



INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE

KEY NOTE ADDRESS BY MR T.Z SAKALA

AT THE

**THE ZIMBABWE INFRASTRUCTURE INVESTMENT &
DEVELOPMENT CONFERENCE (ZIIDC)**

ELEPHANT HILLS - VICTORIA FALLS (2-5 July 2018)



1. Allow me to recognize the presence of the following:

- His Excellency, the President **E.D. Mnangagwa**;
- The Honorable Minister of Local Government, Public Works and National Housing **Hon J. Moyo**;
- Honorable Ministers and Deputy Ministers here present;
- Government Officials in attendance;
- The Mayor of Victoria Falls, your **Worship Sifiso Mpfu**;
- The Representative of the World Federation of the Engineering Organizations (WFEO);
- Representative of the Federation of African Engineering Organizations (FAEO);
- Representative of the Southern African Federation of Engineering Organization (SAFEEO);
- Chairman of the Engineering Council of Zimbabwe, **Eng. F. Mavhiya**,
- ECZ Councillors, CEO and Staff;
- President of the Zimbabwe Institution of Engineers, **Eng. I. Rwodzi**,
- ZIE Board Members, CEO and Staff
- ZIE Past Presidents;
- President of the Zimbabwe Association of Consulting Engineers, **Eng. B. Musarurwa**;
- Presidents and Chairpersons of all Professional and regulatory Bodies within the Built Environment here present;
- The Academia, Researchers and invited guests;
- Esteemed Engineers, Technologists, Technicians, and all Built Environment Professionals;
- Representatives of sisters professional engineering institutions;
- Ladies and Gentlemen;
- Distinguished Guests; and
- Members of the Press.

2. It is a privilege to stand in front of you today to share with you some views on infrastructure development issues.
3. But, before I get into my main presentation, allow me to digress a bit. Firstly, I believe this flattering role of being a “Keynote Presenter” is in recognition of the fact that, in my present position, I should work hard to facilitate the mobilisation of both human and financial resources in support of Zimbabwe’s development efforts. And this, is with specific reference to the 5 Infrastructure sectors of our mandate (energy, transport, water sanitation/irrigation, ICT & Housing) and the related environment and climate change issues (mitigation & adaptation).
4. Secondly, allow me to refer to a recent posting on oneo& the social media platforms by Eng. B. Musarurwa. He shared some very interesting historical planning details on Harare’s road network. This drew my attention because I have had this prolonged, mischievous but concerned conversation with Engineers among the IDBZ Staff. And it goes like this ... **Looking at some of our roads’ designs and construction, they are rather curious and of limited impact because there seems to be a strong reluctance to include FLYOVERS where some of us laymen consider there is overwhelming justification to do so!** I tease them that they belong to a Roundabouts Fraternity!! In self-defense, they say the reason is **Cost Consideration??** We agreed I would give them the benefit of doubt until I attended a recent Meeting between Zim Officials and a Delegation from the National Development and Reform Commission (NDRC) of China. In the update on Suncity SEZ, it was indicated that we are proposing a Roundabout on the Harare - Mutare Highway for traffic to access the Zone! **Seriously? Could this only be about Cost consideration?**

Distinguished Delegates: Ladies and Gentlemen, let me now get back to today's business!

5. The theme: '**Accelerated Infrastructure Investment and Development Delivery**. is a very noble one and is perfectly aligned with the current "**Zimbabwe is Open for Business**" Mantra. Coincidentally, both the Theme and the range of Partners present here today, also fit very well with the IDBZ's theme for the period (2018-2020): "**Harnessing Partnerships for Infrastructure Rehabilitation, Expansion and National Socio-economic Transformation**'. We chose this theme because of our passion to focus and sharpen the Bank's delivery on its Mission to:

"Champion sustainable infrastructure development through: mobilization of resources; capacity building; and knowledge generation and sharing in support of national efforts for inclusive socio-economic development"

6. In the IDBZ, we see ourselves and work as "**Enablers for National Transformation**". Infrastructure is an endless agenda for any economy, any civilization. Thus, we consider this forum, which brings together the IDBZ's target partners under one roof to discuss critical issues on infrastructure investment and development, as a **MUST attend and LEARN opportunity**.

Distinguished Delegates: Ladies and Gentlemen,

7. My speech will cover the following:
 - i. A briefing on the IDBZ's infrastructure development mandate;

- ii. Highlights on some of our projects that will require close co-operation with engineers;
 - iii. Challenges and Pushbacks, we routinely experience; and
 - iv. Importance of a well-managed procurement process within the infrastructure value chain (as basis for utilizing our highly qualified engineering experts and other skilled Zimbabwean professionals).
6. The IDBZ is a specific financial institution; a member of a family globally known as Development Finance Institutions (DFI). Our core mandate, as spelt out in our Enabling Act, is to **promote economic development and growth, and to improve the living standards of Zimbabweans, through infrastructure development (both Economic and Social infrastructure).**
7. The Bank works in the following sectors:



Our interventions in these sectors include: i) providing technical capacity building in project preparation/packaging, contract negotiations and implementation monitoring; ii) mobilizing resources for project development and implementation; and, iii) Knowledge Generation & Sharing. IDBZ values the importance of partnerships between the Bank and both public, private sector and professional bodies such as the Zimbabwe Institution of Engineers (ZIE).

8. **On Knowledge Generation & Sharing, let me give an example** - on Monday, this week we opened our Bulawayo Regional Office. This office comes with a Knowledge Sharing Centre which will i) provide information on Bank and Govt operations in the Infrastructure, Environment and Climate Change sectors; ii) be a virtual library where registered Members of the Public such as Students, Researchers, CSOs, Business People, Investors, etc, will have free Wi-Fi access, including online journals to which the Bank will have taken subscriptions. **The Bank is in the process of undertaking a series of infrastructure related research work that will also feed into the infrastructure knowledge data base for the country.**

9. In the Housing Sector we have two parallel but complementing approaches:
i) provide fully serviced Stands (tarred roads, electricity, water and sewerage facilities). No superstructures; ii) accommodation for students in tertiary institutions, academic & medical staff.

10. The benefits of improved infrastructure across the above sectors cannot be overemphasized. Studies by the World Bank (WB) and African Development Bank (AfDB) show a positive relationship between infrastructure development and variables such as reduction of business transaction costs due to improved efficiency and effectiveness of production, distribution and marketing systems. Infrastructure improves access to safe, affordable and reliable energy. It also improves connectivity and access to markets and facilitates economic modernization and improved competitiveness.

Distinguished Delegates: Ladies and Gentlemen,

11. IDBZ, in partnership with various Government, Local Authorities and Private Investors, is working on a wide range of projects which are at different stages within the infrastructure value chain. The following is a summary of a few examples:

<p>Energy Sector</p>	<p>On-going and planned projects: Illustrative list</p>
	<ul style="list-style-type: none"> • Manako(Osborne) Mini Hydro Power • Rufaro Solar Energy • Harava Solar Energy • Odzani Mini-Hydro Electric Power • Rooftop Solar Energy (Byo, Hre, Gweru, Kwekwe)
<p>Water and Sanitation Sector</p>	<p>On-going and planned projects: Illustrative list</p>
	<ul style="list-style-type: none"> • Chiredzi Town Council Water and Wastewater Augmentation • Bambanani Irrigation Scheme Rehabilitation • Etc
<p>Housing Sector</p>	<p>On-going and planned projects: Illustrative list</p>
	<ul style="list-style-type: none"> • Various Student Accommodation projects: • Memorial Park in Glen Forest • Chinhoyi Learning Facilities • Medical Staff accommodation (On site) across the country • Academic and Medical Staff Accommodation with EOIs (Bulawayo, Harare, Lupane and Zvishavane) • Spitzkop & Doefontein Housing Projects in Gwanda • Mtonjeni Housing Project (Zvishavane) • Plumtree Housing Project

12.

Transport Sector	On-going and planned projects: Illustrative list
	<ul style="list-style-type: none"> <li data-bbox="787 506 1247 541">• Chitungwiza-Harare Rail link

9. Apart from these projects, IDBZ has a product called the “Infrastructure Value Chain Financing (IVCF)”. The overall objective of this product is to promote infrastructure development in Zimbabwe by enhancing the capacity of key players in the infrastructure value chain to improve their effectiveness and efficiency in their operations.
10. Specifically, the product will provide working capital and capital expenditure/ asset finance for players in the infrastructure value chain. It will support players in the infrastructure value chain by providing bank guarantees such as bid bonds, performance bonds, advance payment guarantees and maintenance/retention bonds. The product will also provide advisory services to players in the infrastructure value chain (business plans and funding proposals). I urge individual members of the Zimbabwe Institution of Engineers to take a keen interest in this product by contacting our office for details.

11. **By way of example ... yesterday, on way from Bulawayo to Victoria Falls, we stopped in Hwange to get a Briefing on progress on the Empumalanga Housing Project.** The Project, scheduled to be completed in April 2019, will deliver over 2,000 high density Stands with tarred roads, water and sewage connection. If you go there, you will see concrete materials for the sewage which were manufactured by Ascend. Ascend has, in the past couple of years, received support from the Bank to modernize their manufacturing equipment.

Distinguished Delegates: Ladies and Gentlemen,

12. IDBZ is ready to partner with engineers and other stakeholders in the supply of sustainable and affordable infrastructure necessary in enhancing productivity, competitiveness and ensuring socio-economic transformation in the country.

13. In the course of the Bank's work, we have faced several challenges mainly related to **DELAYS in the Project Preparation, Packaging and Bankability**. These delays are generated from the need to fulfil Local Authority requirements, in particular, approvals of projects design etc. We fully recognize the value and necessity for such approvals. Unfortunately, in many cases it takes an inordinately long period. **Way too long**. And we can give concrete, pending examples if need be. Also, there has been experiences of pro-longed land acquisition cycles. The other challenge has been associated with delays in the fulfilment of EMA requirements. (EMA deserves special mention as we seem to have sunk in a collective national madness of focusing on revenues rather than the development imperative. **Even now, one may be tempted to get a distinct impression that EMA's default approach is to oppose rather than to facilitate sustainable**

development). I call upon concerned Stakeholders to explore how best such pushbacks within the infrastructure value chain can be addressed. It is hoped that the on-going initiatives by the Government to improve the ease of doing business across various Government departments, local authorities and service providers will bear fruit as soon as possible.

Distinguished Delegates: Ladies and Gentlemen,

14. Let me end by saying something on procurement to enable the engineering fraternity to better prepare to collaborate with IDBZ in terms of service, supply and works contracts: You will note that the, Infrastructure Development Bank of Zimbabwe (“IDBZ”) is a “Class A” Procuring Entity in line with Section 10(5) of the Public Procurement and Disposal of Public Assets Act [Chapter 22:23] (“PPDPA Act”) as read with the Second Schedule to the Regulations (S.I. 5 of 2018). The procurement activities of the Bank are thus regulated by the Procurement Regulatory Authority of Zimbabwe (“PRAZ”). This was pursuant to the gazette of the PPDPA Act and the Regulations in January 2018, as the Bank was not defined as a Procuring Entity in terms of the repealed Procurement Act [Chapter 22:14] prior to 1 January 2018. The Bank was therefore not regulated by the then State Procurement Board (“SPB”) before 2018. The history behind this was the existence of External Shareholders in the ZDB & IDBZ who required that its procurement should follow international best practices. Before the recent reforms, the framework in Zimbabwe (most developing countries) was perceived as inadequate. The Bank has, therefore, embarked on a robust drive to review its procurement processes to align them with the PPDPA Act and Regulations. In doing so, we also keep in mind the possibility of having External Shareholders once the re-engagement process is positively concluded.

Distinguished Delegates: Ladies and Gentlemen,

15. In terms of the PPDPA Act, Procuring Entities are required to submit Annual Procurement Plans. Based on these Plans PRAZ shall publish the list of goods, construction works, and services included in each Procuring Entity's annual plan for procurement during the coming financial year. This provision in the PPDPA Act is in line with one of the key principles of public procurement as enunciated in the OECD Principles for Integrity in Public Procurement to "provide an adequate degree of transparency in the entire procurement cycle in order to promote fair and equitable treatment for potential suppliers". From the publication of annual procurement plans, contractors, suppliers and providers of services will have enough time to plan for a tender and request for more information on the tenders before the tenders are opened for bidding. This way, bidders will submit substantially responsive bids.

16. The coming into effect of the PPDPA Act has its share of challenges too. For instance, the operationalization of PRAZ is still work in progress. PRAZ is not yet adequately resourced in terms of manpower and availability of standard templates and tools that must be used by Procuring Entities in undertaking procurement activities in line with the PPDPA Act.

17. The turnaround times for approval of tender awards and variations by PRAZ has been too long and as such may discourage other professionals to participate. This is notwithstanding the fact that the PPDPA Act requires Procuring Entities to allow for a 14-day period before signing of Contracts from dates of notification by Procuring Entities to successful bidders of the

offer for award. In addition, a “day” is defined to exclude weekends and holidays. This means 14 days is approximately 3 weeks. Some of these timelines and turnaround times have been observed to be against the spirit of ease to do business. Nevertheless, these are lessons learnt as PRAZ is currently operating in the prescribed two-year transition period, which may therefore provide room for reviews and improvements. The engineering profession is therefore called upon to participate in making the country procurement systems more efficient and effective.

18. In conclusion, the Zimbabwe Institution of Engineers have a significant role to play in the infrastructure delivery value chain from **Project Identification, Project Preparation** through coming up with designs (architectural & engineering), Preparation of BOQs and Carrying out of geo-technical investigations and topographical surveying. Engineers are also needed at the implementation phase of the projects through supervising implementation of designs and actual on-site project management including post project implementation operation and maintenance activities.
19. From IDBZ adverts over the past year and half, you will have noted that there is a growing number of opportunities. We have two pieces of advice: i) assess the complexity of the services or works required and build partnerships (locally or internationally) where necessary. Too often we tend to look at the money to be earned rather than our capacity to deliver; ii) as you build partnerships, consortia, do so in a responsible manner. Recently, we have noted multiple membership in various consortia bidding for the same job. This need to be corrected.

THANK YOU, TATENDA, SIYABONGA, ASANTE SANA

