

Zim must strive to meet investor needs

The 2015 Annual Shareholders and Investors Forum on Responsible and Sustainable Investment in Zimbabwe organised and coordinated by the Institute for Sustainability Africa (Inśaf) on the July 17 2015 at Celebration Centre, Harare, got us thinking on the future of the investment climate, values and potential to attract investors into Zimbabwe. A presentation by former Nestle Zimbabwe director Kumbirayi Katsande seized our imagination and thinking.

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The presentation raised important questions of great wisdom, on whether as a country we were ready for investors. Secondly, what do we have to offer (investor sweeteners)? With these questions in mind, this article seeks to provide a critical perspective for attracting and retaining sustainable and long term investors for our beloved Zimbabwe.

It is no secret that there is a lot of goodwill out there from investors to come and invest in Zimbabwe, because there are many other countries who feel that Zimbabwe needs to succeed.

However, the problem does not lie entirely with the international community's perceived negative perceptions on Zimbabwe but partially with our attitude as a country perhaps showing that government feels Zimbabwe does not need investors but investors need Zimbabwe. Recent economic and business developments in the region have shown that Zimbabwe is competing for the same investors with countries like Mozambique, Zambia, South Africa, Mauritius, Botswana, Angola, Namibia and even Malawi, who have started attracting significant Foreign Direct Investment (FDI) at our own expense. Consequently, it is equally important to explore our soul on what could be the reasons that our beloved country is failing to attract FDI. What should Zimbabwe do collectively to break the jinx? What can we offer to entice investors to consider us before the next country? The rest of this article explores attempts to find answers to these questions with a clear diagnosis that there is something that these other countries are doing which we are not doing to attract the much desired foreign investors.

Firstly, it is important to acknowledge that there is a dramatic shift towards attracting FDI into Zimbabwe. However, Zimbabwe as a country needs to shed off the mentality that 'we do not need investors, they need us'. Resourceful as we may be, we are still not the richest country in Africa let alone in Sadc. Recent statistics from aneki.com, a research think tank that publishes world wealth rankings and records, shows that Zimbabwe stands at position 50, tied with a government like Somalia with a paltry GDP of 600 per capita. Our Sadc counterparts are at various positions within the top 20, for example the highest placed is Botswana at position 3 on the continent with a GDP of 16 000 per capita.

The difference in GDP per capita with our neighbours is clear testimony that Zimbabwe's economy is not the best, and in fact one of the worst in the world. This has profile implications for investors who look at Zimbabwe as a potential investment destination.

To change our fortunes on the FDI front, we will need to deeply reflect and research on what investors look for in countries where they put their money? Firstly, investors look for welcoming

opportunities as a pre requisite. Truly, Zimbabwe is one of the most resourced countries in the world just like the US, Russia, countries in the Middle East, Angola, South Africa and Mozambique.

However, the challenge Zimbabwe faces is how to create welcoming opportunities out of its unique position. Zimbabwe needs to do better in creating welcoming opportunities, being unique (not doing what others are doing or doing whatever they are doing differently) and leap frogging all the other competitors by building very strong and sustainable competitive advantages. For example, Mauritius was able to do this by positioning themselves as a tax haven and South Africa being a finance services hub.

Secondly, opportunities imply high possibility to get value against one's investment. This is what Vice President Emmerson Mnangagwa called "return", during his recent visit to China and what investors call "value". Investors need to see where the value lies. The welcoming opportunities should create an environment that can bring about value out of investment. Zimbabwe has great potential for growth and providing value returns to investors, but this requires a lot of goodwill to unlock this potential which is also useful for meaningful and sustainable development. There is great need for Zimbabwe to start talking the international language which is better understood by many investors. For many investors who have signed up to the United Nations Principles for Responsible Investment (UNPRI), adhering to principles of sustainable business practices and good corporate governance in investment decision is a pre-requisite. As such, some investors consider places where poor corporate governance practices exist as an indication of risk investment and poor returns. Therefore, it is important that our business culture, practices, values and corporate governance systems are comparatively at the international level.

While the country is still to catch up with many international practices which are key to investors, the launch of the National Code on Corporate Governance in Zimbabwe in 2015 is one of the few many steps that will need to be taken in building an investor confidence climate and values. However, the goodwill for implementation of the Code still requires practical demonstration. While government made commitment in creating an environment in which this code will prevail, investors are keen to see tangible results not just the existence of the document. Evidence from countries like South Africa have shown that existence of good business practices and frameworks accompanied by an environment where investors are able to exercise their rights and responsible (shareholder activism) has far more reaching benefits in attracting other investors.

Thirdly, while investors considers what the country has to offer, they also consider what existing investors are being offered and how they are being treated. Existing investors play an important role in buildings the country profile. For instance, the Ease of Doing Business is based on experiences of existing investors, not future ones. Therefore, how current investors are treated matters a lot to potential investor because they can meet and share information and experiences in places where unfortunately Zimbabwe will not be present. As such, any information shared has potential to attract or deter others investors.

Therefore, offering incentives and sweeteners to existing investors provides an opportunity for attracting new players. However, incentives must be given with caution to ensure that investors do not end up compromising national being and benefits of future generations.

In short, it is important that Zimbabwe emulate the policies, practices, values and behaviours of successful FDI destinations such as China, Nigeria, Ethiopia, Kenya, India, South Africa and Mozambique.

Zimbabwe must focus on achieving congruency between investor concerns and what the country wants. As a country, there is a need to respect and delight investors so as to deliver an attractive, competitive and sustainable investment destination.

Some countries put a premium on investors who create jobs, grow economic linkages, increase exports, bring new technologies, and invest in manufacturing and high value services rather than just natural resource extraction.

Lastly, Zimbabwe must promote and work closely with existing investors who are already in the country to understand and build confidence in attracting potential investors.

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