

Home of new opportunities

Zimbabwe's officials are doing everything they can to secure the investment needed to take this promising country to the next level.

A country that has not received the most positive media coverage since it gained independence from the U.K. in 1980, Zimbabwe today has a lot to prove to international investors.

However, despite stagnated foreign direct investment and hyperinflation within the first decade of the 21st century, growth rates since 2010 have been extremely encouraging, with foreign direct investment reaching \$105 million last year.

Although agriculture still makes up a considerable part of the gross domestic product, particularly corn and cotton, the industrial sector, flanked by mining and manufacturing, and information and communications technology (ICT) show great promise for the future.

Zimbabwe's change in fortune is largely due to the arrival of an inclusive coalition government that came to power in February 2009. Under the governance of Prime Minister Morgan Richard Tsvangirai, the political situation has stabilized, the economy has taken off and strong international partnerships are being fostered.

At last, investors are beginning to look at Zimbabwe with fresh eyes and take in the numerous opportunities that exist.

When Prime Minister Tsvangirai visited Tokyo this summer at the request of the Japanese government, he affirmed his commitment to creating a business environment conducive to business growth and international cooperation.

He emphasized how growing democracy and elections planned for next year would change the focus from Zimbabwe's political arena to economic growth and development. The Japanese trade minister pledged technological support to explore mineral resources in the country, while a delegation of 15 Japanese firms from a cross-section of industries visited Zimbabwe in August.

"My visit to Japan this summer was my second in 20 years, but last time, I was part of a delegation," Tsvangirai told Global Insight. "A lot has changed since then. Zimbabwe has been isolated for 10 years, and our economy shrank by 50 percent in that time. People



Morgan Richard Tsvangirai
Prime Minister



Tendai Biti
Minister of Finance

still have a negative perception of Zimbabwe because of what has been communicated.

"The visit to Japan this summer marked the turning over of a new leaf, however. Things are changing, and the way Japanese businesses and the government look at Zimbabwe isn't the same as it was before. This marks a new era where both of our countries will prosper together. Zimbabwe has moved from an almost failed state to a progressive, forward-thinking and economically strong country.

"During the visit, I was able to elaborate on all sorts of key points, both positive and negative, to both the business community and politicians, which gave way to a greater degree of trust. They can see the transparency in our plans and our hopes for the future, and are now more informed about Zimbabwe's potential."

A strong delegation

Japan has, of course, enjoyed a presence in Zimbabwe since the beginning, when it introduced high-quality goods into the country. Even today, Japanese cars virtually dominate the Zimbabwean market.

But now, the openings to invest are huge. The official state visit marked the beginning of what is expected to be a huge influx of Japanese investment into the country.

Shortly after the state visit in Tokyo, a Japanese delegation visited Zimbabwe. It included representatives from the Mitsubishi Chemical Corp., Hitachi Construction Machinery, Central Japan Railway Co.,

Japan Bank for International Cooperation, Nissin Foods, and Rohto Pharmaceutical Co., as well as water treatment and urban development specialists.

Ambassador George Hara of the Alliance Forum Foundation Development Program, which headed the delegation, said Japanese investors had a strong interest in Zimbabwe as one of the key southern African countries to experience rapid economic development by 2050.

"Their aim is to help build a rich, middle-class population, which is critical to ensure a stable and prosperous country," Hara said.

In some circles, Zimbabwe is even hailed as being "the next China," with regard to its rapid growth and international potential.

"Japan has expressed a strong interest in our mining sector," Tsvangirai says. "Our natural resources are abundant to say the least. As a miner myself, I know the potential we have. We have platinum deposits, chrome, iron ore, coal, gold and lithium, to name a few, which will translate into a significant rise in exports.

"We also have some of the most-educated people in Africa living and working in Zimbabwe. Education is an integral part of our culture, and our people are hardworking.

"We want to become a \$100 billion economy by 2040. We have accomplished so much already in just four years. Zimbabwe has proved to be resilient and we now know what we can become if we work together. Now we need to implement the policies to see our vision through."

New moves include the drawing up of a new constitution and other changes that will pave the way for foreign direct investment. As well as the mining opportunities, there is also a need to modernize the country's infrastructure.

As Minister of Finance Tendai Biti explains: "Japan has to understand how far we have come as an investment destination and that both our countries can benefit from stronger ties. Access to greater lines of credit would help the liquidity situation here, and the Japanese could provide this. We went through 10 years of economic freefall.

"What we have today is a by-product of a mere four years. Imagine what we could achieve in another six years."

Mining sector opens

Mining in this resource-rich country — Zimbabwe does in fact mean "House of Stones" — remains one of the principal drivers of the economy, and has the potential to lift the country's fortunes in the same way agriculture did in a previous era.

Gift Chimankire, deputy minister of mines and mining development, outlines the challenges that still exist and inhibit greater growth.

"A healthy mining sector depends on an efficient railway system, as this is the best way to export goods," he says. "Our railway system is quite old. Even if you put new rail wagons on the tracks, the trains would still move slowly.

"We need to get all our technology up to date, and so we need to invite the Japanese to form public-private partnerships. We need to get the goods to ports in Mozambique and South Africa because we are a landlocked country. At the moment, we do a lot of driving; we export coking coal to the DRC (Democratic Republic of the Congo), Angola and Zambia all by road. A new rail system would help a lot."

Zimbabwe's mining sector would also benefit hugely from better geological technology. "Some 40 percent of the country has still not been explored," Chimankire explains. "Using satellite methods, for example, the Japanese could pinpoint exactly what is in the ground.

"From a ministerial point of



Zimbabwe has proved to be strong and resilient.

'Zimbabwe has moved from an almost failed state to a progressive, forward-thinking and economically strong country.'

Morgan Richard Tsvangirai,
Prime Minister

view, we have already introduced the concept of corporate social responsibility and have made a lot of progress. Now, local companies build schools and roads.

"A community may have diamonds discovered in their area, but probably don't have the acumen to mine and export the minerals properly.

"In terms of capital, we don't currently have access to World Bank or International Monetary Fund loans, so if we don't have the investors coming in, we can never develop these mines."

The ministry also advocates the importance of adding value to the raw materials, particularly in platinum and chrome.

"We are pushing producers like Zimplats, which produces platinum, to initiate this process," Chimankire says. "We want to push for more smelters so we can turn raw chrome into ferrochrome, which can then be used to make steel. The advantage lies in the fact that if we process the materials here, we get better at doing it and can reinvest profits into further mining to increase production for the world."

The sector grew between 7 and

12 percent in 2010, 12 percent in 2011, and is expected to reach up to 15 percent this year.

"It is vital we have a value-addition hierarchy in place," Chimankire says. "Other growth areas include black granite, copper, nickel, tantalite and mica. "I'm sure the Japanese would be interested in rare earth minerals such as tantalite, as it is a crucial component to high technology. I think there is an excellent opportunity for the Japanese to assist us: if they secure their own supply, they do not worry about the production of their high-technology goods being interrupted."

Upgrading Harare

Opportunities also lie in Zimbabwe's vibrant capital. A metropolis of around 3.5 million people, situated some 875 km from the country's most impressive tourist attraction, Victoria Falls, Harare has suffered considerable neglect and is in need of a makeover as well as better transport links, housing, and amenities.

The outlook is far from bleak, however. Mayor Muchadeyi

Masunda and his colleagues at city hall worked in collaboration with multinational financial companies, including its own Old Mutual, to raise the sum of \$85 million to be distributed into various projects.

"We have an ambitious budget of \$600 million, so there are huge possibilities for investment here," Masunda says. "There is a pressing need for more housing, for example. Zimbabwe offers many, many advantages, but one of the best is that there is no foreign exchange risk here.

"We have a lot of professional and trade associations that have been in existence for a long time, associations that have driven the country and city to develop. The Zimbabwe Stock Exchange, for example, has been around since 1895. What Zimbabwe needs now is some mentoring. We have some of the sharpest minds in the world, but we need the experts to come in and facilitate the exchange of knowledge."

From this, it is clear the country's officials are clearly doing everything they can to secure the investment needed to take Zimbabwe to the next level.

Zimbabwe: Calling investors

Committed to sustainable growth and corporate social responsibility, Zimplats epitomizes the modern side of mining in Zimbabwe.

Alex Mhembe, CEO, of Zimbabwe Platinum Mines Ltd. (Zimplats), the premier platinum mining company in Zimbabwe, reinforces the Ministry of Mining's belief that demand for precious metals from Asian markets will create a win-win situation for the company.

"Zimbabwe has literally tons of minerals," he says. "And, as a one of the world's leading car manufacturers, Japan could make good use of Zimbabwe's platinum and palladium for catalytic converters, as well as chrome and nickel for car production. We also have the key components needed for the electronics industry."

Established in 1998, Zimplats is now one of the largest companies in the country. A member of the Implats Group of Companies, the company holds approximately two-thirds of the Hartley Complex, which is the largest of the platinum hosting centers of the Great Dyke.

"Zimplats has survived the



Alex Mhembe
CEO, Zimplats

worst period of this country's history," Mhembe continues. "In fact, during this time, we grew tenfold. We understand how to cope with challenges, and have remained focused and developed our skills. Like the Japanese, the Zimbabweans work hard, and now is the time for investors to come and see what is happening."

As part of an ongoing expansion drive, the company is

currently investing heavily in the country. "Nickel is now our biggest-selling commodity and we will certainly continue to produce more as we grow," Mhembe says.

"We need the country to grow with us, however. All this nickel has to be transported and a good rail network would help that. We would welcome Japan's expertise in those areas. As a country, we have a shortfall of 1,000 megawatts, and as we recover, that shortfall will only be exacerbated. More power will sustain new business growth."

With this mind, Zimplats has been a keen supporter of ZESA Holdings Ltd., the country's main electricity provider. "We have built sub-stations and are helping to computerize ZESA so they are can control and monitor the national grid. We helped them build the biggest sub-station since independence, so have been very active in improving the power situation."

The company also boasts a positive record for corporate social responsibility. "Ours is a very sustainable approach," Mhembe says. "We need to make sure people aren't dependent on us, but that they can help themselves work with local communities at ground level. We really believe in education and have been spearheading school building programs in the rural areas to help lift those people out of poverty. We support health institutions and the drilling of boreholes. We have also been supporting agricultural activities so that people can increase their yields and become more active in the economy."

In recent years, Zimplats has helped women and young people get onto the small-business ladder and organizes development programs at the University of Zimbabwe's department of mining engineering.

"We give them computers and teaching materials and sponsor their students while in the field," Mhembe says. "In time, we hope to make it a center of excellence."

EMPOWERING COMMUNITIES FOR A SUSTAINABLE FUTURE

The health and wellbeing of the communities we operate in is as important to us as our commercial objectives. Through our borehole drilling initiatives in the Chegutu and Ngezi Districts clean and potable water is made available to the community every day.

ZIMPLATS
Member of the Implats Group
Mining for a sustainable future

Because at the heart of Zimplats lie the people of Zimbabwe.

Unlocking future prosperity

Zimbabwe enjoys a world-class ICT sector, but there are plenty of openings for knowledge-sharing and investment.

Information and communications technology (ICT) is another area that has grown exponentially in the past three years, with a penetration rate that has jumped from 13 percent in 2008, to 78 percent this year.

ICT has, in fact, been the driver of economic growth in the country, having played a huge role mobilizing the population and allowing those living in rural areas to connect with urban economies more easily. According to Nelson Chamisa, minister of ICT, Zimbabwe is on course to become a communications hub for Africa by 2015. He explains to Global Insight why.

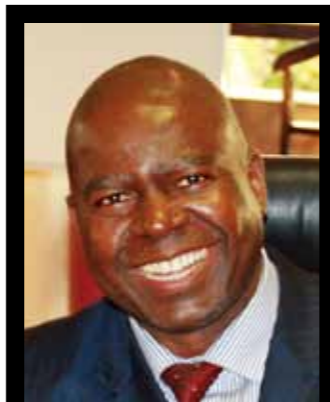
"We were left behind for quite some time, but we are now catching up in order to overtake. We need to leapfrog!" he says. "We are using fiber-optic and radio links and have already surpassed our targets in terms of penetration and broadband access. We want to make sure we promote an atmosphere for outsourcing offshore operations, public-private partnerships and call centers in Zimbabwe.

"We also need to make sure we incubate young talent to make sure we have the skills necessary to move forward. Right now we have high interest rates holding us back, so there is some way to go, but Zimbabwe has to be an information society by 2015, and that entails making sure our infrastructure is robust. We have to ensure we are on the e-government platform.

"The ability of ICT to allow people to access information



Nelson Chamisa
Minister of ICT



Douglas Mboweni
CEO, Econet Wireless

in real-time from around the world will make us much more competitive.

"Our rural dwellers don't have to be left behind. We have a government investors' fund that allows operators to go to rural areas that wouldn't otherwise be economically feasible for them. Of the 78 percent that are connected, I would say half are people living in rural areas. There is the challenge of electricity, but we are using solar platforms to combat this problem.

"We are also working on e-learning programs with local companies such as Econet Wireless, and we would like international brands to come in and help. It's an exciting time, and Japanese companies are welcome to come to the party."

There are a host of incentives available to quality brands, Chamisa explains.

"We are more than willing to give tax holidays for companies that come to us as partners or that create downstream value

addition," he says. "We want to help them come in and do business. Everyone will benefit: By helping your own ICT company make a profit, you will, in turn, help Zimbabwe develop."

The 34-year-old minister explains why he is well qualified to lead Zimbabwe's digital revolution. "ICT is a speed sector and I am an information practitioner. I like to understand how technology is disseminated.

"When you are young, things like Twitter, Skype and YouTube are not alien to you. All of this stuff must speak to you, or you will get left behind. So it's an advantage that I am a young minister, and adaptable, and adaptability is key to Zimbabwe's overall growth."

Building efficiency

One of most successful companies to push the ICT barrier is Econet Wireless (Econet), a local company that has pumped more than \$615 million into the Zimbabwean economy.

Having launched the first 3G broadband service in September 2010, the company has continued to deploy the country's most extensive voice and data-enabled network with the best geographic and population coverage.

With the most extensive fiber-optic network in the country, Econet has been able to bring cost-effective and efficient high-speed broadband to the country through mobile and fixed solutions from consumers to large corporations.

"Socioeconomic development cannot happen without telecommunications," maintains Douglas Mboweni, Econet's CEO. "It is one of the pillars of development, like energy, water and transport.

"We wanted to be the leader in telecoms, and we currently enjoy a 70 percent share of the market.

The penetration rate must be a minimum of 100 percent — an environment where everyone has access to telecoms is critical. Furthermore, every 10 percent increase in penetration increases GDP by 1.6 percent, so it has a massive impact economically."

Econet's phenomenal subscriber and business growth has been attributed to a highly innovative corporate culture, sustained marketing campaigns and aggressive investment and rollout of infrastructure.

The publicly-listed company was the first operator to launch a pre-paid service, and it has developed an extensive distribution footprint. The customer experience is enhanced through automatic device configuration and the remote setup of data devices. Mboweni outlines the com-



Even the most remote parts of Zimbabwe can enjoy the benefits of ICT.

pany's most ambitious project so far.

"Launched in October of last year, EcoCash is currently one of our main focus areas, with significantly increased use cases being prepared for launch shortly. This will entrench the position of EcoCash as Zimbabwe's most versatile mobile money transfer service, with a massive potential for growth.

"We have been financing the development of this service as part of a broader strategy in order to develop a range of additional services that leverage off EcoCash and data services to provider convenience for our customers and an additional revenue stream for us.

"The high literacy rate in our country means people have the capacity to understand the

'We want to make sure we promote an atmosphere for outsourcing offshore operations, public-private partnerships and call centers.'

Nelson Chamisa
Minister of ICT

product exists and how to use it. Zimbabweans are very open to technology and can easily adapt themselves and assimilate new technology into their lives.

"The impact of EcoCash and ICT in general on the economy has been massive. There is a fishing village in the middle of Zimbabwe that uses mobile technology. A fisherman checks with his customer how much and what fish he should bring to sell because it's a perishable item. The knock-on effect of this is that it helps reduce waste and streamlines the economy.

"We continue to see opportunities for expansion of services in both voice, and data and overlay services, as Zimbabwe's penetra-

tion level for telephony access still has room to grow.

"The potential for increased Internet access through mobile and fixed broadband service offerings is very high. Econet continues to invest in capacity to tap into unsatisfied demand.

"We have been selling solar lanterns, which increase the functionality of charging cell phones. Ultimately, we are trying to build products that compliment each other to meet the needs of the subscriber and help them be more efficient.

"I think we have only just scratched the surface. Technology is a fundamental tool for opening Africa. New business just pops up."

This report was produced by Global Insight and can also be read online at: www.japantimes.co.jp/international-reports

A journey of infinite possibilities...

Since 1998, Econet Wireless has pioneered and inspired innovative communications solutions in Zimbabwe. As a motivated, consumer-driven organization, we are on a continuous journey, searching for the cutting edge technology to make your world a better place. Our mission is to discover and bring to you only the best information and communication solutions the world has to offer.


**ECONET
WIRELESS**
Inspired to change your world

www.econet.co.zw