



STRATEGIC BUSINESS PLAN

2016 – 2018

February 2016

## FOREWORD

The Development Bank of Zambia (DBZ) commenced 2016 with the preparation of a Strategic Business Plan (SBP) to provide a guide/road map for the plan period 2016-2018. In the preparation of the SBP, all departments participated in strategy formulation sessions which run over a three (3) day period; that is from the 13<sup>th</sup> to the 15<sup>th</sup> of January 2016 to plan and agree on the departmental objectives and initiatives for the three year period. Thereafter, senior management (departmental and unit heads) retreated and participated in a two day strategic planning and consolidation workshop; from the 28<sup>th</sup> to the 29<sup>th</sup> of January, 2016 to plan and agree on the outline of the plan. The business plan was formulated with technical assistance from the Development Bank of South Africa (DBSA) which facilitated the deliberations and consensus reached at these workshops.

The preceding strategic period 2013 – 2015 was characterised by significant challenges that necessitated the need for the Bank to reposition itself in order to realign its competitive position in Zambia's financial markets and help foster economic development. The recent unfavourable performance of most economies (Zambia included), negative changes in the foreign exchange markets for most emerging economies and the plunge in commodities prices (copper in particular), necessitated the need for the Bank to refocus its strategy to becoming an integrated provider of development finance solutions and services, inter alia. This integrated strategy will see the bank provide its clients and stakeholders with the best service and most comprehensive development finance and advisory services, innovative new products and initiatives, structured co-financing facilities, inter alia, while efficiently managing its costs and loan portfolio, rebuilding its image and doing its part in moving the Zambia economy forward. This plan is prefaced on the prudent management and success of the economy. It envisages that there will be stability in Africa and the region and that Zambia will continue to rank amongst the most attractive investment destinations.

The Bank continues to enjoy massive financial and technical support from its largest shareholder; the Government of the Republic of Zambia which has helped the Bank in fulfilling its development mandate. It is exciting to note that in common with other countries, the Government of Zambia recognizes the pivotal role that DBZ can play in empowering citizens and in contributing to the development of the country. An added advantage arises from the review of assistance programs by Government and major cooperating partners who have continued to give financial lines of credit to the Bank thereby directly contributing to National Development.

In realigning itself for competitiveness in the ever evolving domestic, regional and global economies, the Bank recognised the need to have well-structured internal processes and departments which would provide business and research intelligence, assess clients risk profiles as a way of reducing non-performing loans (NPLs), professionally manage stakeholder relations as well as manage the Banks treasury (assets and liabilities).

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The strategic period 2016 – 2018 sees the Bank reorganise itself with the formulation of the following key departments for the reasons advanced above:

- i. Post Evaluation & Economic Research
- ii. Risk Management
- iii. Portfolio Management
- iv. Stakeholder Relations Unit
- v. Strategy Unit
- vi. Treasury

The 2016 – 2018 strategic plan sees the Bank refocus its energies on achieving a sustained growth in the Banks loan book, becoming an integrated development finance solution provider, becoming financially sustainable and maintaining a productive human capital base. The Strategic Plan is therefore a powerful instrument of dialogue and partnership to position the Bank to define and realise its contribution to meet the threats and challenges of poverty reduction while capitalizing on development opportunities in a constantly changing global environment.

To this end, this staff owned Strategic Plan outlines the Bank-wide and the departmental objectives and innovative initiatives to be pursued and implemented by each department and unit to achieve the vision of becoming Zambia’s preferred development finance partner during the Plan’s implementation period: 2016-2018.

*Jacob Lushinga*

*Managing Director*

## 1.0 INTRODUCTION

The Development Bank of Zambia (DBZ) was established in 1972. It was established under Chapter 363 of the Laws of Zambia. The shareholding of the Bank is comprised of the Government of the Republic of Zambia and public sector financial institutions, the local private sector and foreign institutions. DBZ is committed to meeting shareholder expectations and enjoys strong support from government and other regional and international development finance institutions. The Bank has earned recognition from government and the development community as a vehicle that can be used to spearhead and catalyse development.

The Bank in the short term plans to consolidate the impact of its operational successes from previous years and improve on its efforts on fostering national development and regional integration. In light of this, the Bank will attach the highest importance to achieving better project quality at entry by strengthening the investments department appraisal process. Additionally, the Bank will also ensure that it provides its core departments with actionable research intelligence which will add value to the Bank and its core business operations through analysis of market trends and business models. Further, the risk and portfolio management operations will also be strengthened with a view to improving and ensuring the timely completion of expected actions by all parties involved in the implementation of projects as well as keeping non-performing loans at bare minimum. The Bank intends to provide its clients the best integrated development finance solutions Zambia has to offer while ensuring that customer satisfaction is at the centre of our core business.

DBZ realises that despite all these efforts aimed at becoming the countries preferred development finance partner, the Bank cannot afford to be complacent in the current plan period which is characterised by risks and global financial uncertainty. Zambia is highly interconnected to the global economy, with high dependence on foreign investment capital and foreign demand for her exports. This renders the country and the bank vulnerable during times of global financial and economic uncertainties.

DBZ's 2016-2018 business plan is designed to both effectively address the challenges facing the Bank and reposition the institution to better meet its overarching objective of deepening the development impact of its interventions. To this end, this business plan is intended to help the Bank attain its vision through greater mobilization of resources and enhancing its capacity to dispense development financing through a diversified portfolio of short, medium and long term funding instruments. The implementation of these essential reform measures will play a vital role in supporting the efforts of the Board of Directors and Senior Management in meeting the Banks strategic objectives.

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## **2.0 OUR MANDATE**

DBZ's mandate is to provide short, medium and long term finance to support the Government of the Republic of Zambia's economic development strategies of growth, wealth and job creation, poverty reduction, infrastructure development and improved service delivery.

In the Bank's quest to fulfill its mandate, DBZ's main focus is to:

- i. Support investment in both the public and private sector to galvanize growth, productivity, employment, wealth creation and broad based citizen's economic empowerment;
- ii. Support infrastructure financing to catalyse economic activity and improve service delivery; and
- iii. Proactively provide technical support in terms of policy advocacy and advice to Government and other stakeholders.

## **3.0 TARGET SECTORS**

In carrying out its business, the Bank will endeavour to provide capital and other resources for investment in the following main areas which are consistent with the objective of maintaining a reasonable diversification in its investments among all sectors of the economy:-

- Agriculture and agri-processing;
- Manufacturing, tourism and hospitality;
- Renewable Energy;
- Transport, Storage and Communications;
- Mining and Construction; and
- Infrastructure and other economic activities

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#### 4.0 OUR MISSION

DBZ's mission is to provide competitively priced, tailor-made financial, technical and advisory solutions to viable local enterprises as a catalyst in economic development.

#### 5.0 OUR VISION

DBZ's Vision is to be Zambia's preferred development finance partner

#### 6.0 OUR VALUES

The values that the staff of the Bank embraces in the execution of their duties reflect the pivotal role the Bank plays in the development of the country. The values are known by the acronym I-CREDIT, depicting one of the core objectives of the bank which is the provision of medium and long term credit as a tool for achieving developmental growth.

*I-CREDIT stands for:*

**Integrity:** Exhibiting the highest levels of objectivity, accountability, honesty, transparency, fairness and responsibility at all times;

**Customer Focus:** Placing the customer at the core of the Bank's business and ensuring high quality of service at all times;

**Recognition:** Recognizing and rewarding high performance

**Effectiveness:** Executing mandates effectively, ensuring delivery at least cost and in the shortest time possible;

**Diligence:** Highest levels of proficiency and due professional rigor;

**Innovation:** Cutting-edge idealism and adaptability, ensuring the optimum use of information technology and current financial engineering techniques;

**Teamwork:** Working in teams to ensure that the objectives of the Bank are achieved in the set timeframes at all times;

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## 7.0 OUR OBJECTIVES

DBZ's overall objectives under the new business plan (2016-2018) are to:

- i) To seek sustained growth in the Banks loan book
- ii) To become an integrated development finance solution provider
- iii) To become financially sustainable
- iv) To maintain a productive human capital base

Figure 1 below gives the guiding rationale behind these strategic objectives as well as their corresponding metrics.

Strategic Objectives	Rationale	Metrics
<b>1 Sustained growth in loan book</b>	<ul style="list-style-type: none"> <li>Grow DBZ loan book aggressively to maximise developmental impact in priority sectors</li> </ul>	<ul style="list-style-type: none"> <li>Double the size of the loan book in 3 years</li> <li>Development impact               <ul style="list-style-type: none"> <li>Maximise the value of projects catalysed / facilitated</li> <li>Number of jobs created</li> </ul> </li> </ul>
<b>2 Integrated development finance solution provider</b>	<ul style="list-style-type: none"> <li>Provide integrated development finance solutions, across value chain</li> <li>Partner of choice for development finance solutions</li> </ul>	<ul style="list-style-type: none"> <li>Revenue from cross-divisional cross selling</li> <li>Client &amp; partner rating</li> </ul>
<b>3 Financial Sustainability</b>	<ul style="list-style-type: none"> <li>Maintain profitability to enable growth in equity and fund developmental activities</li> <li>Maintain operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>ROE of CPI + 1%</li> <li>Cost-to-income ratio &lt; 50%</li> <li>Profit Margins of 10% or better</li> <li>NPL &lt; 6% of book</li> </ul>
<b>4 Productive human capital</b>	<ul style="list-style-type: none"> <li>Maintain an adequate and optimally productive human capital base in order to support the DBZ growth and efficiency in operations</li> </ul>	<ul style="list-style-type: none"> <li>Entropy score &lt;50%</li> </ul>

**Figure 1: DBZ Corporate Strategic Objectives**



## 7.1 Key Strategic Enablers

In order for the Bank to achieve these corporate objectives, a set of key strategic enablers are needed and these are given below:

Strategic Enabler	Objectives	KPI's
1 High Performance Culture	To build a high performance culture by attracting, developing, retaining and rewarding the best people	<ul style="list-style-type: none"> <li>▪ Entropy scores</li> <li>▪ Retention of key skills</li> <li>▪ Leadership development</li> <li>▪ Percentage training spend on top talent</li> </ul>
2 Balance Sheet Capacity	Strengthen our balance sheet to meet the growth ambitions of the DBZ	<ul style="list-style-type: none"> <li>▪ Gearing ratio, Cost of funding, Fee income vs net interest income</li> <li>▪ % syndication and securitisation deals</li> <li>▪ Generation of catalytic income</li> </ul>
3 Partnerships	Build mutually beneficial partnerships with local, regional and international institutions to grow DBZ's loan book and capabilities	<ul style="list-style-type: none"> <li>▪ % Value of deals from strategic partnerships</li> <li>▪ Customer/ partner satisfaction survey</li> <li>▪ % Of deals with multi-div impact</li> <li>▪ Volume of capital sourced from strategic partners</li> </ul>
4 Business Intelligence	To provide external insights and leveraging of internal info for speedy and accurate business decisions	<ul style="list-style-type: none"> <li>▪ % Effectiveness of business intelligence and knowledge management processes</li> </ul>
5 Operational Excellence	To align and improve structure, processes and business systems, to enable quality business decisions and improve customer service	<ul style="list-style-type: none"> <li>▪ Loan approval process improvement</li> <li>▪ Customer satisfaction survey</li> <li>▪ Impairments and NPL's</li> <li>▪ New product development (product diversification)</li> </ul>
6 Innovation	To create and develop a culture of innovation and an innovation platform to support the corporate plan by doing current things differently	<ul style="list-style-type: none"> <li>▪ Fee-income from new products</li> <li>▪ % Of new ideas submitted</li> <li>▪ % Of new ideas approved</li> <li>▪ % Of new ideas converted - value brought in</li> </ul>

**Figure 2: Key Strategic Enablers**

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## **8.0 CHALLENGES**

In designing the 2016 – 2018 strategic business plan, DBZ was mindful of the challenges impacting DBZ’s performance during the previous strategic period. These challenges were as follows:

### **8.1 Funding/Liquidity Constraints**

- 8.1.1 Relatively low capital base and hence a relatively small balance sheet thus making it difficult for the Bank to effectively compete for high-end clients
- 8.1.2 Low equity base thus hindering the Banks ability to leverage its balance sheet
- 8.1.2 Zambia’s relatively less developed capital markets makes it difficult for DBZ to raise cost effective capital
- 8.1.3 Limited general lines of credit which make it difficult for the Bank to meet its liquidity obligations

### **8.2 Pricing**

- 8.2.1 Deals priced at a fixed margin regardless of the client / deal risk profile thus eroding DBZ’s competitiveness and its ability to achieve appropriate risk adjusted return on capital

### **8.3 Risk Management**

- 8.3.1 Lack of a comprehensive risk assessment and rating tool
- 8.3.2 Pricing process doesn’t take into account Client /deal risk rating
- 8.3.3 Clients are not continuously assessed post loan disbursement to monitor their risk to the portfolio

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## **8.4 Internal Processes**

8.4.1 Lack of legal due diligence prior to the loan approval.

8.4.2 Lack of a sufficiently leveraged technology base which allows clients to seamlessly interact with the bank

8.4.3 Lack of an automated information and data flow system within the bank

## **8.5 Corporate Image**

8.5.1 DBZ corporate image and value proposition is not optimal. Some clients view the bank as a “entity that provides grants” instead of a commercial entity with a development mandate

## **9.0 CAUSES OF CHALLENGES**

9.1 Unclear or lack of internal policies and procedures

9.2 Sluggish credit appraisal and approval system,

9.3 Absence of an effective credit monitoring system

9.4 Ineffective financial and management reporting systems

9.5 Weak internal control systems

9.6 Poor and ineffective debt collection procedures and processes

9.7 Inadequate skilled staff and poor quality of information.

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## 10.0 INTERVENTIONS

Within the context of the Plan, DBZ will provide the following interventions:

- 10.1 Direct lending (providing short, medium and long term investment capital)
- 10.2 Equity financing in strategic areas of opportunity
- 10.3 Funds Management (mobilizing and investing third party funds in priority sectors)
- 10.4 Co-financing and syndicated financing arrangements
- 10.5 Provision of technical assistance, business advisory services and capacity building
- 10.6 Fund-based term financing; bridge financing; refinancing; leasing; equity; working capital and trade finance.
- 10.7 Engaging in new business development and products
- 10.8 Undertake work culture change initiatives within the Bank
- 10.9 Provision of actionable research intelligence to core departments and management
- 10.1.0 Modernisation and integration of ICT technology within the Banks business processes
- 10.1.2 Pre-loan approval legal due diligence for water tight security checks/perfection
- 10.1.3 Leverage partnerships with both local and international institutions for the purpose of cost effective financing
- 10.1.4 Enhanced risk management framework
- 10.1.5 Treasury management capacity within the Bank
- 10.1.6 Customer oriented development finance bundles/solutions

10.1 In order for DBZ to improve the quality of its loan book, DBZ will redefine its project assessment processes with predefined end products and end dates.

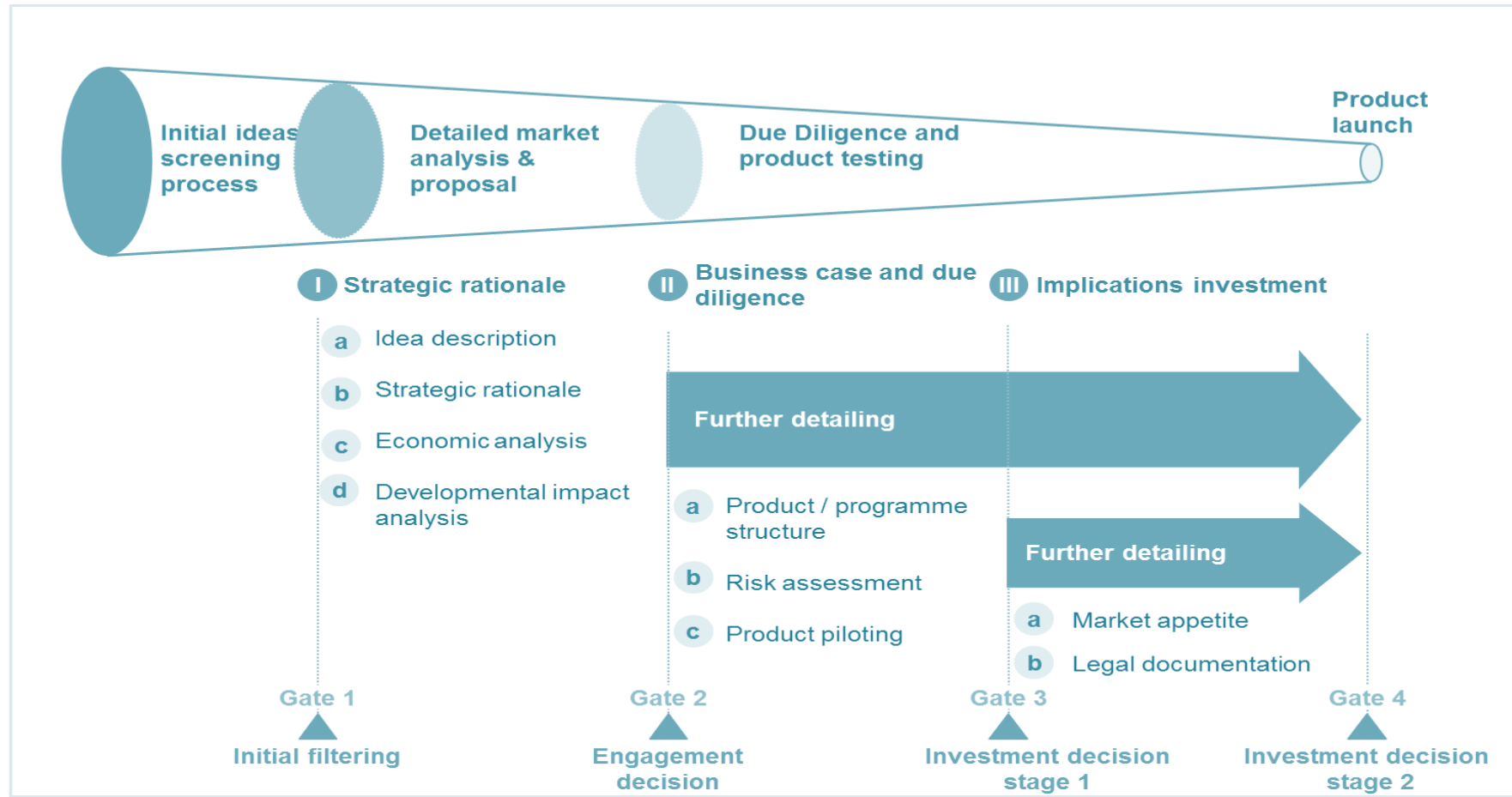


Figure 3: Redefined DBZ Investment Appraisal Process

## 11.0 DEPARTMENTAL CHALLENGES & STRATEGIES

### 11.1 INVESTMENTS DEPARTMENT

#### 11.1.1 Key Challenges

- 11.1.1.1 Low business volumes
- 11.1.1.2 Increasing non-performing loans
- 11.1.1.3 Inadequate financial resources
- 11.1.1.4 Lack of actionable research intelligence to feed into critical decision making
- 11.4.1.5 Inability to actively pursue competitive business leads

#### 11.1.2 Functional Objectives & Strategic Initiatives

##### 11.1.2.1 Increasing the Investment Portfolio by Engaging in New Business Development (i.e. develop & roll-out new products)

*Time Lines*

- 11.1.2.1.1 Proactive selling of DBZ products and services *June 2016*
- 11.1.2.1.2 Initiate targeted research agenda for PEER division for business intelligence *June 2016*
- 11.1.2.1.3 Cross – selling of new products such as guarantees, leasing finance, trade finance  
to current and new customers *December 2017*
- 11.1.2.1.4 Structure or participate in syndication facilities with other financial institutions  
to provide capital to businesses *June 2018*

<b>11.1.2.2</b>	<b>Reach Out to Clients through Strategic Partners</b>	<i>Time Lines</i>
11.1.2.2.1	Leverage DBZ's partnerships e.g. with IDC Zambia to source new quality clients	<i>December 2017</i>
<b>11.1.2.3</b>	<b>Increase Investments in Zambian Owned Businesses</b>	
11.1.2.3.1	Develop a weighting system that will give more credit to Zambian owned businesses during the appraisal process.	<i>June 2016</i>
<b>11.1.2.4</b>	<b>Source Additional Business and Referrals from Existing Clients</b>	
11.1.2.4.1	Going out to existing clients to cross sell additional products and services them Cross sell opportunities & technical advisory services.	<i>December 2016</i>
11.1.2.4.2	Soliciting referrals from existing clients to identify opportunities for DBZ products And services.	<i>December 2016</i>
<b>11.1.2.5</b>	<b>Strengthen the appraisal process to improve the quality of projects</b>	<i>March 2016</i>
<b>11.2</b>	<b>POST EVALUATION &amp; ECONOMIC RESEARCH DEPARTMENT</b>	
<b>11.2.1</b>	<b>Key Challenges</b>	
11.2.1.1	Lack of well researched business intelligence to help management make informed business decisions	
11.2.1.2	Absence of post evaluation information on projects previously funded by the bank	

11.2.1.3 Absence of sector profiling and market dynamics information which is critical for investment decision making

11.2.1.4 Absence of a specialised Economic research unit to provide management with macroeconomic forecasts

## 11.2.2 Functional Objectives & Strategic Initiatives

<b>11.2.2.1</b>	<b>Provision of Actionable Research to ensure that Management &amp; the Investments department grow a sustainable Investment Portfolio in line with prevailing market trends &amp; contribute to National Development</b>	<i>Time Lines</i>
11.2.2.1.1	Co-develop a targeted research agenda with the Investment Divisions to drive business intelligence	<i>June 2016</i>
11.2.2.1.2	Formulate a development oriented economic model for the bank	<i>April 2016</i>
11.2.2.1.3	Develop a sector specific profiling model	<i>December 2017</i>
<b>11.2.2.2</b>	<b>Develop Partnerships to help build DBZ's Resource base and enhance research based knowledge sharing</b>	<i>Time Lines</i>
11.2.2.2.1	Leverage DBZ's partnerships with other DFI's (e.g. DBSA, AFDB, and BNDES) for purposes of research information sharing & initiative/idea exchange	<i>December 2016</i>
<b>11.2.2.3</b>	<b>Provide Post Evaluation Intelligence and Support DBZ Strategic Decision Making Process</b>	
11.2.2.3.1	Formulate key post evaluation indicators and scoring system	<i>June 2016</i>



### 11.3 TREASURY DEPARTMENT

#### 11.3.1 Key Challenges

- 11.3.1.1 Lack of a dedicated treasury management unit within the Bank
- 11.3.1.2 Challenges in cash, working capital and investment management due to the Bank not having a dedicated treasury unit
- 11.3.1.3 Inefficient cash forecasting; and
- 11.3.1.3 Inability of the Bank to raise funds through financial markets

#### 11.3.2 Functional Objective(s) & Strategic Initiatives

<b>11.3.2.1</b>	<b>Ensure that DBZ has sufficient liquidity to meet its funding obligations when they fall due</b>	<i>Time Lines</i>
11.3.3.1	Engage the Government for equity capital injection	<i>December 2016</i>
11.3.3.2	Strengthen the balance sheet through raising capital by issuing equity to Regional/International DFIs and international institutions	<i>December 2016</i>
11.3.3.3	Source long term funding/credit lines from pension funds, asset managers and Regional/International DFIs and international institutions	<i>December 2016</i>

## 11.4 PORTFOLIO MANAGEMENT

### 11.4.1 Key Challenges

- 11.4.1.1 Absence of an effective credit monitoring system
- 11.4.1.2 Poor and ineffective debt collection procedures and processes
- 11.4.1.3 Increased incidence of Non-Performing loans (NPL's)
- 11.4.1.4 Inadequate human resources

### 11.4.2 Functional Objectives & Strategic Initiatives

#### 11.4.2.1 Improve Asset Quality

*Time Lines*

- 11.4.2.1.1 Redesign DBZ's debt collection process & make DDAC forms mandatory for all clients *December 2016*
- 11.4.2.1.2 Investigate and introduce credit enhancement techniques to catalyse investments into the DBZ priority sectors *December 2016*

#### 11.4.2.2 Conduct Developmental Impact Assessment of DBZ's Interventions

*December 2016*

## 11.5 RISK MANAGEMENT

### 11.5.1 Key Challenges

- 11.5.1.1 Lack of credit risk rating tool
- 11.5.1.2 Lack of risk policy
- 11.5.1.3 Lack of risk manual

### 11.5.2 Functional Objectives & Strategic Initiatives

#### 11.5.2.1 Lower Risk Exposure to the Bank

- 11.5.2.1.1 Develop a comprehensive credit risk rating tool
- 11.5.2.1.2 Develop best practice risk management framework for both credit and enterprise risks

#### Time Lines

*December 2016*

*December 2016*

#### 11.5.2.2 Improve Risk Awareness

- 11.5.2.2.1 Facilitate risk awareness workshops for both staff and clients
- 11.5.2.2.2 Anti-money Laundering training for all staff

*December 2016*

*June 2016*

## 11.6 BANK SECRETARIAT & LEGAL DEPARTMENT

### 11.6.1 Key Challenges

- 11.5.1.1 Lack of legal due diligence during the loan appraisal process before it is tabled to PMC

11.5.1.2 Inadequate staffing levels

## **11.6.2 Functional Objectives & Strategic Initiatives**

*Time Lines*

### **11.6.2.1 Enhancement of the compliance function in the Bank**

*June 2018*

11.6.2.1.1 Formulate best practice compliance and legal policies and procedures

*June 2017*

### **11.6.2.2 To ensure that Legal documents are perfected in compliance with applicable legislative requirements and best practice standards (i.e. securities, contracts and other legal documents)**

11.6.2.4.1 Develop best practice standards for securities perfection

*December 2017*

### **11.6.2.3 Provide legal advice with a view to reduce legal exposure of the Bank and to provide or facilitate legal representation.**

11.6.2.5.1 Participate in the project due diligence phase through allocating dedicated resource personnel and providing the legal guidelines

*June 2016*

## **11.7 FINANCE DEPARTMENT**

### **11.7.1 Key Challenges**

11.6.1.1 Lack of a comprehensive and risk reflective pricing tool; and

11.6.1.2 Weak internal control and budgeting process.

## 11.7.2 Functional Objectives & Strategic Initiatives

*Time Lines*

### 11.7.2.1 To ensure that effective financial management and reporting

- |            |  |             |
|------------|--|-------------|
| 11.7.2.1.1 | Develop a comprehensive loan pricing tool        | 30 Jun 2016 |
| 11.7.2.1.2 | Roll out integrated financial management systems | 30 Sep 2016 |
| 11.7.2.1.3 | Set ROE and profitability targets per deal       | 30 Jun 2016 |
| 11.7.2.1.4 | Set up the loan pricing committee                | 30 Jun 2016 |

### 11.7.2.2 To comply with Tax laws and other Statutory Levies

- |            |  |             |
|------------|--|-------------|
| 11.7.2.2.1 | Source tax consultants at the start of each financial year | 31 Oct 2016 |
|------------|--|-------------|

## 11.8 HUMAN RESOURCES, PROCUREMENT & ADMINISTRATION DEPARTMENT

### 11.8.1 Key Challenges

- |          |   |
|----------|---|
| 11.8.1.1 | Lack of a deliberate cultural change initiative & staff retention programme |
| 11.8.1.2 | Limited technological interface to drive recruitment processes              |
| 11.8.1.3 | Lack of a targeted skills gap training programme for Bank employees         |
| 11.8.1.4 | Unscheduled procurement committee meetings                                  |
| 11.8.1.4 | Lack of a central registry for record retention and management              |

## 11.8.2 Functional Objectives & Initiatives

<b>11.8.2.1</b>	<b>To attract and retain competent and qualified employees</b>	<i>Time Lines</i>
11.8.2.1.1	Leverage technology and social media platforms e.g. LinkedIn to drive recruitment	<i>June 2016</i>
11.8.2.1.2	Formulate a long term talent retention policy	<i>September 2016</i>
<b>11.8.2.2</b>	<b>Capability Development</b>	
11.8.2.2.1	Design and implement capacity building and staff exchange programmes with regional and international DFI's	<i>June 2016</i>
<b>11.8.2.3</b>	<b>Create and maintain a high performance environment</b>	<i>Time Lines</i>
11.8.2.3.1	Design and launch a work culture change initiative	<i>April 2016</i>
11.8.2.3.2	Introduce the 360 degrees performance appraisal system	<i>June 2017</i>
<b>11.8.2.4</b>	<b>To Comply with the Zambia Public Procurement Act and Regulations</b>	
11.8.2.4.1	Enhance and circulate DBZ's procurement policy	<i>March 2016</i>
11.8.2.4.2	Develop the procurement committee meeting annual calendar	<i>March 2016</i>
11.8.2.4.3	To develop and implement Procurement and Administration Procedures Manual	<i>March 2016</i>
11.8.2.4.3	Develop the annual procurement plan	<i>March 2016</i>

**11.8.2.5 To encourage and Promote Private Sector Participation**

11.8.2.5.1 Timely issuance of adverts relating to procurement processes *December 2016*

**11.8.2.6 To Comply with Health and Safety Regulations***December 2016***11.8.2.7 To enhance efficiency in the Banks administration processes**

11.8.2.7.1 Set up a central registry for record retention and management *June 2016*

11.8.2.7.2 To develop and implement stores procedures manual *June 2016*

**11.9 INTERNAL AUDIT DEPARTMENT****11.9.1 Key Challenges**

11.9.1.1 Lack of internal audit knowledge campaigns aimed at improving awareness among Bank staff

11.9.1.2 Lack of forward looking key performance indicators to monitor the processes and controls within the institution

**11.9.2 Functional Objectives & Strategic Initiatives***Time Lines*

**11.9.2.1 To ensure that the Risk and Audit Committee directors are timely and accurately informed about the status of controls in the bank** *31 Mar 2016*

**11.9.2.2 Engage Management in accomplishing its objectives by ensuring that a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes is followed** *December 2016*

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- |                 |  |                      |
|-----------------|--|----------------------|
| 11.9.2.2.1      | Develop a focused internal audit programme that adds value to the business   | <i>December 2017</i> |
| 11.9.2.2.2      | Staff awareness programme  |                      |
| <b>11.9.2.3</b> | <b>To ensure the execution of special assignments to the department as directed by Risk and Audit Committee and/or Managing Director</b> | <i>31Dec 2016</i>    |
| <b>11.9.2.4</b> | <b>Track all audit findings</b>  | <i>31March 2016</i>  |

## **11.10 ICT DEPARTMENT**

### **11.10.1 Key Challenges**

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|-----------|--|
| 11.10.1.1 | Poor and inadequate ICT infrastructure                                 |
| 11.10.1.2 | Disparate IT systems, none of which are integrated between departments |
| 11.10.1.3 | Lack of an integrated information sharing platform                     |

### **11.10.2 Functional Objectives & Initiatives**

*Time Lines*

#### **11.10.2.1 Automate and integrate the information and process flows within DBZ**

- |             |                                   |                  |
|-------------|-----------------------------------|------------------|
| 11.10.2.1.1 | Develop an integrated IT platform | <i>June 2016</i> |
| 11.10.2.1.2 | Install and set up VPN            | <i>June 2017</i> |

#### **11.10.2.2 To enable remote access to the organisation's database for relevant operations and Information**



**11.10.2.1 Improved and secure ICT Infrastructure to support business processes for all functions of the Bank.**

11.10.2.1.1 Business analyst to understand and translate business requirements into system specification *December 2016*

**11.10.2.2 Foster knowledge and information sharing**

11.10.2.2.1 Develop DBZ intranet for information sharing *February 2016*

**11.10.2.3 Implement ICT Governance, Risk and Compliance (GRC) framework** *June 2016*

**11.10.2.4 Replace information systems structure** *June 2016*

**11.11 STRATEGY UNIT**

**11.11.1 Key Challenges**

11.11.1.1 Inadequate Staffing levels

11.11.1.2 Lack of an integrated IT system between departments

**11.11.2 Functional Objectives & Initiatives**

*Time Lines*

**11.11.2.1 Spearhead the strategic Planning process**

11.11.2.1.1 Provide a framework for strategic discussion *December 2018*

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**11.11.2.2 Provide relevant and timely strategic communication**

11.11.2.2.1 Generate monthly progress reports of strategic implementation

*Monthly*

11.11.2.2.2 Report to the Board of Directors on strategic planning

*Quarterly*

**11.11.2.3 Support other departments with Bank-wide intelligence and strategic issues**

11.11.2.3.1 Contribute strategy implementation information to the MD's monthly newsletter

*Monthly*

**11.11.2.4 Proactively implement, monitor and evaluate departmental initiatives**

11.11.2.4.1 Tracking departmental initiatives/strategy implementation

*Monthly*

11.11.2.4.2 Ensuring that departmental objectives are aligning with overall Bank Strategic objectives

*Half Yearly*

**11.11.2.5 Consistently review and evaluate the Strategic Plan**

11.11.2.5.1 Conduct strategic business plan review meetings

*Half Yearly*

**11.11.2.6 Implement and Manage the Balanced Scorecard**

11.11.2.6.1 Link departmental strategies and scorecards to corporate strategy

*June 2017*

11.11.2.6.2 Cascade the scorecard to all departments and individual levels and linking them to performance contracts to ensure the achievement of objectives and targets

*June 2017*

11.11.2.6.3 Facilitate the annual scorecard reporting and maintaining the reporting system

*June 2017*

## 12.0 STAKEHOLDER RELATIONS UNIT

### 12.1 Key Challenges

12.1.1 Inadequate staffing levels in the department

### 12.2 Functional Objectives & Initiatives

*Time Lines*

**12.2.1 Enhance the Bank's visual identity**

*December 2016*

**12.2.2 Inform stakeholders on the role of the Bank and its operations**

12.2.2.1 Develop contact with external stakeholders and develop good public relations policies and practices to enhance the Bank's image, interaction and communication with stakeholders.

*December 2016*

**12.2.3 Strengthen relationships with various stakeholders**

*December 2016*

**12.2.4 Position the bank as a responsible corporate citizen**

*December 2016*

**12.2.5 Have a well-coordinated and efficient Stakeholder Relations Unit contributing to the achievement of the overall Bank's vision**

12.2.5.1 Develop Plan and Budget for 2017

*October 2016*

12.2.5.2 Prepare departmental manpower

*December 2016*

### **13.0 MONITORING OF IMPLEMENTATION OF THE STRATEGIC PLAN**

The Strategy Unit will be responsible for monitoring the implementation of the Strategic Plan by each department and by collaborative efforts among departments. Each department will be required to submit the following reports on their progress in implementation of strategies under the Strategic Plan:

- a) Monthly report
- b) Quarterly report
- c) Annual Report

Each of the reports will contain the following elements:

- i. Progress against the plan
- ii. Performance against the budget for each respective strategy
- iii. Causes of any delays in the implementation of actions under respective strategies
- iv. Actions or resources required to remedy delays stated if any
- v. Proposed revisions to the strategies

The Senior Strategy Officer will spearhead the consultative meetings to be held with all departmental heads to assess progress in the implementation of the Strategic Plan. These meetings will consider changes in timing, priorities or resources required for the successful implementation of all departmental strategies.

The Managing Director will present quarterly and annual reports to the Board of Directors on the implementation of the plan.

Successful implementation of each strategy in the Strategic Plan is in the first instance the responsibility of departmental heads. This responsibility requires that all departmental staff gain familiarity with and ownership of the plan and their respective department's role in implementation. In addition, all departmental heads will encourage staff in their respective departments to provide feedback on ways that the Bank can integrate the Strategic Plan in their day-to-day operations. Departmental heads in liaison with Finance Department must ensure that actions to be taken in the

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implementation of the Plan are incorporated into the budget process. All budget proposals should be prepared with resource allocations that reflect the strategies to be undertaken under the Plan.

#### **14.0 THE BALANCED SCORECARD**

DBZ will use the Balanced Scorecard (BSC) as a strategic management tool to direct and manage performance. Four strategic perspectives will highlight the Bank's Key Performance Indicators (KPIs). The perspectives will be weighted. The weighting will take into account the operating environment, available resources and government priority and shall be subject to annual review. Figure 4 shows the Corporate Scorecard of the Bank.

The DBZ Group balanced Scorecard will be cascaded to departmental/unit and individual levels and linked to performance contracts to ensure the achievements of the objectives and targets. The initial scorecard places more weight on the Customer Perspective (50%) to reflect the focus on ensuring that the Bank positions itself strategically to its vision and satisfy its customers.. This is followed by financial perspective (30%) which reflects the Banks focus on ensuring that the Bank positions itself financially to carry out its development financing mandate, internal processes (10%) and learning & growth (10%).

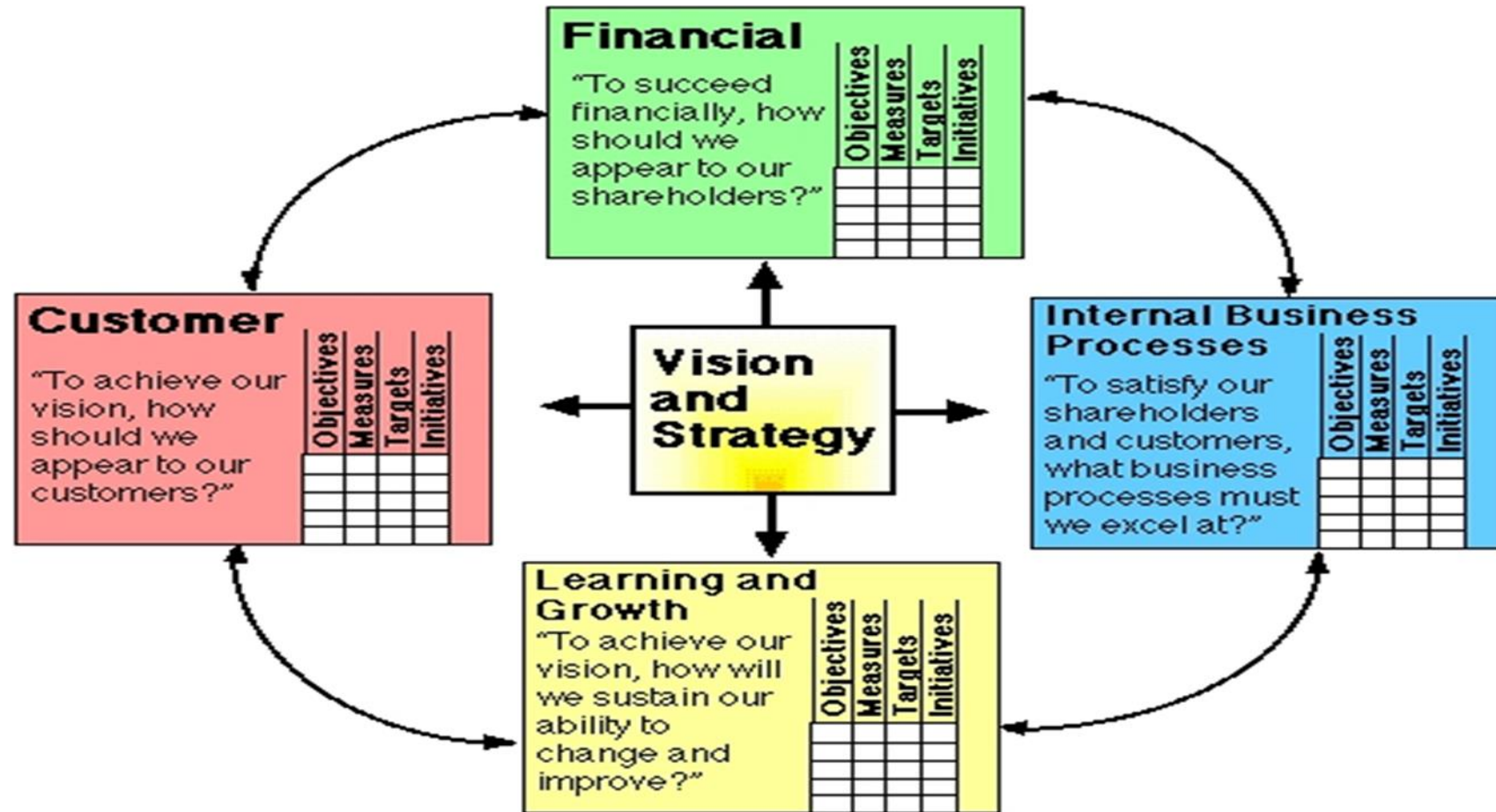


Figure 4: Group Balanced Scorecard

## 14.0 CONCLUSION

Effective and timely implementation of the 2016-2018 business plan as outlined above will enable the bank to deepen the development impact of its interventions and thereby meet its mission of stimulating economic activity through the provision of short, medium and long term capital/funding.

The Bank has already embarked on implementing a number of strategic initiatives already highlighted within the strategic plan, for which it hopes to deepen the developmental impact of its interventions. More initiatives are being planned which will further strengthen the credibility of the Bank as a preferred development finance partner within Zambia and the region. The Bank needs to take full advantage of the current window of opportunity by strengthening its intellectual and institutional capacity. The successful implementation of the planned departmental strategies will play a vital role in supporting the efforts of the Board and Management to mobilise resources for both the large corporate borrowers as well as the SMEs sector that could, given the right support, play a major role in uplifting standards of living in the country.

Working closely with its shareholders and cooperating partners, other financial institutions and all relevant stakeholders, DBZ is well poised to effectively and timely implement the 2016 – 2018 strategic plan as outlined above will enable the bank to deepen the development impact of its interventions and thereby meet its mission of stimulating economic activity through the provision of short, medium and long term capital/funding.