payable are as follows as at 31 December 2021	Historical Cost 2021 ZWL\$
Within one year	37,000,200
After one year	55,800,000
Total	93,000,000

19. RISK MANAGEMENT

2021

ZERA has in place a Risk management policy whose thrust is on identifying, assessing, managing and monitoring all known forms of risk across the organization. While risks cannot be fully eliminated, ZERA endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behavior are applied and managed within predetermined procedures and constraints. The following are the financial risks pertaining to 2020 financial statements.

19.1 Financial risk management

ZERA's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

19.1.1 Interest rate risk

ZERA has significant interest bearing assets, these assets relate to investments that are at market rates. ZERA has invested in fixed interest money market investments, hence interest receivable is not affected by fluctuations of interest rates and as a result the sensitivity analysis was not performed.

19.1.2 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. ZERA only deposits cash with major banks with sound financial standing. The followings were the banks and financial partners ZERA dealt with in 2021:

- (a) POSB
- (b) ZB
- (c) Stanbic
- (d) Eco Cash

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year-end were as follows:

Notes to the Financial Statements
19. Credit Risk

Financial Instrument	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
Cash and cash equivalents	256,469,737	16,208,541
Trade and other receivables	208,603,290	72,327,559

19.1.3 Liquidity risk

ZERA maintains sufficient cash and cash equivalents. Management reviews cash flow forecasts on a regular basis to determine whether ZERA has sufficient cash reserves

to meet future working capital requirements and to fund initiatives to fulfill mandate. ZERA has good relations with financial institutions to access additional means of easing liquidity risk if considered necessary.

20. Contingencies liabilities

Note 20.1 details the contingent liabilities in the reporting period.

20.1. ZERA Head office Construction Contractor-Nantong International

Nantong International, the ZERA Head Office building Contractor submitted a claim amounting to USD\$4,193,673 which the Authority is disputing. The project which is 65% complete has been suspended. Discussions are in progress between Nantong International and ZERA through the Project Managers (Studio Arts). Nantong International is claiming for the exchange rate loss and charging interest, citing that the contract was signed during the US Dollars era in 2018 when the economy was operating on a 1:1 basis. The Contractor is also claiming the IMT Tax, costs incurred during the suspension of the project.

21. Pension and retirements benefits

ZERA contributes to a defined pension benefit plan, which is administered by Old Mutual Pension Fund and to the National Social Security Authority (NSSA), which is a defined contributory fund.

The contributions to Old Mutual Pension Fund are 10% and 7.5% of the monthly basic salary by the employer and employee respectively.

Contributions to NSSA are 3.5% and 3.5% of the monthly basic salary by the employer and employee respectively.

ZERA also contributes 1.25% towards Worker's Compensation Insurance Fund (WCIF) on behalf of its employees. The amount charged through the statement of profit or loss and other comprehensive income during the year under review is indicated in the table below.

Notes to the Financial Statements
21. Pension and Retirement Benefits

Details	Historical Cost 2021 ZWL\$	Historical Cost 2020 ZWL\$
National Social Security Authority	1,903,401	131,339
Old Mutual Pension Fun	9,293,058	2,571,025
Total	11,195,459	2,702,364

22. Subsequent events

As at the date of approval of the financial statements, the following subsequent events occurred;

On 11 March 2022 the Zimbabwe Energy Regulatory Authority (ZERA) received two separate summons from Busumandale Farm (Pvt) Ltd and Meizon Petroleum and Logistics (Pvt) Ltd.

22.1. Busumandale Farm (Pvt) Ltd is claiming the following;

- An order compelling ZERA to issue a procurement licence to its assignee.
- Payment of US\$64 344.70 or its equivalent in RTGS dollars at the prevailing Auction rate being damages incurred by the Plaintiff as a result of the Defendant's breach of contract and failure to issue the Plaintiff with a procurement licence for the year 2020.
- Interest thereon on the prescribed rate from the date of summons to date of payment in full;
- Costs of suit on a legal practitioner and client scale.

22.2. Meizon Petroleum and Logistics (Pvt) Ltd is claiming the following

- an order compelling ZERA to issue a procurement licence to its assignee.
- Payment of US\$77 420.00 or its equivalent in RTGS dollars at the prevailing Auction rate being damages incurred by the Plaintiff as a result of the Defendant's breach of contract and failure to issue the Plaintiff with a procurement licence for the year 2020.
- Interest thereon on the prescribed rate from the date of summons to date of payment in full;
- Costs of suit on a legal practitioner and client scale.

ZERA in recognition of potential liabilities emanating from the two law suits disclose these two claims as possible contingent liabilities.

23. COVID- 19 pandemic statement

On 30 January 2020, the World Health Organization declared COVID- 19 a "Public Health Emergency of International Concern". The Government of Zimbabwe declared COVID-19 a

national disaster, on 27 March 2020, and ordered a national lockdown on 30 March 2020. This resulted in the total shut down of most businesses except for essential services. The Government considered the Authority as part of the essential service provider and hence the Authority continued operations under strict adherence to the World Health Organization (WHO) guidelines.

In addition to serious health implications on people and the healthcare system, COVID-19 is having a significant impact on business. To ensure business continuity amidst the challenges posed by the ranging pandemic, the Directors carried out an impact assessment and came

up with measures to mitigate the impact of the pandemic. The measures included extensive testing and screening of employees, awareness and prevention campaigns as well as intensive sanitization, hygiene and social distancing protocols.

24. Going concern

Management have reviewed the Authority budget and cash flow forecasts to 31 December 2022 and in light of this review and the current financial position, are satisfied that ZERA has the ability to continue operating as a going concern and believe that the preparation of these financial statements on a going concern is still appropriate.

