

NATIONAL GROWTH AND TRANSFORMATION ENABLERS

MEDIUM TERM STRATEGY



2016 - 2020

Table of Contents

Background	1
Contextual Overview	1
The IDBZ's Medium Term Strategy 2016 - 2020	2
Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset)	2
Ten – Point Economic Growth Plan Indicatives	3
Sustainable Development Goals (SDGs)	3
VISION	4
National	4
IDBZ Vision	4
IDBZ MISSION	4
IDBZ VALUES	4
DELIVERING RESULTS	5
FINANCIAL SUSTAINABILITY	5
Trade Finance	5
Capitalisation	5
Annex I: Infrastructure Focus Sectors	6
Annex II: Ten-Point Economic Growth Plan	7
Annex III: Sustainable Development Goals (SDGs)	7
Annex IV: Key Result Areas and Performance Indicators	8

1. BACKGROUND

The IDBZ was formed on the 31st of August 2005, taking over the assets and liabilities of the former Zimbabwe Development Bank (“ZDB”). It was primarily set up as a vehicle for the promotion of economic development and growth, and improvement of the living standards of Zimbabweans through the development of infrastructure, which includes but not limited to energy, transport, water and sanitation, information communication technology (ICT) and housing. The Bank is also enjoined to develop institutional capacity in undertakings and enterprises involved in infrastructure development in Zimbabwe (IDBZ Act (Chapter 24:14)). The Bank, therefore, operates primarily as an infrastructure development finance institution (DFI).

2. CONTEXTUAL OVERVIEW

The Bank's operations are currently guided by its Results-Based-Management (RBM) 5-Year Strategic Plan: 2014 - 2018. A review of the implementation to date of this Strategic Plan indicates a need to be more focused in order to achieve the intended corporate objectives. Hitherto, IDBZ has been involved in the businesses of long term infrastructure, medium term industrial finance as well as short term commercial funding. The choice of areas of intervention have largely been driven by the critical need for financial survival in a difficult operational environment. Unfortunately this has, inevitably, led to a dilution of focus on the core mandate of infrastructure development.

In the first two years of the Plan (2014-2015), the Bank has also been confronted by pressures to address twin legacies of inherited external debt and non-performing loans (NPLs). These challenges compelled IDBZ to concentrate on commercial short term business activities for sustenance purposes. The first challenge has been successfully addressed following the transfer of the legacy debt to a special Government vehicle Zimbabwe Asset Management Company (ZAMCO) whilst the second is now subject to intensified Bank collection efforts on all non-performing loans. In view of these developments, coupled with the Government's recent breakthrough on the country's external debt arrear repayments in Lima, Peru, the stage is now set for the Bank to accelerate plans to canvass for the requisite long term capital inflows ideal for infrastructure development. As a result and in pursuit of this goal, IDBZ has come up with a Recapitalisation Strategy and a Medium Term Strategy: 2016-2020, intended to refocus its operations towards infrastructure development in the energy, transport, water and sanitation, ICT and housing sectors.



3. THE IDBZ'S MEDIUM TERM STRATEGY: 2016-2020

The IDBZ's Medium Term Strategy: 2016-2020 is informed by three agendas namely the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset), the Ten-Point Economic Growth Plan and the recently approved United Nations' 2030 Agenda for Sustainable Development Goals (SDGs).

3.1 Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset)

In an effort to achieve accelerated economic growth and wealth creation, the Government of Zimbabwe (GoZ) formulated the ZimAsset for the period October 2013 to December 2018. The implementation of this Agenda is grounded on the RBM system. In pursuance of the ZimAsset objectives, the GoZ identified the following four strategic clusters as central to the achievement of the overall goals of economic growth and wealth creation:

- Food Security and Nutrition;
- Social Services and Poverty Eradication;
- Infrastructure and Utilities; and
- Value Addition and Beneficiation.

The cluster approach enables Government to prioritise its programmes for implementation as well as effectively manage an equitable distribution of available resources.

As a DFI whose mandate is underpinned on infrastructure development, IDBZ is a key player under the Infrastructure and Utilities cluster. Broadly, this cluster is expected to play a catalytic role since a robust, elaborate and resilient infrastructure provides a solid foundation for the stimulation of national economic growth at large. According to the ZimAsset Agenda, the cluster's main areas of focus include the rehabilitation of infrastructural assets and the recovery of utility services in Zimbabwe. These services relate to:

- Water and Sanitation infrastructure;
- Public Amenities;
- Information Communication Technology (ICT);
- Energy and Power Supply;
- Transport (road, rail, marine and air)



3.2 Ten – Point Economic Growth Plan Indicatives

In keeping with the ZimAsset Agenda coupled with the thrust of maintaining economic growth, the GoZ introduced, in August 2015, the Ten-Point Plan essentially to further guide the nation as it implements the ZimAsset objectives.

The IDBZ is committed to contribute towards points 3 and 7 of the Ten-Point Plan during the tenure of its Medium Term Strategy: 2016-2018. These points relate to:

- Point 3: Focusing on infrastructural development, particularly in the key energy, water, transport and ICTs subsectors.
- Point 7: Promoting joint ventures and public private partnerships to boost the role and performance of state-owned companies.

(For detailed objectives of the Ten-Point Plan refer to Annex II attached).

3.3 Sustainable Development Goals (SDGs)

In September 2015, the United Nations General Assembly adopted a 15-year development agenda entitled “Transforming our World: the 2030 Agenda for Sustainable Development” which echoes the ZimAsset. Essentially, the Agenda comprises 17 goals and 169 targets aimed at poverty alleviation through resolving the social, economic and environmental challenges troubling the world as a whole.

SDGs of particular relevance to the IDBZ's mandate are:

- i. *Goal 5: Achieve gender equality and empower all women and girls*
- ii. *Goal 6: Ensure availability and sustainable management of water and sanitation for all.*
- iii. *Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.*
- iv. *Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.*
- v. *Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.*

(For detailed SDGs reference is made to Annex III attached).

Clearly, the above three broad developmental agendas recognize the importance of infrastructure as a critical enabler to economic growth and development. Consistent with the IDBZ mandate, and as a direct contribution to the objectives of the Infrastructure and Utilities cluster of the ZimAsset, the Bank's Medium Term Strategy: 2016 – 2020 boldly reinforces focus of its operational activities towards the following five infrastructure sectors: energy; transport; water and sanitation; ICT and housing (basic offsite and onsite infrastructure) [refer to Annex I]



4. **VISION**

4.1 National

“Towards an Empowered Society and a Growing Economy” (ZimAsset: October 2013 - December 2018)

4.2 **IDBZ Vision**

“A Zimbabwe with a robust, inclusive and sustainable growth and development”

5. **IDBZ MISSION**

“To champion sustainable infrastructure development through: mobilization of resources; capacity building; and knowledge generation and sharing in support of national efforts for inclusive socio-economic development”.

6. **IDBZ VALUES**

IDBZ intends to be the preferred development partner in sustainable infrastructure development. To this end, it will be guided by the following values:

- Integrity - the Bank undertakes its work in a transparent and honest manner that seeks to deliver value to customers.
- Professionalism - our work will be characterized by high quality, expert knowledge and proficiency.
- Innovation - We challenge ourselves continuously to improve what we do, how we do it and how well we work together
- Service Orientation - our clients come first in all that we do, and we undertake our work with passion and time-consciousness.
- Sustainability – we support initiatives that are technically feasible, financially and economically viable and socially equitable.
- Knowledge generation and sharing – we provide outstanding leadership and service through knowledge generation, sharing and advocacy.

7. DELIVERING RESULTS

The IDBZ Act provides for a sharp focus on infrastructure development, within a framework in which various institutions have been given specific areas of responsibility in order to limit duplication and wasteful overlaps. In pursuance of its core mandate, and a resolute quest for effective delivery and results, the IDBZ will focus on the development of the following infrastructure sectors: energy; transport; water and sanitation, ICT and housing (basic off and on-site infrastructure).

Detailed Key Result Areas (KRAs) and Performance Indicators (PIs) are presented in Annex: IV.

8. FINANCIAL SUSTAINABILITY

8.1 Trade Finance

Infrastructure development business, by its nature, is characterised by long gestation periods. In full view of this and in pursuance of its statutory mandate, IDBZ will engage in trade finance business activities in the value chain of priority infrastructure sectors. The trade finance business has short end gains. The Bank's involvement in this business is strategic and aimed at continuously strengthening the balance sheet and creating revenue for self sustenance in the immediate future. The trade finance activities will be concentrated in the infrastructure sectors of energy, transport, water and sanitation, ICT and housing.

8.2 Capitalisation

The Bank has developed a roadmap that seeks to achieve a capitalisation level of US\$250 million by 2018. The long term strategy of the Bank is to become self-financing, leveraging its balance sheet to raise lines of credit, quasi-equity capital and medium to long term loans for investment in priority infrastructure projects. Pursuant to this, the Bank will seek assistance in the form of advocacy from the Reserve Bank of Zimbabwe and the Ministry of Finance and Economic Development in engaging the potential investors, largely other development finance institutions (DFIs), especially from the BRICS countries.



SECTOR	ACTIVITIES
Energy and Power Supply	<ul style="list-style-type: none"> •Construction of new and rehabilitation of existing power plants • Construction of new and rehabilitation of existing transmission (national and regional) and distribution grid networks •Construction and rehabilitation of oil and gas pipelines
Transport	<ul style="list-style-type: none"> •Roads •Airports •Railways •Marine (Water transport systems)
Water and Sanitation	<ul style="list-style-type: none"> •Dams construction •Water for irrigation, industrial & domestic use •Installation of new and maintenance of existing water pipelines •Construction of new and rehabilitation of existing water treatment plants •Municipal water and sewer projects
ICT	<ul style="list-style-type: none"> •ICT (Optical fibre) backbone and distribution infrastructure
Housing (site servicing of land only)	<ul style="list-style-type: none"> •Water and sewer reticulation •Roads construction •Electricity distribution infrastructure •ICT

Annex II: Ten-Point Economic Growth Plan

1. Revitalising agriculture and the agro-processing value chain.
2. Advancing beneficiation and/or value addition to our agricultural and mining resource endowment.
3. Focusing on infrastructural development, particularly in the key energy, water, transport and ICTs subsectors.
4. Unlocking the potential of Small to Medium Enterprises.
5. Encouraging private sector investment.
6. Restoration and building of confidence and stability in the financial services sector.
7. Promoting joint ventures and public private partnerships to boost the role and performance of state-owned companies.
8. Modernising labour laws.
9. Pursuing an anti-corruption thrust.
10. Implementation of Special Economic Zones to provide impetus for foreign direct investment.



Annex III: Sustainable Development Goals (SDGs)

- Goal 1: End poverty in all its forms everywhere
- Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5: *Achieve gender equality and empower all women and girls*
- Goal 6: *Ensure availability and sustainable management of water and sanitation for all*
- Goal 7: *Ensure access to affordable, reliable, sustainable and modern energy for all*
- Goal 8: *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*
- Goal 9: *Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*
- Goal 10: Reduce inequality within and among countries
- Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12: Ensure sustainable consumption and production patterns
- Goal 13: Take urgent action to combat climate change and its impacts
- Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Annex IV: Key Result Areas and Performance Indicators

#	Key Result Area	Weightage	Performance Indicators
KRA1	Infrastructure financing	40%	<p>ENERGY:</p> <ul style="list-style-type: none"> • Power output (MW) • Installed energy generation capacity (MW) • Transmission lines installed or upgraded (km) • Distribution lines installed or upgraded (km) • Power generation: Number of customers that could have access to power, with output generated by the project, annually • Power distribution: Number of customers that have access to power, with the power distributed by the projects, annually • Households, businesses or community facilities served with access to modern/improved energy (number) • Electricity consumption per capita <p>TRANSPORT:</p> <ul style="list-style-type: none"> • Roads constructed/upgraded/ rehabilitated (km) • Railways constructed or rehabilitated (km) • People that can access all season public transport within 2km of their homes • Beneficiaries from road projects (number) • Increased traffic for airports: <ul style="list-style-type: none"> • Number of passengers/ containers • Tonnes of cargo per year <p>WATER AND SANITATION:</p> <p>Water</p> <ul style="list-style-type: none"> • People with access to improved drinking water sources (number, percentage) • New piped household water connections (number) • Households with new or upgraded water supply • Water supply pipes installed or upgraded/ length of network (km) • Additional portable and non-portable (for irrigation) water production capacity at a community water point (litres) <p>Sanitation</p> <ul style="list-style-type: none"> • People with access to improved sanitation (number, percentage) • Additional or rehabilitated sewage treatment capacity (litres) • New household sewer connections (number) • New on-site sanitation measures (individual, grouped) (number) <p>Housing</p> <ul style="list-style-type: none"> • Number of serviced stands

#	Key Result Area	Weightage	Performance Indicators
			<p>INFORMATION, COMMUNICATIONS AND TECHNOLOGY:</p> <ul style="list-style-type: none"> Broadband networks built or rehabilitated (km) Length of fibre optic network built (km) Household, businesses or community facilities served with access to information technology (number) Access to telephone services (fixed main lines plus cellular phones per 100 people) Access to telephone services (number of subscribers per 100 people) Access to internet/internet connectivity (number of subscribers per 100 people) <p>LENDING</p> <ul style="list-style-type: none"> Number of projects Approvals (US\$) Disbursements (US\$) <p>EQUITY INVESTMENTS</p> <ul style="list-style-type: none"> Approvals (US\$) Number of projects <p>TECHNICAL ASSISTANCE</p> <ul style="list-style-type: none"> Approvals (US\$) Number of projects <p>GRANTS</p> <ul style="list-style-type: none"> Amount (US\$) Number of projects <p>CO-FINANCING</p> <ul style="list-style-type: none"> Approvals (US\$) Number of projects <p>TRADE FINANCE</p> <ul style="list-style-type: none"> Approvals (US\$) Number of projects
KRA2	Infrastructure project development and management	20%-	<p>Project development:</p> <ul style="list-style-type: none"> Number of bankable projects prepared Gross value of bankable projects prepared Number of projects approved for funding Value of projects approved Average value per approval <p>Project development support:</p> <p>Completion of critical milestones in preparation of funding</p> <p>Project implementation:</p> <ul style="list-style-type: none"> Number of projects in planning stage Number of projects in implementation

#	Key Result Area	Weightage	Performance Indicators
			<ul style="list-style-type: none"> Number of projects completed Total funds under management
KRA3	Financial sustainability	20%	<ul style="list-style-type: none"> Total assets Growth in total assets Total developmental assets Growth in total developmental assets Total capital and reserves to development loans Long-term debt/equity Debt/equity (including callable capital) Cash and cash equivalents total assets Total capital and reserves to assets Financial market liabilities to investment in development activities Non-performing book debt as a % of gross book debt Sustainable earnings [Operating income/(loss)] Net profit/(loss) Interest on development loans Interest on investments Net interest margin Interest cover Return/(loss) on average total equity Return/(loss) on average total assets Non-performing loan book
KRA4	Knowledge generation and sharing	10%	<ul style="list-style-type: none"> Membership to global and regional groupings (number) Perceived IDBZ performance in promoting knowledge sharing and best practices (%) Web-distributed knowledge solutions (number of downloads) Training programmes (number) Public sector staff trained (number) Participant -training hours provided (training hours provided) Unique organizations that sent individuals for training (number) Training participants perception of the degree to which they obtained new knowledge and skills as a result of training (five point scale) Advisory service provided by IDBZ and third-parties under contract to IDBZ (hours) Unique organizations to which advisory services were provided (number)
KRA5	Institutional efficiency	10%	<ul style="list-style-type: none"> Completed operations/projects rated satisfactory (%) Completed operations/projects with sustainable outcomes (%) Completed projects with timely Project Completion Report (PCR) (%) Client and partner survey rating (%)

#	Key Result Area	Weightage	Performance Indicators
			<ul style="list-style-type: none"> • Client and partner overall satisfaction index (scale 1 to 5) • Development and retention of key skills (%) • Cost to income ratio • Staff cost to income ratio • Staff engagement (index) • Disbursement ratio of ongoing portfolio (%) • Cost per million dollar approved (US\$) • Cost per million dollar disbursed • Customer retention (% of last year customer who are still customers) • New loyal customers (%) • Brand mentions (number of countable mentions (tweets, status updates, posts, comments, conversations, emails, etc) that occurred in a given time period) • Pages per visit (average number of web pages which are viewed during a single visit to the website) • Customer Churn Rate (percentage of customers that do not remain loyal to the organization either by failing to make a repeat purchase or by cancelling their service) • Net Promoter Score (NPS) [percentage of customers that would recommend an organization to their friends, family or colleagues] • Customer Satisfaction (CSAT) [mean satisfaction score of customers for a given experience] • Average Resolution Time [The time it takes to resolve a customer problem] <ul style="list-style-type: none"> • Complaints response rate (48 hours) • Uptime [percentage of time that services are available (and should be available) to customers] • Marketing Costs [All costs associated with activities to promote brands, products and services] • Average Handle Time (AHT) [average time it takes to handle a Call, Chat, Email or other interaction This includes both time spent directly with customer (i.e. Talk Time on the phone), as well time spent after the interaction to follow through or finish out the work (Wrap-Up Time)] <ul style="list-style-type: none"> • Time taken to attend to customers [5 mins] • Telephone answering (within 3 rings) • Response to communication via newspapers [3 working days] • Initial Training Time [the amount of time required to get a new employees or agent up to speed and to have them do productive work]

HEADQUARTERS:

IDBZ House, 99 Rotten Row, Harare, Zimbabwe Tel: 04 4750171-8
Fax: 04 4749012/774225

BULAWAYO:

5th Floor, First Mutual House, Cnr Main St / 9th Ave
P.O Box AC 370, Ascot. Bulawayo, Zimbabwe
Telephone: 09 70035; 70672; 70241

Email: enquiries@idbz.co.zw

Website: www.idbz.co.zw