Zimbabwe Open For Business

Inside this issue, exclusive interviews with:
H.E. Emmerson Mnangagwa
Hon. Constantino Chiwenga
Hon. Patrick Chinamasa
Hon. Supa Mandiwanzira
Open For Business

Under the new dispensation of President Mnangagwa, Zimbabwe’s economic transformation is driven by a stable political environment, improved business confidence, re-engagement of bilateral investments in the country and anticipated turnaround from key economic sectors such as agriculture, mining, industry, ICT and tourism.
“‘Open for business’ sets a tone to encourage a change in attitude. If we take appropriate actions, the country can experience an unprecedented level of improvement in its economy.”

Jonas Mushosho, Group CEO, Old Mutual

positive performance in the agriculture, mining, industry, tourism and financial sectors, and is further spurred by increased revenue performance following the plugging of revenue leakages.

COMMAND AGRICULTURE
Agriculture to a large extent determines the potential growth of the economy and the sector accounts for 50% of employment in the country. Agriculture contributes 15% of the country’s GDP and accounts for 25% of total annual exports, with tobacco being the country’s single highest foreign currency earner. Building on the auspices of Command Agriculture, the current dispensation has geared itself towards continued food self-sufficiency and nutrition, and increased land utilisation and productivity, through mechanisation and modernisation of its agriculture sector. Hungry to re-establish the nation’s Bread Basket status in the continent, Mnangagwa is looking abroad to help reinvest within the country. The People’s Republic of China has pledged to assist in the drilling of boreholes throughout the country, while Russia and Belarus have made firm commitments to set up agriculture and engineering plants in Zimbabwe. “The government-initiated Command Agriculture has had a very positive effect,” states Peter Zimunya, Managing Director, CBZ Bank. “The support ignited interest in agriculture and now people are seeing its potential, including financial institutions which were doubting the profitability of the sector.”

DIGGING DEEPER INTO MINING
“This new mantra is a drive for the mining sector to attract the much-needed capital, to increase operational capacities, to have new investments in new projects, to have new money coming in for explorations,” states Hon. Winston Chitando, Minister of Mines and Mining Development. As one of the leading sources of investment and export earnings, the new dispensation has sent a clear message to investors by amending its Indigenisation Policy, limiting the 51.49% ratio to diamond and platinum mining only. Already, the nation has been inundated with multi-million dollar investments. The recently signed US$4.2 billion platinum investment agreement by Karo Resources is the largest investment in Zimbabwe’s mining sector to date and will directly create 15,000 jobs. Optimism remains high in the extractive sector with gold production projected at over 30 tonnes and 4.6 million carats targeted in diamond production for the first time since organised mining started. The country’s mineral exports for the first quarter of the year leapt by 12% to US$372.5 million, owing to the new dispensation’s policies.

MADE IN ZIMBABWE
Following definitive local and foreign investment commitments, the industry and the manufacturing sectors have witnessed a steady increase in capacity utilisation and notable expansion of some big brands such as Nestle and Pepsi. “The US$16 billion worth of foreign direct investment commitments to Zimbabwe show the country is ready for business and the economic turnaround is around the corner,” states Confederation of Zimbabwe Industries (CZI) president Sifelani Jabangwe. As the big contributor to forex in the country, Zimbabwe’s industrial sector needs to reduce its import bill and ramp up its capacity. Rhett Groves, Head of Corporate and Investment Banking, Stanbic Bank, points out that “if the economy opens up and we are able to structure lines of credit, we should have a very good pipeline in terms of resuscitating industry and commerce.”

“Open for business’ sets a tone to encourage a change in attitude,” states Jonas Mushosho, Group CEO, Old Mutual. “If we take appropriate actions, the country can experience an unprecedented level of improvement in its economy and its operative environment.” With vast natural resources and resilient human capital, Douglas Mboweni, Managing Director, Econet, believes that “‘Open for business’ is an obligation for us to become attractive” while Samuel Matsekete, CEO, Barclays Zimbabwe, affirms that “the mantra has resuscitated the creation of business.” While there is still much work to be done to leapfrog development, Mnangagwa’s pro-business call to the international investment community has already begun to bear fruit in such a short time.
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Winds Of Change

President Emmerson Mnangagwa’s promise to transform the nation by broadening and revitalising its economic opportunities, while ensuring progressive steps are taken towards a democratic future, have consolidated a new era of law-abiding transparency and openness and instilled hope amongst Zimbabweans and the world.

President Mnangagwa is on a mission to reassure investors and western diplomats that Zimbabwe is a harmonious, convenient and safe place for investment. Following his welcome at the World Economic Forum (WEF) at Davos in January, where the European Union (EU) pledged their support for Zimbabwe’s new dispensation, the President has made his top priorities clear: revive the economy and industry through an enhanced ease of business, attract foreign investment and promote human rights.

In the past few months, he has, among other things, put into place command models for agriculture, garnered US$300 million worth of investment in Zimbabwe’s mining industry, arranged compensation for those whose land was seized, removed police roadblocks, established a special anti-corruption court, supplied free state medical care for children and the elderly and provided a temporary reduction in fuel prices. He also recently commissioned a South African company to supply hundreds of train wagons and locomotives for US$400 million to the National Railways of Zimbabwe. In an effort to re-engage with the world, President Mnangagwa has cut new deals with Belarus, Russia and China. All of these actions have corroborated his aims and provided the beneficial and positive spin the country needed.

On July 30 the country will be hitting the polls and the President is intent on safeguarding a fair and free election. Penresa had the immense privilege to sit down with the President to discuss his vision, current projects and aspirations for the country.

At the World Economic Forum in Davos, you stated that Zimbabwe is now open for business. Are you surprised by the number of investors that have come to the country?

Since Davos, this country has experienced a huge influx of business people from all over the world. Global companies and world organisations are coming to Zimbabwe to look for business opportunities. I am happy to say that many of them found a place in the various opportunities that exist in our country: in agriculture, in mining infrastructure development, tourism and ICT. These organisations have committed themselves to participate in the revival of our economy. For example, I met the company that is taking over the Masvingo Cold Storage Commission in Davos and they were impressed by my contacts when I talked about opportunities in Zimbabwe. They came and they are going to reopen it by the end of July; providing the money to revamp the systems, as well as investing in livestock. Fortunately, we have a programme, command livestock, to attract most of our farmers into going into livestock; we support them with finances, technology and chemicals. Our agriculture, which is the backbone of our economy, is growing and modernising. A few days ago, we had an agriculture expo with companies from India, Brazil and others. There is now state-of-the-art agriculture equipment coming to this country and I can assure you that we will help actualise this vision for modern and mechanised agriculture.

Our mining sector is attracting huge investments. Many companies have come; we have one company which is investing in a platinum project worth US$4.2 million and is creating 15,000 jobs. The programme will be finalised by the end of this year, but we are already on the ground. In four years, there will be production, increasing our platinum production by over 30%, and further down the line, it may go up to 40%.

Tourism too is developing and we need more room space in Harare, which means more hotels need to be constructed. As for Victoria Falls, we have declared it a financial service centre.

Last week, I opened the Pepsi plant, a US$15 million plant which is creating a lot of jobs. We also have Hwange Thermal Unit 7 and Unit 8, which is attracting investments worth US$1.2 billion. There are so many companies that have expressed interest and are waiting for the results of the election. However, I tell them that there is no need to wait, since nothing will change after the election. Companies must just come in right now and begin operating. China is at present investing in the Hwange one, Kunzvi Dam (US$680 million), the International Airport in Harare (US$200 million), water and sanitation in Harare ($71m) and the new government city (US$100 million). India and Belarus are both investing US$98 million. We have signed several agreements with India, from pharmaceuticals to construction of hospitals, and Belarus is investing in gold mining.

We realise that we have resources in Zimbabwe. What we must do is to open ourselves and the
H.E. Emmerson Dambudzo Mnangagwa

“I believe we have the qualities and the environment in which this country can be a jewel again. I am making Zimbabwe very democratic in terms of its politics.”

economy up and make sure we guarantee the safety of global capital in Zimbabwe. People must feel safe coming here so we must guarantee property rights and the right to repatriate profits and earnings. By 2030 we need to have developed this economy to a middle-income level.

Thanks to your Command Agriculture programme, you are revitalising and rejuvenating the country’s agricultural past. How is Command Agriculture trying to empower and galvanize the youth to get them back into agriculture?

We are in the second phase of the Command Agriculture programme. In the first phase, the new government did not have the fiscal capacities to finance that kind of agriculture. The milling companies said that they were spending billions of dollars for the importation of grain and food into the country. So, we asked them to reduce the importation of grain this season. The money they were using for that would be given to the government to pay the farmers for their produce and give them the ingredients for farming, like fuel, chemicals, fertilisers, seeds. We asked the farmers to put the amount of hectares they want on the programme, so that we could advise the farmers how many seeds and how much fuel and fertilisers they need for a certain amount of land in that specific region. In this way, there is no need for farmers to go to town and negotiate a loan with the bank anymore. We even advise them on when to plant and what to do. The programme has been a success, but we have only focused on the bigger farms, now we need to bring the youth and smaller farms on board.

How is your administration engaging with the diaspora to reinvest?

The biggest contingent of diaspora Zimbabweans is in South Africa. Then, of course, we have some in the UK, in America, in Canada, in Australia. The South African diaspora contingent has so far invested $400 million in the railways. The others are coming in for housing, there is a group working now on 400,000 houses. We are still debating on the mechanism of the funding, but we want to have a programme to build those houses.

Why is now the best time to invest in Zimbabwe?

I believe we have the qualities and the environment in which this country can be a jewel again. I am making Zimbabwe very democratic in terms of its politics. After this dispensation, I opened politics up so much that we have now got 133 parties with 23 candidates who are running for president. It speaks volumes about the situation. I am saying we want a new Zimbabwe. We must build the Zimbabwe that we want. Whether it is a Zimbabwe in which you want to live and invest and in three years you have an apartment, a car, a spouse, or a Zimbabwe with a middle-income with the possibility of a holiday after three years of work. Let us be united and peaceful but let us be honest: hard work is the only key to achieve that vision; that is what I preach.
The Country That Sits Between Two Rivers

Hon. General Constantino Chiwenga emphasises the government’s commitment to improving ease of doing business, ICT infrastructure and boosting education.

Vice-President of Zimbabwe since December 2017, Hon. General Constantino Chiwenga also serves as Minister of Defence, Security and War Veterans due to his role as Commander of the Zimbabwe Defence Forces and National Army. His concern and supervisory role in agriculture recently caused him to rally farmers to apply their utmost efforts into ensuring an agricultural boom that will act as a backbone of the nation’s economy. Penresa had the enormous pleasure of meeting with him to discuss his plans and goals for the country.

What are your top priorities, especially in developing infrastructure for ICT and Education?

One of the latest machinery for food processing – for oil, soap and all that – was installed in 1962. Then there was Zesco steel in the heavy industry. For the rest, the machinery dated back to the 40s and the 50s and was installed soon after World War II. Therefore, there were no small and medium industries, no manufacturing and no heavy industry to talk about. We need to get rid of all this and that is where ICT comes into play, bringing in the latest machinery and equipment. So, from industry to infrastructure, everything needs to be modernised. ICT is also an area that we want to focus on, because of our human resources, we have got a highly educated labour force.

Sixty percent of the population in Zimbabwe is under the age of 25. What does this mean for Zimbabwean society?

The future is for the youth. We are concentrating on the sciences; STEM – Science, Technology, Engineering and Mathematics. We want to identify young talent, and direct them. We need to empower the youth through the economy. They must be properly educated, oriented to love and grow their country. The three principles of any society are culture, customs and traditions and this is the direction our youth needs to take. The future is with the youth, with the younger generation, but we must prepare that future for them so that they can excel. What we are is what they shall be.

Could you tell us about the one-stop shop investment and how it is going to make doing business in Zimbabwe much easier for people coming in?

Before anything else, we have had to look into our Common Laws to act. At the current moment, we are amending and deleting all those laws which become an impediment to business. Any investor needs to see this element has been integrated into our laws, so that it is there for all to see, in black and white.

Why is now the best time to come and invest in Zimbabwe?

Now is the best time for any investor to come and invest in the country. We are re-engaging with the world, making friends and moving forward towards development. We want all diasporans who left for various parts of the world to come back home, to help build their country. There is no country, big or small, that can survive in isolation, we have to share, it’s a win-win situation. We have got all these minerals and metals: gold, diamonds, rubies, emeralds, chrome, platinum and lithium. (I don’t think anyone can beat us in our reserve of diamonds.) We are also currently discovering a lot of methane gas. Ours is a small country, sitting between two rivers, with all this wealth. We do not experience extreme weather conditions, we have got good soil, and we can grow everything. At present, we are one of the few countries in our region that does not use GMOs. Even before we had gone into high-tech, we were producing between 13 and 20 tonnes of produce per hectare. We now want to combine high-tech expertise with agriculture, but without spoiling our soil. We are trying to look at each province and its capital to understand which is its best resource and strength.
Paving The Way For The Private Sector

The Ministry of Finance’s mission to privatise and guarantee ease of business looks to revive Zimbabwe’s economy in record time.

Hon. Patrick Chinamasa was appointed Minister of Finance and Economic Planning in November 2017. He also serves as Governor of African Development Bank, Eastern and Southern African Trade and Development Bank and the International Monetary Fund. In the past, he has served as Minister of Finance and Minister of Justice, Legal and Parliamentary Affairs. In this interview, he reveals his Ministry’s plans to make the nation investor friendly, build the economy and open the door to the private sector.

You are working on the one-stop shop and you have partially sold state-owned firms. What is the message to the international community?

The one-stop shop is to facilitate the work of investors and make sure that investors do not get frustrated because of the red tape. We are seeking to create a one-stop shop, where under one roof, you find all the necessary departments to make the decisions to effect an investment. We are also addressing the ease of doing business by looking at the procedures exporters have to comply with before they export, removing the ones we think are unnecessary. Under the new dispensation, we are also reforming state enterprises; we believe that any growth must be private-sector-driven. We have looked at Zimbabwe’s 93 state enterprises and decided whether to completely privatise it, partially privatise it or keep owning it and find a strategic partner. This opens up enormous opportunities with investors.

You removed local listing and repealed the indigenisation law, right?

Yes, we have already repealed the Indigenisation Act through my budget legislation, the Finance Act. We removed all requirements about the 51:49% threshold of local ownership in all sectors except for minerals, diamonds and platinum. As for listing, one way to appeal to investors will be to list the portion that we want to put onto the market. We can list it for our domestic investors; for the public, we can list only 30% of it. We are doing this to reduce the government’s involvement in business and to stay in sectors the private sector does not access. In those sectors, we may seek strategic partners as we go along.

What kind of initiatives are you doing to foster SMEs?

Since the last survey we conducted in 2012, we discovered that 5.8 million Zimbabweans were earning their livelihood from the informal sector. It’s fundamental for us to identify who can be assisted, and come up with schemes that give them training, links to big business, skills development, access to capital and markets. We have also been engaging the insurance companies and pension houses to see if they can build factory shells for those who are manufacturing.

Two months ago, you signed a historical MoU with China, which seems to be the beginning of a new era for this country. How you think this agreement is going to bring advantages to the nation?

There is a new focus in the dialogue with the Chinese authorities whereby their private sector links up with our private sector, so that our economy becomes private-sector-driven. What we are looking for is equity investment, not loan financing. That is our future pathway. We are also open to other new friendships; we want to re-establish our friendship with Europe, which was our major export market and source of capital.

Why is now the best time to invest in Zimbabwe?

This is without any doubt the best time to come. As they say, the best time to ride an elephant is while it’s laying down. With this, I mean that there are big challenges, but on the other side of the challenges, there are opportunities.
Africa’s Best Kept Secret

The Governor of the Reserve Bank of Zimbabwe (RBZ), Dr John Mangudya, confirms the need to attract global investments in order to increase production and exports and improve forex.

“We are a born-again country that needs to leapfrog to catch up with others. As a bank, we have put in place an export incentive scheme, which is basically an export subsidy scheme, to promote exports and provide a competitive edge by Zimbabwean exporters in the foreign markets.”

Dr John Panonetsa Mangudya has been Governor of the Reserve Bank of Zimbabwe since 2014. An economist, he also sits on many local and international boards and guides the RBZ bank in supporting the government in its re-industrialisation programme and export growth through financial inclusion policies. He talked to Penresa about the positive outcomes of Zimbabwe’s growing economy, RBZ’s export incentive scheme and Afreximbank’s support.

The country has made a remarkable upswing over the past five months of the new year. Foreign currency receipts have reached 2.8 billion and gold production has jumped an incredible 65%. So how do you feel that this has raised expectations that the current administration will be able to achieve its revised growth rate of six percent per year?

This is very positive, and we are quite happy that confidence is increasing. The economy has been growing and expanding, but that also increases the need for foreign currency. As you know, most of the goods here are imported, from raw material to basic commodities, like cooking oil. Therefore, if the economy expands, so does the need for foreign currency.

How is the current administration incentivising and encouraging manufacturers to increase their exports to improve the forex in the country?

As a bank, we have put in place an export incentive scheme, which is more like an export subsidy scheme, to promote export and provide a competitive edge in the foreign markets. So, for example, if you are exporting a certain amount of goods, we provide, say, 5-10-20% in subsidy and that is how we become competitive. We are using the US dollar as our domestic currency, which means that our goods become expensive in the foreign markets. More so if the US dollar increases. By providing a subsidy, it means that you are basically making sure that goods export becomes competitive. So, in Zimbabwe, the government, through the Reserve Bank, is providing this export subsidy scheme to make sure that the goods remain competitive in the markets.

Can you tell us a little bit about your partnership with Afreximbank?

They have been providing bridging financing, trade financing, medium-term financing to Zimbabwe, to supplement our export process. Without them, we would not have achieved what we have achieved today.

Zimbabwe has a very wide diaspora worldwide, 45 million people who contribute to the forex of the country. How is the current administration working or engaging with the diasporans to reinvest within the country?

We are providing incentives to those who are working in the diaspora, those who bring in their money for domestic use. We provide them 10% incentives, and we are talking about 60-70 million dollars per month in terms of diaspora remittances. And if we look at our exports, we import about US$500 million per month, whereas our exports correspond to roughly US$300 million per month, so there is a gap of US$200 million. That trade deficit is financed mainly through the diaspora remittances, and from the loans that we are securing from Afreximbank and others.

Why is now the best time to invest in Zimbabwe?

Zimbabwe has witnessed a significant shift of policy, from a closed economy to an open economy. We are now minimising the governmental footprint in the economy. The role of the government should be to facilitate business, and that is what it is doing — we are trying to remove the constraints. Zimbabwe has got plenty of resources and quality assets so now we need quality investors to come and assist the economy to leap forward. Zimbabwe is the best-kept secret in Africa and we are now unveiling it.
Opening Up The Economy

The Reserve Bank of Zimbabwe (RBZ) upholds and supports the country's capital and economic drive through export subsidies, diaspora remittances and reducing interest rates on banking loans.

The Reserve Bank of Zimbabwe (RBZ) was founded in 1956 and is the central bank of Zimbabwe. It succeeded the Central Currency Board as a government institution with the exclusive on issuing currency until dollarization in 2008. It is now responsible for banking supervision, the regularisation of the amount of money in circulation and monetary policy formulation and implementation, it also acts as a banker and advisor to the government. As a custodian of the nation's gold, it purchases and refines valuable minerals, such as diamonds, gold and silver, through its subsidiary, Fidelity Printers and Refinery. Other RBZ subsidiaries include: Aurex, for the production of gold jewellery, Export Credit Guarantee Corporation which insures Zimbabwe's exports, Homelink, that mobilises foreign currency from Zimbabweans in the diaspora and the Zimbabwe Asset Management Corporation.

With assistance from the African Export-Import Bank and the establishment of a US$200 million facility, it also re-established RBZ's lender-of-last resort function. As a member of the Alliance for Financial Inclusion, it aims to increase the level of access to formal financial services in Zimbabwe from 69% to 90% while improving the proportion of financially included small business to 80% by 2020.

Driven by the Reserve Bank's export incentives, Zimbabwe's exports have grown 36% (US$3.8 billion) in 2017 in relation to the previous year. The RBZ introduced US$200 million and US$300 million export incentive schemes in 2016, which subsequently saw export receipts totalling US$74 billion. These incentives are aimed at increasing competitiveness of Zimbabwean exports, as well as boosting production and export led growth. "In Zimbabwe, we are using "Providing incentives, and making sure that diasporans can come back home, not only as individuals, but also as capital bearers, contributes to opening up the economy, building roads, buildings, hydropower stations, and so on."

Dr John Mangudya, Governor of RBZ

the US dollar as our domestic currency, which means that our goods become expensive in the foreign markets. More so if the US dollar increases," explains Dr John Mangudya, RBZ's governor. "By providing a subsidy, it means that you are basically making sure that export goods become competitive."

According to RBZ figures, the biggest contributor to forex are exports, while diaspora remittances come in second with a significant contribution of 25%, growing exponentially from US$552 million in 2012 to over US$935 million in 2016. This has been a result of incentives set in place by RBZ to encourage diaspora funds. "We are providing incentives to those who are working in the diaspora, we provide them with 10% incentives. We are talking about 60-70 million dollars per month in terms of diaspora remittances. We import about 500 million dollars per month, whereas our exports correspond to roughly 300 million dollars per month, so there is a gap of 200 million dollars," states Dr Mangudya.

"That trade deficit is financed mainly through the diaspora remittances, and from the loans that we are securing from Afreximbank and others. So, diasporans are very important in terms of financial flows. Therefore, providing incentives, and making sure that diasporans can come back home, not only as individuals, but also as capital bearers, contributes to opening up the economy, building roads, buildings, hydropower stations, and so on."

Recently, RBZ engaged the Bankers' Association of Zimbabwe to reduce interest rates on loans thus confirming the bank's mission of being a transformative and responsive institution. Under the guidance, attention and supervision of RBZ, Zimbabwe is gently moving towards a financially stable and inclusive reality whereby the bank has provided the circumstances in which it can open up and really blossom.
Banking On The Future

While the new administration under President Emmerson Dambudzo Mnangagwa has focused on re-engagement and an open economy, the country still suffers from a cash crisis as a result from past low production levels, trade deficits and FDI shortage. To add to this, the cash crisis is worsened by the use of the United States dollar instead of the country’s own currency. “The area where we most struggle, particularly in the financial sector, has been the capacity to do business with other countries, companies and banks internationally,” states Dr. Lance Mambondiani, Managing Director, Steward Bank. Necessity is the mother of invention and despite tight liquidity, Zimbabwean banks recorded a 34% surge in profits during 2017.

The current administration’s financial inclusion initiatives target broadening access to the provision of vulnerable groups with financial services, which is critical for sustainable economic growth and development. Inclusion requires ICT, and the advent of EcoCash has literally transformed Zimbabwe into a cash-less society, processing about 90% of transactions in the entire mobile money field with 98% of the country’s mobile money subscribers on EcoCash as well. “When we started our service in 2010, the financial inclusion penetration rate in Zimbabwe was about 10%,” states Douglas Mboweni, Managing Director, EcoNet. “Today, that rate has risen to 70%. We took a financial product which was for the few and made it available to the masses.” Stanbic Bank launched a Host-to-Host solution for their clients, which enables the customer to migrate 100% of their transactions from manual to electronic capture. In cash-lite Zimbabwe, all financial institutions have utilised technology and mobile money to get the unbanked in their systems.

In 2017, Zimbabwe received $698.9 million of diaspora remittances into the country accounting for 49% of total international remittances in 2017. “The diaspora is very critical to us, in several aspects,” states Jonas Mushosho, Group CEO, Old Mutual. “We have partnered with a tech company called ZimPay and enable them to collect payments directly from the bank accounts of people in diaspora on behalf of CABS.” The Diaspora Infrastructure Development Group (DIDG) out of South Africa recently won the $400 million tender to resuscitate the National Railways of Zimbabwe (NRZ). “We had a team in the US reaching out because we saw that they are yearning for a channel to participate to the economy back home,” states Samuel Matsekete, CEO, Barclays Zimbabwe. “We used to see these people as money transfer channels, however, we learnt from this that they want to participate in the country’s development.”

The recent $100 million loan from the British government and Standard Chartered bank has played a part in easing the cash crisis but the country is still a decent way away from solving its shortages. Despite this, the nation’s financial institutions have shown resilience and a knack for innovative solutions, which when backed by a strong, stable leadership, will flourish and promote economic growth and investment security.
Zimbabwe’s leading financial institution’s support of different sectors, including SMEs, agriculture, and its investment in digital platforms contributes massively to the growth of the country’s economy.

The CBZ Bank was founded in 1980 as the Bank of Credit and Commerce Zimbabwe and in 2004 was re-organised and renamed subsidiary of CBZ Holdings Limited. It is one of the financial services institutions licensed by the Reserve Bank of Zimbabwe, the central bank and national banking regulator, and offers a vast array of innovative banking and financial solutions. In December 2017, the bank was declared the largest financial services provider in Zimbabwe with assets valued in excess of US$1.992 billion with shareholders’ equity of US$188.11 million. “As a financial institution, we are the biggest bank here,” explains Managing Director, Peter Zimunya. “We control over 20% of the deposits, over 24% of borrowings and over 22% of bank operations. We are virtually in every sector.”

CBZ Bank has grown its loan book to about US$941 million in 2018, validating its support of different sectors of the economy, and with infrastructure projects worth US$28 million. “We are everywhere,” claims Zimunya. “We have built 1,309 stands in Victoria Falls and they have all been sold off. We have a low-cost housing project going on in Gweru, Bulawayo. We focus on low-cost, but we also have high-density and low-density projects. We are also part of a partnership: we want to raise US$1.50 million, which is supposed to finance the building of 470,000 houses at an initial stage. So, that money is going to the development of the land.” They also are renowned for their contribution to agriculture whereby they focus on a centre for innovation, while fostering a learning environment internally. “We control 30% of the market share in this sector,” asserts Zimunya. “We have been doing agriculture for a long time, and so, we asked ourselves how we can add value and fund the entire value chain and not just the primary agriculture. What about, for example, downstream industries, which are linked to agriculture? If you don’t look at the entire value chain, you lose value somewhere.”

SMEs play a major role in the economic development of Zimbabwe, employing more than 5.7 million people and generating an excess of 60% of the GDP in 2013, and CBZ has been at the forefront in supporting the growth of the sector. In 2017 and 2018, they hosted the International SME Indaba (2018’s theme was “Enhancing SME Growth through Smart Partnerships.”) “We heard that last year’s and this year’s editions are considered the best supporting Indaba for SMEs,” affirms Zimunya. However, CBZ Bank attributes its 20% growth in the first quarter of 2018 to the heavy investment it has made in digital platforms. In a bid to go paperless and enhance financial inclusion through a cash-light society, from June 1 2018, all the Bank’s branches no longer process manual/paper Real Time Gross Settlement (RTGS) and Internal Transfer requests. Clients now can perform transactions via CBZ Touch, CBZ Internet Banking and Paynet.

The bank’s philosophy in focusing on creating value has permitted them to assist the growth of a number of sectors and ultimately drive the country’s economy forward. “If you look at us back in 1995, we started off focusing more on microfinance and then we grew,” states Zimunya. “If you look at our share in the corporate market, you realise it’s huge. So, we start from microfinance, and then we grow projects to corporate dimensions.” Its vision of diversity while relying upon a digitalised future ensures its position as one of the most innovative financial institutions in the country.

“We try to create value everywhere. We start from microfinance, and then we grow projects to corporate dimensions.”

Peter Zimunya, Managing Director of CBZ Bank
Driving The Currents Of Growth

Ecobank Zimbabwe leverages on its digital strategy to ensure financial inclusion, while supporting key sectors in agriculture, mining and mobilising diaspora remittances.

With the adoption of the multicurrency regime there has been a lot of change. Despite this, your profits last year surged by 122% to above USD30 million. What are the initiatives that you implemented which brought about this surge?

When we entered the Zimbabwe market in 2011, there were many players already on the scene, some with over 100 years of experience in the space. We had a choice to go in and compete head-on with the rest but we carefully chose a niche focus on trade opportunities. This strategy was a best fit for our business because being a part of the biggest Pan-African group in Africa, we were able to leverage on our group synergies to harness support for the economy through various trade instruments. Our phenomenal financial performance has been hinged on that strategy which also saw us being recognised in Local Top Companies Awards 2017 as the best bank in Zimbabwe in terms of performance.

The new dispensation has implemented the Command Agriculture scheme to revitalise the economy. How is Ecobank assisting to promote the agricultural sector?

The current increased focus on agriculture by the government has only meant increased involvement of Ecobank in mobilising lines of credit to support the agricultural value chain.

Ecobank Zimbabwe Limited (EZW), a registered commercial bank and financial services provider, began operations in Zimbabwe in January 2011. Taking over the helm in 2016, Moses Kurenjekwa has been at the forefront of its digital revolution and performance transformation. We sat down with him to discuss Ecobank’s profit surge, its focus on agriculture, SMEs and Zimbabwe’s diaspora.

What kind of services or products is Ecobank providing to SMEs in order to unlock economic development?

As a bank, we are mindful of the need to be in sync with these developments and to remain relevant by providing support to this key sector and improve its contribution to the economy. In recognition of that, we’ve recently launched the Emerald Club, a dedicated business banking service package for SMEs and emerging corporates. Under this package, we will harness our group capabilities and local competencies to offer customised solutions for SMEs and grow them to emerging and eventually large corporates through a managed programme. We have dedicated personnel to focus on the SME portfolio, which contributes about 20% of our revenues.

The Zimbabwean diaspora has a crucial role for forex in the country. How is Ecobank engaging it at the moment?

The diaspora is an important market for us and we are very active in terms of remittances. We work with the most known global remittance networks and internally, we have a product called Rapid Transfer (RT) which allows cross border P2P transfers in Africa to provide a seamless way for our diasporans to contribute to the economic development of their home countries. In addition, our ubiquitous Ecobank Mobile App has now been integrated with mVISA and MasterCard Masterpass to allow card holders to transfer money and make payments globally.

How is Ecobank Zimbabwe leveraging digital technology to increase financial inclusion?

As a group, we are migrating from the traditional banking models to convenient digital channels. For individuals, we have developed products that are enabling the unbanked to start banking. Last year, we launched the Express Account where through the Ecobank App, a customer can open an account in three minutes. The great thing about it is that your account number becomes your phone number. We have had great results with this as we target the underbanked and unbanked sectors of the economy.
Discover the route to more efficient cross-border trading

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Old Mutual

A Century Of Custom-Made Financial Services

Old Mutual implements new initiatives, assists SMEs and deploys capital in order to ascertain Zimbabwe’s economic revival.

Old Mutual is an international diversified financial services company offering investment, savings, insurance and banking solutions. It has carried out business in Zimbabwe for over 120 years. Customers largely include individuals, large local institutions and leading multinationals. “Our organisation officially opened its first office in Harare in 1902 and has been part of the fabric of Zimbabwe, supporting the people of Zimbabwe, throughout the past century,” states Group Chief Executive Officer of Old Mutual Zimbabwe and Old Mutual Rest of Africa MD, Jonas Mushosho.

For the year 2017, Old Mutual Zimbabwe, reported a 139% increase in profits, achieving the impressive figure of US$219 million, compared to the previous year’s US$92 million. This has been due to a strong performance in its operations, as well as the group’s exposure to the listed equities market. “Our profits jumped from $92 million to $219 million in 2017. This performance is on the back of very significant growth in our life insurance business, where we had 279% growth in adjusted operating profit and in our banking business where we saw a growth in surplus of 7%. So, we had solid performances in our core businesses,” confirms Mushosho. “There were very significant investment returns on the stock market, where the Zimbabwe Stock Exchange Industrial Index went up by 130%. The growth in our profits is therefore a combination of strong operational performance of our businesses which is supported by a well thought out strategy, and the favourable fortunes from the stock market.”

The growth of the informal sector and the increasing number of SMEs in the country are key trends in our market. It is crucial that financial institutions support the development of these sectors, therefore, Old Mutual’s dedication to the sectors has been significant. “Investing in the informal space helps to create SMEs that will drive the economy going into the future. So, we have made it our deliberate strategy to make financial inclusion a critical part of the way we do business in Zimbabwe,” affirms Mushosho. “The first building block, both for the SMEs and informal sector, is financial literacy. We have developed a programme for financial literacy where we offer free support to individuals and SMEs to help them have a good understanding of financial markets and products. We also provide funding to the sectors through a microfinance institution which we registered and opened last year.”

The group has also been working on reconfiguration of existing properties to make them suitable for SMEs. Earlier this year, they invested in Eastgate Market, a new multiuse centre for SMEs, accommodating about 500 small to medium scale enterprises, which will serve light industry and retailing customers. It is projected to launch within the year. Old Mutual also has a banking subsidiary, Central African Building Society (CABS), the largest mortgage financier in the country which is also committed to supporting SMEs in agriculture and other industries. CABS has also made a significant contribution to reducing the housing backlog with its main projects happening in Harare and Bulawayo.

Old Mutual’s vision and experience is embedded within the country, a financial services company that has grown with the nation, providing essential support, encouragement and assistance along the way. Its sense of duty and responsibility has driven the economy and safeguarded its own success through the integrated financial services customised to meet Zimbabwe’s core needs. Mushosho elaborates, “as the largest financial group, we have a two-fold role: first, we should support the economic recovery of the country. Secondly, we believe we must support the communities among which we operate.”

“Investing in the informal space helps you create SMEs and make them drivers of the economy. So, we have made it our deliberate strategy to make financial inclusion a critical part of the way we do business in Zimbabwe.”

Jonas Mushosho,
Group CEO, Old Mutual, Zimbabwe
Serving The Nation

Stanbic Bank’s commitment to growing the Zimbabwean economy is seen by its facilitation of working capital requirements for exporters.

Stanbic Bank’s ‘fit for purpose’ solutions grow and safeguard finances as they support endeavours through meaningful partnerships in business and corporate banking.

In 2016, Stanbic contributed to about 46% of the mining sector’s working capital requirements and over the past 12 months, their contribution has been recorded at 71%. “We are very strong in this sector and have a prominent role,” affirms Rhett Groves, Stanbic’s Head of Corporate and Investment Banking. “We have been very active in terms of lending to the mining sector on shore and off shore. We have supplied lines of credit for the mining sector, in particular for platinum, gold and chrome. All minerals are very important for export and we deliberately developed a mining desk in the bank. Zimplats, the biggest player for platinum, for example, is 100% banked by us.”

Through collaboration with their Standard Bank counterparts, Stanbic was also sole lead arranger of the US$120 million debt package for the Zimbabwe Power Company (ZPC), for the expansion of the existing power infrastructure at Kariba South Hydro Power Station and Hwange Thermal Power Station. This deal enabled 300MW to be added to the power grid for the benefit of Zimbabwe and neighbouring countries.

Stanbic Bank’s main aim is to take up a strong position in the new Zimbabwe while remaining relevant to their clients. Their commitment to the energy, mining and agricultural sectors remains steadfast while they remain open to exploring new promising sectors, always at the ready to serve their nation in resuscitating the economy.
Looking Forward To Growth

The acquisition of the majority shareholding in Barclays Bank of Zimbabwe Limited by FMBCapital Holdings PLC provides a unique opportunity for positive change and acts as a catalyst for development focusing on regional opportunities.

On October 10 2017, Barclays Bank Plc. concluded with FMBCapital Holdings PLC (FMBCCH), the sale of Barclays’ majority interest in Afcarme, which owned 67.68% of Barclays Bank of Zimbabwe Limited (BBZ). FMBCCH is a Mauritius incorporated holding company, which owns a controlling interest in banking operations in Malawi, Botswana, Mozambique, Zambia and now Zimbabwe. The acquisition of BBZ is a highly strategic growth opportunity for FMBCCH, and represents inward capital investment in Zimbabwe.

With its $556 million of total assets and US$19.8 million net profit last year, Barclays Bank of Zimbabwe Ltd becomes a significant part of FMBCCH. Newly appointed Managing Director for Barclays Bank of Zimbabwe, Samuel Matsekete, is confident of a smooth transition with the change programme firmly on course. He is clear that whilst the bank is focused on ensuring the best service for its customers and clients, the transition also presents a unique opportunity to implement information technology solutions and other positive changes for the benefit of customers and clients.

He believes the change into a regional group means the bank will be more effective in serving its wide range of clients. “We are confident that we will emerge out of this transition better positioned to respond to the needs of our clients and offer appropriate and even tailor-made solutions for our market.”

Samuel Matsekete, Chief Executive Officer at Barclays Bank of Zimbabwe

“We are confident that we will emerge out of this transition better positioned to respond to the needs of our clients and offer appropriate and even tailor-made solutions for our market.”

Samuel Matsekete, Chief Executive Officer at Barclays Bank of Zimbabwe

Barclays Bank of Zimbabwe offers personal and electronic banking services to Retail, Business Banking and Corporate and Investment Banking segments. Within the Business Banking segment, SMEs are also catered for. Matsekete explains: “what we also like about SMEs is that with them you can make a significant impact under the financial inclusion policy thrust of the wider economy. Barclays Zimbabwe’s 106-year strong heritage of serving corporate and individual customers will be preserved and complemented with FMBCCH’s unique capabilities. Corporate Social Responsibility (CSR) remains a significant component of BBZ’s business programme and outlook, focusing mainly on the development and capacitation of the youth. “Our community investment is anchored on interventions that relate to the youth,” describes Matsekete. “Our interventions seek to bequeath the youth with financial skills, employability skills and entrepreneurial skills. Within that, we look carefully at who to partner with.” Over the past three years, the bank has partnered with the Zimbabwe Farmers Union to promote young farmers to play a bigger role in Zimbabwe’s mainstream agriculture sector and to enhance the practice of farming as a business. This has resulted in a total investment of nearly $500,000, benefitting more than 30,000 young farmers across the country.

Barclays is the second oldest bank in Zimbabwe, but the merger is very much representative of fresh opportunities and an even brighter future. “One hundred and six years of being part of the Zimbabwean commercial life has created a heritage which will set us apart as we grow the business into the future,” asserts Matsekete. “We understand the nuances and potential of the local market. Our unique positioning as part of a regional player means that we will be investing time to understand the region as a bank and seek to tap into regional opportunities too.”

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zw.barclays.com

“We are confident that we will emerge out of this transition better positioned to respond to the needs of our clients and offer appropriate and even tailor-made solutions for our market.”

Samuel Matsekete, Chief Executive Officer at Barclays Bank of Zimbabwe

that would have otherwise taken us longer to go through.” FMBC’s presence in Zambia, Malawi, Mozambique and Botswana with the holding company in Mauritius provides a neat commercial ecosystem and a gateway for financial flows into mainland Africa.

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Creating A Knowledge-Based Society

The Ministry of ICT and Cyber Security aims to establish a vibrant, secure ICT sector to spur economic growth and drive innovation.

Following President Mnangagwa's inauguration, a new cabinet, the Ministry of Information Communication Technology and Cyber Security (MICCS) was established, merging the ICT and Cyber Security Ministries, with Hon. Supa Mandiwanzira at its helm. Hon. Mandiwanzira has been Minister of ICT, Postal and Courier Services since 2014, and is also a renowned journalist and entrepreneur. Penresa had the honour to meet with him to discuss the Ministry’s initiatives and vision for Zimbabwe's future.

President Mnangagwa has said that developing ICT infrastructure and harnessing technology innovation is a key goal for the government. What kind of programmes or initiatives have you implemented in the last four months to increase speed and connectivity in the ICT sector and infrastructure?

My mandate from the President was to identify technologies that are now prevalent elsewhere, particularly in the developed world. We are building an infrastructure that we can then use for everything that requires technology, with a network connectivity across all the major parks of the country. We think this is important, not only for providing communication platforms for the community, but more significantly for financial inclusion. We are also broadening access to technology, to the internet, to the information super highway. We have started the construction of community information centres by converting post offices into these kind of centres. With these community information centres we aimed at training the rural population on how to use a computer. We are now taking that a step further and trying to create village information centres: we are bringing containers with at least 15 computers and lighting to the villages.

What do you intend to do with your US$25 million ICT Innovation Fund for the Zimbabwean ICT sector?

We need to create a culture of innovation, to be a harbour of innovation on this continent. We came up with an idea to drive innovation through the US$25 million fund financed by the government and the telecom operators through the Universal Services Fund. We then made this fund available to young entrepreneurs with innovation ideas in the world. This has, so far, kicked off well and we hope we will create our own Silicon Valley, so that Zimbabwe can be seen as a problem solver in the world. You are partially privatising three of the major companies as part of the telecom sector reforms. Are you doing this for the sole reason of increasing your capital resources and expanding the network?

The first reason for this is that the government has recognised that part of its costs come from a lack of performance by state enterprises. Now we have a general policy which calls for full or partial privatisation. Telecommunications are considered a strategic industry, so it is being only partially privatised. We want to attract investors who have a track record of success in telecommunications. With no hard currency to back up the investments, you cannot make any progress, but now, thanks to the new mantra of this government, we can attract investors from outside the country who bring money to the table.

A final message of confidence: why would you say that now is the best time to invest in Zimbabwe and in its ICT sector?

Zimbabwe has an economically diverse society; we have a strong organic agricultural sector and we have mining for some of the most sought-after minerals in the world. We believe that for everything that we will do in the country, we will need a stable and robust telecommunication system, data networks and infrastructure in order to make enterprises profitable. Anyone who believes in growing the economy depends upon these technologies.
Throughout the globe, countries are quickly pivoting towards a digital economy. Already functioning as a cash-lite society, Zimbabwe has already and continues to embrace digitisation and ICT in its everyday practices. According to the World Bank, a 10% increase in broadband penetration is associated with a 1.4% increase in GDP growth in emerging markets, which indicates ICT has a positive effect on a country’s economy. With regards to job creation, every 10% increase in broadband penetration will lead to 2.3% increase of employment rate. Similarly, research also shows a 90% correlation between investments in ICT and a country’s success in meeting several key United Nations Sustainable Development Goals. These numbers do not lie. According to Wen Hao (Howard), Managing Director, Huawei Zimbabwe: “As we are embracing a knowledge-based society, Open for ICT is not optional but essential to Open for Business and we believe that is definitely going to uphold Zimbabwe’s pro-business mantra in terms of the ease of doing business and boosting investors’ confidence.”

With the vision to become a middle-income country by 2030 and catch up with the rest of its neighbours, ICT is an essential tool to leapfrog past the competition. The current administration has made it a key goal to develop ICT infrastructure and harness technology-driven innovation in all sectors of the economy. One such programme is the National Backbone Optic Fibre Project, which has led to the construction of the TelOne Data Centre, a powerful and reliable information nerve center that can ensure the efficiency and data security of enterprise operations. "With that backbone, we cover now more 70% of the country and we are now linking up the southern part of the country, which was lacking broadband that now goes all the way down to Beitbridge, in South Africa," says Chipo Mtasa, Managing Director, TelOne. "Being now linked to that gateway has allowed us to bring traffic at a more affordable price for Zimbabweans: the price is now down 40%.” Serving as the first modernised national Data Center, TelOne expects it to unlock the potential of future e-Government services from a centralised facility that would greatly increase government efficiency and accelerate the process of creating a paperless environment.

Since the “Open for Business” declaration in Davos, Zimbabwe’s relationship with China has strengthened through several agreements and partnerships, one being with Huawei. Huawei’s Hao confirms that "we’ve been working closely with the key telecom service providers like NetOne and TelOne in the past few years, trying to bring in the latest technologies and customized solutions, not only to increase their capacity to generate more sales revenue but also to bring affordability to the Zimbabwean.” Doubling their base station and coverage over the past three years, NetOne “aims at intensifying our investment within the big cities and rural areas, covering them with 3G and 4G networks with a new debt funding of $71 million obtained through the China Exim Bank,” states NetOne’s CEO, Lazarus Muchenje. With these improvements of ICT infrastructure, the flow of
information within and among government institutions, enterprises and citizens has begun to bring social and economic benefits.

With 77% of the population under the age of 35, technology infrastructure will create the right environment for young people to thrive, and be an instrument to economic development. With this in mind, the current administration came up with the idea of a US$25 million ICT Innovation fund financed by the government and telecom operators. “We then made this fund available to young entrepreneurs with innovation ideas in the world,” points out Hon. Supa Mandiwanzira, Minister of ICT and Cyber Security. “We are very grateful that it has kicked off well so far and we hope we will create our own Silicon Valley, so that Zimbabwe can be seen as a problem solver in the world.” Galvanizing the youth plays an important role in emerging economies and “the universities in Zimbabwe now are, after all, very progressive in bringing in very clever and gifted young people with new ideas,” states TelOne’s Chipa Mtasa. “So, you see, it’s a win-win solution: the students get to research and TelOne can add value that otherwise could not add.”

Recently, telcos like Econet and TelOne have been granted licensing for content distribution, web casting and Video-on-Demand (VoD) services in the country which paves the way for creative content and job creation among the youth. “These licences are instrumental to make sure that Zimbabwe is no longer a closed society and has access to anything that’s of interest to our population anywhere else in the world,” states EcoNet’s Managing Director, Douglas Mboweni. “We are the best at putting together the infrastructure, to make sure the connectivity for the subscribers is done and then we partner with the best for content.”

The African Union Agenda 2063 has acknowledged the importance of Digital Inclusivity for African countries to bring the continent on par with the rest of the world as an information society. “As a technical partner with annual investment in R&D reached US$13.8 billion, Huawei is willing to leverage our global expertise and experience to share wisdom and work further with the government to support Zimbabwe’s digital transformation and to co-build a robust ICT ecosystem,” states Wen Hao. Now that Zimbabwe is Open for Business, they are searching for credible investors. Hon. Minister Mandiwanzira posits the country “wants fresh capital from institutions that are not going to bring only money, but also experience in the management of the telecom assets and in the development of new telecom products.”

After being closed for so long, ICT presents the Jewel of Africa with the unique chance to leapfrog neighboring and competing nations in terms of attracting FDI, building capacity and spurring economic growth. Being Open for Business signifies being Open for ICT as well, and the opportunities present in agriculture, mining, tourism and finance all present investors and the government with the possibility of transforming Zimbabwe into an efficient, innovative and smart society.
TelOne, Zimbabwe’s exclusive fixed telecommunication services, is the second largest fixed line network in the southern African region and provides Voice, Internet and Data Services. It has the widest network coverage in Zimbabwe, with a variety of telecommunications equipment such as: optical fibre networks, radio network systems and a wide range of high-tech networks, including a satellite base station located in Mazowe. Managing Director of TelOne, Chipo Mtasa states: “it has been an exciting time for TelOne. We are on a transformative journey, redefining ourselves and moving from being a fixed line provider to a broadband service provider. We are also coming up with the public accountability systems and the contact invisibility in the market.”

As part of TelOne’s modernisation plan of its ICT infrastructure, it has upgraded its nationwide system and exchanges through the National Broadband Backbone (NBB) project. Financed by the Chinese Bank, China Exim Bank, with a loan facility of US$98 million, the project was completed in June 2018, 24 months before its expected schedule. This upgrade will improve areas like TelOne’s billing system, the quality and range of voice calls, internet speed, as well as providing toll-free and interactive voice response services. “We needed to extend our backbone fibre footprint throughout the country,” explains Mtasa. “We are now linking up the southern part of the country, which was lacking broadband that now goes all the way down to Beitbridge, in South Africa. Being linked to that gateway has allowed us to bring traffic at a more affordable price for Zimbabweans [the price is now down 40%]. TelOne is now capable of opening up to other borders and bring exchange telecom traffic through them: I am talking about Mozambique, Botswana and Zambia. This is about opening up opportunities not only in the country, but also outside.” The upgrade has resulted in the modification of area codes and landline numbers across the country, in line with global regulations and part of worldwide changes put into place by the International Telecommunications Union, the United Nations agency that regulates ICTs.

According to TelOne’s Managing Director, the NBB project is only the beginning of its modernisation plans. “We have other projects which are $300 million worth. The backbone fibre footprint is just the trunk road: you then need them to get to the people, to businesses, and that needs a big investment for fibre deployments to buildings, houses and for upgrading the existing copper network.”

Recently, TelOne launched a day office facility at the Main Post Office building in Harare in order to promote small and medium enterprises (SMEs) and start-ups and it is also working on establishing a big point of presence and start-ups in Mbare. TelOne’s objectives are staunchly projected on a revolutionary reorganisational drive and it is for this reason that it has established a fully equipped training centre, TelOne Centre for Learning (TCFL) which encourages creativity, innovation and new working methodologies which support modern ICT and business dynamics. In April 2018, it also teamed up with the National University of Science and Technology (NUST) to set up a telecommunications research laboratory. “We need to expand our broadband footprint and bring in added value content around the broadband,” reveals Mtasa. “By investing in innovation in that technology lab, we are saying that students can research the possible areas which TelOne can look at. A lot of dynamism is coming out of there.”

TelOne is geared to become the leading ICT company in Zimbabwe, reframing its infrastructure network connecting clients through optic fibre, satellite, wireless and copper solutions in order to supply fast, affordable and reliable telecommunication services all over Zimbabwe.
Empowering The People

Econet has developed the largest fibre footprint in the African continent which has provided the tools and platform for Zimbabwe’s economic growth and underpinned its human rights ethics.

Established in 1998, Econet Zimbabwe is the nation’s most geographically extensive and largest provider of telecommunications services, providing solutions in mobile and fixed wireless telephony, public payphones, internet access and payment solutions. Econet also supports a number of charitable causes, including a number of health and education initiatives. Penresa had the immense pleasure to sit down and discuss Econet’s growth trajectory with Chief Executive Officer, Douglas Mboweni, who has been at the company’s helm since March 2002.

Over the past two decades, you have seen Econet grow to become the largest and most profitable telecoms company in the country. What achievements are you most proud of?

Econet managed to close the gap in terms of availability of mobile phones to the people of the country. The penetration rate could surge from 5% in 1996 to over 100% today. This is a fundamental achievement for us. There is also our contribution to the nation in terms of GDP. We have introduced a service called Ecocash, which is basically a mobile money transfer service that has increased the speed transacting with the economy. Another thing we have introduced is mobile internet: we are driving more than 80% of mobile internet in the nation. This means that people have access to information, which is empowering. We believe that, with this service, we can make business more effective and more efficient.

Internally, how do you inspire your people to change other people’s worlds?

The vision of our chairman and founder of this organisation, Strive Masiyiwa, is based on three values, which we call the three Ps. First: pioneer. Let’s be innovative at the group level. Second: professional. We do business according to the rules of business. Third: personal. We take a personal interest in our people, in their development, in their welfare, in what makes them who they are as individuals. One of the departments that I am very proud of is the one in which we have facilitated the education of over 250,000 orphans. Through our Higher Life Foundation, we have ensured that many underprivileged children are able to go to school and we take care of their needs. Consequently, 700 students have made it into some of the top institutions in the world.

Why do you feel that now is the right time to invest in Zimbabwe?

At Econet, we have become masters in creating resilience within our own businesses. If you look at our group right now, we have developed the biggest fibre footprint of the African continent. The best time to invest in Zimbabwe is now and the faster you move to seize the opportunities, the better.
Tourism in Zimbabwe

Full of adrenaline-inducing rides, unique jewels, superb sights and top-notch accommodation.

A n excursion through Zimbabwe will take you through an array of lush landscapes, from savannah and flaming msasa trees, to sleepy towns and lifeblood rivers in the north. On game drives, you can spot the Big Five in its national parks, discover World Heritage–listed archaeological sites, go cave-diving and stand in awe of one of the natural wonders of the world, Victoria Falls. Since the new dispensation, Zimbabwe’s tourism sector has seen a 48% increased growth as indicated by tourist arrivals and the flight frequency of new airlines that land in both Harare and at the newly expanded Victoria Falls International Airport. This upward trend is projected to continue, following measures to boost air connectivity, visa regime reforms, and other strategies that boost the nation’s attractiveness as a tourist destination.

The National Tourism Master Plan tourist destination has identified Eleven Tourism Development Zones identified throughout the country in order to make the country a preferred choice for travellers. “We are coming from an old Zimbabwe into a new Zimbabwe: Tourism should be one of the key pillars of the New Zimbabwe,” states Hon. Prisca Mupfumira, Minister of Tourism. “Our goal is to ensure we project Zimbabwe as a must-visit destination, to ensure we reconnect with our source markets and reclaim our space as a leading tourism destination.”

The Master Plan also identified numerous bottlenecks that need to be tackled to promote travel and tourism such as Zimbabwe’s visa regime which is based primarily on reciprocity without prioritising source markets. According to Ross Kennedy, CEO of Africa Albida Tourism: “One of the things that has made our economy suffer the most are the multiple layers of bureaucracy. Those layers are being lifted, and there is a joint initiative between government and the private sector to energise the ease of doing business.” Committed to enhanced Tourism Facilitation, Hon. Minister Mupfumira confirms that “29 Group-C countries now have been upgraded to Group-B meaning these people can get visas directly on arrival. Now we have 146 countries in group-B, which has been very well received in the source markets.”

Tourism presents a way of diversifying the economy of a country. On average, it creates employment at a scale of one job for every nine arrivals, according to the World Tourism Organization. As identified in the Master Plan, the current administration has also created a special economic zone focusing on tourism and financial services in the Victoria Falls. The Zone adopts a corridor approach stretching from Victoria Falls through Hwange right into Kariba. “We could say that tourism is an export activity in which the product is actually consumed within a country and it is paid with foreign currency,” claims Dr. Karikoga Kaseke, Managing Director of Zimbabwe Tourism Authority (ZTA). “It accounts for about 11.9% of the national GDP but we think that if we continue on this path, its contribution to the national GDP can grow even bigger, up to 15%.” Taking note of other countries’ initiatives, Africa Albida’s Kennedy prompts us to “look at the other end of the scale, look at Iguazu in South America or Niagara Falls in Canada, which is a $20 billion destination. We have an opportunity with sensitive and controlled development to grow the Victoria Falls economy into a $5 billion economy within the next two years, and who knows where to from there.”
Tourism in Zimbabwe

“Our goal is to ensure we project Zimbabwe as a must-visit destination, reconnect with our source markets and reclaim our space as a leading tourism destination.”
Hon. Prisca Mupfumira, Minister of Tourism

The Ministry of Tourism has allocated a $15 million Revolving fund to facilitate tourist activities, like building affordable lodges in an effort to improve domestic tourism. While this has been well received by local investors, Nyaradzo Group’s Phillip Mataranyika has decided to focus on promoting the country’s natural wonders to the growing diaspora. “When a good number of diasporans left Zimbabwe, they might not have appreciated how beautiful their country was. So, we are investing in tourism to be able to attract our fellow Zimbabweans back home so that they can experience this new Zimbabwe in all its beauty.”

The Group has acquired Tiger Bay Hotel and Resort on the Ume River in Kariba as well as a lodge in the Vumba near the Leopard Rock Hotel. Many diasporans maintain strong roots with their loved ones back in their countries of origin. For those experiencing a bereavement, Mataranyika notes that “we are launching a product called the Sahwira International Plan (SIP) which will provide them with two return air tickets from their country of residence to Zimbabwe plus a vehicle and accommodation in Zimbabwe.”

From an investment point of view, Zimbabwe is a great country for tourism ventures: just thinking of some of the assets: Victoria Falls, Mana Pools, Kariba, the Eastern Highlands, Hwange, the Lowveld, Matopos and so much more. “Now Zimbabwe is changing, the perception has changed overnight thanks to this new dispensation,” states ZTA’s Kaseke. “Because of that, the time to visit Zimbabwe is now rather than later.”

Zimbabwe has seen infrastructural development with the Victoria Falls Airport and the ongoing national roads upgrade. Air connectivity is boosted with new airlines coming in and the existing ones expanding their operations. Now an open economy, Zimbabwe is actively seeking to unlock the potential of its vast beauty and natural resources like never before. “We have to build on this momentum, the private and public sector together,” states Africa Albida’s Kennedy. “The key to being attractive as a tourism destination is being user-friendly.”
Waking The Sleeping Giant

With the declaration that Zimbabwe is now ‘Open for Business’, the new dispensation has implemented several legal, institutional and administrative reforms to increase the ease of doing business in Zimbabwe. Drawing on lessons from other countries, concerted and accelerated efforts are in progress to streamline investment procedures and convenience, through the establishment of a truly One-Stop-Shop Investment Centre. In addition, the National Investment Policy is now in place, while the Investment and Business Facilitation Bill, which seeks to give legal footing to Zimbabwe’s commitment to open up its economy, is undergoing due legal process.

All signs would signify that NOW is the best time to invest, and invest big within the country. “Our potential in mining, agriculture and financial services is huge,” states Steward Bank’s CEO Lance Mambondiani. “We are the first producer of platinum, the second producer of diamonds, we have huge reserves of gold, a perfect climate for tobacco production. So, we have incredible opportunities.” The Minister of Industry and Commerce, Hon. Dr. Mike Bimha posits that “there has never been such a time. It is not the time to sit at on the fence anymore, the time to come and participate in creating that environment is now. The government will support you, but it is your responsibility to create it.”

Apart from the vast natural resources and arable land, the resilient and educated people are truly the biggest resource that the country possesses. With 77% of the population under the age of 35 and a 96% literacy rate, human capital may be the best investment. “We have the people: we want to be busy, occupied, productive and we think we are educated enough to know what to do,” states Barclays’ Samuel Matsekete. Investment stagnated in the country because the politics did not couple with business but “it is now more about business than politics - A very enabling and free environment is being developed,” says CBZ Bank’s Peter Zimunya. Now that a pro-business sentiment has enveloped the nation, Nyaradzo Group’s Phillip Mataranyika ascertains that “the future for Zimbabwe looks very bright.”

Long known as the Jewel of Africa, “some say that Zimbabwe was and is the best kept secret in Africa,” states Dr. Mangudya, Governor of RBZ. “Now, we are unveiling it, as if we were unveiling a bride on her wedding day.” Indeed, Zimbabwe is ‘Open for Business’ in all facets and in every sphere. All government ministries, departments, agencies and state enterprises must now adjust accordingly and adapt to the new reality and new work culture of an open economy. For investors looking in and wondering whether to invest in this sleeping giant, the Minister of Finance Hon. Patrick Chinamasa, offers an insightful nugget of wisdom: “the best time to ride an elephant is while it’s laying down.”
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