

YOUR CENTRAL BANK OF  
TODAY AND TOMORROW



# CENTRAL BANK OF LESOTHO STRATEGIC PLAN 2025-2027

SAFEGUARDING MONETARY AND FINANCIAL STABILITY

*Re fetola Maa!*

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**E.M. Letete (Ph.D.)**  
**Governor**

## GOVERNOR'S FOREWORD

The Strategy is developed against a background of challenging geo-political environment, continuous global shocks and rapidly changing technologies. Rising trade protectionism, fragmentation in the global governance architecture, climate change, squeeze in official development assistance and global conflicts and wars have become a threat to the stability of monetary and financial systems. While the environment is complex and uncertain and presents risks, there are also significant opportunities. The Central Bank of Lesotho needs to continue to evolve if it has to be front-footed in its response to these challenges. Our Strategy is designed with this in mind.

On the domestic front, our economy has experienced sluggish economic growth, and this has not made a dent on unemployment crisis we are facing, particularly amongst women and youth. Our financial intermediation efforts have also not helped us to ignite inclusive economic growth. We continue to experience one shock after the other, following the recent COVID-19 pandemic. These shocks have not only tested our resilience in monetary policy space but have also delayed the much needed economic recovery.

However, the good news is that inflation is retreating and has reached the central banks targets in some countries. This has ushered the beginning of key policy rate cut by some Central Banks across the globe. Domestically, the loosening of monetary policy has commenced and has coincided with some period of fiscal consolidation by the Government of Lesotho that has boosted the fiscal buffers somehow.

“Rising trade protectionism, fragmentation in the global governance architecture, climate change, squeeze in official development assistance and global conflicts and wars have become a threat to the stability of monetary and financial systems.”

# GOVERNOR'S FOREWORD

In addition, we have achieved financial stability and we should safeguard it in the midst of emerging global shocks. In this context, we need to be more future focused, and dynamic in our business. We need to ramp up our excellence in serving our people and strengthen our resilience.

The Central Bank of Lesotho Strategic Plan 2025 - 27 is crafted around the following three related themes, (1) Safeguarding monetary and financial stability, (2) Transforming for efficiency, effectiveness and resilience, and (3) Enhancing organisational capacity and culture.

The first theme recognises the need for the Bank to focus on its stated core mandate which is to implement effective monetary policy to ensure that the parity between the Loti and the Rand is maintained. The theme further advocates for continuation of the implementation of remaining regulatory and supervisory reforms aimed at strengthening financial stability function. The second theme recognises that rapid technological developments in the financial sector make it imperative for the Bank to transform its processes. It recognizes that we need to accelerate our own pace of change to meet the challenges and the public expectation of us. Significant progress has been made in automating the Banks processes, however, further reforms are needed to ensure that required gains are realised.

The last theme recognises that our staff are the most important resource in the delivery of the strategy. Our focus should therefore be on continuous development, reskilling and specific welfare enhancing interventions to ensure that they continue to support the Bank to deliver on its mandate. Strengthening performance management system and accountability will also be central in the delivery of this strategy.

In conclusion, I am confident that we shall build on the achievements from the previous strategy, and given our demonstrated resilience against a number of shocks namely COVID-19, and Cyber Attack of December 2023, our staff are ready to face new and emerging challenges head-on. Our stakeholders will remain central in the implementation of this strategy. We will continue to cooperate, communicate and engage them during the implementation.



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**E.M. Letete (Ph.D.)**  
**Governor**



## 2.0

## Who we are, what we do

The Central Bank of Lesotho is a statutory organisation established under the Central Bank Act of 2000. The Bank is mandated to attain and maintain Monetary and Financial System Stability. The Bank remains autonomous in discharging its mandate as conferred by the Central Bank of Lesotho Act of 2000.



### Statutory Functions

- To foster the liquidity, solvency and proper functioning of a stable market-based financial system;
- To formulate, adopt and execute the monetary policy of Lesotho;
- To issue, manage and redeem the currency of Lesotho;
- To formulate, adopt and execute the foreign exchange policy of Lesotho;
- To license, register and supervise financial institutions;
- To own, hold and manage its official international reserves;
- To act as a banker and advisor to, and as fiscal agent of the Government of Lesotho;
- To promote the efficient operations of the payments system;
- To promote the safe and sound development of the financial system; and
- To monitor and regulate the capital market.

**In the delivery of its mandate, the Bank engages with domestic and international stakeholders.**

In addition to this primary mandate, the Bank is authorized to perform the following statutory functions:



The Bank was first established as the Lesotho Monetary Authority in 1978, under the Lesotho Monetary Authority Act of 1978 and started operations in 1980. In 1982, through the Act of Parliament, the name Lesotho Monetary Authority was changed to the Central Bank of Lesotho.





# Our Values

WE ARE READY!

## RESPECT

treat everyone with courtesy, revering our service to the nation as we comply with the Bank structures and instruments.



## ACCOUNTABILITY

We deliver on obligations and commitments while taking responsibility for actions and outcomes.



## INTEGRITY

We are honest and ethical with every decision and every action – big or small.



## EXCELLENCE

We deliver services of the highest standards to all our stakeholders.



## DILIGENCE

We execute our duties with zest, resourcefulness, perseverance and care.



Insights gained from the comprehensive situational analysis and stakeholder engagement were used to inform the Bank's strategic direction. We have set out our strategic direction around three connected themes.





## 3.1 Safeguarding Monetary and Financial Stability



**In line with its primary mandate of attaining and maintaining price and financial stability, the Bank aims to achieve the following objectives:**

- Promote a stable monetary and well-functioning financial systems
- Improve regulatory and supervisory function
- Promote and enhance financial literacy and inclusion
- Enhance market conduct supervision

### Defining Success

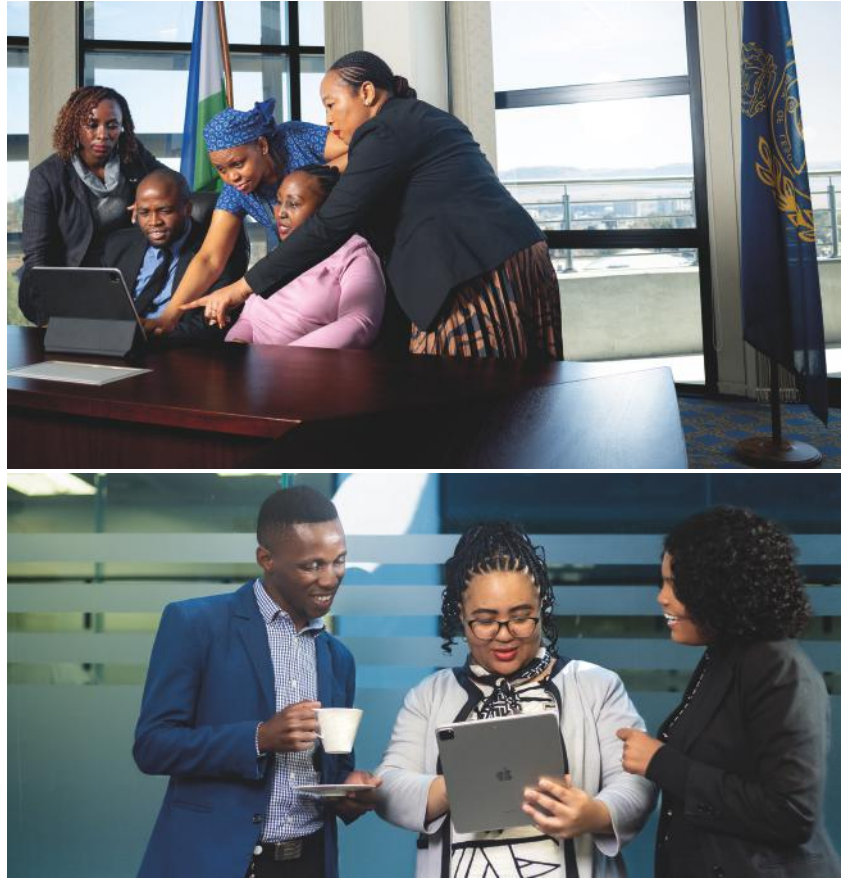
**Successful implementation of the above objectives will yield the following outcomes:**

- The regulatory and supervisory frameworks are strengthened to support a more resilient and secure financial environment
- The monetary and financial sector's stability is reinforced
- Financial inclusion is broadened, and financial education is significantly enhanced
- Consumer complaints are effectively addressed





## 3.2 Transforming for Effectiveness, Efficiency and Resilience



**To improve the effectiveness, efficiency and resilience of its operations and execute its mandate, the Bank intends to pursue the following objectives:**

- Promote organisational excellence
- Enhance organisational resilience
- Improve evidence and data-driven decision-making

### Defining Success

**Successful implementation of the above objectives will yield the following outcomes:**

- The Bank achieves higher levels of operational efficiency, employee engagement, and continuous improvement across all functions, resulting in enhanced overall performance
- Digital processes are streamlined, improving operational efficiency, reducing costs, and enhancing service delivery to stakeholders
- Engagement with stakeholders is enhanced
- The Bank is more resilient and better prepared for potential challenges
- Research initiatives generate valuable insights, guiding evidence-based decision-making and shaping effective policy development
- The Bank achieves long-term financial stability, optimizing resource allocation and ensuring sustainable growth and performance



### 3.3 Enhancing Organizational Capacity and Culture

The Bank continues to rely on its human capital to deliver on its mandate and strategic objectives. Therefore, the Bank remains committed to maintaining human capital that is highly skilled and inspired and that adheres to the Bank's values in its interaction with all stakeholders and the public at large.

**Under this theme, the Bank shall implement the following objectives:**

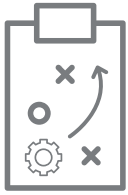
- Promote staff well-being and wellness.
- Promote high-performance culture
- Attract and retain talent

### Defining Success

**Successful implementation of the above objectives will yield the following outcomes:**

- Improved performance and productivity
- Employee health and morale improved, resulting in staff retention
- Employees are motivated to achieve exceptional results, driving continuous improvement
- Better organisational outcomes.

“ The Bank will achieve long-term financial stability, optimizing resource allocation and ensuring sustainable growth and performance. ”



## 4.0 Strategy Execution and Monitoring

To improve accountability, the Bank continues to use and enhance a robust internal Strategy Implementation and Monitoring framework. The Performance monitoring of this plan is integrated into all implementation structures of the Bank and a Monitoring Framework and Performance Reporting Dashboard are used to enhance the current reporting framework. Furthermore, the budget is aligned with the strategy.

The Bank continues to publish reports including Annual Report through which stakeholders assess the Bank's progress in achieving the strategic goals and target outcomes.

### Strategic Enablers

The following capacities and capabilities are pertinent to the successful implementation of this strategy plan.

- **Budget:**

The Bank commits to providing an adequate budget that is wholly aligned to the strategy implementation plan to ensure a smooth implementation process and realisation of the set strategic targets.

- **People:**

Human capital remains key to this strategy's implementation plan. The Bank commits to the highest standard of human resources management.

- **Technology:** The Bank, through its commitment to technological development to build efficiencies in the bank's operations, regards modern technological infrastructure and expertise as pivotal and crucial to the successful implementation of the strategy plan.

- **Strategic leadership:**

The Bank Management commits to providing policy direction and strategic leadership, monitoring the implementation process and guiding the Bank's operations to yield the expected strategic targets.





## 5.0 Formulation of Our Strategy

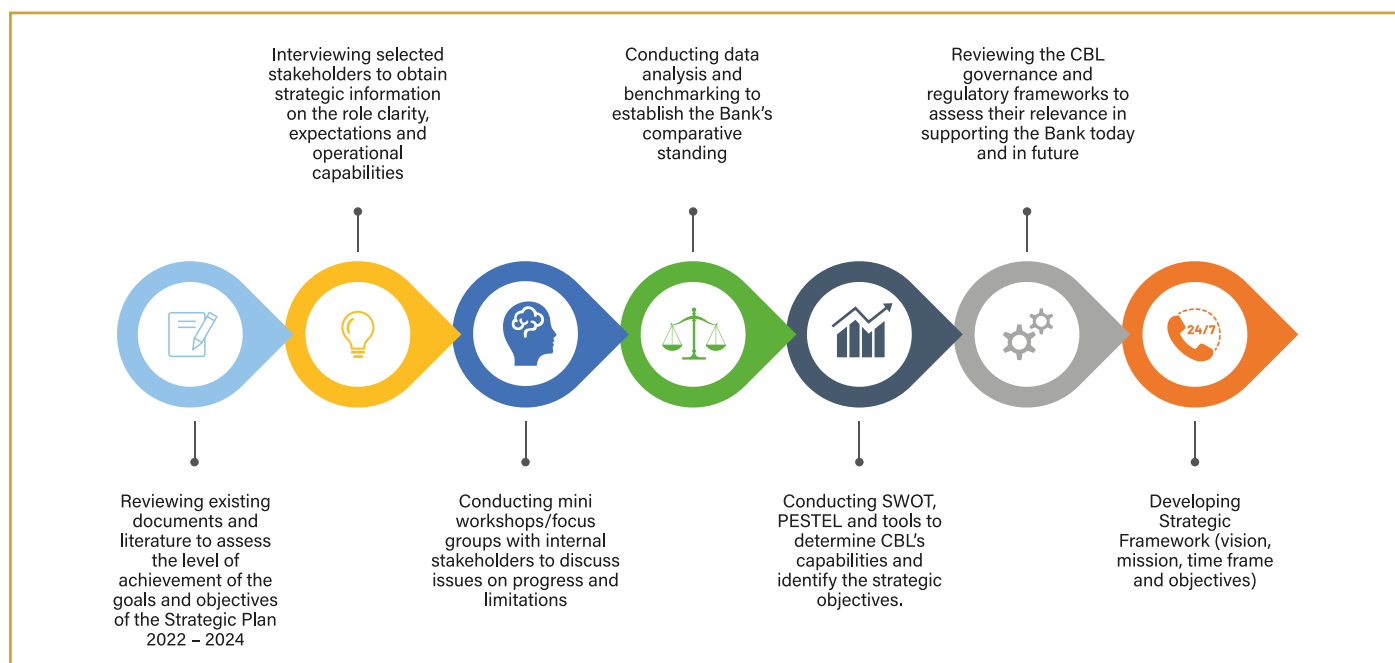
The Bank initiated the strategy development process by conducting a position audit to assess the performance of the 2022–2024 Strategic Plan and performing a situational analysis using frameworks such as Political, Economic, Social, Technological, Ecological and Legal (PESTEL) and Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis.

### 5.1 Stakeholders Engagements

Additionally, the external and internal stakeholders were engaged to provide inputs into the strategy. The external stakeholders were engaged as individual representatives and group representatives.

External stakeholders included Government Ministries and institutions licenced by the Bank. For internal stakeholders, engagements were done through a staff survey, conducting engagement sessions with focus groups, and individual sessions for Executive Management members. Figure 1 below outlines the strategy development process carried out.

**Figure 1: Strategy Plan Process**









## 5.2 Key Insights

Our Stakeholders provided valuable and in-depth feedback highlighting the need to strengthen the effectiveness of our regulatory and supervisory frameworks, improve our engagements with stakeholders, and optimise our internal processes. The results can be summarised into the following categories:

### Communication and Stakeholder Engagement Gaps

- Ineffective communication and stakeholder engagement leading to disconnects and unawareness of strategic initiatives.
- Insufficient transparency and collaboration within the Bank.
- Lack of leadership training and poor employee engagement, particularly in support units.

### Regulatory and Legal Gaps

- Regulatory framework not aligned with current industry needs, stifling innovation and inclusivity.
- Inconsistent application of regulations, creating an unfair competitive landscape.
- Lack of proactive succession planning and internal compliance checks.

### Digitalization and Process Gaps

- Inefficient and outdated processes and insufficient cybersecurity infrastructure.
- Lack of a unified IT strategy and integration of digital initiatives across the Bank.
- Need for improved financial literacy initiatives.

### Service Delivery and Capacity Gaps

- Inadequate staffing levels, industry-specific expertise, and inefficient service delivery processes.
- Outdated policies and poor work ethic impacting overall performance.
- Lack of comprehensive training on emerging issues and poor talent retention.

### Innovation and Inclusivity Gaps

- Lack of support for innovation and inclusivity within the regulatory framework.
- Slow adaptation to change due to traditional constraints and lack of a research hub.
- Insufficient focus on financial inclusion and innovative practices.

### Operational and Coordination Gaps

- Operational inefficiencies and lack of coordination with other regulators.
- Inadequate alignment of strategy with available resources and poor integration of planning processes.
- Over-reliance on external consultants and lack of internal capacity building.





## 5.3 Environmental Context

During the Strategy development, a number of socio-economic and political factors that are likely to have a bearing on the Bank Strategy as observed locally and by Common Monetary Area (CMA), Southern African Development Community (SADC) Committee of Central Bank Governors (CCBG) and Association of African Central Banks (AACB) were identified.

-  Low economic growth
-  Cyber security threat
-  Fintech and Innovation
-  Emergence of Central Bank Digital Currencies (CBDCs)
-  Under-developed financial market
-  Inflationary environment
-  Change in political priorities
-  Climate change
-  Political cycles and geo-political tensions







## 6.0 The Strategy Plan

Having considered feedback from our stakeholders and position audit findings, and taking into account the socio-economic and political issues identified above, the strategic objectives and initiatives were developed as depicted in Annexure 1 below:



## ANNEXURE 1

## THEME 1: SAFEGUARDING MONETARY AND FINANCIAL STABILITY

	Strategic Objectives	Strategic Initiatives	Measure	Baseline	2025	Target 2026	2027	Total/ Average
THEME 1: SAFEGUARDING MONETARY AND FINANCIAL STABILITY	1.1 PROMOTE A STABLE MONETARY AND A WELL FUNCTIONING FINANCIAL SYSTEM	1.1.1 Strengthen the resilience of the financial system	Number of macro prudential measures introduced	0	4	1	3	8
			Number of crises management measures introduced	0	0	1	1	2
			Number of financial safety-nets measures introduced	0	2	1	1	4
		1.1.2 Promote efficient and secure payment and settlement systems	Average transaction cost	<5%	<5%	<3%	<3%	<3%
			Number of data breaches incidents	0	0	0	0	0
			Transaction volume growth	-	5%	5%	7%	17%
			% of system uptime and efficiency	99.9%	99.9%	99.9%	99.9%	99.9%
		1.1.3 Enhance the effectiveness of the monetary policy framework	Revamped operational framework (to strengthen policy transmission)	3	1 review 1 new	1 review	0	2 reviews 1 new
		1.1.4 Optimise the currency supply	% Availability of currency meeting the national demand	100%	100%	100%	100%	100%
			Developed policy on currency design and printing etc	0	Policy approved	-	-	1
		1.1.5 Maintain the integrity and quality of the national currency	Develop and review guidelines	5	1 review 1 new	review	2 reviews	5 reviewed 1 new
	1.2 IMPROVE REGULATORY AND SUPERVISORY FUNCTION	1.2.1 Develop and enhance regulatory and supervisory frameworks in line with best practices and emerging trends	Number of developed supervisory and regulatory frameworks (Review and development will incorporate emerging trends, and harmonisation)	61	8 new	10 new	4 new	22 new
					5 reviews	6 reviews	4 reviews	15 reviews
		1.2.2 Develop supervisory engagements	Number of the supervisory engagements	16	16	16	16	48
		1.2.3 Build supervisory capacity in specialised areas to enhance supervision oversight	number of undertaken capacity building programs	0	13	11	9	33
	1.3 PROMOTE AND ENHANCE FINANCIAL LITERACY AND INCLUSION	1.3.1 Promote access to financial services and products	% of planned FI initiatives implemented	0	30%	45%	70%	70%
		1.3.2 Promote usage of financial services and products	Number of planned Financial Education (FE) initiatives undertaken	11	19	19	19	57
	1.4 ENHANCE MARKET CONDUCT SUPERVISION	1.4.1 Develop new Financial Consumer Protection (FCP) regulations in line with best standards	Number of new Financial Consumer Protection (FCP) regulations	3	3 new	2 new	2 new	7 new
			Number of developed supervisory frameworks	-	-	1 new	-	1 framework
		1.4.2 Enhance the effectiveness and efficiency of financial consumers complaints resolution	Developed internal and external complaint management framework	1	0	1	0	1 framework

## ANNEXURE 1

### THEME 2:

## TRANSFORMING FOR EFFECTIVENESS, EFFICIENCY AND RESILIENCE

	Strategic Objectives	Strategic Initiatives	Measure	Baseline	2025	Target		Total/ Average
						2026	2027	
THEME 2: TRANSFORMING FOR EFFECTIVENESS, EFFICIENCY AND RESILIENCE	2.1 PROMOTE ORGANISATIONAL EXCELLENCE	2.1.1 Ensure financial sustainability	Cost to revenue	75%	80%	80%	80%	80%
		2.1.2 Promote corporate communication	Implement stakeholder engagement plan	62%	74%	86%	100%	100%
		2.1.3 Optimise digitalisation and integration of business processes	Number of Data warehouse	0	1	2	2	5
			Data centre tier level aligned to uptime Institute	0	Tier I	Tier II	Tier III	Tier III
			Maturity level of prioritised service management practices	2	2L	3L	3L	3L
			% of critical automated business processes and workflows	5%	80%	85%	90%	90%
			Uptime statistics on availability of systems and services	99%	99.67%	99.74%	99.98%	99.98%
			Number of systems acquired through inhouse development	0	2	1	1	4
			Number of departments adopting the use of emerging technology	1	3	6	14	14
	2.2 ENHANCE ORGANIZATIONAL RESILIENCE	2.2.1 Enhance the functionality, safety, sustainability and efficiency of the bank's PPE	Additional number of automated monitoring and control systems	2	0	1	1	4
			Number of preventative maintenance on critical installations or utilities	3	1	1	1	6
			Number of diversified emergency preparedness activities	1	1	1	1	4
			Reduced utilities down-times	5%	3%	0%	0%	0%
		2.2.2 Strengthen CBL resilience 2.2.3 Develop Sustainability Framework	Achieve cybersecurity maturity level aligned with envisaged CCBG'S level	Level I	Level II	Level II	Level III	Level III
			Improved business continuity maturity level	Level IV	Level IV	Level IV	Level V	Level V
		2.2.3 Develop Sustainability Framework	Approved roadmap	0	Approved roadmap	Implement in line with the roadmap	Implement in line with the roadmap	Implement in line with the roadmap
	2.3 IMPROVE EVIDENCE AND DATA DRIVEN DECISION MAKING	2.3.1 Strengthen research capacity and output across the Bank	% implementation of research training plan	0	40%	20%	20%	80%
			% uptake growth of data analytics technologies	25%	10%	10%	10%	55%
		2.3.2 Conduct impactful research output	Developed Bank's research agenda	0	Agenda Approved	Agenda Implemented	Agenda Implemented	Agenda Implemented
			Number of impactful research output (decision making and policy)	4	5	5	5	19
		2.3.3 Establish Sandbox and Innovation Hub	Sandbox and innovation hub		established	implement	implement	

## ANNEXURE 1

## THEME 3:

## ENHANCING ORGANIZATIONAL CAPACITY AND CULTURE

	Strategic Objectives	Strategic Initiatives	Measure	Baseline	Target			Total/ Average
					2025	2026	2027	
THEME 3: ENHANCING ORGANIZATIONAL CAPACITY AND CULTURE	3.1 PROMOTE STAFF WELLBEING AND WELLNESS	3.1.1 Enhance employee wellbeing, health and wellness	• % implementation of wellness program	100%	100%	100%	100%	100%
		3.1.2 Promote work-life balance	• Approved policies on work-life balance	0	1	0	1 review	1
	3.2 PROMOTE HIGH PERFORMANCE CULTURE	3.2.1 Promote a positive organizational culture	• % implementation of organizational culture promotion plan	0	20%	40%	40%	100%
		3.2.2 Develop and Implement a comprehensive training and development program	• % implementation of the training and development program	50%	10%	20%	30%	100%
		3.2.3 Develop and review Human Resources policies and procedures	• Number of developed and reviewed policies and procedures	30	1 new 4 reviews	4 reviews	4 reviews	1 new 12 reviews
	3.3 ATTRACT AND RETAIN TALENT	3.3.1 Establish and improve the bank's Employee Value Proposition (EVP)	• Established EVP	-	Approved EVP	Implemented EVP	Implemented EVP	Implemented EVP
			• % talent attraction	-	100%	95%	95%	95%
			• % talent retention	99%	95%	95%	95%	95%
		3.3.2 Develop and implement succession plan	• Developed succession plan	-	Approved plan	Implemented plan	Implemented plan	Approved plan

TABLE 4: PESTEL ANALYSIS

Political	Economic	Social	Technological	Environmental	Legal
<ul style="list-style-type: none"> <li>Political interference</li> <li>Change in government policies</li> <li>Uncertain political environment</li> <li>Political riots</li> <li>Limited capacity of the OPC (Office of Parliamentary Committee)</li> <li>Fiscal policy impacts on monetary policy</li> <li>Fiscal budget constraints</li> </ul>	<ul style="list-style-type: none"> <li>Excessive reliance on SACU</li> <li>Global economic development</li> <li>Low economic growth</li> <li>Employment rates and labour market conditions</li> <li>Currency valuation/PEG:</li> <li>Global market indicators</li> <li>Stable inflation</li> <li>Government spending and revenue</li> <li>Predictable exchange rate</li> <li>Under-developed financial market: on the South African economy</li> <li>Volatile markets</li> <li>Undiversified economy</li> <li>High unemployment rate</li> <li>Insufficient data</li> <li>Fiscal budget constraints</li> </ul>	<ul style="list-style-type: none"> <li>Public confidence trust in CBL ability to manage monetary policy</li> <li>Crime</li> <li>Unemployment</li> <li>Public trust</li> <li>Social inequality can lead to economic instability and social unrest, which can create challenges for the CBL.</li> <li>Demographic change</li> <li>Criminal levels</li> <li>Poverty</li> <li>Low living standards</li> <li>Prevalence of diseases</li> <li>Outbreaks of pandemics</li> <li>Generational dynamics</li> </ul>	<ul style="list-style-type: none"> <li>FINTECH: Advance in fintech may influence monetary policy/ regulation DC</li> <li>Digital currencies</li> <li>Data Analytics</li> <li>Artificial intelligence</li> <li>Sandbox</li> <li>Vulnerable to cyber-threats</li> <li>Potential for adoption of new technologies</li> <li>Emerging technologies e.g. AI, digital currencies, cloud, quantum computing, mobile computing</li> <li>Digital transformation opportunities social media</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability initiatives: Increasing focus on environmental sustainability can affect investment strategies</li> <li>Drought (Climate change - embrace green technology)</li> <li>Adaption &amp; mitigation insurance</li> <li>Drought (Climate change- embrace green technology)</li> <li>Climate financing</li> <li>Natural disaster</li> </ul>	<ul style="list-style-type: none"> <li>Protection of personal information</li> <li>Outdated laws and inefficient legislative system remain a challenge.</li> <li>Long process to have laws approved</li> <li>Regulations and laws (outdated)</li> <li>Rapid International standards affect CBL policies &amp; Practices</li> <li>Compliance Requirements</li> <li>Protection of personally identifiable information e.g. ID</li> <li>Lengthy legal processes</li> <li>AML-CFT</li> </ul>

## ANNEXURE 1

TABLE 5:

## SWOT ANALYSIS

## Strengths

- Institutional, functional, and financial autonomy: ability to execute mandate effectively.
- Financial independence: budget authorization and execution reside with the board of the Bank.
- Highly skilled and competent workforce.
- Credibility and ethical conduct.
- Expertise in monetary/financial institution regulatory affairs.
- Ability to expand or contract the balance sheet (monopoly/sole authority in currency issuance).
- Regulatory influence over the industry.
- Affiliation with regional and global organizations.
- Strong influence on policy direction, especially economic policies.
- Watertight legislation ensuring compliance and governance.
- Clear organizational structures.
- Opportunities for training and development, enhancing workforce expertise.
- Competitive remuneration packages.
- Existence of platforms for staff engagement.
- Welfare opportunities for staff, promoting well-being.
- Affordability, ensuring cost-effective operations.
- International collaborations expanding global reach and influence.



## Weaknesses

- Low staff moral
- Rigid org Structures
- Obsolete regulations
- Inability to retain and attract talent
- Preoccupation on financial profits
- Red tape (bureaucracy)
- Working in silos
- Lack of understanding of the Bank's Business
- Failure to exercise our autonomy
- Governance (governor as chair of BOD)
- Underutilization of our affiliations we have with international organizations
- Limited independence
- Lagging laws (outdated laws)
- Lack of focus (doing everything that is money)
- Weak SAC structure
- Rigid regulatory frameworks
- Non competitiveness on the staff remuneration
- Lack of innovation



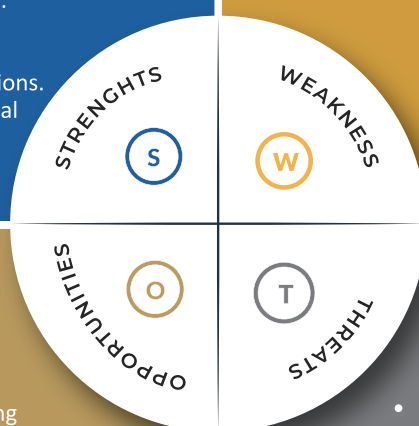
## Opportunities

- Leveraging affiliations with international organizations.
- External relations and affiliations, capitalizing on the uniqueness of the bank.
- Training opportunities for enhancing skills and expertise.
- Exploitation of relevant technologies to improve efficiency and services.
- Technological advancements, including AI, offering innovative solutions.
- Opportunities for innovating new products in response to market needs.
- Monopoly leverage, allowing control over currency issuance and financial stability.
- Easy adaptability to fintech innovations due to the bank's unique nature.
- Collaborations with international corporations for growth and influence.
- Management's openness to innovation, fostering a culture of creativity.
- Leveraging emerging technologies to stay competitive.
- Underdeveloped economy presents opportunities for growth and development.



## Threats

- Misinformation- AI
- Cyber crimes
- Geopolitical conflicts (affects macro economical positions)- supply chain disruptions
- Digital currencies (money laundering)
- Disease outbreaks
- Loosing operational independence and autonomy
- Governed by the law that is not flexible to respond to the emerging challenges)
- Stakeholder perceptions
- Outdated laws and other legislative frameworks
- Cyber attacks
- Loss remuneration competitiveness
- Political influence
- Artificial intelligence
- Unlicensed institutions
- High staff turnover
- Lack of laws to support our mandate
- Long legislation process





## ANNEXURE 1

Table 6:

## Situational Analysis

Communication and Stakeholder Engagement Gaps	Issues	Gaps
	<ul style="list-style-type: none"> <li>Lack of stakeholder awareness of the bank's strategic plan.</li> <li>Missed opportunities for stakeholder engagement through existing forums.</li> <li>Poor communication on national matters affecting the financial sector.</li> <li>Long legislative processes stifling innovation and responsiveness to sector changes.</li> <li>Lack of clear leadership direction and dynamic strategic planning.</li> <li>CBL's internal culture lacks transparency, collaboration, and recognition of internal talent.</li> <li>Silo mentality with poor communication across departments and insufficient stakeholder consultations.</li> </ul>	<ul style="list-style-type: none"> <li>Ineffective communication and stakeholder engagement leading to disconnects and unawareness of strategic initiatives.</li> <li>Insufficient transparency and collaboration within the bank.</li> <li>Lack of leadership training and poor employee engagement, particularly in support units.</li> </ul>
Regulatory and Legal Gaps	Potential Initiatives	
	<ul style="list-style-type: none"> <li>Develop and implement a comprehensive communication strategy, ensuring regular updates and stakeholder consultations.</li> <li>Leverage existing forums for strategic plan dissemination and engagement.</li> <li>Foster a collaborative culture by breaking down silos and improving inter-departmental communication.</li> <li>Introduce leadership training programs and employee recognition initiatives to improve morale and productivity.</li> <li>Ensure management communicates strategic progress at least annually to all stakeholders.</li> </ul>	
	Issues	Gaps
	<ul style="list-style-type: none"> <li>Outdated and rigid regulations that do not accommodate new products or technological advancements.</li> <li>Inconsistent enforcement of regulations, leading to an unbalanced regulatory environment.</li> <li>Lack of harmonization across regulatory frameworks and absence of a sandbox for innovation.</li> <li>No clear succession planning or internal compliance with regulatory frameworks.</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory framework not aligned with current industry needs, stifling innovation and inclusivity.</li> <li>Inconsistent application of regulations, creating an unfair competitive landscape.</li> <li>Lack of proactive succession planning and internal compliance checks.</li> </ul>
	Potential Initiatives	
	<ul style="list-style-type: none"> <li>Conduct a comprehensive review and update of existing regulations to align with industry needs.</li> <li>Introduce flexible regulations and a sandbox framework to foster innovation.</li> <li>Establish transparent and consistent enforcement mechanisms to ensure fairness.</li> <li>Develop a clear succession plan and conduct regular audits to ensure compliance with internal regulations.</li> </ul>	

## ANNEXURE 1

Table 6:

## Situational Analysis

Digitalization and Process Gaps	Issues	Potential Initiatives
	<ul style="list-style-type: none"> <li>Resistance to digitalization and reliance on manual processes, leading to inefficiencies.</li> <li>Disjointed ICT projects due to lack of integration and a comprehensive IT strategy.</li> <li>Outdated procurement processes causing delays and inefficiencies.</li> <li>Cybersecurity concerns with inadequate measures to protect against digital threats.</li> </ul>	<ul style="list-style-type: none"> <li>Inefficient and outdated processes and insufficient cybersecurity infrastructure.</li> <li>Lack of a unified IT strategy and integration of digital initiatives across the bank.</li> <li>Need for improved financial literacy initiatives.</li> </ul>
	Gaps	
Service Delivery and Capacity Gaps	<ul style="list-style-type: none"> <li>Develop and implement a Accelerate digitalization of processes and integrate ICT projects under a comprehensive IT strategy.</li> <li>Reform procurement processes to reduce delays and enhance efficiency.</li> <li>Strengthen cybersecurity protocols to protect against digital threats.</li> <li>Enhance financial literacy initiatives to better educate stakeholders.</li> </ul>	
	Issues	Potential Initiatives
	<ul style="list-style-type: none"> <li>Lack of capacity and skilled labour leading to inefficiency, particularly in support units.</li> <li>Recruitment processes that fail to attract top talent and result in reliance on interns.</li> <li>Lengthy response times and outdated policies affecting service delivery.</li> <li>Deteriorating professionalism and culture within the bank.</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate staffing levels, industry-specific expertise, and inefficient service delivery processes.</li> <li>Outdated policies and poor work ethic impacting overall performance.</li> <li>Lack of comprehensive training on emerging issues and poor talent retention.</li> </ul>
	Gaps	
	<ul style="list-style-type: none"> <li>Strengthen recruitment processes to attract top talent and reduce reliance on interns.</li> <li>Enhance training programs for staff on emerging issues and regularly review policies to reflect current realities.</li> <li>Establish clear service standards and timelines to improve service delivery.</li> <li>Implement professionalism and culture-building initiatives, such as quarterly awards.</li> </ul>	

## ANNEXURE 1

## Table 6:

## Situational Analysis

Innovation and Inclusivity Gaps	Issues	Gaps
	<ul style="list-style-type: none"> <li>Regulatory barriers and traditional practices that hinder financial innovation and inclusivity.</li> <li>Lack of resources, direction, and a dedicated hub for research and innovation.</li> <li>The bank's strategy is uninspiring and does not separate strategic activities from routine operations.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of support for innovation and inclusivity within the regulatory framework.</li> <li>Slow adaptation to change due to traditional constraints and lack of a research hub.</li> <li>Insufficient focus on financial inclusion and innovative practices.</li> </ul>
	Potential Initiatives	
	<ul style="list-style-type: none"> <li>Separate strategic activities from routine operations to focus on innovation.</li> <li>Establish a research and innovation hub within the bank to foster creativity and new ideas.</li> <li>Promote financial inclusion by introducing "KYC Lite" and other inclusion-focused regulations.</li> <li>Allocate resources specifically for innovation and emerging regulatory practices.</li> </ul>	
Operational and Coordination Gaps	Issues	Gaps
	<ul style="list-style-type: none"> <li>Misalignment between strategy, budget, and available resources, leading to inefficiencies.</li> <li>Inefficient planning and reporting processes across departments.</li> <li>Over-reliance on government instruments for monetary tools</li> <li>Lack of internal trust leading to excessive outsourcing.</li> <li>Negative perception and customer experience due to a heavy-handed regulatory approach.</li> </ul>	<ul style="list-style-type: none"> <li>Operational inefficiencies and lack of coordination with other regulators.</li> <li>Inadequate alignment of strategy with available resources and poor integration of planning processes.</li> <li>Over-reliance on external consultants and lack of internal capacity building.</li> </ul>
	Potential Initiatives	
	<ul style="list-style-type: none"> <li>Align strategy with budget and available resources for better execution and resource optimization.</li> <li>Integrate planning and reporting processes across departments to improve coordination.</li> <li>Develop the bank's own monetary tools to reduce reliance on government instruments.</li> <li>Foster a client-centric culture and improve stakeholder relationships through better customer service and communication.</li> </ul>	



# Central Bank of Lesotho Strategic Plan 2025-2027

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