



Business Opportunities in Zimbabwe



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H.E. Mr. Titus M. J. Abu-Basutu was appointed Ambassador to Japan in 2015. Ambassador Abu-Basutu has been in government service since 1980 and prior to taking up the diplomatic assignment, he was in the Ministry of Defense. Ambassador Abu-Basutu holds Master's degrees in Strategy, Business Administration and International Relations. He has keen interest in economic development issues.

Investment Climate in Zimbabwe

Zimbabwe's diverse resource and human capital endowment makes it an attraction to foreign investment. Resources include chrome, coal, copper, gold, iron, nickel, diamonds, platinum, tin, and many others. These resources attract extractive investment. Extractive investment without value addition may not yield developmental impact. Consequently, Zimbabwe government encourages accompanying investment in value addition of these resources so that locally there is beneficiation of those extracted resources.

Zimbabwe has a high literacy rate (92%) accompanied by abundant skills base due to investment by government in education and skills development. This skilled human resource, makes Zimbabwe a unique destination for investment. The human resource has high aptitude, versatile in skills absorption, thus presenting a unique flexibility in skills deployment and reskilling for a business undertaking.

Basic Data of Zimbabwe

- Population: Estimated at 17.3 million. (The next population census will be in 2022.)
- Land area: 390,757 km², a little larger than Japan.
- GDP: USD22.04bn.
- Business language: English
- Climate: Temperate, cold and dry in winter and moderate, rains in summer. Temperature ranges between 5 (0°C in some areas) – 35°C and lower 40s in the low veld along the Zambezi valley in the north and Limpopo valley in the south.

To further improve the investment climate, the Government has undertaken a host of reforms to improve the Ease of Doing Business (EoDB). Reforms have been undertaken in legislation and procedures for establishing new business (investment). This has seen repeal and amendment of various pieces of legislation to make the processes of establishing investments simple and easy for the convenience of the investor. This thrust is a crucial aspect of the Governments reform programme, the Transitional Stabilization Programme (TSP). Following these reforms, Zimbabwe's EoDB rankings by the World Bank improved by 15 places from 155 to 140. However reforms are still on going.

One significant aspect of the reform process has been the establishment of a one-stop-shop for investors, the Zimbabwe Investment Development Agency (ZIDA) whose Act came into force in 2020. ZIDA is a one stop investment shop where under one roof, investors complete all the processes and procedures to start a business without having to visit various offices at different locations for permits, certificates, documents, forms, licences etc.

To facilitate investment and business, Zimbabwe boasts of a sound banking system of 15 Commercial Banks, a Development Bank, 5 International Financial Institutions; AfDB, Afrexim Bank, IMF, Trade & Development Bank (TDB) and World Bank. The commercial banks support any investor in terms of movement of funds or financing of business. The high literacy rate is a credible

advantage to both the investor and the consumer. Zimbabwe is probably one of the few countries with highest mobile penetration in Africa. Zimbabweans are thus very adept at mobile banking. Most transactions are done online or by phone, and cash transactions are not as frequent as are mobile and card transactions.

Investment Incentives

Zimbabwe offers a lot of opportunities to the investor. It is a peaceful country focusing on economic development targeting upper middle-income-economy by 2030. Opportunities are abundant in Manufacturing, Energy, Mining, Tourism, Agriculture, Information Communication Technology (ICT), Construction/Housing and Services sector.

There are various incentives for investment in any of the foregoing sectors. The incentives include the following:

1. Corporate income tax exemptions. Tax is zero rated for the first 5 years of operation with a corporate tax rate of 15% applying thereafter. This allows the investor to recoup the initial costs of setting up operations and thus be on a sound footing thereafter.
2. Waiver of duty on capital equipment/machinery. This allows for duty free importation of capital equipment/machinery for establishing a business.
3. Special initial allowance. This allowance is 50% of cost from year one and then 25% in the subsequent two years. It is allowable on expenditure incurred on construction of new industrial buildings, farm improvements, railway lines, staff housing, tobacco barns, enabling infrastructure or on alterations or additions to existing aforementioned items. It also applies to articles, implements, machinery and utensils bought for business.
4. Employees tax exemption. Exemption from non residents tax on fees for services that are not locally available in Zimbabwe.
5. Non residents withholding tax on fees. Exemption from non-residents tax on fees for services that are not locally available in Zimbabwe.
6. Non residents withholding tax on royalties. An exemption from non-residents tax on royalties.
7. Custom duty on raw materials. Inputs including raw-materials, imported for use by companies set up in Special Economic Zones (SEZ), are duty free. Except where such raw materials are produced in Zimbabwe.
8. Capital gains tax. Zero rated capital gains tax.
9. Foreign exchange remittance incentives. Foreign investors are entitled to the following:
 - (1) No restriction on the amount of foreign currency brought into the country for equity investment in cash or capital equipment
 - (2) 100% repatriation of dis-investment proceeds
 - (3) 100% remittance of dividends
 - (4) Operation of Foreign Currency Accounts
 - (5) Freedom to borrow locally and offshore



Zimbabwe offers excellent tourist attractions; the world famous Victoria Falls (left photo), Mana Pools (right photo), Matopo Hills, Great Zimbabwe National Monument, Hwange Game Reserve among many with 7 World Heritage sites. So, visit Zimbabwe and you will invest in Zimbabwe! (Photos from <https://www.zimbabwetourism.net/>)

Some of the foregoing incentives are geographical, meaning applicable to SEZ and sectors or general to all open business zones and sectors. Sector specific ones are targeted at Agriculture, Mining, Manufacturing, Tourism and Transport. Agriculture is a critical sector in Zimbabwe. Zimbabwe's economy is agrobased and as such agriculture is the biggest employer in the country.

The ongoing reforms combined with sound banking system and the incentives, present a lot of opportunities for investment in Zimbabwe viz;

1. Privatization of State owned enterprises, presents opportunities for investors through equity partnership. These are in 11 State owned enterprises, 6 subsidiaries of the Industrial Development Corporation and 17 subsidiaries of the Zimbabwe Mining Development Corporation.
2. Manufacturing and processing: textiles weaving, knitting, dying and printing, clothing, agroprocessing such as food canning, milling, oil seed pressing and drying, wood furniture, paper, leather work, metal working/fabrication, pharmaceuticals/chemicals, for household and industrial use, agro-chemicals
3. Energy: greenfields thermal projects, methane gas, leasing/rehabilitation of thermal power stations, bio-diesel projects, hydropower projects, renewable energy (solar farms)
4. Mining: diamond cutting/polishing, gold and diamond jewellery making, lithium battery manufacture, granite cutting/polishing
5. Tourism: infrastructure, hotels and lodges development, transport services
6. Agriculture: value chain addition in meat processing, fruits growing, and canning operations, horticulture, quality cotton is grown locally requiring ginning and spinning, sugar refinery, milling for ethanol, molasses, power generation. Tea/coffee processing, packaging, irrigation and infrastructure development, tobacco processing, leather tanning.
7. ICT: networks development, cyber security, software engineering, manufacture of electronic gadgets; computers, phones, radios, televisions

8. Construction/Housing: urban and rural housing with social amenities in urban areas, apartments, rehabilitation and maintenance of public buildings and hospitals.

9. Innovative services to serve the economy

The investment policy of Zimbabwe is underpinned by key principles of protection of investments, and non-discriminatory practices, protection of intellectual property rights, transparency and good regulatory practices, adherence to environmental and social standards and market based investment laws and regulations, high governance standards, role clarity of government institutions, macro-economic stability and provision of infrastructure by government. It is a free enterprise environment.

Ongoing policy and regulatory reforms improve the ease of doing business and present a favourable climate for investing in Zimbabwe. Whatever challenges, these are a consequence of the ongoing transformation and temporary. Some of the challenges present themselves as investment opportunities, thus for real "Zimbabwe is Open for Business".

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