



CITY OF HARARE

JOINT FINANCE AND DEVELOPMENT AND BUSINESS COMMITTEE

MINUTES OF A MEETING OF THE ABOVE JOINT COMMITTEE HELD IN THE COUNCIL CHAMBER, TOWN HOUSE ON WEDNESDAY, 14th MAY 2025 AT 12.36 PM

MEMBERS PRESENT: Councillors : S. M. Manyenga (Chairperson)
: R. Muronda (Deputy Mayor)
: K. Bote
: F. Chabuda
: J. Bhingari
: E. Dzinomurumbi
: G. Gotor
: E. Kamusikiri
: T. Machirori
: L.A. Madede
: R.D. Matsika
: C. Mukarati
: D. Nyikadzino
: A. Shoko
: J.C Shoko
: C.B. Suka
: T. Tomas

OFFICIALS PRESENT

Eng. P.M. Moyo : Acting Town Clerk
Eng. T. R. Kunyadini : Acting Director of Harare Water
B.T. Nhukarume : Acting Finance Director
T. Samapundo : Business Development Unit Manager
D. Njanina : Chamber Secretary's Department (Committees Manager)
W. Machaya : Town Clerk's Office (Business Development Unit)
T. Zizhou : Town Clerk's Office (Business Development Unit)
C. Banga : Chamber Secretary's Department (Committees Division)
L. Masuka : Chamber Secretary's Department (Committees Division)
C. Chimbetete : Chamber Secretary's Department (Committees Division)
P. Chihururu : Chamber Secretary's Department (Committees Division)
P.T. Bvunzawabaya : Chamber Secretary's Department (Committees Division) (Intern)
M. Chirubvu : Town Clerk's Office (Corporate Communications Division) (Intern)
R. Maumburudze : Chamber Secretary's Department Committees Division (Intern)
L. Nduna : Chamber Secretary's Department Committees Division (Intern)
T. Togo : Town Clerk's Office (Corporate Communications Division) (Intern)

RECOMMENDATIONS : 4

RESOLUTIONS : 1 to 3

REPORTERS AND MOVERS : Councillors: S.M. Manyenga and R. Muronda

1. PRAYERS (A.1)

The opening and closing prayers were led by Councillors R.D. Matsika and A. Shoko respectively.

2. ELECTION OF CHAIRPERSON (1)

As the members of the two (2) Committees who were present exceeded the minimum number that is four (4) members and each Committee being represented by at least two (2) members, the Joint Committee proceeded to elect a Chairperson to preside at this Meeting.

On a proposal by Councillor T. Tomasi, Seconded by Councillor R.D. Matsika, the Committee:-

RESOLVED

That in terms of Section 36(3) of the Harare (Proceedings of the Council) by-laws, 1973, Councillor S. Manyenga be and is hereby elected Chairperson to preside at this Meeting.

3. PROVISIONS REGARDING A JOINT MEETING OF TWO (2) OR MORE COMMITTEES (A.3)

The attention of the two (2) Committees was drawn to the provisions of Section 36(3) of the (Harare Proceedings of Council) by-laws 1973 which regulated the holding of Joint Meetings.

NOTED.

4. FEASIBILITY STUDY AND DUE DILIGENCE REPORT FOR THE PROPOSED DEVELOPMENT OF A 50MW SOLAR PLANT IN PARTNERSHIP WITH EARTH RESOURCES (Pvt) Ltd (B.1)

On 23rd February 2023, Council (Item 30) (Minutes of the Joint Environmental Management, Business and Finance and Development Committee dated 14th February 2023 – Item 5) had resolved inter alia: -

- 1) *"That the presentation from Earth Resources Holdings (Pvt) Ltd on construction of solar plants be noted".*
- 3) *That the Committee undertakes a tour of the current operations of its company in Chiredzi and that this proposal be submitted to the Human Resources and General Purposes Committee for concurrence.*
- 5) *That the Acting Director of Works (Electrical Engineer) looks into the project documents and advise whether it is at the best advantage of Council and reports to the Environmental Management Committee."*

On 23rd February 2023, Council (Item 30) had then amended the above recommendations by addition of the following statement as the 6th paragraph;

"That Council authorizes the Acting Town Clerk to enter into a Memorandum of Understanding with Earth Resources Holdings (Pvt) Ltd, on a proposal to construct Solar Plants/farms in Harare".

The Memorandum of Understanding was then entered into and the effective date and duration was to continue until a substantive agreement was signed.

On 12th April 2023, Council – Item 25 (Minutes of the Joint Business, Environmental Management and Finance and Development Committee dated 9th March 2023 – Item 6) had recommended to Council;

- 2) *"That Council authorizes familiarization tours of projects sites for the four (4) companies namely: -*
 - (1) *Zolar Power Latent Insight Ventures,*
 - (2) *Solgas Energy (Pvt) Ltd,*
 - (3) *Solar Zero Zone (Pvt) Ltd and*
 - (4) *Earth Resources Holdings (Pvt) Ltd."*

Council had then amended Item 6 above by addition of the following statements as recommendations 3 and 4;

- 3) *" That the Acting Director of Works ensures that issues regarding solar power installation in the City of Harare are handled with the urgency they deserve.*
4. *That all issues concerning the take-over of electricity supply from City of Harare by ZESA inclusive of payment of royalties for use of the Power Station, lease rentals for use of Council properties inclusive of the building in Wynne Street and Park Street/ Samora Machel, funding of the street lighting as payback to residents and proposals for an electricity levy to fund public lighting be compiled with the view of engaging the power utility for a way forward."*

On 29th February 2024, Council (Item 24) (Minutes of the Business Committee dated 14th February 2024, Item (8) had resolved:-

"That the proposal by Earth Resources Holding (Pvt) Ltd to construct a 50MW Solar Project at Crowborough Farm in partnership with City of Harare be not acceded to and that the deal be cancelled".

On 1st October 2024, Council (Item 24) had considered the same matter and resolved:-

"That the proposal for finalization of formalities for engagement of interested partners in Solar Power development by City of Harare be and is hereby referred to the Business Committee for consideration".

On 17th October 2024 , the Business Committee (Item 3) had before it the same matter and the request by the Acting Town Clerk and with the consent of the Committee , the report was withdrawn.

On 31st October 2024, Council (Item 28) had referred the matter back to the Business Committee for further consideration.

On 2nd December 2024, the Business Committee (Item 4) had considered an Extract from the Minutes of the Business Committee dated 17th October 2024 wherein the Acting Head-Business Development Unit reported that there was an Energy Task Force in place whose terms of reference included the issue of solar energy, and that the matter fell under the purview of the Finance and Development Committee.

On 26th March 2025, Council (Item 28) had resolved:-

" That the Acting Town Clerk (Energy Task Force Chairperson) reports at the following meeting of the Finance and Development Committee on the status of the proposed solar power plant in City of Harare".

On 6th May 2025, Council (Item 8) (Minutes of the Finance and Development Committee dated 15th April 2025, -Item 11) had resolved:-

"That for the reasons stated in the preamble above, decision on the Acting Town Clerk's report dated 17th March 2025 on the feasibility study and due diligence report for the proposed development of a 50mw solar power plant in partnership with Earth Resources (Pvt) Ltd be referred to a Joint Meeting of the Finance and Development and Business Committee".

The Committee now considered a report (17th March 2025, circulated with the Agenda by the Acting Town Clerk (Head – Business Development Unit) recommending approval of the feasibility study report, its recommendations and noting that implementation of the Solar Power Plant Built, Operate and Transfer Project was subject to approval by the Honorable Minister of Local Government and Public Works and the Public Private Partnership Committee which was governed by the Zimbabwe Investment Development Agency Act (ZIDA).

The Acting Town Clerk (Head - Business Development Unit) reported that on 6th June 2023, the City of Harare and Earth Resources Holdings Ltd had entered into a Memorandum of Understanding for the proposed development of a solar plant and undertaking a feasibility study and due diligence assessment.

The study was in co-operation with the City of Harare (Department of Works, Department of Harare Water, Finance Department, Chamber Secretary's Department and the Business Development Unit). Attached to the Acting Town Clerk's report was an annexure indicating the findings and comments on the feasibility study.

The proposal was earmarked to supply Morton Jaffray Water Works with all its power requirements, setting up a 50MW solar farm within the proximity of the water treatment plant. The Energy Technical Taskforce had identified Crowborough farm as a potential site due to the following reasons:-

- (i) availability of unfettered land and
- (ii) availability of a ZESA Sub-Station to uptake the generated power.

The Head - Business Development Unit reported that generated power location had resulted in the partner's proposal to increase the generating capacity of the plant from 50MW to 100MW.

He also reported that the Energy Technical Taskforce had identified a total of one hundred (100) hectares for renewable energy projects at Crowborough Farm. A total of eight (8) hectares would be set aside for the proposed 50MW Solar Project whilst the remainder of the plant capacity would be considered separately.

He further reported that Earth Resources Holdings (Pvt) Ltd's Solar Plant would make use of solar panels and invertors only and the technology was readily available. However, the proposal to develop a 100MW in phases of 50MW was unlikely in view of the implemented solar projects in Zimbabwe. He also reported that the largest implemented solar power project was a 25MW which was implemented in incremental 5MW phases.

He advised that according to the Investor's projections, the 100MW required a capital of USD\$168 million dollars and this entailed USD 1.68 million per 1MW.

The Investor was advised to benchmark costs and allow a variation of +/- 5%.

He reported that Earth Resources Holdings Limited had yielded a negative financial appraisal which could derail the implementation of the project. Earth Resources Holdings Limited had proposed a funding matrix of 80:20 debt funding which meant its financial position should be able to attract a debt of USD 134.4 million (80%). The financial position was not sufficient to underwrite 30% of the project value. This meant that the Investor could delay or fail to secure funding.

The Acting Town Clerk reported that the Investor had been asked to consider reducing the total project output to 5MW implemented in phases of 1MW.

The Acting Town Clerk reported that at the time of study, the City of Harare had proposed the consumption rate of eleven (11) cents/KW and the Investor had requested that payment be made in US dollars so as to ensure project viability.

He further reported that the charge was within the current ZESA tariff and that parties had agreed to lock the tariff for the duration of the agreement for a win-win situation. He further reported that the foreign currency requirement could not be fulfilled more so when City of Harare was paying ZESA in local currency.

The Acting Town Clerk advised that an assessment of the similar project undertaken by the same Investor were not done.

The initial due diligence resolution was carried on projects in Chiredzi and upon implementation, Earth Resources Holdings Limited had advised that the projects of a similar scope had been undertaken in South Africa and not in Chiredzi.

The Acting Town Clerk further reported that the facilitation of the tour was marred with varying challenges where the obligations had remained outstanding.

He also reported that the counterparty was willing to fund the technical due diligence exercise and parties had agreed to fulfill this obligation as a condition precedent to the agreement negotiations.

The Acting Town Clerk further reported that the feasibility study had requested for a Built, Operate and Transfer Public Private Partnership Model with a Power Purchase Agreement framework in view of Council's energy requirements, routine and timeous repairs and maintenance needed and the high security requirements. He also reported that an initial partnership tenure was twenty (20) years and due to the new scope the period was revised to fifteen (15) years. The solar panels had a twenty-five (25) years guarantee period.

During discussion, the Committee enquired whether the security aspect was part of the solar project. The Acting Town Clerk advised that security was included in the project agreement.

Following discussion, the Committee:-

RESOLVED TO RECOMMEND

- (1) That Council approves the feasibility study report and the following feasibility recommendations :-

Implementation of a phased 5MW solar plant on eight (8) hectares of land identified at Crowborough Farm.

- (2) That subject to approval of recommendation (1) above, Council mandates the Acting Town Clerk to negotiate a Built, Operate and Transfer Agreement with a Power Purchase Agreement Framework for a period of fifteen (15) years with Earth Resources Holdings (Pvt) Ltd.

- (3) That Council notes the implementation of the Solar Power Plant's Built, Operate and Transfer project is subject to approval by the Honorable Minister of Local Government and Public Works and the Public Private Partnership Committee governed by the Zimbabwe Investment and Development Authority Act.

ACTION: A/TC (BDU-HEAD), DOW & A/CS: 6/06/25

THE MEETING ENDED AT 12:41 PM
lsc/ntr