



CENTRAL BANK OF LESOTHO
BANKA E KHOLO EA LESOTHO

CENTRAL BANK OF LESOTHO 2022-2024 STRATEGIC PLAN

Promoting a Stable Monetary
and Financial System.





CONTENTS

-	FOREWORD	ii
1.	INTRODUCTION	1
2.	EMERGING ISSUES	2
3.	CORPORATE MANDATE	4
	3.1 Mandate and Functions	4
	3.2 Vision	5
	3.3 Mission	5
	3.4 Values	5
4.	CORPORATE STRATEGIC OBJECTIVES AND INITIATIVES	8
-.	ANNEXURE I: CBL STRATEGIC PLAN 2022-2024: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS	11



FOREWORD

The review of the Strategic Plan 2019–2021 was done against a number of challenges globally, domestically and within the Central Bank of Lesotho. The world is experiencing a one in a century pandemic in the form of SARS COV 2 commonly known as COVID-19. The pandemic has been characterized by imposition of social distancing measures, restrictions of domestic and international travel and incessant lockdowns. As a result, economic activity and supply chains have been severely disrupted. Staff have had to work from home as a norm. The pandemic is heading towards the end of its second year and is continuing to unfold. While there is a glimmer of hope due to the improvement in vaccine procurement and distribution, uncertainty is still elevated. The pandemic has further put additional pressure on the economy of Lesotho mainly on economic growth and fiscal performance. This has put immense pressure on the foreign reserves and revenue of the Bank. Overall, the prevailing economic environment has implications on the Central Bank of Lesotho.

The next strategy period is going to be very exciting for the Bank as it marks the first phase in the implementation of the next wave of financial reforms aimed at increasing financial inclusion and expanding access to finance while maintaining macroeconomic and financial stability. The Financial Sector Development Strategy (FSDS) which was one of the implementing strategies of the National Strategic Development Plan (NSDP) 1 came to end in 2019. There was significant achievement in the implementation of the FSDS but there is still more work that needs to be done. To inform the next FSDS, the Central Bank of Lesotho with the assistance of the development partners undertook the World Bank Financial Sector Assessment Programme (FSAP) Development Module, International Monetary Fund (IMF) Financial Sector Stability Review (FSSR), IMF Safeguards Assessment and the Finscope Consumer Survey 2021. These provided a comprehensive diagnostic view of the state of our financial sector and presented where there are still gaps.

Despite satisfactory achievement in most reform areas, expanding access to finance mainly to small and medium enterprises (SME) sector seems to be lagging behind. The SME sector has the potential to be the largest employers and contribute significantly to economic growth. Thus it is critical that in this Strategy we focus on identifying and addressing the barriers to credit for the SME sector. Noting that the sources of credit in the economy are currently limited to commercial banks and micro financial institutions, bringing additional players in the credit market may also go a long way in unlocking access to finance.

FOREWORD

Amongst the proposed reforms is the review of the Central Bank of Lesotho Act, 2000. While the current Act has served the Bank well, it is beginning to fall short in a number of areas which may hamper the Bank to achieve its mandate. One area that needs improvement is governance. There has been significant improvement in governance at the global level in the last few years that need to be incorporated in the review.

Significant progress has been achieved in the area of automation and digitalization of the processes in the Bank. The number of manual processes has been reduced significantly and sizable investment has gone into procurement of new systems and upgrading of the existing ones. This to a large extent helped the Bank to successfully navigate the COVID-19 shock on the Bank processes. To that effect the adjustment towards remote working was smooth. Nevertheless, the unfolding COVID-19 has raised new issues for the infrastructure and elevated risks. This includes cyber security threat and aging IT infrastructure.

The review has also pointed the Bank to a number of emerging issues which need to be taken into account. These include emergence of Central Bank Digital Currencies (CBDC), Fintech and Innovation and climate change. The staff of the Bank remain the important resource and require continuous development and reskilling in the face of this changing environment. The Bank will continue to cooperate with all stakeholders to ensure successful implementation of the Strategy.



A.R Matlanyane (PhD)
Governor

1 INTRODUCTION

The Central Bank of Lesotho has undertaken a review of its Strategic Plan 2019 - 2021. The review was undertaken against the challenging background characterized by the unfolding COVID-19 pandemic, which has shifted the way work is done in the Bank making it near impossible for the review to occur in a normal way. However, it was imperative for the review of the strategic plan to be done as it is considered as a good practice to monitor progress and adapt to changes.

During the review, an examination of the main functions of the Bank was done with a view to identify the emerging issues that could threaten the attainment of the Bank's mandate. The emerging issues cover both the core functions specified in the Central Bank of Lesotho Act, 2000 as well as enabling and supporting functions such as Information and Communications Technology (ICT), Human Capital and others. The emerging issues were also informed by the country international and regional commitments such as the Common Monetary Area (CMA), Southern African Development Community (SADC) Committee of Central Bank Governors (CCBG) and Association of African Central Banks (AACB). This provided the global view of the challenges and opportunities for the Bank going forward.

The review process was also informed by the results of the recently completed World Bank Financial Sector Assessment Programme (FSAP) Development Module, International Monetary Fund (IMF) Financial Sector Stability Review (FSSR) and IMF Safeguards Assessment, all of which provided a diagnostic view of the Financial Sector. Inputs were also gathered from the stakeholders through regular industry meetings and engagements with the relevant Government of Lesotho ministries. Lessons learnt during the implementation of the 2019-2021 Strategic Plan also informed the review process.

The plan is divided into four sections including this introduction. Section two presents the emerging issues that had a bearing on the review process. Section three presents the Bank's mandate, vision, mission and values. Section four presents the corporate strategic objectives and initiatives.

2 EMERGING ISSUES

During the Strategy view, a number of emerging issues that are likely to have a bearing on the Bank Strategy were identified. The issues are as follows:

A. Global Issues

- Uncertainties in economic recoveries due to COVID-19 and rising global risk environment.
- Continued low yield environment.
- Green financing.
- Climate change.
- Cyber security threat.
- Compliance to Anti Money Laundering/Counter Financing of Terrorism(AML/CFT) rules.
- Fintech and Innovation.
- Emergence of Central Bank Digital Currencies (CBDCs).

B. Domestic Issues

I. COUNTRY LEVEL ISSUES

- Prolonged COVID-19 pandemic.
- Low economic growth.
- High inflation level.
- Continuing high domestic fiscal deficit.
- Rising public debt level.
- Limited access to finance by the private sector.
- Possible company failures in the local economy due to prolonged COVID-19 pandemic.
- National reforms process.
- High turnover of Governments.

II. BANK SPECIFIC ISSUES

- Decline in Bank revenue.
- Low reserves and limited scope to generate revenue.
- High tax burden on the Bank.
- Reliance on treasury instruments for Monetary Policy purposes.
- Ageing IT infrastructure.

2 EMERGING ISSUES

- Non alignment with changes brought about by the 4th industrial revolution and the new ways of working due to the COVID-19 pandemic.
- Emergence of CBDCs.
- Cyber security threat.
- Increased levels of unfair practices in the financial sector.
- Outdated CBL Act and Bye-laws.
- Fintech and Innovation.
- Susceptibility of Non-Banks Financial Institutions to AML/CFT.
- Loss of specialized skills.
- Psychological impact of COVID-19 on members of staff.
- Irregular maintenance of the Bank's equipment due to COVID-19 disruption.

3 CORPORATE MANDATE

3.1 Mandate and Functions

The Central Bank of Lesotho (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 and the Bank was conferred additional functions and responsibilities. In August 2000, the Central Bank of Lesotho Act 2000 (the Act) came into force and bestowed a fair amount of autonomy on the Bank, and defined the primary objective of the Bank as achievement and maintenance of price stability.

In order to support this primary objective, the Bank has been mandated to perform the following 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.

The mandate and functions of the Bank as outlined in Sections 5 and 6 of the Act can be summarised into attainment and maintenance of monetary stability and financial system stability.

3 CORPORATE MANDATE

3.2 Vision

We are a dynamic institution, in pursuit of excellence in central banking.

3.3 Mission

We strive to achieve and maintain monetary and financial system stability to support balanced macroeconomic development in Lesotho.

3.4 Values

The Board, Management and Staff of the Bank shall conduct themselves with utmost respect, integrity and transparency towards all stakeholders in executing the mandate and functions of the Bank, recognizing that they are accountable to the Government of Lesotho and Basotho. The five values of the Bank are as follows:

- Stakeholder focus.
- Transparency.
- Accountability.
- Integrity.
- Respect.

Table 1 below presents the narrative and associated behaviours for each value.

3 CORPORATE MANDATE

Table 1: Values and Associated Behaviours		
Values	Narrative	Associated behaviours
Respect	Creating an environment where all stakeholders, regardless of the status and positions, are valued and heard.	Treat people/stakeholders with courtesy, politeness, and kindness.
		Encourage others to express themselves and share their opinions and ideas.
		Listen to what others have to say before expressing own viewpoint. Ask to understand.
		Use people's ideas to change or improve the workplace.
		Do not discriminate, name call, disparage (degrade) or look down upon others.
		Legislation, organization, respect for authority.
		Respect for governance and operational instruments of the Bank.
Integrity	Upholding honourable conduct and behaviour, even when no one is watching.	Respect for the environment.
		Selflessness.
		Honesty.
		Loyalty.
		Empathy and respect.
Accountability	Delivering on obligations and commitments while taking responsibility for actions and outcomes.	Self-respect.
		Reporting.
		Accuracy.
		Timeliness.
		Reliability.
		Dependability.
Stakeholder focus	Comprehensive knowledge of the stakeholder community and appropriate management of various stakeholder groups.	Acting responsibly.
		Professionalism.
		Continuous engagement.
		Timeliness.
		Consistency.
		Flexibility.
		Equality and fairness.

3 CORPORATE MANDATE

Table 1: Values and Associated Behaviours (continued)

Values	Narrative	Associated behaviours
Transparency	Communicating with clarity, openness and honesty with stakeholders.	Open communication of relevant information to relevant stakeholders using various mediums of communication.
		Timely production of relevant reports and statistics.
		Encouraging feedback.
		Honest and simple communication acceptable to our stakeholders. Engagements with key stakeholders.
		Accuracy.
		Reliable.
		Knowing when to draw the line in disseminating information.



4 CORPORATE STRATEGIC OBJECTIVES AND INITIATIVES

In response to the emerging issues presented in the Section 2, six strategic objectives were developed. The six strategic objectives and initiatives that the Bank will implement in pursuit of the objectives are presented below.

Strategic Objective 1: Promote a stable monetary and financial system

In line with its primary mandate of attaining and maintaining price stability, the Bank will continue to put in place measures that will promote low and predictable inflation. This entails maintaining the level of Net International Reserves (NIR) that is sufficient to underwrite the peg. The Bank will also improve supervisory and regulatory instruments aimed at ensuring that the financial system is able to withstand shocks and imbalances.

The Bank will implement the following initiatives in pursuit of the objective:

- 1.1 Develop and implement policies and instruments that enhance financial and monetary stability;
- 1.2 Strengthen the research and advisory capacity of the Bank;
- 1.3 Enhance the independence and autonomy of the Bank;
- 1.4 Improve regulatory and supervisory instruments (legislative);
- 1.5 Identify and promote development of innovative payment and settlement systems; and
- 1.6 Enhance safety and soundness of the financial system and enforce compliance with AML/CFT requirements.

Strategic Objective 2: Facilitate financial literacy, intermediation and inclusion

The Bank will embark on financial education campaigns and promote widespread access to the financial services to enable participation by more people in the mainstream economic activities of Lesotho. The Bank recognises that a population with a good appreciation of the financial products will be empowered to make informed choices in the use of financial services. The Bank will put in place regulatory instruments that promote more lending by financial institutions to the public at large to grow the economy.



4 CORPORATE STRATEGIC OBJECTIVES AND INITIATIVES

The Bank will implement the following initiatives in pursuit of the objective:

- 2.1 Develop and implement effective financial education and literacy programmes;
- 2.2 Develop policies and instruments that enhance financial intermediation;
- 2.3 Develop and implement policies and instruments that enhance financial inclusion; and
- 2.4 Regulate financial sector market conduct.

Strategic Objective 3: Improve stakeholder confidence

The Bank strives to earn and maintain trust of its stakeholders by continuously improving efficiency in its operations and executing its mandate without compromise. This entails ensuring that operations of the Bank continue smoothly and are able to withstand disruptions, and continuously engaging its stakeholders and addressing their legitimate needs and interests.

The following initiatives will be implemented in pursuit of the objective:

- 3.1 Strengthen networks and relations with key and strategic stakeholders; and
- 3.2 Improve the Bank's resilience to disruptions.

Strategic Objective 4: Attain and maintain financial sustainability

The Bank strives to maintain financial sustainability to enable it to discharge its functions and deliver on the strategic objectives. This entails implementing cost cutting measures and prudently investing financial resources.

It is recognised that the ongoing pandemic has exacerbated the already challenging global business environment with pressure on revenue and increasing costs.

The Bank will implement the following initiatives:

- 4.1 Implement strategy aligned budgeting; and
- 4.2 Improve financial and management accounting across the Bank.

4 CORPORATE STRATEGIC OBJECTIVES AND INITIATIVES

Strategic Objective 5: Deepen automation and integration of processes and systems

The Bank recognizes that IT capability is a central enabler in the performance of its functions. The Bank will strengthen its IT systems and infrastructure to enhance automation of processes including regulatory and supervisory interventions while mitigating against cyber threats.

The Bank will implement the following initiatives:

- 5.1 Identify and implement digital business enabler opportunities;
- 5.2 Implement big data analytics to enhance business decision making;
- 5.3 Enhance cybersecurity resilience; and
- 5.4 Deepen automation of Non-Banks Financial Institutions.

Strategic Objective 6: Attract and retain engaged human capital

The Bank relies on its human capital to deliver on its mandate and strategic objectives. 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. It is recognised that a high performing Bank depends on a consistently engaged personnel that continually develops its capabilities to adapt to the rapid changes in the Bank's environment.

The following initiatives will be implemented:

- 6.1 Undertake workforce planning (staff rationalization);
- 6.2 Promote learning culture, skills and capacity development; and
- 6.3 Promote and maintain a conducive work environment.

Annexure 1, overleaf, presents the strategic objectives with intended outcomes, strategic initiatives and strategic measures and targets.

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

Strategic Objective 1				
CORPORATE STRATEGIC OBJECTIVES	CORPORATE STRATEGIC INITIATIVES	ACTIVITIES (in support of the Corporate Strategic Initiatives)	MILESTONES	DELIVERABLES
<p>Strategic Objective 1 Promote a stable monetary and financial system.</p> <p>Intended Outcome: Low and predictable inflation; A financial system that is able to withstand shocks and adjust to imbalances.</p>	1.1. Develop and implement policies and instruments that enhance financial and monetary stability.	1. Execute monetary policy.	Successful auctions of Treasury securities and monetary policy instruments (CBL paper).	Stable monetary environment.
		2. Streamline reserves management processes in line with best practices.	Improved management of reserves.	Provision of liquidity, safety of reserves and capital preservation.
		3. Enhance the scope of open market operations.	Research output.	Enhanced Open Market Operations Framework.
		4. Develop and implement Macro-prudential Policy.	Systemic risk reporting framework.	Implementable macro prudential policy Framework (and instruments). Macro prudential strategy (that outlines which instruments to use and when).
	1.2 Strengthen the research and advisory capacity of the Bank.	1. Conduct relevant research to improve policy development and implementation.	Research reports and recommendations.	Timely policy advice to relevant stakeholders.
		2. Improve quality of macroeconomic statistics and analysis in accordance with standards.		Timely release of data that adequately cover the sectors/subjects.
	1.3 Enhance the independence and autonomy of the Bank.	1. Facilitate amendment of the Central Bank Act, 2000.	Amended CBL ACT.	Enhanced independence of the Bank.
		2. Revise Governance instruments.	Revised Governance instruments.	Well governed institution that complies with modern standards of central banking



Strategic Objective 1					
Strategic Measures	Definition of Strategic Measures	Base Line June 2021	Targets		
			2022	2023	2024
1.1 Net International Reserves(NIR) level in per cent of M1 money supply.	Minimum Net International Reserves of 120 per cent of M1 money supply.	117%	120%	120%	120%
1.2 Capital adequacy of banks.	Ratio of regulatory capital to risk weighted assets (8 per cent legislated minimum requirement).	24%	8%	8%	8%
1.3 Capital adequacy of General Insurance companies.	Ratio of available capital to risk capital required(100% legislated minimum requirement).	545%	125%	125%	125%
1.4 Capital adequacy of Life Insurance companies.	Ratio of available capital to risk capital required(100% legislated minimum requirement).	1,051%	125%	125%	125%
1.5 Trust account-mobile money ratio.	Ratio of money in the trust accounts against mobile money created.	1:1	1:1	1:1	1:1

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

Strategic Objective 1 (continued)				
CORPORATE STRATEGIC OBJECTIVES	CORPORATE STRATEGIC INITIATIVES	ACTIVITIES (in support of the Corporate Strategic Initiatives)	MILESTONES	DELIVERABLES
	14. Improve regulatory and supervisory instruments. (legislative).	1. Strengthen the CBL's financial stability mandate and powers (macro prudential policy, Emergency Lending Assistance-ELA Framework and Recovery and Resolution Framework)		New and amended provisions in the revised CBL Act on the Financial Stability Mandate and powers.
		2. Implement Basel 2.5 capital requirements (Financial Institutions (Computation of Capital Charges for credit, operational and market risks) regulations).		Amended capital requirements regulations.
		3. Develop Capital Flows Management Legal and Supervisory Framework.		Capital Flows Management Policy. Capital Management Bill. Capital Flows Management Framework Manual.
		4. Review existing supervisory instruments (Guidelines, Manuals...etc) to respond to emerging challenges		Guidelines & Manuals for Insurance & Non-banks.
		5. Implement and enhance Risk-based Supervision frameworks for Non-Bank Institutions.	Risk-based Supervision frameworks.	Sound and stable NBFI sector.
		6. Review and strengthen existing laws to respond to emerging challenges.		Responsive and up to date laws.
		7. Foster adoption of appropriate governance standards on NBFIs.	Compliance of NBFIs with relevant governance standards	Well governed NBFIs that discharge their duties and responsibilities in line with the law.



Strategic Objective 1					
Strategic Measures	Definition of Strategic Measures	Base Line June 2021	Targets		
			2022	2023	2024
1.1 Net International Reserves(NIR) level in per cent of M1 money supply.	Minimum Net International Reserves of 120 per cent of M1 money supply.	117%	120%	120%	120%
1.2 Capital adequacy of banks.	Ratio of regulatory capital to risk weighted assets (8 per cent legislated minimum requirement).	24%	8%	8%	8%
1.3 Capital adequacy of General Insurance companies.	Ratio of available capital to risk capital required(100% legislated minimum requirement).	545%	125%	125%	125%
1.4 Capital adequacy of Life Insurance companies.	Ratio of available capital to risk capital required(100% legislated minimum requirement).	1,051%	125%	125%	125%
1.5 Trust account-mobile money ratio.	Ratio of money in the trust accounts against mobile money created.	1:1	1:1	1:1	1:1

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

Strategic Objective 1 (continued)				
COPORATE STRATEGIC OBJECTIVES	CORPORATE STRATEGIC INITIATIVES	ACTIVITIES (in support of the Corporate Strategic Initiatives)	MILESTONES	DELIVERABLES
	1.5 Identify and promote development of innovative payment and settlement systems	1. Enhance inter-operability of payment instruments	Commissioned and operation National Payments Switch.	Interoperable payment instruments.
	1.6 Enhance safety and soundness of the financial system and enforce compliance with AML/CFT requirements.	1. Enhance surveillance of the financial system.	Adherence to the Universal Confirmations requirements.	Safer and stable financial system.
		2. Conduct off-site surveillance and on-site (Virtual) inspections.		On-site inspections report.
		3. Undertake continuous alignment of supervisory frameworks with AML/CFT standards.		Semi-annual AML/CFT Reports.
		4. Enhance AML/CFT controls for Cross Border transactions.		Enabled blocking mode of SWIFT sanctions screening and documented operational policies procedures Compliance to AML/CFT regulations.



Strategic Objective 1					
Strategic Measures	Definition of Strategic Measures	Base Line June 2021	Targets		
			2022	2023	2024
1.1 Net International Reserves(NIR) level in per cent of M1 money supply.	Minimum Net International Reserves of 120 per cent of M1 money supply.	117%	120%	120%	120%
1.2 Capital adequacy of banks.	Ratio of regulatory capital to risk weighted assets (8 per cent legislated minimum requirement).	24%	8%	8%	8%
1.3 Capital adequacy of General Insurance companies.	Ratio of available capital to risk capital required(100% legislated minimum requirement).	545%	125%	125%	125%
1.4 Capital adequacy of Life Insurance companies.	Ratio of available capital to risk capital required(100% legislated minimum requirement).	1,051%	125%	125%	125%
1.5 Trust account-mobile money ratio.	Ratio of money in the trust accounts against mobile money created.	1:1	1:1	1:1	1:1

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

Strategic Objective 2				
CORPORATE STRATEGIC OBJECTIVES	CORPORATE STRATEGIC INITIATIVES	ACTIVITIES (In support of the Corporate Strategic Initiatives)	MILESTONES	DELIVERABLES
<p>Strategic Objective 2 Facilitate financial literacy, intermediation and inclusion.</p> <p>Intended Outcome: More people having access to financial services; population that has a good appreciation of the financial products; bringing lenders and borrowers together.</p>	2.1 Develop and implement effective financial education and literacy programmes.	1. Undertake financial literacy campaigns.	Road shows, bilateral meetings and market campaigns, media programmes, public gatherings.	Better educated public. Enhanced financial inclusion. Curriculum rolled out in primary schools.
	2.2 Develop policies and instruments that enhance financial intermediation.	1. Facilitate development and issuance of diversified capital market products and services. 2. Implement regulatory instruments that facilitate financial intermediation and access to finance.	New corporate and government securities issued. Regulations on bank fees and charges.	Floating of Government and corporate securities on MSM. Regulations on bank fees and charges.
	2.3 Develop and implement policies and instruments that enhance financial inclusion.	1. Facilitate mobile money distribution (Agent liquidity/ float management). 2. Adopt policies that deepen use of mobile money.		Increased mobile money usage. Enhanced mobile money limits. Wider usage of mobile money. Decreased cash usage. More products of mobile money.
	2.4 Regulate financial sector market conduct.	1. Develop and promote MSM market conduct rules. 2. Develop and implement regulatory instruments that facilitate improved consumer protection.	The consumer protection supervision framework.	Compliance to market rules. Improved consumer protection environment.



Strategic Objective 2					
Strategic Measures	Definition of Strategic Measures	Base Line June 2021	Targets		
			2022	2023	2024
2.1 Number of savings accounts for low income earners	Percentage increase in number of savings accounts for low income earners (M3,000).	368,534	2%	3%	5%
2.2 Increase in number of active mobile money accounts per 100, 000 adults.	Percentage change in number of 90 days of active mobile money accounts per 100, 000 adults.	78, 434	10%	15%	10%
2.3 Increase in number of loans and advances to SMEs.	Percentage increase in number of loans by banks to SMEs.	1,499	2%	3%	5%
2.4 Improved insurance access by general public.	Increase in the number of non-life insurance policies per 100,000 persons.	1,601.58	10%	10%	10%
2.5 Improved insurance coverage.	The size of insurance business relative to the economy (A ratio of annual gross premium to GDP).	6.5%	7.5%	8.5%	9.5%
2.5 Improved insurance coverage.	The size of insurance business relative to the economy (A ratio of annual gross premium to GDP).	6.5%	7.5%	8.5%	9.5%
2.6 Value of remittances (inflows) by Money Transfer Institutions (MTIs) as a share of GDP.	The size of inflow remittances relative to the economy (A Ratio of remittances to GDP).	0.9%	1.0%	1.1%	1.2%
2.7 Total MSME loans by MFIs as a share of GDP (MFIs).	The size of MSME loans by MFIs relative to the economy (Ratio of total loans to GDP).	TBA	TBA	TBA	TBA
2.8 Increase in the number of investors.	Percentage increase in investors accessing treasury securities.	3%	4%	4%	5%
2.9 No of new corporate and government securities issued.	Increasing number of new securities being issued in the market.	2	3	4	4
2.10 Increase in the number of people reached during the annual Lesotho Money Month Campaign.	Percentage increase in the number of people reached during the Lesotho Money Month Campaign.	40 221	5%	5%	5%
2.11 Increase in the number of school grades (grade 1 to grade 12) with financial education content.	Percentage increase in the number of school grades with financial education content.	25%	41%	66%	100%

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

Strategic Objective 3				
COPORATE STRATEGIC OBJECTIVES	CORPORATE STRATEGIC INITIATIVES	ACTIVITIES (In support of the Corporate Strategic Initiatives)	MILESTONES	DELIVERABLES
Strategic Objective 3 Improve stakeholder confidence. Intended Outcome: The Bank is trusted by its stakeholders for executing its legislated mandate without compromise.	3.1 Strengthen networks and relations with key and strategic stakeholders	1. Enhance collaborative consultations with stakeholders on the execution of the Bank's legislated mandate.	Compliance with instruments governing relationships with key stakeholders.	Smooth working relationships with key stakeholders.
	3.2 Improve the Bank's resilience to disruptions.	1. Implement Business Continuity Management (BCM) programme. 2. Implement the risk management programme.		Adherence to BCM programme. Uninterrupted services. Enhanced achievement of strategic objectives.



Strategic Objective 3					
Strategic Measures	Definition of Strategic Measures	Base Line June 2021	Targets		
			2022	2023	2024
3.1 Percentage of complaints addressed.	Percentage of resolved complaints in the financial sector.	69.5%	70%	75%	80%
3.2 Processed applications on new products by banks, insurance companies and mobile money operators.	Percentage of processed applications on new products, branches and ATMs by banks, insurance companies and mobile money operators.	96%	95%	95%	95%
3.3 Licensing turnaround times.	Number of days it takes to issue a license for banking, insurance, mobile money operators and other financial institutions.	45 days(banks, MFIs)	45 days(banks, MFIs)	45 days(banks, MFIs)	45 days(banks, MFIs)
		90 days (Insurers & Intermediaries/ Payment Service Providers-PSPs).	90 days (Insurers & Intermediaries/ Payment Service Providers-PSPs).	90 days (Insurers & Intermediaries/ Payment Service Providers-PSPs).	90 days (Insurers & Intermediaries/ Payment Service Providers-PSPs).

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

Strategic Objective 4				
CORPORATE STRATEGIC OBJECTIVES	CORPORATE STRATEGIC INITIATIVES	ACTIVITIES (in support of the Corporate Strategic Initiatives)	MILESTONES	DELIVERABLES
Strategic Objective 4 Attain and maintain financial sustainability. Intended Outcome: The Bank is able to finance its current and future operations.	4.1 Implement strategy aligned budgeting.	1. Prioritise allocation of financial resources.	Efficient implementation of the budget.	Strategy aligned budget.
		2. Identify and implement cost reduction and saving mechanisms.	Efficient use of resources as per strategic allocation.	Revenue budget variances within approved threshold.
		3. Develop an enterprise risk budget.		Reduced operational costs.
	4.2 Improve financial and management accounting across the Bank.	1. Accurate application of latest standards.	Compliant and accurate accounting.	Timely mitigation of critical risks.
				Unqualified financial statements.



Strategic Objective 4					
Strategic Measures	Definition of Strategic Measures	Base Line June 2021	Targets		
			2022	2023	2024
4.1 Cost to revenue ratio.	Percentage of total cost over total revenue(maximum).	71.3%	75%	75%	75%
4.2 Financial asset turnover.	Percentage of total revenue over total reserves.	4.45%	5%	5%	5%
4.3 Budget surplus measure.	Percentage of surplus over total revenue.	21%	25%	25%	25%

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

Strategic Objective 5				
CORPORATE STRATEGIC OBJECTIVES	CORPORATE STRATEGIC INITIATIVES	ACTIVITIES (In support of the Corporate Strategic Initiatives)	MILESTONES	DELIVERABLES
<p>Strategic Objective 5 Deepen automation and integration of processes and systems.</p> <p>Intended Outcome: The Bank has reliable and innovative information and technology systems and processes with minimal manual intervention.</p>	5.1 Identify and implement digital business enabler opportunities.	1. Plan and Develop an innovation hub.	A fit for purpose innovation hub.	Innovative solutions that enhance business outcomes.
		2. Keep abreast of developments in digital currency systems.	Study with recommendations.	Alignment with regional and international trends.
		3. Domesticated and enhance payment systems efficiencies and their interoperability.	Acquired and implemented card switch system.	In-country switched payments and interoperable processes and systems.
		4. Plan and digitise routine business process workflows and operations (banking, currency, domestic securities, risk management, building management, budgeting and fixed assets management processes and systems).	Acquired and implemented information and technology systems.	Automation of work flows and modernised access management.
		5. Automate open market and quasi fiscal operations.	Acquired and implemented information and technology systems	Reliable open market operations with minimal manual interventions.
		6. Enhance automation of vaults and sorting processes.		Dependable and less manual process.
		7. Enhance automation of budget and fixed assets management processes.		Reliable budget and fixed assets management processes.
		8. Introduce Building Management System (BMS).		Improved efficiency on energy consumption.
		9. Automate the risk and business continuity management programmes.		Improved efficiency and cost containment in terms of human resource requirements.



Strategic Objective 5					
Strategic Measures	Definition of Strategic Measures	Base Line June 2021	Targets		
			2022	2023	2024
5.1. Critical systems availability for business operations.	Improved availability of business , systems, and their compliance to risk and continuity management parameter limits: Core banking, payments/settlements and treasury/reserves management systems.	99%	99%	99%	99%
5.2. Percentage of automated critical processes.	Reduction in the number of manual processes in critical business areas.	61%	77%	90%	95%
5.3. Maturity level of IT Governance processes.	Improved ability of I&T business to achieve to consistently deliver and support business needs, in alignment to regional priorities.	.8 of 5	3	3.5	4
5.4. Maturity level of cyber resilience and culture.	Enhancement of ability of the Bank's systems, processes and people to withstand cyber-attacks, and readiness to recover critical operations in the event of a security breach, as well as preservation of integrity and confidentiality of data.	2 of 3	2	2.5	3
5.5. Number of institutions that have automated client interface processes (target of 8 MFIs, 6 Insurers and 1 pension fund and 1 fund managers).	Automation and modernisation of processes to enhance service delivery to the clients.	0	4 of 16	10 of 16	16 of 16

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

Strategic Objective 5 (continued)				
CORPORATE STRATEGIC OBJECTIVES	CORPORATE STRATEGIC INITIATIVES	ACTIVITIES (In support of the Corporate Strategic Initiatives)	MILESTONES	DELIVERABLES
	5.2 Implement big data analytics to enhance business decision making .	1. Plan and implement a data warehouse system.	Acquired and implemented data warehouse system.	Ability to undertake data analytics across different data sets and systems.
		2. Adopt the use of data analytics and relevant technologies to enhance supervision of regulated entities.	Implementation of a supervisory system and facilitation of regulatory systems.	Efficient and proactive monitoring of the risk and compliance of financial institutions to regulations.
	5.3 Enhance cybersecurity resilience	1. Implement cyber security controls per the Cyber Security Framework.	Continuous monitoring and reporting of cyber resilience posture of the Bank.	Improved resilience to resilience cyber threats.
		2.Implement cybersecurity awareness campaigns.	Achievement of cybersecurity awareness campaigns targets.	Improved cybersecurity resilience culture.
		3.Enhance resilience of the ICT infrastructure and payments control environment.	Bank's certification on information security and card switch standards (ISO 27001 and PCI DSS certifications), and migration to ISO20022 messaging standard.	Effective payments process reporting and monitoring for compliance to adopted international standards and frameworks.
	5.4 Deepen automation of Non-Banks Financial Institutions.	1. Persuade, and monitor automation processes by insurers, pension funds and large MFIs.		Automated processes by insurers, pension funds and MFIs.



Strategic Objective 5					
Strategic Measures	Definition of Strategic Measures	Base Line June 2021	Targets		
			2022	2023	2024
5.1. Critical systems availability for business operations.	Improved availability of business , systems, and their compliance to risk and continuity management parameter limits: Core banking, payments/settlements and treasury/reserves management systems.	99%	99%	99%	99%
5.2. Percentage of automated critical processes.	Reduction in the number of manual processes in critical business areas.	61%	77%	90%	95%
5.3. Maturity level of IT Governance processes.	Improved ability of I&T business to achieve to consistently deliver and support business needs, in alignment to regional priorities.	.8 of 5	3	3.5	4
5.4. Maturity level of cyber resilience and culture.	Enhancement of ability of the Bank's systems, processes and people to withstand cyber-attacks, and readiness to recover critical operations in the event of a security breach, as well as preservation of integrity and confidentiality of data.	2 of 3	2	2.5	3
5.5. Number of institutions that have automated client interface processes (target of 8 MFIs, 6 Insurers and 1 pension fund and 1 fund managers).	Automation and modernisation of processes to enhance service delivery to the clients.	0	4 of 16	10 of 16	16 of 16

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

5 ANNEXURE I: OBJECTIVES, INITIATIVES, ACTIVITIES, MEASURES AND TARGETS

Strategic Objective 6				
COPORATE STRATEGIC OBJECTIVES	CORPORATE STRATEGIC INITIATIVES	ACTIVITIES (In support of the Corporate Strategic Initiatives)	MILESTONES	DELIVERABLES
<p>Strategic Objective 6 Attract and retain engaged human capital.</p> <p>Intended Outcome: The Bank has attracted and is able to retain inspired, qualified and skilled employees.</p>	6.1 Undertake workforce planning (staff rationalization).	1. Reassess Human Resources (HR) requirements and realign the organisational structure.	Aligned workforce profile to strategic needs.	Right people with the right skills to implement the Strategic Plan.
	6.2 Promote learning culture, skills and capacity development.	1. Improve organisational culture (shared beliefs behaviour and values).	Integrated organisational culture to the Bank's values ,mission and vision	Improved and supportive organisational culture.
			Enhanced and sustainable EVP to attract, reward and retain.	Revised employee value proposition (EPV).
		2. Improve performance management system and link it to employee value proposition (EVP)tools.	Improved performance at both individual and organisational levels.	Organized learning opportunities.
			Partner with local institutions of higher learning to build skills.	
	4. Enhance physical mental and social and well-being of staff and prevention of unfavourable effects.	Implement Occupational Health and safety (OHS) program.	Improved compliance with OHS requirements and enhanced health and safety environment.	
6.3 Promote and maintain a conducive work environment.		1. Improve staff welfare.	Enhance staff welfare initiatives.	Improved employee welfare, and psychological wellbeing.



Strategic Objective 6					
Strategic Measures	Definition of Strategic Measures	Base Line June 2021	Targets		
			2022	2023	2024
6.1 Staff attrition rate.	Number of employees that leave the Bank, and there is no intention to fill their position after they leave.	0	0	2	3
6.2 Staff turnover rate.	Number of employees that leave the Bank, and those positions need to be filled with internal staff or new staff.	11/328 (100)= 3.36%	6/328*100 1.8%	6/328*100 1.8%	6/328*100 1.8%
6.3 Retention rate.	The exact number of members of staff available (on the 1st January) on the first day of the year, against the number of staff that is available at the end of the same year (31st December). The number includes employees that left for attrition and turnover purposes.	(328/340)/100= 96.47%	98.17%	98.17%	98.17%
6.4 Percentage of actual implemented professional training and development.	Number of staff trained over total number of employees.	TBD	45%	50%	55%
6.5 Number of members of staff compensated for very good performance.	Number of members of staff compensated line with pay for performance initiatives.	102/340*100= 30%	32.94% (112/340*100)	35.88 %	38.8 %
6.6 Percentage of staff members attaining at least 70 per cent performance.	Percentage of staff performance measured in line with performance management system.	102/340 (100)= 30%	32.94% (112/340*100)	35.88 %	38.8%
6.7 Number of Occupational Health and Safety (OHS) and wellness programs.	6.7.1 Number of Occupational Health incident.	0	0	0	0
	6.7.2 Number of wellness programs implemented per annum.	5	7	9	10

— NOTES

Notes	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	



Physical Address:
Corner Airport and Moshoeshoe Roads.
Postal Address:
P.O. Box 1184
Maseru 100,
Lesotho

Telephones:
(+266) 2231 4281 / (+266) 2223 2000

Email: cbl@centralbank.org.ls
Website: www.centralbank.org.ls

