



# CHALLENGES & OPPORTUNITIES FOR INSTITUTIONAL INVESTORS IN 2019 & BEYOND

By

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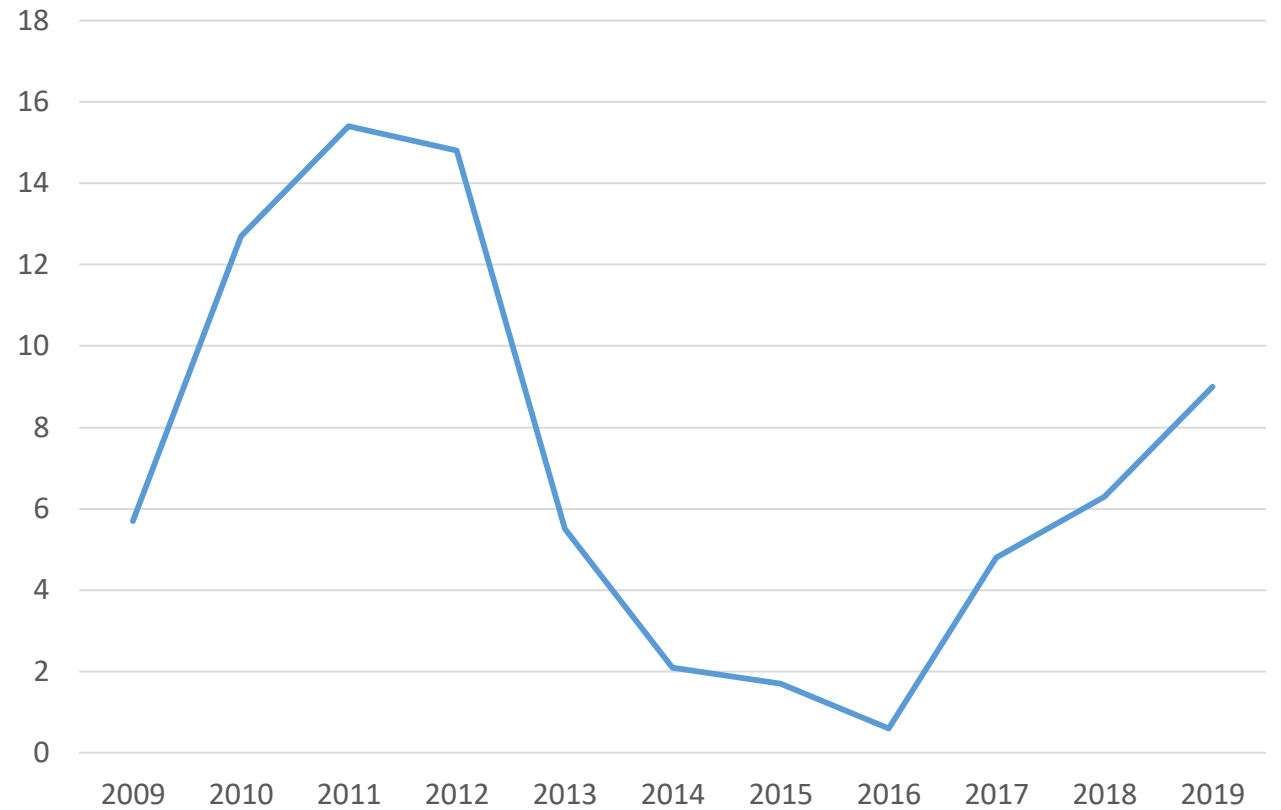
# Introduction & Background

## Economic Environment

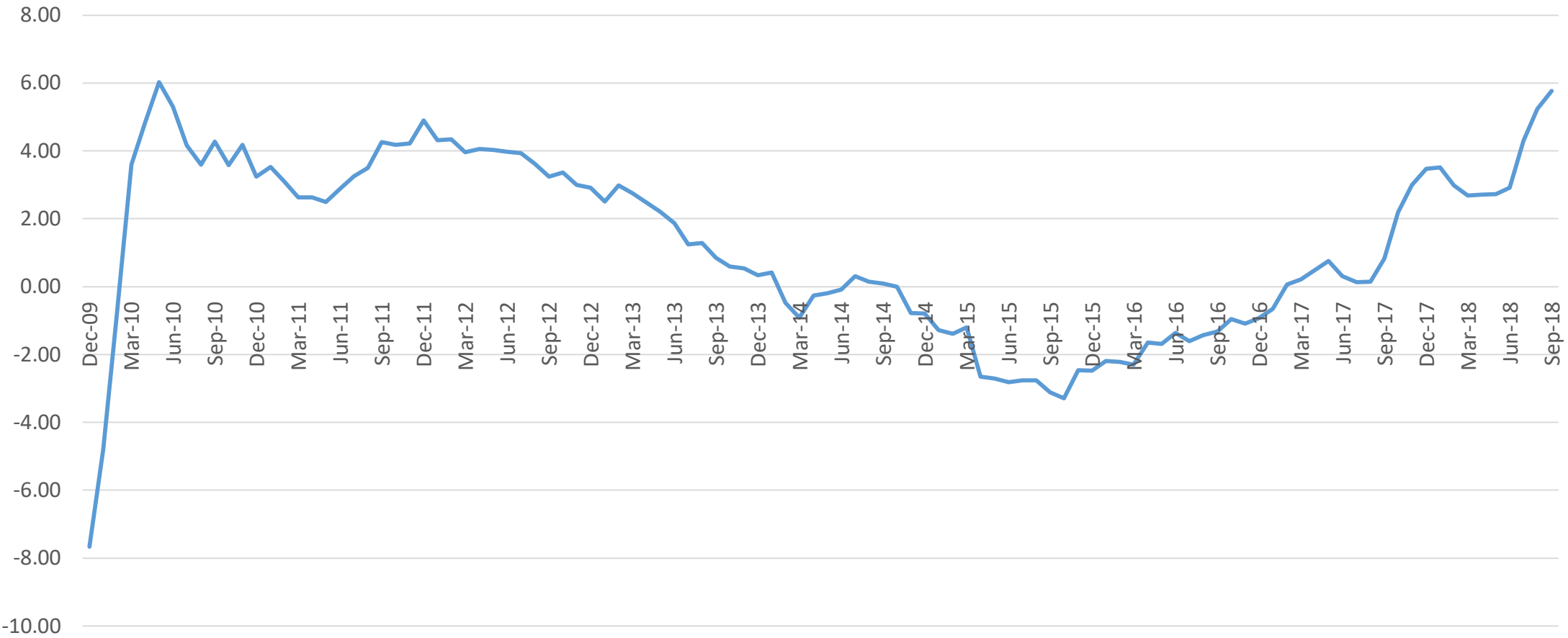
Performance of the economy from 2009 to 2019 (Graph showing real GDP growth rates during that period using re-based statistics)

TSP projection for 2018 & 2019

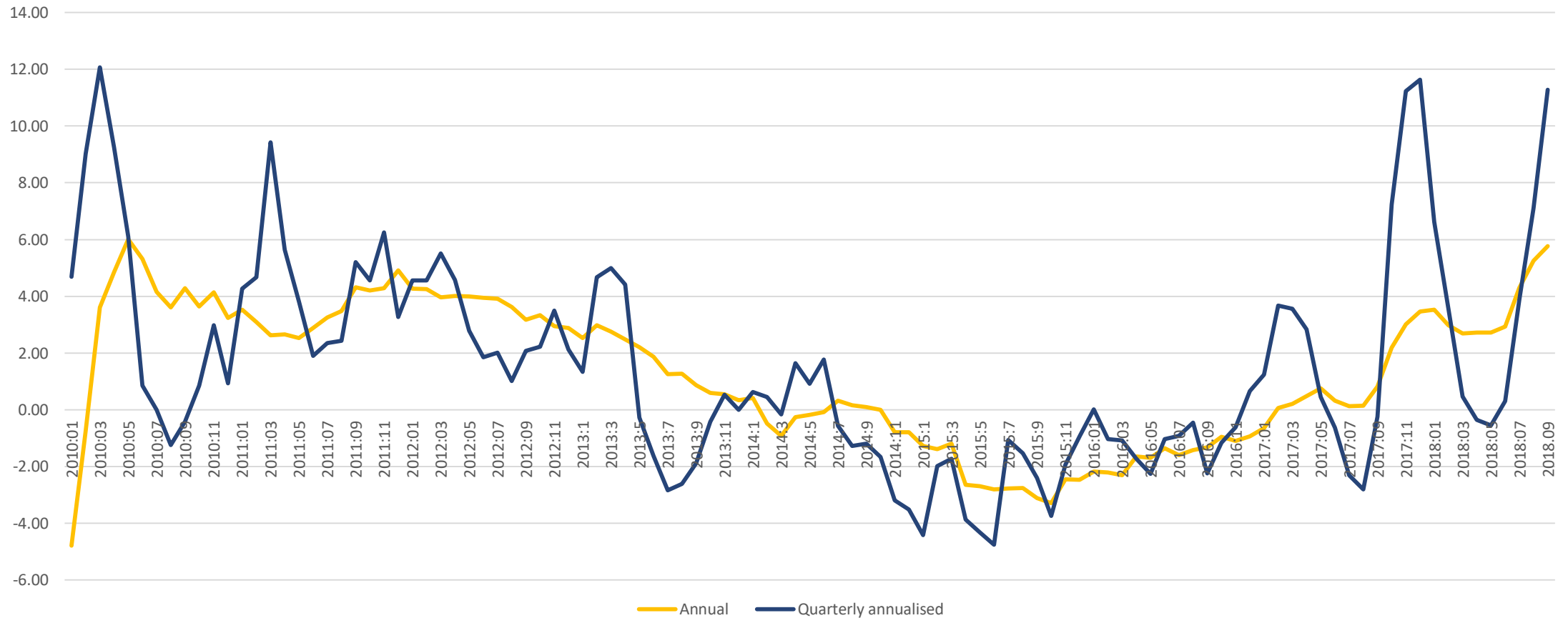
## Real GDP Growth



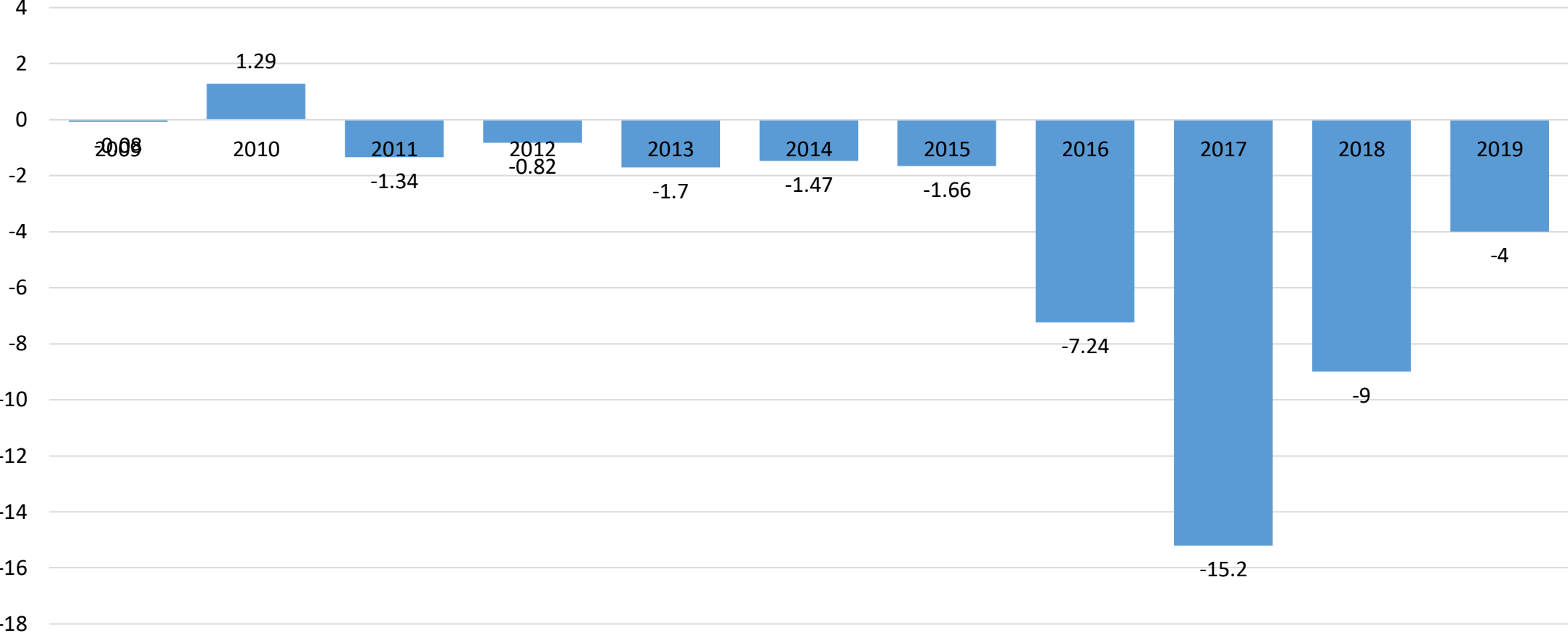
# Annual Inflation 2009 - 2018



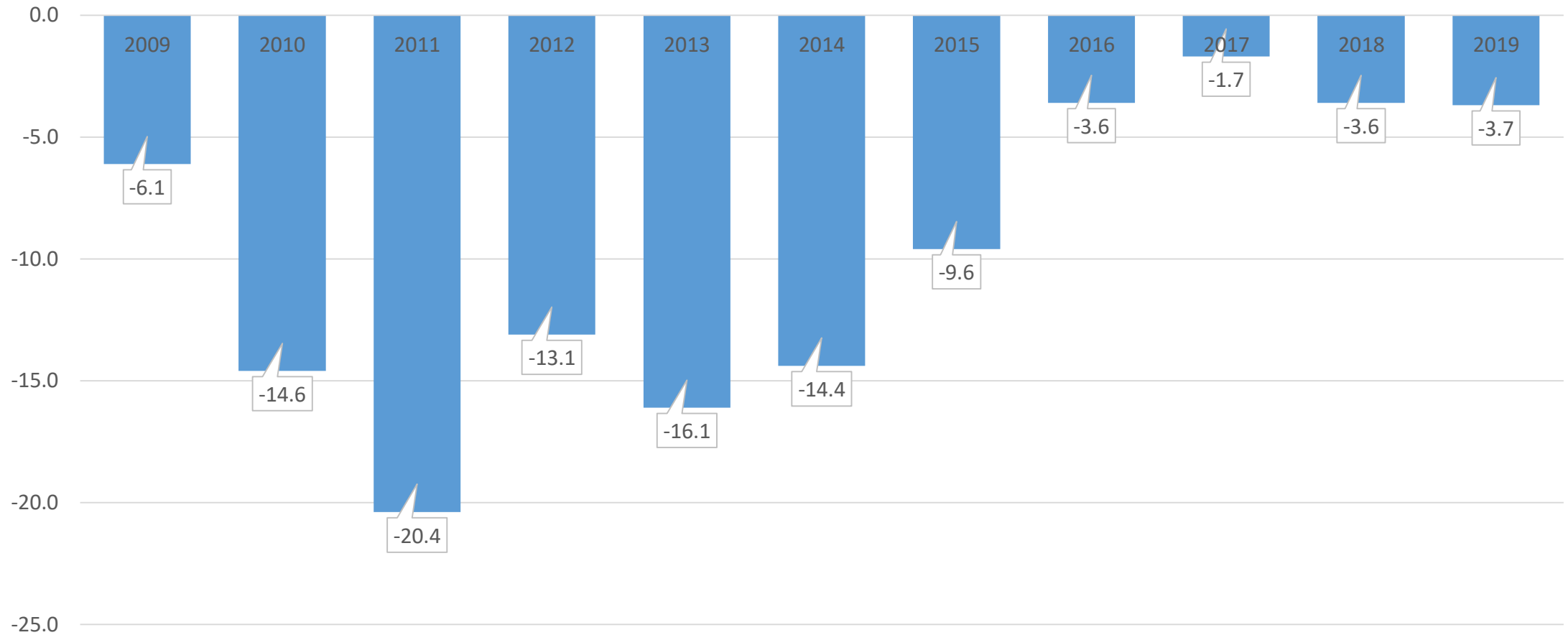
# Annual & Quarterly Annualised Inflation 2014 - 2018



# Fiscal Performance 2009 – 2019 (Budget Deficit)



# Current Account Deficit 2009 - 2019



# Role of Institutional Investors in the Economy



Long Term Savings

Investment

Risk Benefit

Pensions

# Challenges For Institutional Investors

- ❑ Economic Growth Prospects

- ❑ Inflation

  - i. Value for Money

- ❑ Forex Shortages

- ❑ Shift in Structure of Economy

  - i. Traditional Growth Sectors → Service Sectors

- ❑ Unemployment

  - i. Formal Unemployment (>80%)

  - ii. Informal Unemployment (10%)

- ❑ Growth of Informal Sector/SME's

- ZSE

- i. Liquidity
- ii. Volatility

- Property

- i. US \$
- ii. RTGS

- Money Market

- Prescribed Assets

- i. Shortage of prescribed assets
- ii. Threshold

- Private Equity

# Currency Situation

# Dollarization

- US \$
- Rand
- Multicurrency

# External Debt

- World Bank (\$1.4bn)
- AFDB (\$680 million)
- EIB (\$308 million)
- Paris Club
- Non Paris Club

# Structural Rigidities

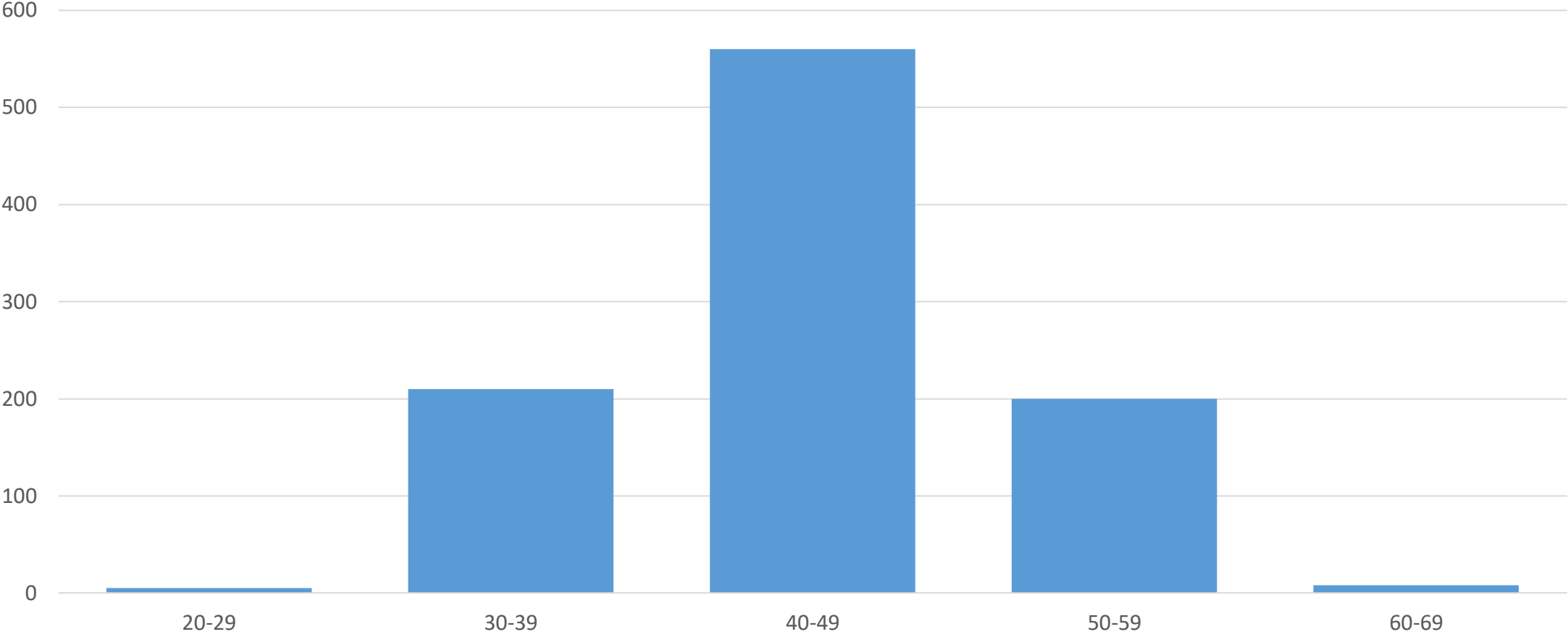
- Legal Frameworks
- Exchange rate arrangement
- Government Expenditures
- Labour Laws
- Governance
- Public Enterprises & Local Authorities
- Domestic Debt
- External Debt
- Corruption



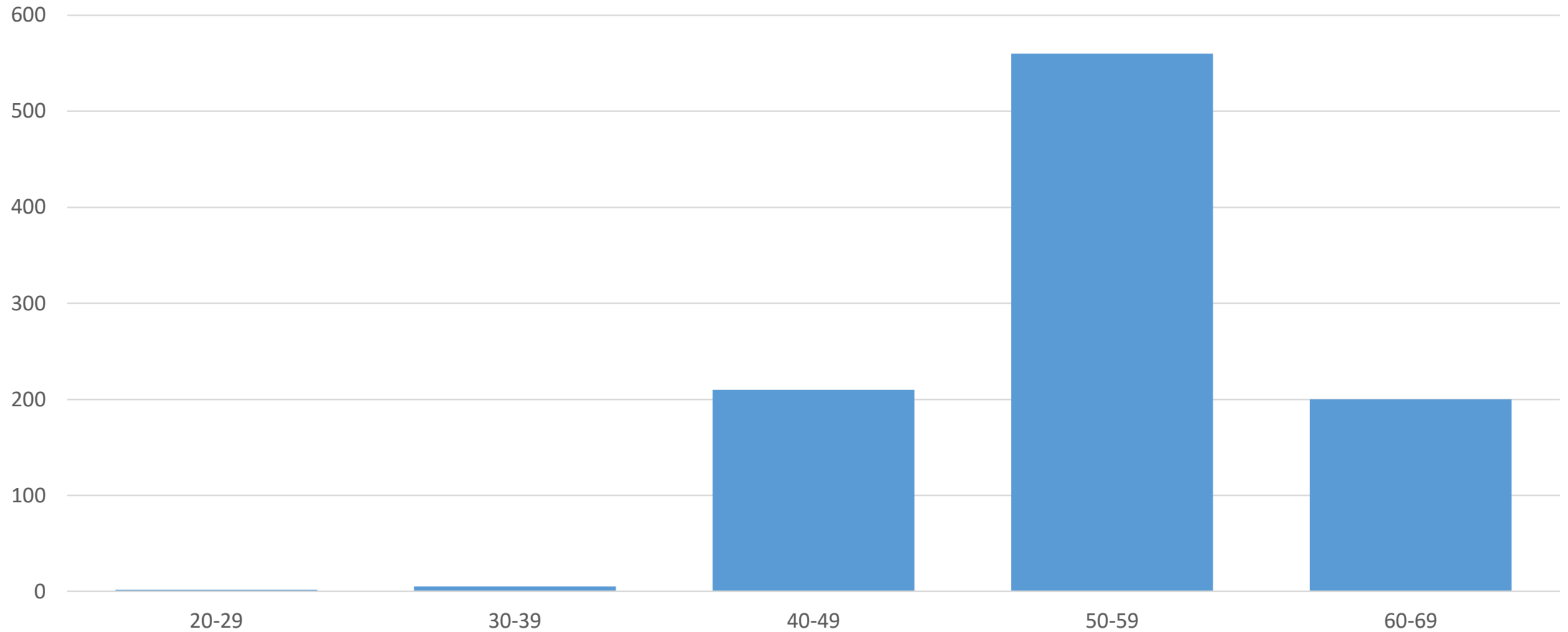
# Population Structure

- Aging Pension Fund
- Products to suit formal working population
- Products to suit Informal sector & SMEs

# Employment Structure



# Employment Structure after 10 years



# Opportunities for Investment

# Transitional Stabilisation Programme

## □ **Strategic Clusters**

- Macro-Economic Stability & Re-engagement
- Inclusive Growth
- Governance
- Infrastructure & Utilities
- Social Development

# Macro-Economic Reforms

- Macro-Economic Environment
- Fiscal Consolidation
- Domestic Savings Mobilisation**
- Export Competitiveness

# Insurance & Pension Industry

- Penetration rate targeted at 20%
- Micro-Insurance products
- Review of Insurance licensing requirements
- Public Sector Pension Reforms
- Contribution rates for PE's & local Authorities

# TSP Programmes

## Infrastructure Development

- Road & Rail
- Energy
- Transmission
- Water & Sanitation
- Telecommunication
- Housing
- ICT
- Irrigation Infrastructure



# Public Enterprise Restructuring

- Privatisation
- Partial Privatisation
- liquidation

# External Debt Arrears Clearance

- Country risk reduced
- Access to new international funding for both Gvt and private sector
- New investment from both domestic & foreign resources
- Replacement of plant and machinery
- Access to new technology

# Investment Opportunities

## **Participation in growth of economy**

- Real sectors of economy

- Services sectors

- Financial sector

- Innovative insurance products for the informal & SME's (new growth sector)

Thank You