

# **European Union-Zimbabwe Business Forum**

**20 – 22 May 2025, Harare**

## **Zimbabwe Country Context**

### **OVERVIEW**

Located at the centre of Southern Africa, Zimbabwe is a dynamic landlocked country that offers a unique blend of natural resources, productive agricultural land, rich tourism, and untapped economic potential. Bordering four countries - Botswana, Mozambique, South Africa, and Zambia - Zimbabwe's strategic location makes it an attractive hub for regional trade and investment.

With a total area of 390,757 square km and a capital city of Harare, Zimbabwe is home to a diverse population of over 16.6 million people (*2024 Zimbabwe census*), with a youthful and economically active population (*57% between ages 15-64 years*) that has potential to drive economic growth and development.

On the political front, President Emmerson Mnangagwa, leader of the ZANU-PF party, has been at the helm of the government since winning the 2018 and 2023 elections. His administration has consistently promoted the motto, "Zimbabwe is open for business," underscoring a commitment to advancing the country's economic agenda. While prioritising economic development, infrastructure development, the current government's tenure has also been marked by improvements in stability from a security perspective. Zimbabwe boasts exceptional cultural richness, with 16 official languages reflecting its diverse heritage. Despite this linguistic variety, English is predominantly spoken in public administration, as well as in economic and business settings.

### **ECONOMIC CONTEXT**

Zimbabwe's economy has been one of the most dynamic in Southern Africa, with impressive growth rates of 6.1% in 2022 and 5.3% in 2023, driven by a surge in agriculture, mining, and remittances fuelled services. However, this momentum is expected to slow down in 2024, with real GDP growth forecast to dip to 2%, as the country grapples with the effects from El Niño-induced droughts, declining mining prices, and macroeconomic instability. The persistent power shortages have also had a debilitating effect on industrial growth and winter irrigation.

Looking ahead, Zimbabwe's economy is expected to rebound in 2025, with growth projected to reach around 6%, as the drought's impact on agriculture and hydropower generation begins to recede and ongoing investment initiatives start to bear fruit in the mining and manufacturing sectors. In the medium term, the current account is forecast to remain in surplus and improve, driven by a surge in lithium mining and a recovery in gold production.

While the introduction of the Zimbabwe Gold (ZiG) currency in April 2024 has helped to temper inflationary pressures, the exchange rate remains vulnerable to fluctuations, with a significant 43% devaluation of the local currency in late September 2024 underscoring this volatility. This instability is hampering the ability of businesses and individuals to plan and invest with confidence. As a result, the US dollar has become the predominant currency in use, with approximately 80% of transactions being conducted in foreign currency.

The fiscal landscape is also under strain, with the transfer of external debt from the Reserve Bank of Zimbabwe to the Treasury, combined with increased capital spending in 2023, causing a sharp spike in debt servicing costs. The drought has further exacerbated fiscal pressures, necessitating emergency response measures and disrupting tax collection. To achieve macroeconomic stability, it is essential to prioritize fiscal consolidation and discipline.

Foreign direct investment (FDI) inflows to Zimbabwe remain below potential, however with a growing trend in the last few years. According to the UNCTAD's World Investment Report 2024, the country's FDI grew by 203% from US\$194 million in 2020 to \$588 million in 2023. According to the Zimbabwe Investment and Development Agency (ZIDA) 2023 Q4 report, projected investment value from the EU grew by 1,354% from US\$32 million (*5 investors*) in 2022 to US\$460 million (*16 investors*) in 2023.

While recovery is anticipated in 2025, achieving sustained economic stability will still require comprehensive reforms. Key areas include enhancing policy consistency, improving infrastructure, increased efforts to combat corruption and enhance transparency and restoring public and investor confidence in the national currency. Addressing these challenges is essential for Zimbabwe to realize its economic potential and achieve long-term growth.



Harare Skyline. Photo credit: Pierre Villecourt

## SECTOR SPECIFIC BUSINESS OPPORTUNITIES

Promising value chains in Zimbabwe can build upon the country's abundant natural resources, favourable agricultural climate, and emerging sectors such as renewable energy. Here are some sectors and value chains with potential for growth and investment:

### 1. Horticulture and Agro-processing (<https://zidainvest.com/key-sectors/agriculture-sector/>)

- ✦ **Production of High-Value Crops:** Investment in export-oriented high-value horticulture crops such as avocados, berries, citrus, coffee, tea and macadamia nuts can yield substantial returns. Trade between Zimbabwe and the EU is benefitting from the Economic Partnership Agreement (EPA) that allows duty free, quota free trade.
- ✦ **Value Addition and Processing:** There is a growing need for processing facilities to transform fresh produce into finished goods such as dried fruits, juices, and essential oils.
- ✦ **Climate-Smart and Sustainable Farming:** Opportunities exist in introducing climate-smart practices and technologies that enhance productivity and efficiency while preserving natural resources.
- ✦ **Infrastructure and Cold Chain Development:** Reliable infrastructure and cold storage solutions are crucial for maintaining product quality throughout the supply chain.
- ✦ **Certification and Compliance Support:** As international markets increasingly demand certified and traceable products, there is scope for supporting farmers with certifications (e.g., Global GAP) and compliance with EU quality standards, which would improve market access and competitiveness.

### 2. Mining Value Chain (<https://zidainvest.com/key-sectors/mining-sector/>)

Opportunities are available in value addition and sustainability:

- ✦ **Mining beneficiation (in Joint ventures)** – Zimbabwe has been exporting most of its minerals wealth in raw form and hence there are opportunities to set up local mineral beneficiation facilities through public private partnerships (PPPs), where models such as the Build Operate transfer (BOT) have been explored. A good example of this partnership is the Beit Bridge border post privatisation, where the investor (US\$300 mn) will manage and maintain the Port of Entry for the duration of 17.5 years before handing it over.
- ✦ **Lithium:** As global demand for electric vehicles and battery storage grows, Zimbabwe's lithium reserves are becoming increasingly valuable. Investing in lithium value addition could enable Zimbabwe to become a key player in the global battery supply chain.
- ✦ **Platinum Group Metals (PGMs):** Zimbabwe is one of the world's top producers of PGMs, with approximately 2.8 billion tons and 10 billion tons of chromium ore. Value addition through local refining facilities could capture a larger portion of the international PGM market.
- ✦ **Rare Earth Elements (REEs):** REEs are crucial for high-tech applications, including electronics and renewable energy technology (energy transmission minerals). Investment in this area could meet rising global demand.

- ✦ **Goods and services supply along the mining value chain** (e.g. mining equipment, equipment spare parts, mineral processing equipment, mining software & technology laboratory equipment & services, machinery/plant maintenance services – for both small to large mines
- ✦ **Long-term capital** – to ensure growth and viability of mines is maintained. Long-term capital is not available in the local market.
- ✦ **Training opportunities** – technical assistance particularly to equip mines with the latest/up to date and efficient mining skills.

### 3. **Renewable Energy** (<https://zidainvest.com/key-sectors/energy-sector/>)

- ✦ Sector has high potential due to current power shortages, which present opportunities, particularly for off-grid projects, mini grids. Increased local generation of solar energy is required to reduce energy imports and meet growing power demands through private sector contribution (IPPs, residential)
- ✦ Value chains can extend to supply of quality standard RE equipment as the market is currently flooded by substandard products, installation services, establishment of energy for productive uses such as irrigation, cooling
- ✦ Incentives available for renewable energy sector include tax holidays for BOT and BOOT deals, duty free importation of RE technologies, energy generating equipment etc.
- ✦ Establishment of power generation plants to cater for mining companies – especially with most large mines racing against a Dec 2025 deadline to present their power self-generation plans to government.

### 4. **Financial Services**

- ✦ Opportunities for DFIs in Zimbabwe are currently concentrated in financial services (commercial banks) for intermediate lending.
- ✦ Collaboration/co-investing among DFIs and between DFIs and development partners is important in markets such as Zimbabwe to share and minimise risk, as well as to piggyback on experiences and due diligence carried out in other transactions. Opportunities can be identified directly with private sector in agriculture and energy sectors through products such as TA grants, equity, debt, guarantees, venture capital. Similar opportunities apply to investment funds, institutional investors etc.
- ✦ Companies require technical assistance to support investment readiness, build investment ecosystem and to meet DFI requirements. Areas of technical assistance needed include strategy; market-readiness; financial, operational, and environmental social governance (ESG) advice; document preparation; and technical expertise.

## 5. Transport & logistics

The transport & logistics sector is diverse and covers the entire supply chain from purchasing, procurement, warehousing, container, transportation, and logistics industry together with Freight Forwarders, clearing agencies and logistics providers etc. Most importantly is the transport infrastructure and services aspect that is the backbone for the entire chain. Zimbabwe's road and rail infrastructure development (which is crucial for freight transport) is lagging behind on quantity, quality and access to regional links. Opportunities therefore exist in:

- ✚ Road and rail infrastructure development – as government would be a partner in most of these projects, the investments would need to be structured in PPPs, with a focus on the BOT/BOOT models. The US\$300 million Beitbridge Border Post modernisation project is a good example of a successful PPP, implemented through a 17 year Build, Operate and Transfer (BOT) model.
- ✚ Cross-border logistics services - e-logistics providers are particularly attractive to companies operating across the continent by providing a way to navigate transport challenges in diverse and complex markets such as Zimbabwe.

## 6. Technical and Vocational Education and Training (TVET)

- ✚ Opportunities exist for equipment manufacturers and suppliers in specialised/highly technical sectors such as mining amongst others, to supply technical assistance to equipment end users;
- ✚ Opportunities also exist for investors to back key investment trends in Zimbabwe across the higher education institutions, edtech (digital /online learning models), by supporting industry collaboration to provide practical experience and offer courses on in-demand skills;
- ✚ Joint ventures with real estate developers, private equity firms to support platforms in both greenfield expansion and acquisitions of TVET institutions;
- ✚ Invest in PPP models in TVET institutions to improve the quality of public offerings.

## COUNTRY BUSINESS CONTEXT

Despite the challenges associated with the Zimbabwean economy, doing business in Zimbabwe can be rewarding, with businesses advised to consider the country's comparative advantages as well as potential risks. There are opportunities to collaborate with local businesses for easier adaptation into the market.

### Comparative advantages

1. Strategic Location/Market accessibility: Zimbabwe is located in the heart of Southern Africa, making it an ideal hub for regional trade and investment due to its proximity to regional markets such as SADC, COMESA.
2. Relatively strong human capital with a young, well-educated labour force and strong entrepreneurial culture. Zimbabwe is on a par with its aspirational peers on the World Bank's Human Capital Index (HCI), and the level of skills among Zimbabwe's current workforce is higher than the average for Sub-Saharan Africa.



3. Abundant mineral and natural resources that are yet to be fully exploited, including gold, platinum group metals (PGM), chrome, coal, diamonds, and lithium. Zimbabwe has one of the largest deposits of lithium—critical to the production of batteries in electric cars globally.
4. Tourism Opportunities: The country is home to some of Africa's most iconic tourist attractions, including Victoria Falls, Hwange National Park, and Matobo Hills
5. Government has increased efforts to improve the business environment through:
  - ✚ Accelerated reforms to improve public finances and public financial management by implementing fiscal consolidation centred on revenue enhancement and austerity measures,
  - ✚ Creation of the Zimbabwe Investment and Development Agency (ZIDA) with a strong private sector orientation, and launching some reforms to improve the business environment.
  - ✚ An array of fiscal incentives that investors can enjoy have been put in place including tax holidays, duty free importation of raw materials, intermediate products, equipment, and machinery.
6. High and growing productivity in select economic sectors, such as tobacco, and mining. These sectors continue to operate on the production frontier and are globally competitive.

## Summary Risks

1. Economic instability, including currency volatility and high inflation, can complicate long-term planning.
2. Regulatory and policy inconsistencies can affect investment stability and discourage long-term investments.
3. Infrastructure challenges, including unreliable energy supply and poor transport infrastructure, can increase operating costs.
4. Corruption and governance concerns, including weak institutions can increase operational costs.
5. Weak legal protection and intellectual property risks can create uncertainty for foreign businesses.
6. Environmental and climate risks, including climate-related events and environmental regulations, can affect sectors like agriculture and mining.

## Businesses interested in Zimbabwe can mitigate these risks by:

- ✚ Engaging with local legal and regulatory experts to navigate policy and legal requirements.
- ✚ Utilizing hedging strategies to protect against currency fluctuations.
- ✚ Developing contingency plans for infrastructure and supply chain disruptions.
- ✚ Building strong relationships with local stakeholders, including communities and government bodies, to foster goodwill and adaptability.
- ✚ Engaging with EU companies in Zimbabwe to get their perspective on the business operating environment, as well as guidelines on navigating the challenges. Networking opportunities with these businesses will be arranged.

## EU SUPPORTIVE ECOSYSTEM

### EIB facilities:

- ✚ The European Investment Bank (EIB), launched a Private Sector Facility of EUR 40 million and subsequently signed three credit lines with three Zimbabwean private banks (CABS, First Capital Bank, and NMB Bank) in 2022.
- ✚ The EIB is will extend another EUR 20 million credit facility to another Zimbabwean bank in 2025, for onward lending to the agriculture and renewable energy sector.

### EU supported Proparco facilities:

- ✚ In 2024, Proparco extended a EUR15 million credit facility to a local bank, NMB, benefitting from the support of the EU through its EFSD+ MSME Plus platform guarantee programme, designed to boost access to finance in the agriculture sector.
- ✚ Proparco also extended a EUR 5 million EURIZ guarantee to NMB, which also benefits from EU financial support.

These facilities align well with the broader EU developmental initiatives in Zimbabwe, particularly in the two Team Europe Initiatives (TEIs) on Green and climate smart agriculture and Gender Equality and Women's Empowerment. In the planned annual action 2024, the EU in Zimbabwe has dedicated EUR 26 million into funding for agri-value chain development in Zimbabwe and 7 MEUR in gender equality and women economic empowerment.

### Support in renewable energy sector:

The EU is providing technical assistance in Sub-Saharan Africa through the Global Energy Transformation Programme (GET.Pro), which includes initiatives such as GET.invest and GET.transform. GET.Invest facilitates private sector investments in renewable energy projects, whilst GET.transform provides technical assistance for energy policy and regulatory frameworks, thereby accelerating investment in renewable energy projects.

For more information on the EU-Zimbabwe Business Forum, please visit the website of the EU Delegation to Zimbabwe on [https://www.eeas.europa.eu/delegations/zimbabwe-0\\_en](https://www.eeas.europa.eu/delegations/zimbabwe-0_en)