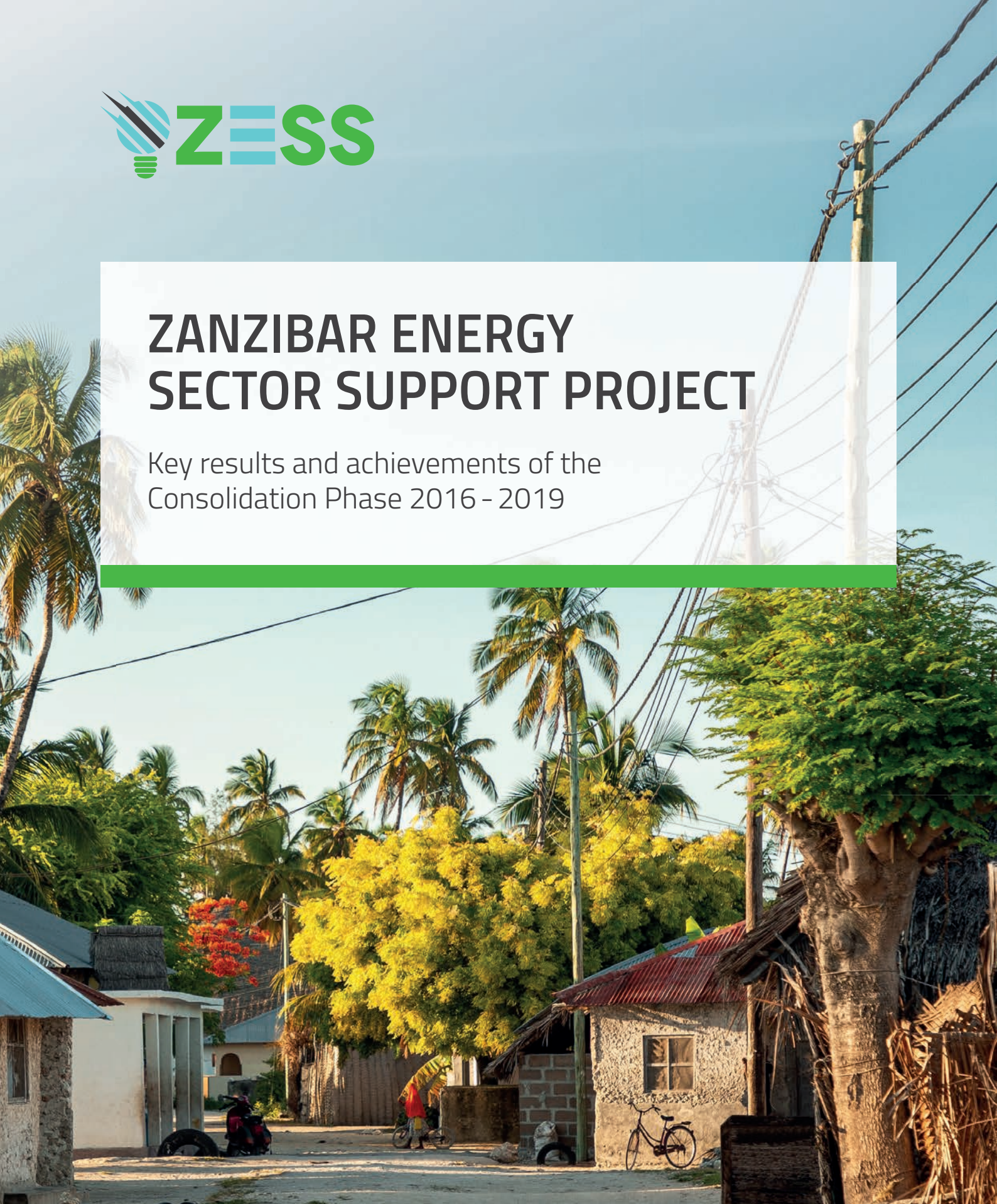




# ZANZIBAR ENERGY SECTOR SUPPORT PROJECT

Key results and achievements of the  
Consolidation Phase 2016 - 2019



Multiconsult



# GREETINGS FROM THE PROJECT PRINCIPALS



“  
*The economy on Zanzibar has seen strong growth over the past years. As we develop our economy, and attract more investments, not least in tourism, the demand for electricity will keep growing. At the same time the Government is determined to utilize our local renewable resources such as wind and solar for electricity production. With a new energy Policy and Bill, a more efficient and competent utility, and a fully operational and capacitated regulator of the electricity sector, we are now better prepared for the energy future. On behalf of the Revolutionary Government of Zanzibar I would like to extend my deep appreciation to the Government of Sweden for the long-term support they have given to this work through ZESS.*

”  
**Mr. Ali Khalil Mirza**, Permanent Secretary at the Ministry of Lands, Housing, Water, and Energy



“  
*The Embassy of Sweden is very pleased with the outcome of the energy programme we have supported for the past four years in Zanzibar. The Ministry of Lands, Housing, Water and Energy have guided the project well and the staff at ZECO and ZURA shall be commended for their efforts. The consultants shall also be recognised for their excellent work. The programme has greatly improved the energy sector in Zanzibar. Not the least ZECO has made great progress towards a modern and efficient public agency that other parts of the Government can learn from. The progress of ZURA establishment is also important and encouraging. We wish all involved parties well for the continued journey to develop the energy sector.*

”  
**Ulf Kallstig**, Head of Cooperation, Embassy of Sweden in Tanzania



“  
*At Multiconsult we are immensely proud of the results that we and our counterparts in DoEM/DPPR, ZURA, and ZECO have been able to deliver for Zanzibar over the past four years. In all, more than 30 experts within power systems, regulations, policy and governance, environment, solar PV, utility operations, and law have provided technical assistance and capacity building. On behalf of the entire Team I would like to thank the Government of Zanzibar and Sida sincerely for this opportunity to serve you. True capacity building is a long-term commitment, and ZESS is proof that it works.*

”  
**Mr. Joakim Arntsen**, Multiconsult Project Director

# ZANZIBAR ENERGY SECTOR SUPPORT PROJECT



ZESS is a 4 year energy sector reform project supporting the development of a sustainable energy sector in Zanzibar through financial turn-around in Zanzibar Electricity Corporation (ZECO) and building regulatory and policy making capacity in the Ministry responsible for Energy and Zanzibar Utilities Regulatory Authority (ZURA). It is funded by the Government of Sweden through Sida, and implemented by the Revolutionary Government of Zanzibar with support from Multiconsult.

- Paved the way for reform to modernize the Zanzibar Energy Sector and attract private investments.
- Enabled successful financial turn-around of ZECO. From net loss in 2015 to net profit of 15.4 billion Tsh in 2019.
- Fostered a customer-centric culture in ZECO, with 70% of consumers more satisfied today than 18 months.
- Strengthened sector sustainability through 1900+ person-days of training.







# CAPACITY STRENGTHENING OF THE SECTOR

Under ZESS more than 1,916 person-days of training has been given to employees in ZURA, ZECO and DoEM, covering a broad set of relevant topics. The trainings include on-site workshops and conferences, external training courses in the Region, and study tours to seven countries.



# PAVING THE WAY TO MODERNIZE THE ZANZIBAR ENERGY SECTOR

ZESS has successfully submitted to the Government four major initiatives to strengthen sector sustainability, establish ZURA as a full-fledged regulator of the electricity sector, and paved the way up for private investments in generation.

- 
**ENERGY POLICY**  
 The now approved Energy Policy lays out the pathway to a sustainable and strong energy sector in Zanzibar, built on renewable energy generation, increased private investments, expanded access, and improved services.
- 
**ENERGY BILL**  
 The new sector legislation, once passed by Parliament, will constitute a robust legal framework the energy sector and fully enable ZURA as a regulator of electricity.
- 
**COST OF SERVICE STUDY**  
 The ZECO Cost of Service Study proposes cost-reflective tariffs for ZECO that currently are being considered by ZURA and Government. Cost-reflective tariffs that also encourage efficiency will be the next step towards making ZECO a fully sustainable utility.
- 
**REGULATIONS UNDER THE ZURA ACT**  
 The regulations for licensing and tariff setting gives ZURA the tools it needs to ensure that ZECO and private investors deliver efficient and high-quality services to end-users.



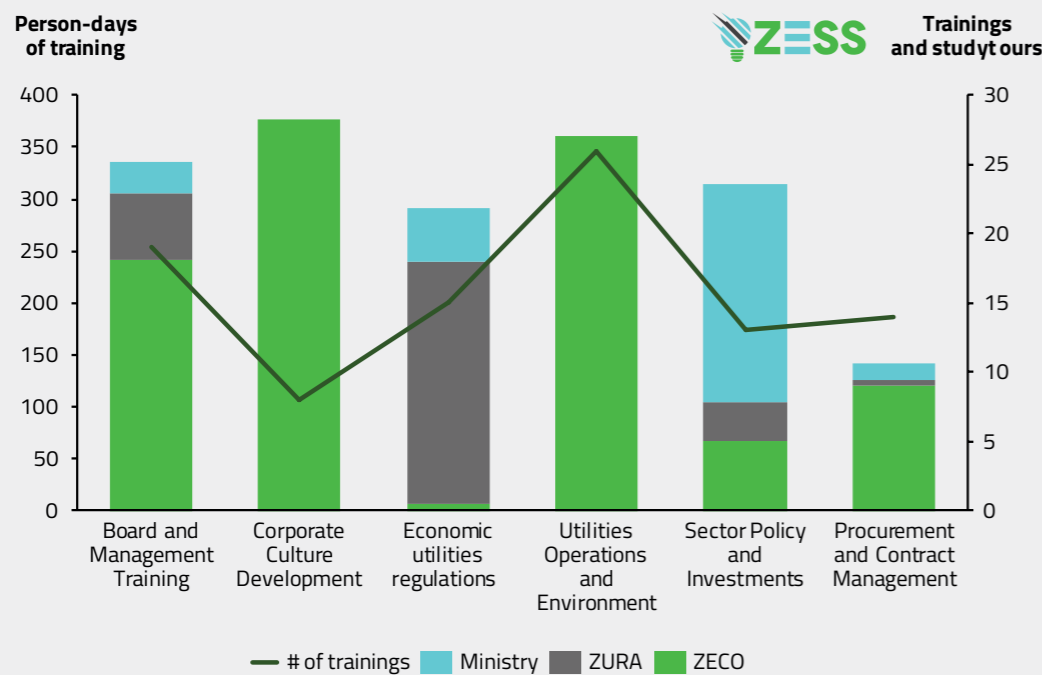
1,900+ person days of training



95 trainings & study tours



7 countries



## GREETINGS FROM KEY SECTOR INSTITUTIONS



“As a 30-year veteran of the energy sector in Zanzibar, in different positions, I have seen important projects and initiatives come and go. To me, the most notable achievement of ZESS is the way that it has brought the different institutions and stakeholders together to discuss shared challenges and look for common solutions. I firmly believe that the new energy policy developed with support from ZESS and Multiconsult, and the regulatory and legal instruments developed to support it, will guide Zanzibar towards a sustainable energy future. I would like to thank our donor, Sida, and everyone involved in this four-year effort for your contributions to improving livelihoods on Zanzibar.”

**Eng. Mohamed Mohamed**, Director of Energy and Minerals



“As Chief Executive of a young organization with a large and important mandate I truly appreciate the importance of broad capacity building. I believe the core to the success that we have seen under ZESS is that ZURA staff have worked alongside the consultants and our resident advisor every step of the way. A good example of this is the completed Cost of Service Study, to determine efficient and cost-reflective end-user tariffs for ZECO. My staff has been involved in every step, from data collection to modeling. This positions us well for conducting future tariff reviews, after the consultants have gone home. I would like to thank our donor and consultant for appreciating the importance of long-term capacity building.”

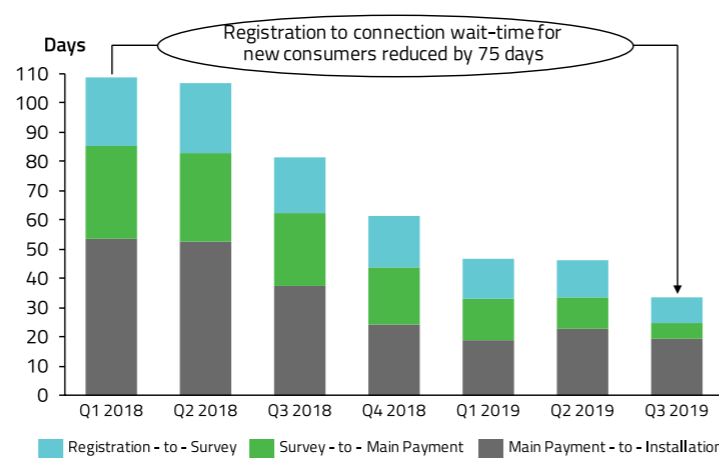
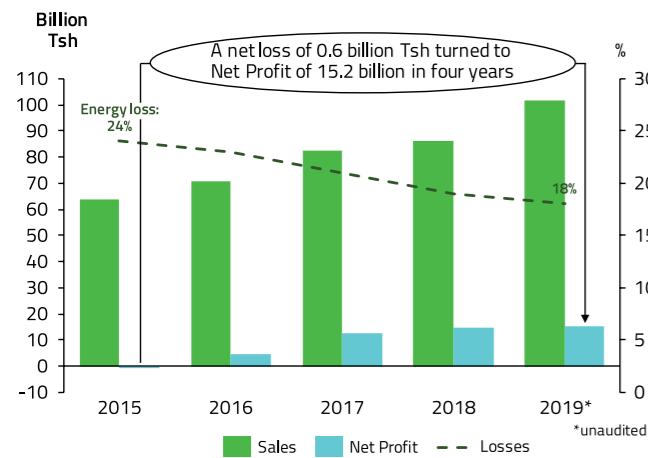
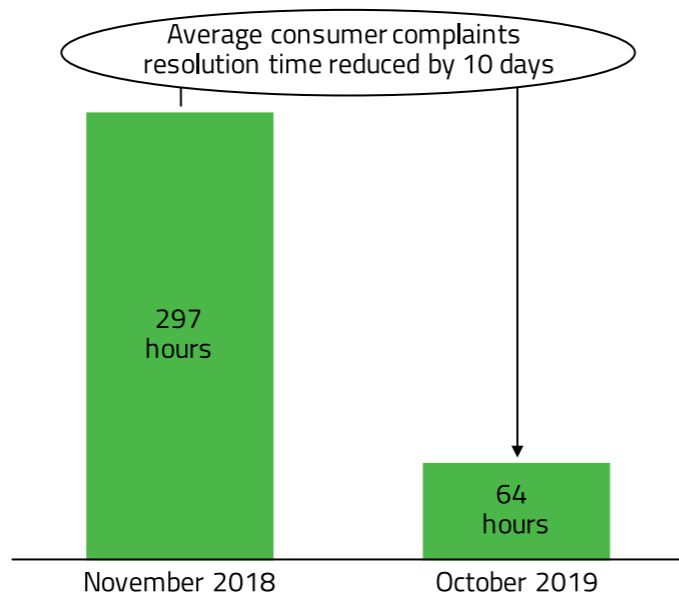
**Mr. Haji Haji**, Director General of the Zanzibar Utilities Regulatory Agency

# FINANCIAL TURN-AROUND – MAKING ZECO A SUSTAINABLE UTILITY

Over the last four years, ZECO turned a net loss of 0.6 billion Tsh to a net profit of 15.4 billion. This is the result of a long-term effort by ZECO management and staff, supported by Sida through two phases of ZESS.

Since 2016, ZESS has supported financial turn-around through a number of initiatives to increase collections and enhance efficiency:

- 1 Procurement of pre-paid and AMR meters to increase collection rates
- 2 Procurement of cable-fault testing equipment and upgrading of ZECO call-center systems to reduce outage duration and customer complaints resolution time
- 3 Integration of different billing systems to increase efficiency, and increased use of SAP to improve transparency and consistency in financial reporting
- 4 Implementation of modern technology to reduce registration to connection time for new consumers by 75 days
- 5 More efficient procurement through implementation of framework-agreements and capacity building



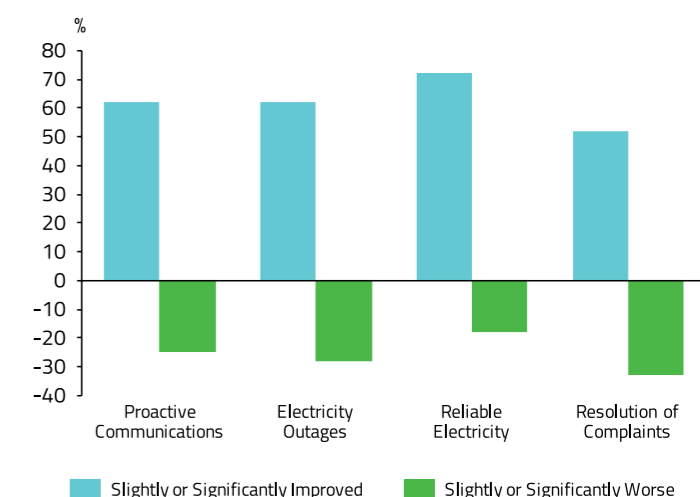
# CORPORATE CULTURE – MAKING ZECO A CUSTOMER-CENTRIC UTILITY

Cultural change to put the customer front and center at ZECO has been a key pillar of ZESS, and the focus of a number of activities such as upgrading of the Customer Complaints Management System to reduce resolution time, and process improvements to reduce connection times for new consumers. In addition, a group of 20 dedicated young ZECO professionals have been empowered and supported as Authentic Informal Leaders to enable change from within the utility. They have identified and worked to implement three key behaviors:

1. **Responsibility/Trust:** "Give ZECO people responsibility and authority to deliver their work on time and trust them to make decisions and raise problems"
2. **Meetings/Communications:** "Meet regularly with your team to better understand their work, their challenges and how better to support them, encourage healthy debate, open to suggestions/ideas"
3. **Performance Management:** "Address performance upfront and address issues as they arise"

The improvements made by ZECO Management and AILs have been noticed by consumers. A recent customer survey shows that more than 70 percent of respondents thinks the services they receive from ZECO has improved over the last 18 months.

Survey of 460 ZECO customers: Over the last 18 months ZECO consumer communication and service level have improved



## GREETINGS FROM KEY SECTOR INSTITUTIONS



Starting from a very difficult position, ZECO has every reason to be proud of the financial turn-around we have made with support from ZESS over the past four years. Thanks in large part to higher collection rates, more efficient operations systems, and reduced losses, we are on a path to financial sustainability. It is also very encouraging to see from the ZESS Customer Satisfaction Survey that 70 percent of our consumers have noted improvement in our services over the past 18 months. Much work still remains, but with the support of Sida and Multiconsult we are now on our way to becoming a customer-focused and sustainable utility.

Eng. Hassan Ali Mbarouk, General Manager at Zanzibar Electricity Corporation



Multiconsult

