

ZIDA Investment Overview and Strategy

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Outline of Presentation

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ZIDA
ZIMBABWE
INVESTMENT &
DEVELOPMENT
AGENCY

Background of ZIDA

The Zimbabwe Investment and Development Agency Act was promulgated on 7 February 2020

ZIDA came into existence through repeal and amalgamation of the following statutes:

- Zimbabwe Investment Authority Act (Chap 14:30)
- Joint Venture Act (Chap 22:22)
- Zimbabwe Special Economic Zones Authority Act (Chap 14:34)

Why ZIDA Was Created

The merging of three entities into ZIDA sought to deal with the following challenges:

- Overlapping legal investment instruments and business regulatory procedures;
- Fragmented investment services by Government Agencies;
- Uncoordinated screening of investments, which caused unnecessary delays and opened avenues for rent seeking behaviour;
- Limited financial support for investment promotion and development activities;

ZIDA therefore seeks to improve doing business through:

- Providing a single point of contact for the processing of investment proposals;
- Issuance of investment certificates and other associated permits/licences from one centre.
- Streamlining investment laws to foster coherence and predictability
- Quickening and easing investment approval process.
- Restoring business confidence in Zimbabwe



- Zimbabwe is competing globally for capital
- Efficient and painless investment processes make Zimbabwe a strong contender in this competition on the world stage
- That efficiency means greater ease of doing business for individuals and companies who have already invested, as well as those who are about to invest



Role of ZIDA

- Promoting, planning and implementing investment promotion strategies
- Facilitating entry and implementation of investment projects
- To establish and regulate special economic zones,
- To promote, appraise and recommend private public partnerships
- Investor after-care and monitoring of projects
- Promoting decentralisation of investment activities



Main Investment Types

Public Private Partnership

- These are **priority projects** with the potential of attracting **private capital**.
- ZIDA assists Contracting Authorities with **facilitating, marketing and approval** processes of such projects
- Final approval of all PPP projects rests with Cabinet.

Special Economic Zones

- A Special Economic Zone (SEZ) refers to:
- a **Geographically** demarcated and secured area
- within which multi-sectoral business investments are conducted
- under a liberal legislative framework
- and also enjoying certain fiscal and non-fiscal incentives.
- ZIDA will also consider Sectoral SEZs

General Investments

- These are investments wherein **private investors** deploy their capital in chosen projects **without a requirement for partnership with government** or any of its entities.

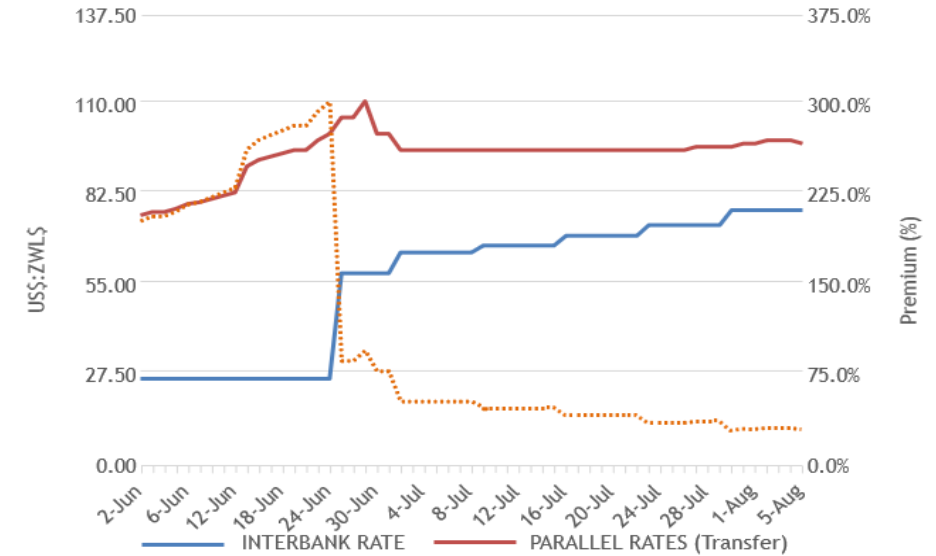
THESE MAY OVERLAP AND ARE ALL FACILITATED THROUGH OUR ONE-STOP-INVESTMENT-SERVICES-CENTRE (OSISC)



Macro-Economic Overview

Exchange Rate

- Multicurrency system to remain in place as the Authorities try to build confidence around the Z\$.
- Persistent fiscal discipline will be critical to maintained controlled money creation and a stable exchange rate environment.
- Government achieved a fiscal surplus of Z\$800m during H1:20 which will limit reliance on inflationary financing from the RBZ.
- The premium on the parallel and official exchange rate has significantly narrowed from a peak of 300% on 22 June to current 26.4%.



GDP

- Economic growth of 4.0% expected in 2021, following 22% contraction in 2020.
- Expected agriculture recovery due to favourable rain season and improved external environment.
- Mining sector to benefit from market determined exchange rate system and improved external environment.
- Weak consumer demand will slow down manufacturing recovery
- Rapid growth opportunities lie in construction, mining, ICT/Digital Economy & Infrastructure development

INFLATION

- Future inflationary pressures are expected from the following:
 - Utility charges - Long term electricity tariff target is USc9 per kWh, versus current tariff of less than 6c.
 - Fuel prices - Long term blend & diesel prices are US\$1.28 and US\$1.16, respectively.
 - Subsidies - Gradual adjustment of subsidised prices, i.e. public transport, etc.
 - Structural Challenges, e.g. Late start to 2021 agricultural season.

Economic Snapshot

\$4.3 Billion Export Economy

\$21.4 Billion GDP

Trade

US\$10b financing gap
US\$5b financing gap

Mining

5.3% of GDP

Agriculture

8.3% of GDP

Investment

US\$34b financing gap
US\$2b capital gap

Infrastructure

2.3% of GDP

Manufacturing

10.6% of GDP

ICT

7.1% of GDP

Tourism

Services

13.1% of GDP

Diaspora

13.1% of GDP

Significant Resource Repository

Temperate Climate

Strategic Regional Location

Depth of Human Capacity



Ease of Doing Business Rating

Individual performance

Topic	2017	2018	2019	2020	Movement
Starting a Business	182	183	180	167	+13
Construction Permits	184	181	175	140	+35
Getting Electricity	161	165	161	167	-6
Registering Property	114	111	108	109	-1
Getting Credit	79	82	105	67	+33
Protecting Investors	81	102	89	97	-8
Paying Taxes	145	164	143	146	-3
Trading Across Borders	100	148	153	159	-6
Enforcing Contracts	166	165	166	169	-3
Resolving Insolvency	152	145	155	142	+13
Overall ranking	155	162	159	140	+19

Regional Comparison

Country	2017	2018	2019	2020	Movement
Mauritius	49	25	20	13	+7
Rwanda	56	41	29	38	-9
South Africa	74	82	82	84	-2
Zambia	98	85	87	85	+2
Botswana	71	81	86	87	-1
Mozambique	137	138	135	138	-3
Zimbabwe	161	159	155	140	+14

Our ambition is to be in the Top 3 African Countries in the ease of doing business ranking



ZIDA

Ease of Doing Business Focus Areas

Tax

Reduce number of taxes paid and frequency of payments in one year (currently 51 payments/year) by merging payments for Social Security contribution, Manpower Development Fund, Standards Development duty and AIDS levy.

Trading Across Borders

Reduce time to process documents and boarder control (currently 187 hours/8 days) by reducing number of inspecting agencies and automating the process.

Company Registration

Focus on online access and submissions of application forms, cost of applications, payment methods, online name search for companies, special resolutions, articles of association, annual returns etc.



NDS1 Goals and Targets



- ❖ **Overall Vision Target:** *prosperous and empowered upper middle income society by 2030, with job opportunities and a high quality of life. (With less income disparities)*
- ❖ GNI per capita of above \$4,000
- ❖ Employment rate of more than 80%.
- ❖ Reduction in the **Poverty Rate**, to under 25 percent of the population from 62.5 percent (2012), consistent with upper middle income economies.
- ❖ Increasing the number of households accessing electricity from 52.2 percent in 2017 to over 72 percent by 2030. **Universal Access** to improved sources of water, up from 77.3% in 2020 to 90% in 2025.
- ❖ **Average Life Expectancy** of over 65 years from 61 years.
- ❖ **Stable Macro-economic Environment** and economic transformation sustained by high productivity levels.
- ❖ A fiscal policy framework that allows for realisation of budget savings.
- ❖ Speeding up the ongoing **Ease of Doing Business** reforms to reduce the cost of doing business.
- ❖ Successful **Engagement and Re-Engagement** with the international community.

The Mining Industry

US\$2.8 billion industry

55.2% of exports (2019)

6.99% of GDP (2019)

Government has a target to grow mining to a US\$12 billion industry by 2023



How can ZIDA help?

Promotion

- ZIDA promotes investment through marketing available investment opportunities globally. This should help address the US\$10 billion funding gap in the mining industry

Facilitation

- Facilitates engagement with various stakeholders through OSISC, the one stop investment services centre (Ministry of Mines, EMA, RBZ, ZIMRA etc)

Advocacy

- Advocating for investor friendly policies: part of the agency's responsibility is to advise government on policies that relate to investment promotion and retention

Thank you

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