

The Business Diary

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Vol 1: 2019

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FROM THE EDITOR'S DESK

It's time to fix the broken windows

Let me forward my sentiments in the form of a theory called 'broken windows' that I hope will inspire those reading.

The theory states that the effects of urban disorder, vandalism and other crimes begin with broken windows of vacant homes and buildings. The "broken windows" referred to in the theory's name is the idea that where there is one broken window left unreplaced there will be many.

A broken window is a physical symbol that the residents of a particular neighbourhood do not especially care about their environment and that low-level deviance is tolerated.

The theory showed that a building with windows left unrepaired, leads to vandals to break more of them. Eventually, people will break into the building, become squatters and even light fires inside it.

The same is true of litter on the streets. A sweet wrapper left on the ground quickly turns into other pieces of paper and soon more refuse accumulates. At some point people will start dumping entire bags of trash till the situation becomes a municipal headache. So when broken windows are fixed in a building, vandals are less likely to break more of them or do further damage. Similarly when streets are clear of litter, people generally try to keep them that way.

The underlying message is that when citizens take physical pride in their neighbourhood, its overall appearance is likely to be held by its occupants. They are motivated internally by their external surroundings.

So what does this have to do with your job? Believe it or not, many of the challenges you face can be fixed by replacing your own "broken windows." People rationalise and justify their problems, challenges and limitations. However, the truth is that these problems are not the real issue, instead it is your perception that lies at their core. When you wear a new outfit, you tend to walk with more confidence. When you paint a room in our house, you feel different when you enter. When you start a new job, your energy is renewed. It is often the small and seemingly insignificant actions that make a big difference in your approach to life and success.

Having said the above, my advice is to begin with the end in mind, stop blaming others, ditch the 'victim' mentality and think and act like a winner.

President Mnangagwa calls for innovative farming solutions



“I urge players in the agricultural sector to use innovative solutions for increased productivity. Agriculture remains the backbone of the economy and key contributor to economic growth in line with the national vision,”

BY OWN CORRESPONDENT

PRESIDENT Emmerson Mnangagwa has called on farmers to use innovative farming solutions in order to increase productivity in the agricultural sector.

Speaking during the official opening of the recent Zimbabwe Agricultural Show (AGM), President Mnangagwa said innovative solutions were the only way to go in order for the country to increase production in agriculture.

“I urge players in the agricultural sector to use innovative solutions for increased productivity. Agriculture remains the backbone of the economy and key contributor to economic growth in line with the national vision,” he said, adding that,

“Increased cooperation between institutions of higher learning and farmers is important for the growth of the sector.”

He also highlighted that the displays in the Agro-business section were a clear testimony that the show was undergoing qualitative improvement.

President Mnangagwa encouraged farmers to establish

linkages with regional agricultural organisations so as to share best practices.

“The farming community must establish linkages with regional agricultural organisations to share best practices. Government will put in place a conducive environment for the success of investment in the agricultural sector,” he said.

Under command agriculture and presidential input scheme, President Mnangagwa said farmers will be supported with inputs timeously for a better farming season and prices of agricultural inputs like fertilisers and maize seeds will be reviewed to be affordable to everyone.

President Mnangagwa exhorted beneficiaries of the land reform programme to be farmers and not just mere farm owners, indicating that they must give due attention to all crops.

President Mnangagwa also presented trophies to winning exhibitors at the Zimbabwe Agricultural Show, among them were cooperates, Government Departments, City Councils and individuals.

A tractor was awarded to Mr Robert Mahlazini of Manicaland for being the best cotton grower in the country.

Reforms in Property registration impacts positively on Ease of Doing Business

Government's ease of doing business reforms have recorded massive progress in the removal of regulatory, transactional and administrative hurdles in doing business.

The reforms includes procedures for property registration being reduced from five to four, the establishment of a credit registry, increase in the number of small claims courts from two to 10, the establishment of four commercial courts and a 41 percent reduction in compliance checkpoints at Beitbridge Border Post.

According to Finance and Economic Development Minister, Professor Mthuli Ncube, "Government, under the Transitional Stabilisation Program continues to pursue ease of doing business reforms as part of broad measures on enhancing the country's investment environment and external competitiveness. The reforms target administrative and other legislative bottlenecks under various statutes.

"A lot of administrative procedures, timelines and costs have been reviewed and streamlined

in order to facilitate the Ease of Doing Business between 12

February and 29 April 2019," said Prof Ncube.

"These reforms are: Improving the overall quality and efficiency of the property registration system in Zimbabwe through improved quality of registering property, reducing number of procedures from five to four and improved land dispute resolution;

"The establishment of a credit registry to facilitate the obtaining

of the requisite Court rules;

"Improving Trading across Borders through reviewing of checkpoints for both imports and exports clearance processes at Beitbridge."

In order to attain the desired growth rate trajectory, Government — through TSP — undertook significant reforms, such as improving the ease of doing business, improving



of credit has been completed;

"Improving the enforcement of contracts through increasing the number of small claims courts from two to 10 and the establishment of commercial courts from zero to four. The operationalisation of the magistrates' courts to be done after the validation and gazetting

competitiveness, and opening the country to international investors and financiers.

The TSP also strives to ensure that there are no arbitrary policy reversals, contradicting policy announcements and interpretation by different agencies of the same Government.

Command Agriculture extended

Zimbabwean Government has extended the Command Agriculture programme for another year and earmarked \$2.8 billion for the production of 210 000 hectares of maize and 30 000 hectares of soya beans during the 2019/20 summer cropping season.

Presenting the Mid-Term Fiscal Policy Review and Supplementary Budget Statement recently, Finance and Economic Development Minister Mthuli Ncube said the Supplementary Budget is making an additional provision of ZWL\$1.03 billion to kick-start the programme.

Under normal conditions, agricultural programmes outside

The selection of farmers will be done in a transparent way and measures will be put in place to recover all the loans,

the Vulnerable Inputs Support Scheme are best supported by private financing given budgetary constraints.

“However, given induced drought which adversely affected the country’s agricultural production last year’s drought,

the capacity of our “infant” farmers has been compromised, necessitating further Government support through loan financing arrangements, which include private sector players.”

He said as a way of closing the loopholes during the forthcoming agriculture season, Government is adopting a targeted approach, which select exclusively farmers with a track record of honouring their loan obligations from previous programmes and have a history of producing high yields.

“The selection of farmers will be done in a transparent way and measures will be put in place to recover all the loans,” he said, adding that, “Ordinarily, agricultural programmes outside the Vulnerable Inputs Support Scheme are best supported by private financing given budgetary constraints.

“However, given last year’s drought, the capacity of our “infant” farmers has been compromised, necessitating further Government support through loan financing arrangements, which include private sector players.”





Professor Mthuli Ncube

As a result, he said the Government is extending the Programme for another year to restore food security. The Programme targets 210 000 hectares under maize and 30 000 hectares under soya beans at a cost of ZWL\$2.8 billion.

“Accordingly, the Supplementary Budget is making an additional provision of ZWL\$1.03 billion to kick-start the Programme.”

Prof Ncube added that, “To close the loopholes during the forthcoming agriculture season, Government is adopting a targeted approach, which select exclusively farmers with a track record of honouring their loan obligations from previous Programmes and have a history of producing high yields.

“The selection of farmers will be done in a transparent way and

“To close the loopholes during the forthcoming agriculture season, Government is adopting a targeted approach, which select exclusively farmers with a track record of honouring their loan obligations from previous Programmes and have a history of producing high yields.

measures will be put in place to recover all the loans.

According to the Zimbabwe Vulnerability Assessment 2019 Livelihoods Assessment, 59% (about 5.5 million people) of the rural population will be food insecure during the peak hunger period.

In terms of support to these groups, Government has so far distributed 189 000 tons of grain in support of 757 000 households. The beneficiaries are in both rural and urban areas

“Government policy commits support to vulnerable households through an appropriate inputs scheme.

“For the 2019/20 agriculture season, the Supplementary Budget is proposing an additional ZWL\$437 million for grain inputs (maize, sorghum and pearl millet),” he said. The Scheme will also include sugar and soya beans seed. The inputs will comprise of seed, compound D and top dressing, all for a targeted area of 640 000 hectares.

Government explores on OFSCs

Government is exploring the possibility of setting up an Offshore Financial Services Centre (OFSC) as part of efforts to develop the financial sector through provision of opportunities for global investment.

Finance and Economic Development Minister, Prof Mthuli Ncube said, "A lot of research has to date been carried out, which reveal that Offshore Financial Service Centres promote foreign direct investment, domestic investment, export development & promotion and national branding, among others."

Offshore Financial Centres (OFCs) have played an increasingly critical role in major transactions, restructuring and insolvencies over the past 10 years as markets generally have become more globalised.

The nature of OFCs means that they generally serve to support the onshore financial centres as OFCs are used by investors operating out of the onshore centres for a number of activities, alongside tax planning, such as raising finance, cheaper access to capital markets and access to highly regarded and



"Zimbabwe is strategically located to host a regional and international financial hub, given its accessibility and good connectivity, which are some of the attributes necessary for successful setting up of an OFSC."

reliable legal systems.

Prof Ncube gave examples of other economies that have successfully embraced offshore financial service centres regionally and internationally which include, Mauritius, the Cape Verde, Kazakhstan and Switzerland, among others.

"These countries have grown

to become financial hubs attracting a lot of investment.

The financial services centres in the countries cited above have been set up over periods ranging from three to fifteen years," he said, adding that,

"Zimbabwe is strategically located to host a regional and international financial hub, given its accessibility and good connectivity, which are some of the attributes necessary for successful setting up of an OFSC."

He also stressed that the adoption of our local currency is also a positive step towards attaining a stable currency, to attract investors.

"In order to nurture confidence in the financial services sector, thereby attracting the much needed investment, establishing an OFSC is a guaranteed milestone towards achieving this.

"However, implementation of an OFSC should be preceded by introduction of a number of economic reforms to promote efficient functioning of the financial system. Treasury will provide periodic updates to stakeholders on the progress towards setting up Zimbabwe's Offshore Financial Service Centre."

Government to unveil strategy towards a 12 billion mining industry

Government is unveiling a comprehensive strategy and roadmap towards a 12 billion mining industry by year 2030 in the second half of the year 2019.

This was revealed by Finance and Economic Development

Minister, Prof Mthuli Ncube in his presentation of his third quarter budget recently.

“The attainment of this milestone is not an event but a process, which is well underway with concrete start-ups and expansion of projects in a number of minerals, which include

platinum, gold, ferrochrome, coal and hydrocarbons, lithium, diamonds, iron ore, among others,” said Prof Ncube.

He highlighted that the Government is putting in place a Gold Finance Facility to capacitate Fidelity Printers and Refiners to be able to buy gold from all gold producers.

“Government shall ensure that there is only one system to be used by Fidelity Printers and Refiners for purchasing gold. The current system is that 55% of gold sales proceeds are retained by the gold producers in their Nostro accounts and 45% is paid in Zimbabwean dollars.”

He also said, “Government, in line with the thrust of opening



up the economy to private investment, has concluded a number of investment agreements with investors.

These investments, will, however, take some time (up to 10 years of production) to give visible net benefits in view of long gestation periods for mining projects.”

The mining sector, which accommodates 45 000 formal employees, remains the country’s major source for export earnings, GDP and employment.

“During the first half of the year, the sector contributed US\$1.3 billion, which is 68 percent of the total exports of US\$1.9 billion.

“Furthermore, the sector

provides a source of livelihood to over a million small scale and artisanal miners involved in gold and chrome mining,” he said.

The mining sector, which experienced a recovery in the first quarter of the year 2019, apparently faced headwinds during the second quarter, as evidenced by output losses in most major minerals such as gold, platinum, palladium, diamonds, nickel, chrome and coal.

“The major constraints are being imposed by foreign currency shortages and the intermittent electricity supply.

“However, given the resilience and potential of the mining sector, current setbacks are temporary



with expected recovery in the short term on the back of firm international prices and envisaged improvements in power and forex supply.”

Sectoral outlook

Zimbabwe has vast mineral wealth including platinum, chrome, gold, lithium, coal, tin, copper, limestone, Coal Bed Methane, natural gas, granite and more and has the second largest Platinum and chrome deposits in the world.

Zimbabwe has 765 billion cubic metres of measured coal-bed methane resources and 30 billion tonnes of coal and 21 known deposits.

Mining companies operating include Zimbabwe include Zimplats, Mimosa Platinum, African Chrome Fields, Caledonia Mining Corporation, Vast Resources Plc, Metallon Corporation, Anglo American, African Chrome Fields, Makomo



Resources, Prospect Resources, Premier African Minerals, Hwange Colliery, ZIMASCO, ZMDC and many others.

Zimbabwe is poised to produce 28 tonnes of gold this year with production spurred by small scale miners.

It is the 5th largest lithium producer in the world and production is poised to increase further with expansions plans by Bikita Lithium and with Prospect Resources presently seeking to raise USD\$50 Million to go into production.

Zimbabwe is aiming to produce and export 500 000 tonnes of chrome and has the second largest chrome reserves in the world.

Metallon Corporation plans to increase gold output to 500 000 oz after a USD\$500 Million investment. There are many emerging producers as well as exciting exploration, brownfield and operating projects starved of capital that represent an outstanding opportunity for investors to move in now to reap the rewards in the future.





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Zimbabwe
A World of Wonders

Recounting a long history of service and Resilience

As Michelle Obama, former First Lady of the United States of America once said, “No country can ever truly flourish, if it stifles the potential of its women and deprives itself of the contributions of half of its citizens.”

Women play a crucial role in national development and remain the foremost artisans of any society because they are our first teachers and nurses.

The Business Diary Magazine celebrates the remarkable Zimbabwean women in leadership, in our Women in Leadership section of the magazine and in each edition we randomly pick eight women in business whom we showcase their success and profiles. In this edition, we give you profiles of eight Zimbabwean Women in leadership.

The following women’s narrative speaks volumes to the fact that individuals do not have to be perpetual prisoners of circumstances and inauspicious beginnings.

Usually, ‘I don’t have experience’ is the excuse that most people give for not moving forward. Even though experience is important and a key requirement in many situations, the only way to get it is by doing something. But sometimes what we have to learn to do, we learn by doing. There are women who have proven that life itself is a do-it-yourself workshop and an on the job training type of occupation in which you learn by living.

Their unmistakable flair, professionalism, commitment to excellence and an environment which recognises gender equality have contributed to their success.

Zimbabwe is part to the Convention on the Elimination of all Forms of Discrimination against women which came on board in 1991, the Beijing Declaration on the Platform for Action (1995), the Convention on Civil and Political Rights, the Equal Remuneration Convention, the Convention on Prohibition of Discrimination in Occupations and the Convention on Economic, and Social and Cultural Rights.

HOPE SADZA

Professor Hope Cynthia Sadza is the Founder and Founding Vice Chancellor of the Women’s University in Africa (WUA). She holds a PhD in Public Administration and Management obtained from the University of Zimbabwe in 1997 and also attained a Bsc in Public Administration and Management and Masters Degree at the University of Missouri, Columbia in the United States of America (1976 – 1980).

In 1980 she became Registrar of Apprenticeship Authority in the Ministry of Manpower Planning and Development and was one of the three founding Directors of the Zimbabwe Institute of Public Administration and Management (ZIPAM); appointed by government as Commissioner of the Public Service Review Commission in 1987; Parastatals Commissioner from 1988 to 1990. From 1990 to 2000 she was appointed Public Service



Commissioner and became the Deputy Chair of the Commission – a Presidential appointment.

Prof Sadza sits on the following Boards; Delta Corporation, British American Tobacco Zimbabwe (BAT); Securico Security Services and represents Zimbabwe on the International Association of Universities headquartered in Paris, France.

She was Commissioner for the writing of the new Zimbabwe Constitution (2000) and appointed Co – Chair of the AU Stakeholders Conference on the writing of the new Constitution of Zimbabwe (2009 – 2012).

She has won over seventeen academic, gender leadership and professional awards since founding

the Women's University in Africa, from the USA, Nigeria, and Zimbabwe and was inducted into the Women's Heritage Society, World Organisation Hall of Fame in 2014. This is a hallmark of symbolic presentation and historical recognition for twenty women in the world for inspiring other lives, leaving a legacy worth preserving for the future. Zimbabwe Institute of Management gave her a Lifetime Achievement Award in 2014.

The Zimbabwe Open University Chancellor, H.E. Cde R.G. Mugabe bestowed on her an Honorary Doctor of Philosophy Degree (Honoris Causa) in Gender and Academic Leadership in 2015.

MILDRED CHIRI

Mildred Chiri was appointed as Controller and Auditor-General on February 24, 2004. Chiri joined the Office of the Controller and Auditor General as an Audit Assistant in 1983 and rose through the ranks to the position of Controller and Auditor General. She managed to clear a backlog of the annual Comptroller and Auditor General's reports which had lagged behind since the year 2000.

She is a Board member of Norway based INTOSAI Development Initiative, an organisation that capacitates supreme Audit Institutions (Auditor Generals' Offices) throughout the world, through training among other methods. Chiri has been on this Board since 2012 and she is currently the only member on the board from developing countries.

She is also a member of the Governing Board of AFROSAI (African Organisation of Supreme Audit Institutions) and was once the vice president of AFROSAI-E (African Organisation of Supreme Audit Institutions for English Speaking countries).

Chiri is also former chairperson of the sub-committee of Human Resources for AFROSAI-E. She is now a member of the sub-committee on Finance for AFROSAI-E and is the current patron of the Institute of Internal Auditors in Zimbabwe and was involved in the crafting of the National Code on Corporate Governance which was launched in 2015. She chaired the theme on the 'Role of Government and Governance'.

Chiri has won the Chartered Secretary of the Year award for 2010 which was bestowed by the Institute

of Chartered Secretaries and Administrators (ICSA) in Zimbabwe for the role of the Auditor General's Office in promoting transparency and accountability. In 2016, she also received an award from Women's Institute of Leadership, called the Women's Top Leadership Excellence Award for the Government Sector.



CHIPO MTASA

Chipo is the Managing Director of TelOne since 2013. Before joining the team at TelOne, she was the Chief Executive Officer of the Rainbow Tourism Group (RTG). She has worked at Sheraton Hotel as the Finance Director and is a Chartered Accountant by profession.

It is commendable that Chipo has managed to keep TelOne going, despite a barrage of challenges. The company has been saddled with huge debt, ageing infrastructure, skills shortages and a declining voice call subscriber base for a while. However, thanks to Chipo's leadership, the company is emerging as a serious contender in the broadband space. TelOne launched a fibre broadband project in Beitbridge which will result in data charges declining by up to 40 percent if all goes according to plan.



ANGELINE VERE

She has been the Chief Executive Officer of Telecel Zimbabwe from 2015. Since 2013, she had been acting in this capacity. Angeline joined Telecel in 2004 as Legal Manager and was promoted through the ranks to the position of Company Secretary and Legal Director, before becoming CEO. But, her first job after school was as a Prosecutor in the Attorney General's Office. She then worked in the Civil Department, before joining Fidelity Life. She has also worked for the Broadcasting Authority of Zimbabwe and the Posts and Telecommunications Corporation (now TelOne).

DR JACKIE CHIMHANZI

She is the Chief Executive Officer of the African Leadership Institute since 2016. Prior to that, she was a Senior Strategist at the International Development Corporation (IDC) of South Africa. Before joining IDC, she was the Lead: Africa Desk at Deloitte South Africa. She was previously the Lead Strategy Division for the same company. Dr Chimhanzi has also lectured at the University College of Wales Aberystwyth between 2000 and 2004. She is on the boards of Econet Wireless and AdvTech Group, a Johannesburg Stock Exchange listed company. She also serves in a number of advisory capacities and is a member of the World Economic Forum Africa Regional Strategy Group.



GRACE MURADZIKWA

Grace joined Diamond Insurance Company in 1988. It was ranked thirteenth out of fourteen insurance companies in Zimbabwe at that time. Within five years, the company ranked third, thanks to her leadership. In 2012, NICOZ and Diamond Insurance Company merged to form NICOZ Diamond. Muradzikwa became the first woman to lead and head a Zimbabwe Stock Exchange-listed company, a feat achieved by only two other women. NICOZ Diamond thrived under Muradzikwa as Managing Director, with operating profit rising by 79% between 2009 and 2017. The company also expanded into Zambia, Malawi and Uganda. Grace sits on the boards of Buy Zimbabwe Campaign, Africa and Bindura Universities. Although she will soon leave the company to pursue other interests, she has already made her mark.



LINDA MASTERSON

She is the Group Managing Director of Edgars since 2016. She joined the company in 1988 as Financial Director and also worked as Group Manufacturing Director, New Business Director and Group Corporate Services Director. Linda is credited with helping Edgars regain its market share after the economic downturn of 2008. More recently, Edgars' profit before tax rose 200% from \$0.9 million in 2017 to \$2.6 million in 2018 despite a harsh operating environment characterised by foreign currency shortages. She sits on the Stanbic Bank board.

KIRSTY COVENTRY

Honourable Kirsty Leigh Coventry is the Minister of Youth, Sports, and Recreation and an Olympic swimmer. Kirsty won several medals in recent Olympics over the years. She made history at the Sydney Olympic Games by winning several medals and becoming the most successful Zimbabwean athlete at the Olympics. In 2018 she was Appointed Chairperson for International Olympic Committee Athletes' Commission. In 2015, Kirsty and her spouse Tyrone Seward founded a Kirsty Coventry Academy, a non-profit that provides swimming lessons children, adults, and coaches. Zimbabwe is certainly not short of capable women.



EcoCash launches mobile bureau de exchange

BY OWN CORRESPONDENT

CASSAVA Smartech subsidiary EcoCash recently launched the EcoCash bureau de change after being granted a licence by the Reserve Bank of Zimbabwe (RBZ).

The service allows customers to conveniently convert their United States (US) dollar nostro from their foreign currency account (FCA) wallets to their RTGS wallets via USSD in real time.

Dubbed 'smart change money', the bureau de change service also allows one to check the prevailing exchange rate through dialing *150#.

At the time of the launch, the exchange rate stood at ZWL\$10, 80 to the US dollar.

The innovation enters the

market at a time when numerous customers have been short-changed of their hard-earned foreign currency through paying premiums on the parallel market.

Addressing partakers during the launch, EcoCash general manager Natalie Jabangwe said the move was necessitated by the need to protect the transacting public from high premiums on the parallel market to as much as 30 percent.

She said the service undoubtedly guarantees safety and convenience at any time.

"We have launched an electronic bureau de change on cellphone where you don't need to pay premiums to access the service you can now do it alone.

"The application guarantees safety and security, conveniently change your money 24/7, the service will be at prevailing

interbank rate which is very competitive," said Mrs Jabangwe.

In his remarks during the launch, RBZ's acting exchange control director, Mr Obvious Runesu said the central bank had hitherto licensed over 200 bureau de changes across the country while more applications were still trickling in.

He emphasised the need for fairness and serious protection of the public's money whose significant chunk are remittances.

"As Reserve Bank now we have licensed quite a number of bureau de changes, I can safely say we have about 200 branches dotted around the country it is quite a big figure and we continue to see applications of the service and we continue to license them," he said.

"As a regulator, we applaud EcoCash for taking their place in the bureau de change market, one would say they were almost late but that has been a good move. I think the market has been waiting for you.

"We urge EcoCash to be fair and protect your customers. Let's not forget that the EcoCash FCA wallet is mainly funded from remittances," said Mr Runesu.

EcoCash, which now controls over 95 percent of the mobile money market and the bulk of electronic payments, was launched in 2011 by Econet Wireless Zimbabwe, 2014 EcoCash debit and virtual card 2017 EcoCash Rand wallet 2018 EcoCash FCA wallet.

It has since frog jumped into 200 countries including South Africa, USA, Namibia, Tanzania, Democratic Republic of Congo, Malawi, China, India, Kenya and Lesotho.



BY OWN CORRESPONDENT

FBC Holdings has recorded a \$54, 3 million profit after tax for the half year to June 30, 2019 which is a 267 percent growth from \$14, 8 million realized in the same period last year.

The group recorded a \$90 million profit before income tax for the period under review as total income stood at \$198 million from \$64,5 million in the prior comparable period in 2018, all attributable mainly to the group's diversified business model.

The net income from property sales was \$1, 05 million in the period reflecting a dip in property sales as the market realigns to determine pricing equilibrium in response to recent policy pronouncements on the transacting currency.

The bank's statement of financial position for the period under review stood at \$2, 36 billion, with loans and advances of ZWL\$1, 2 billion constituting 52 percent of total assets.

Cost to income ratio improved to 55 percent compared to 71 percent recorded in 2018 due to strong income performance reported during the period.

This performance comes amid turbulent economic environment especially in the first half of the year resultant of policy promulgations in the first half of the year particularly SI 33 and SI 142 in February and June of this year respectively.

FBC Holdings Group's Chairman Mr Herbet Nkala said the operating environment remained challenging throughout the first half of 2019, in the same period.

He also said that inflationary pressure remained a cause for

FBC records 267 percent increase in profit



FBC Holdings Group's Chairman Mr Herbet Nkala

concern and its effects have been felt across the economy as evidenced by the general increase in the cost of doing business.

"The annual inflation rate has been on an upward trajectory having closed the first half of 2019

at 175,7 percent from 42,1 percent at the beginning of the year. The increase in prices of goods and services was largely being driven by the adverse movement in foreign exchange rates," Mr Nkala said.

He also highlighted on the need for a better-quality economic and political environment for the good of business.

"The present political and economic climate creates a wide range of challenges across many industries which result in difficulties but also some opportunities for the group. The group remains optimistic that the various policy interventions will yield the desired results for long term sustained economic growth," Mr Nkala said.



ZB Financial Holdings chief executive officer Mr Ron Mutandagayi presenting the financial statement

ZB records an increase in total income

BY OWN CORRESPONDENT

ZB Financial Holdings has recorded an increase in total income by 144 percent from \$38.6m achieved for the half year ended 30 June 2018 to \$94.2m for the six months up to 30 June 2019.

Addressing a half year analyst briefing at Meikles Hotel recently, the ZB group Chief Executive Officer, Mr Ron Mutandagayi said, “The Group’s total income increased by 144 percent from \$38.6m achieved for the half year ended 30 June 2018 to \$94.2m for the six months up to 30 June 2019.”

He highlighted that the Net interest income from lending and trading activities of \$14.3million

up to 30 June 2019 was 40 percent better than \$10.2million reported for the corresponding period in 2018.

Mr Mutandagayi reviewed that the increase was on the back of an expansion in the earning assets portfolio which grew by 57 percent over the six months from January to June 2019.

“This was also assisted by the re-pricing of loan assets in May 2019 following the removal of the regulatory rate ceiling which applied previously,” he said.

“The increase in the net interest income is despite a 90 percent increase in interest expenses which was influenced by increased recourse to the wholesale market particularly during the first quarter of the

year in response to increased volatility in the liquidity position as economic agents responded to policy developments affecting the monetary environment.”

Moving in tandem with the increase in the loan book, a higher loan impairment charge, net of recoveries, at ZW\$3.9 million, was posted for the six months to 30 June 2019, compared to a net recovery of ZW\$0.7m in the corresponding period in 2018.

“Net earnings from lending and trading activities thus decreased from ZW\$10.9million for the six months to 30 June 2018 to \$10.5m up to June 2019, representing a decline of 4 percent.

“Gross insurance premiums increased by 28 percent from ZW\$16.5 million earned during the first half of 2018 to ZW\$21.2 million in the corresponding period in 2019. This growth represents a pattern of trailing replenishment of covers against the background of rampant inflation,” he said.

He further said that despite

“Gross insurance premiums increased by

28%

from ZW\$16.5 million earned during the first half of 2018 to ZW\$21.2 million in the corresponding period in 2019.

a 22 percent increase in benefits, claims and related expenses, the aggregated insurance expenses ratio improved from 70 percent for the half year ended 30 June 2018 to 67 percent for the same period in 2019.

“Resultantly, the net business income from insurance operations increased by 44 percent from ZW\$4.9 million for the half year ended 30 June 2018 to ZW\$7.0 million for the same period in 2019.

“Banking commissions and fees at ZW\$27.5 million for the six months to June 2019 registered an increase of 39 percent when compared to \$19.8 million registered in June 2018. Commission and fee rates were adjusted during the second quarter of 2019 to keep track with general price movements,” he said.

A significant contribution to other operating income was reported in the form of exchange income, having arisen from the movement in the exchange rate which increased by 216 percent from the maiden rate of US\$1: ZW\$2.5 in February to US\$1: ZW\$7.895 at the end of June

2019. He added that the Group benefited from movements on the Zimbabwe Stock Exchange, recording a fair value gain of ZW\$16.7 million at the end of June 2019, a significant movement against a loss of ZW\$0.1 million in the corresponding period in

“

The Group posted profit after tax of ZW\$43.4m for the half year ended 30 June 2019, was 364 percent higher than the ZW\$9.4 million posted in the comparative half year in 2018.

2018.

“Operating expenses increased by 75 percent to ZW\$48.8 million for the half year to 30 June 2019, from level of ZW\$27.9m recorded in the corresponding period in 2018. The increase has largely trailed the inflation index and

indicates the build-up of pent up cost expansion pressure going forward.

“The Group posted profit after tax of ZW\$43.4m for the half year ended 30 June 2019, was 364 percent higher than the ZW\$9.4 million posted in the comparative half year in 2018. Its total assets grew from ZW\$663.2 million as at 31 December to ZW\$1.1 billion as at 30 June 2019. Over and above the general inflation pull factor on monetary balances, total asset growth was also induced by the restatement of foreign denominated balances which were previously maintained at par with the Zimbabwean dollar,” he said.

The process of translating foreign balances upon change in the functional and reporting currency resulted in a non-distributable reserve of ZW\$110.0 million being reported as part of the Group’s equity.

Earning assets grew by 57 percent to close at ZW\$709.1 million as at 30 June 2019 compared to ZW\$453.0 million as at 31 December 2018.

“The Group’s loan book grew by 120 percent from ZW\$152.2m at 31 December 2018 to close at ZW\$334.2m at 30 June 2019 as loan renewals by obligors came through at increased levels, whilst foreign denominated loans where translated at a higher rate at the end of the period.

“The non-performing book for the Group at ZW\$3.9 million was 44 percent lower than ZW\$7 million as at 31 December 2018. The resultant non-performing loans ratio for the half year ended 30 June was 1.2 percent, an improvement from 4.6 percent reported as at 31 December 2018,” said Mutandagayi, adding that the total deposits grew by 23% from ZW\$433.0m as at 31 December, 2018 to close at ZW\$533.8m as at 30 June, 2019.



Part of the people who attended the ZB Financial Holdings second half analyst briefing

Delivering the bare maximum



BY MICHAEL TAMBO

THE Rainbow Tourism Group Limited (RTG) has continued on its growth trajectory, delivering a solid performance in both revenues and profit, as reviewed by the company's 2018 annual report.

The Rainbow Tourism Group is a hospitality management company which provides hotel conferencing facilities in Zimbabwe and Mozambique.

According to the Company Chairman's report, the RTG produced a pleasing set of results for the year ended 2018 which saw an increase in its revenue by 27

Overall, the company posted a profit before tax of \$5.6 million which is 10 times growth from \$0.55 million profit recorded in 2017. The resultant profit after tax for the year was \$5 million, up from \$12,000 recorded in 2017

percent (from 27 million in 2017 to 34.8 million).

The Company's foreign revenues also grew from 8.9 million recorded in the prior year, to \$11 million in 2018 and recorded a growth in the operating profit, which increased 10 times to 5.6 million from \$0.55 million.

Food and Beverages (F&B) revenue grew by 7 percent mainly driven by the increase

in conferencing activities, particularly in city hotels. ADR grew by 28 percent, driven partly by the need to recover increasing costs, as well as the company's ability to command better prices from foreign suppliers.

The report reviewed that city hotels accounted for much of the company's growth in 2018, posting a growth of 34 percent from 20 million in 2017 to \$26.8 million in

2018. This is a recovery from the low performance in the past two years, in particular for Rainbow Towers Hotel and Conference Centre. The Hotel posted a 42 percent growth in revenue to close on \$13.6 million from \$9.6 million recorded in 2017.

City properties also registered a significantly improved performance due to two factors, which includes the business coming from elections and optimism in the economy that drove increased business travel as well as conferencing activities.

Revenue per available room (RevPAR), which is a product of occupancy and rate closed at \$53 which is 36 percent above \$39 recorded in 2017.

EBIRDA for 2018 was \$9.2 million, which is 115 percent above full year 2017. The growth in EBITDA is exceptions given the challenges obtaining in the operating environment. Included in the EBIDTA was a recovery of \$2.5 million debt from Capital Bank.

On a like-for-like basis, the EBITDA for 2018 closed on \$6.7 million, a growth of 56 percent above the same period in 2017.

The report outlined that the Company is now in a strong position to comply with its borrowing covenants and to complete product refurbishments.

Overall, the company posted a profit before tax of \$5.6 million which is 10 times growth from \$0.55 million profit recorded in 2017. The resultant profit after tax for the year was \$5 million, up from \$112,000 recorded in 2017.

2019 Performance Outlook

The RTG recently created two four operations arms, specialising in inbound and outbound travel.



The Exotic Travel International (ETI), is RTG’s new subsidiary based in New York City and helps sell destinations across the world to Americans. The local arm, called the Heritage Expeditions Africa, is selling packages for destinations around the country and the region. The two businesses represent new revenue streams that tap into latent demand for transporting

and providing activities to a growing tourism customer base.

The Company has also invested in a mobile and web application known as The Gateway Stream. This presents an opportunity for the Company to leverage its revenue generation using information and communication technologies (ICTs) platforms and infrastructure.

REVENUE	\$34.3 million	27%	↑
FOREIGN BUSINESS	\$ 11 million	24%	↑
E-COMMERCE	\$1.8 million	39%	↑
OCCUPANCY	\$61	7%	↑
ADR	\$87	28%	↑
REVPAR	\$53	36%	↑
EBIDTA	\$9.2 million	115%	↑
INTEREST COST	\$1.1 million	15%	↑
PROFIT BEFORE TAX	\$5.6 million	X10	↑
EARNINGS PER SHARE	\$0.2 cents	X30	↑

7 Small Business Tips for effective business

Establishing a successful business requires one to find a need in the society and standing up to meet that need.

As we sail through the last quarter of the year 2019, we need to reflect on progress made in our businesses and work on how we can utilize the opportunities available to boost your business.

With the business world changing so much from time to time, it is becoming hard to keep up with trends. The following are seven tips to take your company into the third quarter and beyond:

1. Take Time Out to Think About Your Business

As a business owner, you can get distracted by small, everyday tasks. Emails and phone calls eat up your time and stop you from actively guiding your business. Getting bogged down in routine duties can cause your company to lose what makes it unique.

Instead, take time out to think about where your business is heading. Taking time out helps you deal with present challenges

as well as plan for the future. Consider, for example, when Toyota wanted to enter the American car industry. Toyota's management understood that American car manufacturing lines were more productive. They took time out to research what American production lines did well and combined that information with their strengths. Then, they were able to manufacture cars for a fraction of what American assembly lines could.

With big benefits available from taking time out, how can you make time to plan the next steps of your business?

Put it on your calendar. Schedule time every week to focus on the bigger picture. This time should be a top priority, so don't let anything else creep in and steal it away. Once you have got it on the calendar, what should you think about during this time?

2. Figure Out Your Business's Wins

Every company has goals, but some are more important than others. Certain problems are essential for your company's success. These goals need to be the focal point of your business plan.

Deciding what your business needs to accomplish reveals which goals are vital. It also singles out the goals you can put on hold or toss out. How can you figure out what your business wins are?

Determine what your company needs to succeed this last quarter of the year. The 80/20 rule is a good starting point for this. Part of the 80/20 rule states that 20 percent of your accomplishments account for 80 percent of your success.

So, look for goals that will have a significant effect on your company. Make them the focus of your priorities.

When you are re-examining your business goals, you may find out that what you are using is not contributing to your company's success. How can you deal with that?

3. Decide What You Need to Put the Brakes On

We have all tried something only to realize it did not work out as we expected. Business is not exempt from failed expectations. It is full of them. After putting a business tool in place, you may forget to check its effectiveness. If you do not check on it, you may not even realize that one of your business tools is not working.

If you are wasting time and money on things that are not working, you are draining money away from valuable tools that could support your goals. For example, if you keep throwing money at a marketing strategy that is not working, you are wasting cash you could use to improve your marketing. To avoid waste, you need to keep track of how well your resources work.

How can you do find out what's not working?

The easiest way to find what is not working is through the process of elimination. Look at what your company uses for marketing and sales, and then assess what is working. Improve or discard everything else.

4. Improve the resources you are not fully utilizing

Sometimes you get so caught up in new things that you forget

what you already have. Your company might have talented personnel or fantastic tools that are capable of much more. If you only look at your plans for the future, you could ignore your business's assets or underutilize them.

Neglecting your business's resources and employees wastes time and money and keeps your business from reaching its full potential and frustrates employees that want to show off their skills.

How to improve on the resources you are not fully using

Examine what your business already has. Review your employees' skill set and analyze your website and marketing. If you are not taking full advantage of something, create a strategy to help them reach their full potential. Pay special care to one aspect of your business that is usually underdeveloped: your customer experience.

5. Enhance Your Customer Experience

Clients are your company's foundation. Their experience can have a big impact on your profit margin. Among customers, 87 percent are very likely to buy again when they have a good experience at a company. But, the customer experience will suffer if you cannot see past the day-to-day duties of owning a business.

Customers have a sea of businesses to choose from. If you want your business to last, you will need to build a loyal customer base. Outstanding customer experience can make that happen.

How to enhance your clients' experience



Scrutinize every inch of your customer experience by creating a customer journey map. A customer journey map is a diagram that shows how your customers connect with your business. You can illustrate your customers' journey by pinpointing where your client interacts with your company. Then, analyze how well your business is handling those interactions. Focus on improving the interactions that mean the most to customers.

6. Update Your Social Media Strategy

Social media can do a lot for your business. The right social media strategy can keep regular customers happy and attract new ones. Over 70 percent of customers who receive a good service experience via social media are likely to recommend the company to others. But, social media success does not happen overnight. Like any other part of your business, social media needs to have a strategy.

Social media will only help your business if you use it the right way. Because social media trends and algorithms are always changing, your strategy must be flexible. If you keep up with the changes, you will be able to connect with your customers in a way they feel is relevant and

sincere.

7. Do the things you have been putting off

People love to procrastinate, and business owners are particularly susceptible. With all the little things that need to get done each day, you can easily trick yourself into thinking you are too busy for something important. You may put off tasks that you feel are too big to accomplish alone.

Procrastination causes serious problems. When you put off completing vital tasks, you can lose money. In fact, 40 percent of procrastinators have experienced financial loss from their procrastination. Procrastinating can also affect your health. Leaving things for later causes increased stress because you can't help but worry about unfinished work hanging over your head.

If procrastination is such a pain, how then can you beat it?

Set priorities, and do the things that need to be done first. If you feel overwhelmed, delegate some of your tasks to your employees or hire some outside help. If you are feeling uninspired, take a little time to research the task before getting started.

With these seven tips under your belt, are you finally ready to take on the third quarter of the year 2019?

Successful marketing is about people, not products

These days, successful marketing is about getting to the human story, which requires business people as we must think beyond the office walls. The balance of power has shifted tremendously in consumers' favor. Brands today cannot exist within their own bubble. The solution is to spend time with your customers, asking them some questions. From there, the path forward gets clearer as you focus on building a viable product. Continue to solicit feedback and keep iterating upon it.

Ask for customer input, the right way

Crowd-sourcing platforms became a rebellious way for startups to elicit both interest and funding. Although this method won't ensure that a company ultimately survives, it can help make certain that people will buy what a company takes the time to build. And while inviting the public to help build your company is a truly modern and worthwhile approach, it can backfire when you lose trust.

More than What's On Paper: Support Is Key

By participating in or initiating community-building opportunities like these, marketers can help create a sense of belonging while also gathering the input they seek. But it has to feel genuine. Small businesses can host monthly events for consumers who share the same passions and interests. They can play a role in fostering friendships and encouraging fellowship outside of digital spaces while soliciting valuable customer feedback.

Take your cues from where you can.

The good news is small businesses often have a big advantage over large corporations in the quest to solicit and implement customer feedback. The ability to be nimble in communications allows a smaller business to make changes in close to

real time, without having to cut through layers of bureaucracy. And while it's easier for companies to start out with a viable product based on plenty of customer input, it's not impossible to change courses later.

If a reporter does not want to cover a press release about a product launch, ask yourself why. Does your marketing messaging pass an internal sniff test? Will anyone outside the company care? Less-formal data like feedback from conversations is still data nonetheless. Even relaying feedback from a meeting with potential investors can help companies pivot.

Tell people what you want them to do.

People love giving referrals, even if they're not as pompous. Often, they also like to be told how they can help, even if they don't outright ask. Don't be embarrassed to ask someone to hang a sign on their lawn or refer your services to family and friends. Perhaps they could leave a review on your platform of choice or vote for you in a local competition.

Although small businesses may not have the luxury of conducting formal focus groups, they can participate in an even better feedback loop by engaging daily with the people who love their brand, and then incorporate that feedback into product improvements.



Choose trustworthy channels

For companies that rely on third-party communications channels, shouting a marketing message won't work if no one is listening or if they are skeptical about how they are receiving the information.

It's no secret that we are in the age of fake news. And while it's important we all become fact-checkers before sharing headlines, that means your brand's content may not be as readily accepted as it was previously.

A recent poll found that 60% of Americans "don't trust (Facebook) at all to protect personal information." More succinctly, pollster Micah Roberts reportedly said, "If America was giving social media a Yelp review, a majority would give it zero stars."

This should come as a warning shot: Consumers are protective of their information. You'll have to not only earn their trust, but also work hard to keep it.

As you grow, learn to let go.

Maintaining the same level of communication and trust can be a challenge as your company scales. Small businesses are generally closer to their customers, while large companies tend to get bogged down with customer service protocols.

Understand that as a company grows, it must learn to let go in order to build long-term sustainability. If daily human interaction now proves too difficult, substitute equally strong benefits in its place (alternate communications channels, company blogs, rewards programs, etc.).

Growth is always a goal for small businesses and the financial institutions and consumers who invest in them. Scaling your communications strategy can be hard to manage, but should be a risk worth taking. Getting to the human story can help your company break away from the crowd, and it's an essential part of creating lifelong customers.

Solicit feedback to ensure people will buy what you're building (and then be sure to deliver). Take cues from every interaction, and remember that feedback loops and referral programs are essential today, no matter how small (or big) your business may be. Choose your communications channels wisely, and as your company grows, learn to let go of channels that no longer support your long-term vision.

Top ten Biggest Companies in Zimbabwe

Below are the biggest companies on the Zimbabwe Stock Exchange (ZSE) by market capitalisation. Market capitalization refers to the total dollar market value of a company's outstanding shares. Commonly referred to as "market cap," it is calculated by multiplying a company's shares outstanding by the current market price of one share. The data is as at 31 July 2019. We used an exchange rate of 1 USD = 10 ZWL (Zimbabwean Dollar).

1. DELTA (ZWL\$ 4.456 BILLION, US\$ 445.6 MILLION)

Delta is the largest company in Zimbabwe. Delta Corporation Limited is principally an integrated beverage company with a diverse portfolio of local and international brands in lager beer, traditional beer, Coca-Cola franchised sparkling and alternative non-alcoholic beverages. It has investments in associate companies whose activities are in cordials and juice drinks, wines and spirits.



2. ECONET ZIMBABWE (ZWL\$ 4.142 BILLION, US\$ 414.2 MILLION)

Econet Wireless is the second biggest company in Zimbabwe. Econet Wireless Zimbabwe is a Telecommunications, Media and Technology ("TMT") company. It is Zimbabwe's largest provider

of telecommunications services with voice, data and sms as its core service offerings. Econet launched its network on the 10th of July 1998 and listed on the ZSE on the 17th September 1998.

3. CASSAVA SMARTECH ZIMBABWE (ZWL\$ 3.993 BILLION, US \$399.3 MILLION)

Cassava Smartech Zimbabwe Limited was formed after the demerger of Econet Wireless Zimbabwe. Cassava Smartech is a diversified smartech group, with a mandate to use digital solutions to drive socio-economic development, and to improve the overall quality of life for all Africans. The major units of Cassava Smartech are Ecocash, Steward Bank, Econet Insurance and Econet Life.



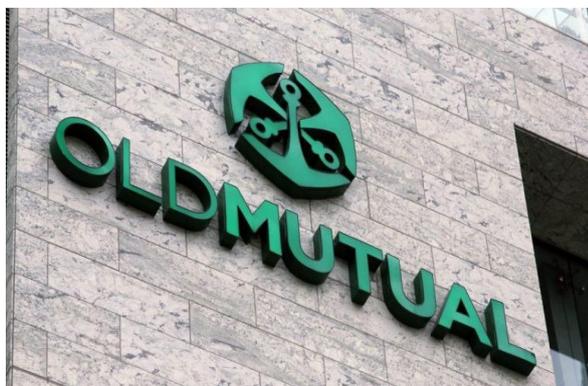
4. **INNSCOR (ZWL\$ 1.244 BILLION, US \$124.4 MILLION)**

Innscor Africa Limited is the fourth biggest company in Zimbabwe. Innscor Africa Limited is a manufacturer of consumer staple and durable goods for the mass market through a managed and where strategically appropriate, integrated portfolio of businesses. Its units include National Foods Holdings Limited, Colcom Holdings Limited, Irvine's Zimbabwe (Private) Limited, Natpak (Private) Limited, Profeeds (Private) Limited and Probrands (Private) Limited.



5. **OLD MUTUAL (ZWL\$ 1.022 BILLION, US \$102.2 MILLION)**

Old Mutual is a diversified international financial services group. Old Mutual Zimbabwe offers services to Zimbabwe-based clients via a focused range of products including Life Assurance, Asset Management, Unit Trusts, Property Development and Management, Short-term Insurance and Banking Services. Its major units are Old Mutual Life Assurance Company Zimbabwe Limited, Old Mutual Investment Group Zimbabwe, Old Mutual Property, CABS, Old Mutual Insurance Company, Old Mutual Custodial Services and Old Mutual Securities.



6. **PADENGA HOLDINGS (ZWL\$ 1 BILLION, US \$100 MILLION)**

Padenga Holdings Limited (Padenga) is a public company listed on the Zimbabwe Stock Exchange. The company, formerly a division of the Innscor Africa Limited Group, listed in November 2010. Its sole business is the production and sale of crocodilian skins and meat. Padenga is one of the world's leading suppliers of premium quality crocodilian skins, accounting for nearly 85% of the supply of Nile crocodile skins to high end luxury brands globally. Padenga also produces crocodile meat from its export approved abattoir for sale to European and Asian markets.

7. **BRITISH AMERICAN TOBACCO (ZWL\$ 742.8 MILLION, US\$ 74.28 MILLION)**

British American Tobacco (BAT) Zimbabwe Holdings Limited manufactures, distributes and sells tobacco products for local consumption through a network of independent retailers and distributors. Zimbabwe is the 6th largest tobacco grower in the world and the largest in Africa.



8. **SIMBISA BRANDS (ZWL\$ 562.1 MILLION, US\$ 56.21 MILLION)**

Simba Brands specializes in fast food services. The company, formerly a division of the Innscor Africa Limited Group, listed in 2015. Simbisa Brands Limited is the largest fast-food restaurant operator in Zimbabwe and owns, operates and franchises a selection of well-known Quick Service Restaurant brands. These include Pizza Inn, Chicken Inn, Bakers



Inn, Nandos and Steers. Simbisa Brands Limited has an extensive footprint in Africa, with outlets in Zimbabwe and 10 African countries including Kenya, Ghana, Mauritius, Botswana, DRC, Malawi, Swaziland, Lesotho and Zambia.

9. SEED CO (ZWL\$ 513.6 MILLION, US\$ 51.36 MILLION)

Seed Co Limited is the leading certified seed company authorised to market seed varieties developed by itself, government and other associated seed breeders in over fifteen (15) African countries. It has maintained a strong market share among communal and commercial farmers from years of intensive investment in Research & Development. The Company is involved in the breeding, multiplication and distribution of mainly hybrid seed varieties for the following crops: maize, wheat, soya beans, sugar beans, cowpeas, sorghum, groundnuts and vegetables.

10. OK ZIMBABWE (ZWL\$ 495 MILLION, US\$ 49.5 MILLION)

OK Zimbabwe Limited is a leading supermarket

retailer listed on the Zimbabwe Stock Exchange. OK's business covers three major categories, comprising groceries, basic clothing and textiles and houseware products. The groceries category includes dry groceries, butchery, delicatessen, takeaway, bakery, provisions and fruit and vegetable sections. OK Zimbabwe Limited trades under three highly recognised brand names, OK Stores, Bon Marche' Stores, and OKmart.



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Financial Literacy, the key to Economic Development

"Corruption and poverty persist where financial illiteracy is rampant"- K Garamukanwa.

In this article, Kudakwashe Garamukanwa expounds on two other principles of financial literacy, namely the importance of saving strategically and investing securely.

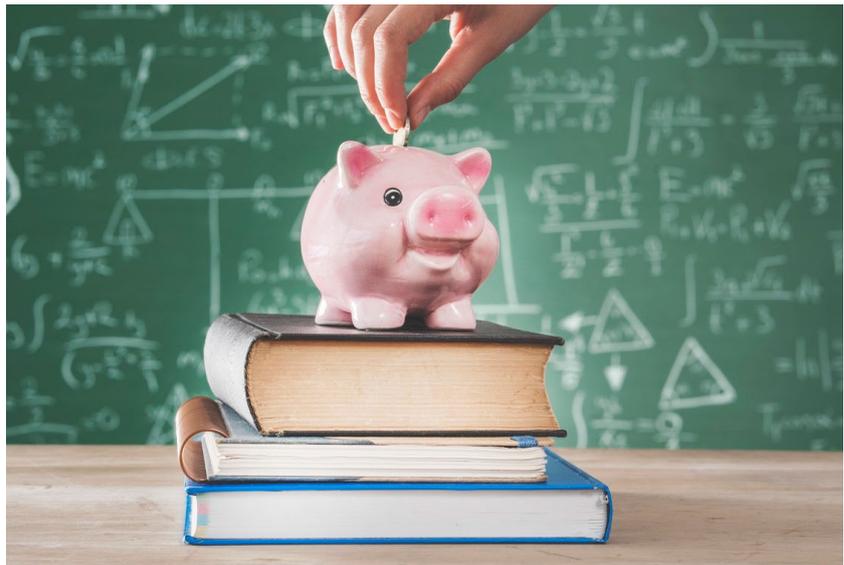
Saving Strategically

If we are to become financially secure, it is imperative that we make a strategic decision to save a percentage of our earnings. In an environment like ours, it is easy to come up with excuses as to why we are not saving. Some will cite their very low earnings as a seemingly justifiable excuse, while others blame it on the volatility of the economic environment, which may make it difficult for one to predict what will happen tomorrow.

For those who think they do not earn enough to save, I would like to highlight that the amount you save at this stage does not really matter. On the contrary, what matters most is to cultivate the habit of saving because if you do not save today, even if your earnings increase, you will see yourself struggling to save because your expenditure will simply rise to meet that increase in income.

Savings

Saving requires discipline and



it is the secret of all successful communities and nations. If you are a parent, it is your responsibility to inculcate the values of saving in your child or children. Growing up, my mother was a banker and she would always emphasize the importance of saving. I remember vividly at one point we wanted a terminator TV game and our maid had just resigned. We were asked to do household chores for a month and the money that she

was supposed to pay the maid was treated as our saving and she gave us the balance.

When I look back, I realize how some of these initiatives changed my perception around money.

I would like to encourage people to make a commitment not to consume all they earn. We live in a world where extravagance is glorified, so if we do not train our children no one will. The bible, a reference book for Christians,

in the book of Proverbs 22vs 6 says, "Train up a child in the way he should go: and when he is old, he will not depart from it." By educating your child or children on the importance of saving, you would have saved them from so much trouble. Savings must be invested as a way of growing them. This brings us to the third key, which is investing securely.

In order to ensure that our savings are protected, we have to invest them in secure investments. It is a fact that we live in a highly volatile environment and if we do not make sound investment decisions, we may end up losing every cent that we had put aside.

The economic conditions over the past few weeks have left a lot of people confused. Some purchased groceries anticipating shortages, while others have converted all their money into US dollars as a way of preserving value.

The question is how sound are these initiatives? Some individuals have capitalised on the panic in the market and made a lot of money. When we are faced with a situation like ours, the best thing to do would be to shut out all the noise and assess your options. In Zimbabwe there are several classes of investments that I believe can cushion people in volatile times, but in this article I will cover property and stock market investments only.

Property Investment-

Purchasing property has proved to be a great way of securing value. In the short term prices may fluctuate, but your investment is secure. A few days ago, I attended an investment conference where one of Zimbabwe's top property developers



indicated that firmness in property prices was due to unavailability of properties on the market.

If one has access to capital to invest in property development the rewards are significant. The ability to predict development trends is critical to success in this space. There are people who bought land in places that did not seem lucrative a few years ago and today, the value of their land has gone up several times. The only downside of property investment is the amount of money that is required; the amounts are way beyond the reach of an average Zimbabwean.

What is a stock exchange?

A stock exchange is a place where shares are traded. A share represents part ownership in a company. A share price is determined by the forces of demand and supply. When a

company performs well financially or the market anticipates favourable news, the demand for the share goes up.

Shares are traded on the stock exchange daily (excluding weekends). All trades are placed through registered stockbrokers; these are people who are authorised to buy and sell shares on behalf of the investing community.

There is a misconception that trading is for affluent people, but with as little as \$200 you can start trading listed shares. The most important thing to do, especially in this environment, is to buy shares in financially sound businesses.

The economy may go through rough patches but at the end of season, you will be a part owner in a sound business and your return will come. A sound investment is better compared to holding cash.

Invest in financial knowledge. *Kudakwashe Garamukanwa is a Professional Speaker, Financial Wellness Expert, Entrepreneur and founder of Sustainability Africa Foundation, an organization that provides training and mentorship services. He writes in his personal capacity.*



Professor Mthluli Ncube

Procurement of ambulances a positive move

The Zimbabwean Government has set \$68 million for the acquisition of 100 fully equipped ambulance which will improve on the health delivery and reduce mortality rate of patients.

Speaking during his presentation of the mid-year budget, the Minister of Finance, Professor Mthluli Ncube noted that the Ministry of Health and Child Care has completed the tendering process for the

procurement of ambulances.

“In this regard, an amount of ZWL\$68 million in additional funding is proposed to complete the procurement process that targets acquisition of 100 fully equipped ambulance,” he said.

The funds will ease the ministry from the quandary it had found itself in as the weight of the whole country was lying heavily on 134 functioning ambulances out of a fleet of 282, according to the latest Auditor General’s report.

“As at December 31, 2018 the Ministry had 282 ambulances and out of the 282, 134 were functional whilst 148 were non-runners.”

Due to the above current statistics, there is a great risk of patients not being transported to medical facilities for assistance in time putting them at great risk and increase in mortality rate.

Consequently, the ministry had been in violation of Section 76 (i) of the Constitution which states that all citizens and permanent residents in the country have the right to access basic health services, including reproductive health care services.

Recently the Bulawayo City Council was reported to be operating with nine ambulances out of the required 21, compromising health delivery in the city, as reviewed by the latest council minutes.

The burden impinges on the lives of patients whose lives will be at great risk because, normally when an ambulance picks up a patient, it rarely drives straight to hospital, since it would have to pick several other patients in different areas before proceeding to the main hospital.

With the additional 100 fully equipped ambulances being added to the fleet, this will likely have a positive impact on the country’s service delivery within the health sector.



Government Okays National Renewable Energy Policy

The Zimbabwean Government has introduced the National Renewable Energy Policy, a move expected to go a long way in resolving current energy problems besetting the country and negative effects on the economy.

The decision comes within a background whereby the nation has been battling power shortages, owing to drastic decrease in water levels at the main Kariba Hydro Power station and ageing equipment on thermal stations, which had seen consumers going for over 10 hours without electricity for almost three months.

The National Renewable Energy Policy which was presented by the Minister of Industry and Commerce, Mangaliso Ndlovu, as chairman of the Cabinet Committee on Industrialisation and Export

Development.

Speaking during a recent media briefing on the 28th Cabinet Decision Making Matrix, the Minister of Information, Publicity and Broadcasting Services Minister Monica Mutsvangwa said, "Cabinet considered and approved the National Renewable Energy Policy which was presented by the Minister of Industry and Commerce, as Chairman of the Cabinet Committee on

Industrialisation and Export Development. The renewable energy sector in Zimbabwe comprises solar, hydro, wind, geothermal and biomass energy sources."

She said the National Renewable Energy Policy seeks to attain the following: to establish market-oriented measures and regulatory instruments for the development of the renewable energy sector in Zimbabwe; to address the barriers to the uptake of renewable energy in the country; to achieve an installed renewable energy capacity consistent with the country's projected energy requirements under Vision 2030; to promote investment in the renewable energy sector; to provide the necessary guidelines, incentives, standards, procurement and financing mechanisms for promoting the development of off-grid projects, which have the potential to increase electricity access in rural areas; and to promote the manufacturing of renewable energy equipment in the country as well as local skills development in that regard.

The water levels in Kariba Dam, which is the main source of electricity, has dropped drastically, leaving the country in serious need of other alternatives to hydro-power.





The Zimbabwean government recently removed duty on lithium-ion solar batteries as a way of promoting investment in solar energy, thereby reducing power demand on the already constrained grid.

Zimbabwe is primed to draw significant benefits from one of its lithium assets after a recent independent market report for the country's brightest lithium project, Arcadia, certified the mineral as premium price category export.

Lithium-ion batteries are gaining popularity within the global market and are estimated to reach a global value of USD 100 billion, by the year 2015. The global lithium-ion battery market growth is majorly attributed to rising demand for electric vehicles, consumer electronics, and energy storage solutions globally.

Easy availability, high energy density, low-discharge rates and long life cycle are some of the key

Investment in Solar energy a means to a better ending

Lithium projects are part of major economic projects that will drive Zimbabwe's vision of middle income status by 2030 and US\$12 billion mining industry by 2023.

features which makes lithium-ion batteries preferable over its counterparts and expected to foster the product demand during the forecast period.

Whereas the local manufacturers produces a selected range of solar batteries, lithium-ion solar batteries are, however, not locally produced.

Increasing investments in energy efficient technologies such as the renewable sector is one of the key factor driving the lithium-ion battery market growth. For instance, in Netherlands, the Energy Investment Allowance (EIA) scheme encourages such investments by offering the investors benefits such as tax deductions on the invested amount. Shift towards renewable energy sources reduces the need to import electricity and optimizes energy demand and supply.

Lithium projects are part of major economic projects that will drive Zimbabwe's vision of middle income status by 2030 and US\$12 billion mining industry by 2023.



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AI FOR INNOVATION LIKELY MORE SUCCESSFUL THAN FOR LABOUR SUBSTITUTION OR COST-CUTTING

BY CHRISTOPHER PISSARIDES

LONDON – Public discussion of the effects of automation and Artificial Intelligence (AI) often focuses on the productivity benefits for companies and the economy, on the one hand, and on the potential downside for workers, on the other. Yet there is a critical third dimension that should not be overlooked: the impact of new technologies on wellbeing.

Historically, technological innovation has had positive effects on wellbeing extending far beyond what is captured by standard economic metrics such as GDP. Vaccinations, new pharmaceuticals, and medical innovations such as X-rays and MRIs have vastly improved human health and increased longevity. Today, even countries with the world's lowest life expectancies have longer average lifespans than did the countries with the highest life expectancies in 1800. Moreover, around one-third of the productivity gains from new technologies over the past century has been converted into reduced working hours, in the form of longer annual paid leave and a near-halving of the work week in some advanced economies.

Now that a new generation of technologies is being adopted, the question is whether similar benefits to wellbeing will follow, or whether fears of technological unemployment will create new sources of stress, undercutting consumer confidence and spending.

In seeking to answer such questions, one should focus on two decisive factors. The first is the potential of innovation to improve welfare. AI, in particular, could increase people's quality of life substantially, by raising productivity, spawning new products and services, and opening up new markets. McKinsey & Company's research on the current digital transformation finds that AI applications are already doing precisely that, and will continue to do so.

Moreover, the firms that deploy AI for the purpose of driving innovation,

rather than for labour substitution and cost cutting, are likely to be the most successful; as they expand, they will hire new workers. In health care, for example, AI has empowered providers to offer better and earlier diagnoses of life-threatening diseases such as cancer, as well as personalized treatments.

The second decisive factor is the approach taken by companies and governments to managing the arrival of new technologies. AI raises important ethical questions, particularly in areas such as genomics and the use of personal data, and the need to gain the new skills needed to operate smart machines can cause stress and dissatisfaction. The migration of workers across sectors can be a source of significant friction, exacerbated by sectoral mismatches, mobility constraints, and the costs (temporal and financial) of retraining.

Critically, the labour market frictions created by today's frontier technologies may affect segments of the population that were immune to such risks in the past. To avoid major disruptions, policymakers should focus on providing large-scale retraining to equip workers with "robot-proof" skills and ensure labour-market fluidity.

By directing the deployment of new technologies toward welfare-improving innovation, and by managing the labour market effects of technological diffusion, we can boost not just productivity and incomes, but also lifespans, which itself may feed back into higher GDP.

Calculating the likely effects of welfare-enhancing innovation is a complex process. In our own assessment, we have built on methods of welfare quantification developed by economists Charles Jones and Peter Klenow of Stanford University, as well as others in the growing field of happiness research. Using a schematic constant risk-aversion model as a benchmark, we find that the United States and Europe could experience welfare gains from AI and

other frontier technologies that exceed those delivered by computers and earlier forms of automation in recent decades. On the other hand, if the technological transition is not managed properly, the US and Europe could experience slower income growth, increased inequality and unemployment, and reductions in leisure, health, and longevity.

One revealing finding of our research is that the threat to incomes and employment is present in all likely scenarios, which means that it cannot be dismissed or ignored. If the foreseeable adverse effects of shifting to an automated knowledge economy are not addressed, many of the potential benefits could be squandered. Policymakers should be preparing for a retraining effort on the scale of the 1944 GI Bill in the US.

Among other things, governments today have a critical role to play in providing education and redesigning curricula to emphasize technical skills and digital literacy. They can also use public spending to reduce innovation costs for business, and to direct technological development toward productive ends through procurement and open markets.

But business leaders must also rise to the challenge. If companies adopt an approach of enlightened self-interest with respect to AI and automation – what we call "technological social responsibility" – they can deliver benefits both for society and their own bottom lines. More productive workers, after all, can be paid higher wages, thereby boosting demand for products and services. To capture the far-reaching benefits of digital technologies, AI, and automation, we will need to strike a careful balance, fostering both innovation and the skills to harness whatever it unleashes.

Christopher Pissarides is a Nobel laureate economist and Regius Professor of Economics at the London School of Economics; and Jacques Bughin, a director of the McKinsey Global Institute and a McKinsey senior partner based in Brussels.
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