

M&R Zimbabwe rides on telecoms work as mining dims

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Investor scepticism over policy fluctuations and an uncertain future being faced by foreign companies in Zimbabwe are some of the major constraints that have led to low activity in the country's construction sector, which employs about 30,000 workers.

Murray & Roberts Zimbabwe, a division of the Johannesburg-based Murray & Roberts, is, however, riding on projects from the country's telecommunications sector, where mobile operators are expanding their coverage through the construction of towers for base stations.

Speaking at an investment conference organised by Imara Capital in Harare, Stewart Mangoma, who heads Murray & Roberts Zimbabwe, said that, despite the reduced construction activity, there was high tendering activity, while long-term prospects were bright.

But, in the short term, Mangoma said the current impasse dogging Zimbabwe's coalition government had brought uncertainty into the country's economy. "The sector needs a bit of certainty for companies and investors to take up major construction projects."

M&R Zimbabwe is involved in civil construction, steel fabrication, mining and telecommunications construction, among other areas. "Recently, there has been a slow down in terms of projects coming through from the mining sector, owing to uncertainty over some of the policies being adopted," said Mangoma.

He also cited a lack of funding as "one of the major constraining" obstacles, but pointed out that there has been an improvement in lending by financial institutions over the past year, with some local institutions lending for periods of up to one or two years.

However, Mangoma said his company was facing increased competition from South African and Chinese competitors, who were taking up some of the construction projects in Zimbabwe.

The company has subsidiaries that manufacture pipes used in irrigation, water and sewerage carriage, mining, building and telecommunications cabling. The steel fabrication division has an invested capacity of 10,000 tonnes per year while the plastics-making subsidiary is operating on a capacity utilisation of 60%.

There was huge interest in the company by fund managers attending the investment conference. Those who spoke to BusinessLIVE said Murray & Roberts was strategically positioned to offer high returns on investment.

Chingoma also revealed that, despite Zimbabwe's road and rail networks fast declining and depreciating, there had not been any major activity and interest in road construction projects. He blamed this on the liquidity crunch in the country.

"Activity in the road construction industry is almost nonexistent and the market is also very illiquid. We have not seen any major road projects in the last few years."

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