

Technology, Innovation, and Policy: Keys to Zimbabwe's Economic Growth

Ambassador Bruce Wharton

Harare, Zimbabwe – May 6, 2014

Thank you very much for inviting me to speak in this important SAPES Trust/NED conference. I would like to share my perspective with you on an under-appreciated Zimbabwean asset: Its intellectual capital. Putting that resource to work here can be done in ways that require modest capital outlays and that are virtually all value-addition activities.

Usually, when I hear people talking about the elements of economic revival in Zimbabwe, four main sectors are mentioned: agriculture, mining, tourism, and manufacturing. These are, of course, the traditional sources of Zimbabwe's growth and each remains important. But, my mission today is to make the case that there's another industry, one whose global growth has surpassed any other in the last decade, and one in which Zimbabwe is uniquely capable. That industry is information, technology and communications, ICT.

Africa has the greatest ICT growth potential of any continent, and Zimbabwe is the nation in Africa best able to lead and profit from that growth. No other African nation has the same combination of education, infrastructure and language capability that Zimbabwe has. Further, I believe that Zimbabwe has the potential to be a global player in ICT as well as a regional leader.

Let me begin by describing the ICT economy and opportunities:

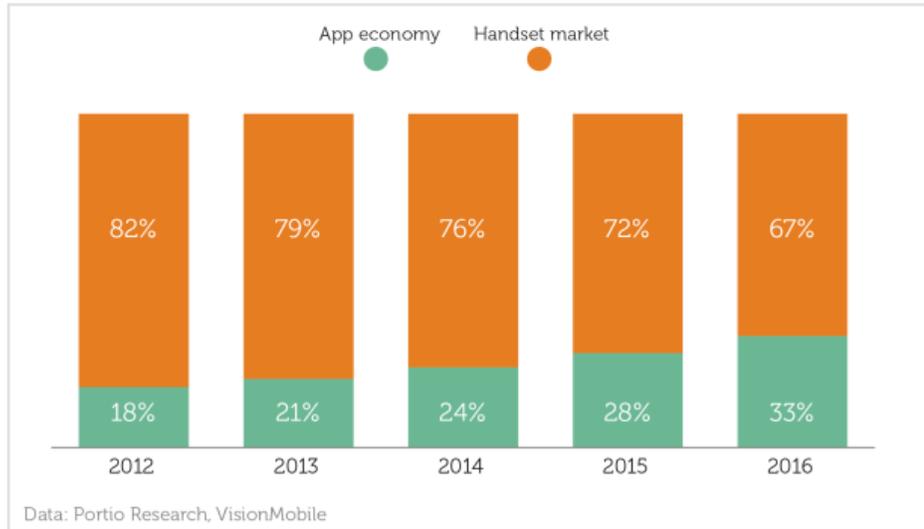
- The global app economy was worth \$ 53B in 2012, and was expected to rise to \$ 68B in 2013. ¹
- In June 2011, the global video game market was valued at US\$65 billion ²
- The "mobile app economy" represents the fastest growing area in the mobile value chain today. In 2012, the global app economy accounted for 18% of the combined app services & handset market. We estimate that by 2016 the contribution of the app economy will rise to 33% of the combined market, equivalent to half of the handset market.

¹ <http://www.developereconomics.com/report/sizing-the-app-economy/>

² <http://uk.reuters.com/article/2011/06/06/us-videogames-factbox-idUKTRE75552I20110606>

Value is migrating from handsets to apps

Share of combined app economy and handset revenues, 2012 - 2016

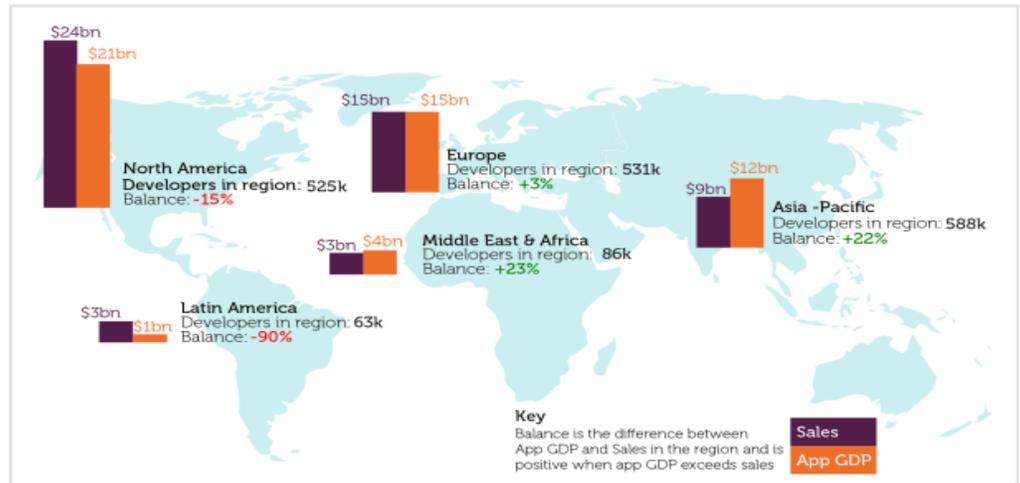


Source: App Economy Forecasts 2013-2016
www.DeveloperEconomics.com/Forecasts | All rights reserved



The Global App Economy in 2012

Size of the app economy, by region



Source: App Economy Forecasts 2013-2016
www.DeveloperEconomics.com/Forecasts | All rights reserved



African markets and opportunities are even more dramatic:

- In just the past five years, Africa's mobile phone market has expanded to become larger than either the EU or the United States with some 650 million subscribers.
- Africa is rapidly becoming an ICT leader. Innovations that began in Africa – like dual SIM card mobile phones or using mobile phones for remittance payments – are now spreading across the continent and beyond.¹
- Information and communication technology could help Africa overcome infrastructure inadequacies, satisfy rising consumer demand, boost regional trade and diversify economies, ending reliance on raw materials.³
- Kenya's iHub started in 2010 with backing from Hivos, Google and Omidyar Network as a meeting place for entrepreneurs and investors. It has spawned around 50 companies.² Remember that, I'll come back to it.
- Today, Africa's iGDP (which measures the Internet's contribution to overall GDP) remains low, at 1.1 percent—just over half the levels seen in other emerging economies.⁴ That's a huge opportunity for Zimbabwe.
- By 2025, Africa's iGDP should grow to at least 5 to 6 percent, matching that of leading economies such as Sweden, Taiwan, and the United Kingdom.
- According to the latest report on African internet trends from browser service Opera Mini, Zimbabwe is the country with the highest representation of local content domains, with four of its top ten most frequented websites being local. This indicates that Zimbabwean mobile broadband user is a huge consumer of local content, something which startups should explore as an opportunity.⁵
- In Zimbabwe, apps could clearly be applied to boost existing industries – including clothing, agriculture, banking and media. New opportunities are waiting to be exploited as well. Those include creating new apps and computer games, developing computer-generated graphics for use by movie studios around the world, setting up English-language call centers, producing analysis or data management for international financial organizations. All of these activities are value addition of the highest, purest order, and most definitely something that Zimbabweans can do today.

³ African tech startups aim to power growing economies <http://www.reuters.com/article/2013/11/11/us-africa-tech-insight-idUSBRE9AA08X20131111>

⁴ Lions go digital: The Internet's transformative potential in Africa
http://www.mckinsey.com/insights/high_tech_telecoms_internet/lions_go_digital_the_internets_transformative_potential_in_africa

⁵ The Website Map of Africa

<http://www.techzim.co.zw/2014/04/opera-mini-report-reveals-facebooks-dominance-zims-love-local-content/>

Those are some of the opportunities. So, what is required to see this industry take off here?

A report from eTransform Africa offers some useful lessons. Among those are⁶:

- Deployment of ICTs and the development of applications must be rooted in the realities of local circumstance and diversity.
- Governments have an important part to play in creating the enabling environment in which innovations and investments can flourish while serving as a lead client in adopting new innovations and technologies.
- Effective use of ICTs will require cross-sectorial collaboration and a multi-stakeholder approach, based on open data and open innovation.
- Most innovative ICT applications in Africa have been the result of pilot programs. The report says now is the time for rigorous evaluation, replication and scaling-up of best practices

And, what is the U.S. doing?

We believe so strongly in the potential ICT has to offer opportunities and growth that we are putting our money where our hopes are. We are one of three sponsors of the first technology hub in Zimbabwe, Hypercube.

- Hypercube is providing the technology, connectivity, tools, and guidance that will help ordinary Zimbabweans launch new enterprises. It can also help to bridge the gap between potential investors and entrepreneurs.
- To date, Hypercube has already hosted website development, animation, and open source workshops, as well as events aimed at educating entrepreneurs about intellectual property rights, crowd-funding, and attracting media attention for their venture.
- In the future, Hypercube aims to be a fully-fledged innovation center encompassing an incubator, accelerator program, workshop space for hardware development, access to 3-D printers, electronics and tools, as well as an animation and computer gaming studio
- We are also sponsoring something called “Startup Weekend Harare” later in May. This is a full weekend for developers, designers, marketers, product managers, and startup enthusiasts come together to share ideas, form teams, build products, and launch startups. We are bringing Forbes Top 40 young entrepreneur Fahad Hassan from the U.S. to Zimbabwe to serve as a mentor for that event. We are doing this because we know that Zimbabweans can launch new products, build new enterprises, and contribute to Zimbabwe’s economic development through ICT entrepreneurship.
- Through President Obama’s Young African Leadership Initiative this year 30 young Zimbabwean entrepreneurs will participate in the Washington Fellowship experience

⁶ ICTs Delivering Home-Grown Development Solutions in Africa: Lessons for Policy Makers

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTINFORMATIONANDCOMMUNICATIONANDTECHNOLOGIES/0,,contentMDK:23325885~pagePK:148956~piPK:216618~theSitePK:282823,00.html>

that offers exposure, internships, training, and the chance to access capital for start-up enterprises here in Zimbabwe.

- And, we are just embarking on what I believe will be a very significant project in Bulawayo to offer young tech entrepreneurs there the same sorts of information, training, support, equipment and coaching that Hypercube has begun to offer in Harare.

But, this is not our country and our ability to support growth and development here is limited. So, what role can Zimbabwe play to boost ICT and other economic development? I believe that Minister Chinamasa was correct when, in his budget speech last December, he spoke of the need to build confidence in Zimbabwe. That's the main thing that the Government of Zimbabwe and the business community can do to support economic growth. And, as several people suggested here yesterday, building that confidence needs to begin in Zimbabwe with internal re-engagement among Zimbabweans to improve internal trust and confidence.

Zimbabwean and international investors need confidence that government policies will be predictable and implemented consistently; confidence that private property and intellectual property will be protected; confidence that courts will treat all people equally under law. Without confidence in these and other basic governance processes, economic activity tends to be exploitative rather than productive.

When my staff and I talk to young entrepreneurs in Zimbabwe, their number one concern is how to access capital. Clear and predictable economic policies, and strong democratic institutions will help Zimbabwe attract the kind of investors and partners that these entrepreneurs need to launch their businesses.

To date, government officials continue to send conflicting messages about issues such as indigenization, property rights, and taxation. The media are filled with reports of corruption, but few seem to be held accountable. Zimbabwe investment certificates are not respected, and important business deals seem to take forever. These are essentially all issues of governance – in this case more economic than political governance, but at the fundamental level the two are tightly linked. CEOs and political leaders share responsibility to set clear standards, and to enforce and abide by them. Transparent, consistent, and fiscally responsible policies are the foundation for successful governments, businesses and economies.

I remain optimistic about Zimbabwe's future. There are simply too many well-educated, creative, hardworking people in this great country not to be optimistic. In terms of opportunity for Zimbabwe, nothing will unleash this country's great intellectual capital like ICT. Combined with transparent and consistent policies, there's no reason Zimbabwe can't become a world leader in the fastest growing sector of the global economy. The United States supports that.