

# Stepping into the Future...

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# Objectives of the session...

## To share:

- Progress highlights for past 6 months
- Highlights of our new 5-year strategy
- Highlights of our intensified arrear collections strategy
- Key focus areas going forward



# Key milestones for past 6 months...

- ❑ Finalised new 5-year Strategic Plan for the Bank
- ❑ Finalised intensified arrears collection strategy
- ❑ Implemented a Bank-wide Performance Management System
- ❑ Inculcated a Stakeholder Engagement and Communication Culture
- ❑ Implemented concrete actions towards financial inclusion (emerging communal farmers)
- ❑ Revised key policies for change
  - Delegation of Authority – empowerment and faster decision making
  - Valuations – to align to market practices
- ❑ Decision to establish a training and mentoring division for farmers within the Bank, effective 1 April 2017
- ❑ Finalised budget for FY2017/18 well ahead of time
- ❑ Developed robust reviews of business performance
- ❑ Maintaining credible financial performance in a challenging operating environment



# A look at our strategy...



# The operating environment...

- ❑ Increasing regulation
- ❑ Intensifying competition
- ❑ Exponential innovation
- ❑ Volatile weather cycles
- ❑ An increasingly more activist & informed customer
- ❑ Against back-drop of a developmental mandate and transformation imperative
- ❑ Thus need for considered strategic focus to achieve growth, maintain relevance and ensure sustainability



# Strategy at a glance ...

## Vision:

To be the catalyst in transforming the agricultural sector where every Namibian enjoys a quality life

## Mission:

To promote socio-economic development through affordable and innovative agricultural financing solutions

**Building Blocks**

**Service Excellence**

**Innovation**

**Excellence in Execution**

**Strategic Focus Areas**

**Customer**

**Financial Sustainability**

**Employees**

**Governance**

**Socio-economic Transformation**

**Key Initiatives**

- Customer & Market Insights
- Customer Metrics
  - Growth
  - NPS
  - NEF
- Relevant Products
- Accessibility (branches & digital platforms)
- Emerging markets penetration

- Loan book growth (sales)
- Interest income growth
- Non-interest income growth
- Cost containment
- Arrears Management

- Right Attraction – competencies, attitude, potential
- Development – leadership & managerial; work-specific; tertiary
- Recognition & Reward – recognition scheme & performance-based incentives
- Performance Management – clear business strategy; clear performance contracts & robust reviews
- Create High Performance Culture

- Embed Risk Management
- Enhance Compliance discipline
- Enhance Risk and Compliance awareness
- Company Secretarial Efficiencies
- Audit & Forensics capacity
- Business Continuity Management (BCM)

- Brand enhancement
- Lending to emerging farmers (no mortgage collateral)
- Funding to agro – industries
- Regional lending
- Stakeholder engagement
- Training & mentorship for emerging farmers
- Bursaries in agriculture-related fields

**Values**

- Customer Service
- Accountability
- Professionalism
- Fairness
- Integrity
- Transparency

# Execution & monitoring framework...

- ❑ Strategic Plan
- ❑ Annual Business Plans
  - Strategic initiatives
  - Budgets (Opex & Capex)
- ❑ Performance contracting
- ❑ Performance Appraisals (2x annually)
- ❑ Quarterly Business Performance Reporting to Board and Board Committees
- ❑ Creation of MIS and Business Plan Performance dashboard





# Alignment to Harambee...

Effective Governance	Economic Advancement	Social Progression	Infrastructure Development	International Relations
<b>Accountability and Transparency</b> <ul style="list-style-type: none"> <li>Clear Strategic Plan</li> <li>Effective Board Structures</li> <li>Performance Monitoring System</li> <li>Regular report-back to Stakeholders</li> </ul>	<b>Micro-economic stability</b> <ul style="list-style-type: none"> <li>Inclusive Financing solutions (emerging farmers)</li> <li>Financing of Land for PDIs</li> </ul>	<b>Hunger/Poverty</b> <ul style="list-style-type: none"> <li>Improving agricultural production through financing farmland, inputs, implements, mentoring &amp; training</li> </ul>	<b>Energy Infrastructure</b> <ul style="list-style-type: none"> <li>Financing of solar systems for farming</li> </ul>	<b>Respected &amp; trusted international Community Member</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>
	<b>Economic transformation</b> <ul style="list-style-type: none"> <li>Funding of agro-industries ("growth-at-home")</li> <li>Lending to emerging farmers</li> <li>Regional lending focus</li> <li>Women &amp; Youth lending</li> </ul>	<b>Residential Land Delivery, Housing &amp; Sanitation</b> <ul style="list-style-type: none"> <li>Financing of farm housing infrastructure</li> </ul>	<b>Water Infrastructure</b> <ul style="list-style-type: none"> <li>Financing of irrigation systems</li> <li>Financing of farm-water infrastructure</li> </ul>	
<b>Improve Performance and Service Delivery</b> <ul style="list-style-type: none"> <li>Clear Performance Targets</li> <li>Performance Contracts                             <ul style="list-style-type: none"> <li>Agribank &amp; Shareholder</li> <li>Bank &amp; Employees</li> </ul> </li> <li>Quarterly Board and Committee Business Performance Reviews</li> </ul>	<b>Youth Enterprise Development</b> <ul style="list-style-type: none"> <li>Training &amp; Mentorship for small scale farmers; young farmers</li> <li>Financing for various products</li> <li>Provide bursaries</li> </ul>	<b>Infant &amp; Maternal Mortality</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>	<b>Transport Infrastructure</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>	<b>International Support for Economic Independence</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>
	<b>Economic Competitiveness</b> <ul style="list-style-type: none"> <li>Financing of agro-industries</li> </ul>	<b>Vocational Education Training</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>	<b>ICT infrastructure</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>	

Proper MIS imperative to track contribution to Harambee

## Delivering on our collections...



# Arrear highlights...

- ❑ Total arrears of just over N\$500 million.
- ❑ Total advances ( loan book) of about N\$ 2.4 billion.
- ❑ Delivering an arrears-to-total advances ratio of about 21%.
- ❑ DFI's benchmark ratio for arrears to total advances is 15%.
- ❑ Sustained high levels of arrears would be a challenge to the Bank's financial sustainability and its ability to deliver on mandate.
- ❑ Thus, need to implement an intensified arrears collection strategy.



# Progress on collections strategy...

- ❑ Strategy approved by Board end of 2016
- ❑ Selection process for debt collectors completed
- ❑ Two debt collectors selected
  - 1x Agreement already signed
  - 1x Agreement being finalised
- ❑ Aiming for February implementation for both



# Focusing on the future...



# We need to deliver the last mile...

## Key focus for Q4 (FY 2016/17)

- ❑ Disciplined execution across the business
- ❑ Training and mentorship division
  - readiness to implement farmers training and mentorship division by 1 April 2017
- ❑ Delivery on financial performance
  - revenue
  - expenses
  - profit
  - collections
- ❑ Rolling out no-collateral product for communal farmers by 31 March 2017
- ❑ Appointment of debt collectors and strategy implementation by 28 February 2017
- ❑ Delivery on business process re-engineering by 31 March 2017 (to improve service efficiencies)
- ❑ Finalising performance contracts for FY2017/18 by 31 March 2017
- ❑ Ensuring readiness for annual audit; no qualified audits and on-time AGM in September
- ❑ Enhancing our brand in the market place
  - Sharing what we do with Namibia



# We need to focus on the long term...

## ❑ What will make us win?

- A high-performance culture
- A customer centric culture
- Financial inclusion
- Service efficiencies
- Living our values daily

- CAPFIT (Customer Service, Accountability, Professionalism, Fairness, Integrity and Transparency)

## ❑ Leveraging technology

- Launching into the digital era

## ❑ Constant innovation



# Conclusions...

- ❑ We have a clear vision, strategy & execution framework
- ❑ Our strategic focus areas are supportive of our vision and strategy:
  - Customer focus
  - Financial sustainability
  - Employee focus
  - Governance
  - Socio-economic transformation
- ❑ Our strategic plan supports the national Harambee prosperity plan
- ❑ Income-growth and cost-containment strategies are necessary in achieving our strategic objectives
- ❑ We have implemented a clear Performance Management System and are focused on delivery





# THANK YOU!

