



ZAMBIA RAILWAYS LIMITED



STRATEGIC BUSINESS PLAN

2021- 2025

Wheels of the Nation

A Member of

IDC Industrial
Development
Corporation

Group of Companies

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LIST OF ACRONYMS

AG	Attorney General
AU	African Union
BBR	Beit Bridge Bulawayo Railways
BCP	Business Continuity Plan
BOZ	Bank of Zambia
BR	Botswana Railways
BSC	Balanced Score Card
CEO	Chief Executive Officer
COMESA	Common Market for Eastern and Southern Africa
COTA	Copperbelt Open Truckers Association
COVID-19	Corona Virus Disease 2019
CSR	Corporate Social Responsibility
CTKM	Cents Per Net Ton-Kilometer
DRC	Democratic Republic of Congo
ERP	Enterprise Resource Planning
GDP	Gross Domestic Product
GIR	Government Inspector of Railway
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
KPI	Key Performance Indicator
KCCI	Kabwe Chamber of Commerce and Industry
MoF	Ministry of Finance
MoTC	Ministry of Transport and Communications
MMS	Maintenance Management System
MoU	Memorandum of Understanding
MTR	Mid-Term Review
IMF	International Monetary Fund
NGO	Non-Governmental Organization
NAPSA	National Pension Scheme Authority
NRZ	National Railways of Zimbabwe
NSC	North- South Corridor
NTKM	Net Ton-Kilometer
NTP	National Transport Policy
NTMP	National Transport Master Plan
OPEC	Organization of the Petroleum Exporting Countries
PACRA	Patents and Companies Registration Agency
PTAZ	Petroleum Transporters Association of Zambia

PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PMC	Performance Management Contract
PMS	Performance Management System
PPP	Public Private Partnerships
RFID	Radio Frequency Identification
RSA	Republic of South Africa
RWUZ	Railway Workers Union of Zambia
SBP	Strategic Business Plan
SDT	Service Delivery Target
SGR	Standard Gauge Rail
SWOT	Strengths, Weaknesses, Opportunities and Threats
SADC	Southern African Development Community
SARA	Southern African Railways Association
SDG	Sustainable Development Goals
SI	Statutory Instrument
SLA	Service Level Agreement
SNCC	La Société Nationale des Chemins de Fer du Congo Sarl
TAZARA	Tanzania Zambia Railway Authority
TAZ	Truckers Association of Zambia
TFR	Transnet Freight Rail
TFTA	Tripartite Free Trade Area
TMS	Train Management System
TSR	Temporary Speed Restriction
WB	World Bank
ZEMA	Zambia Environmental Management Agency
ZDA	Zambia Development Agency
ZPPA	Zambia Public Procurement Authority
ZRA	Zambia Revenue Authority
ZRL	Zambia Railways Limited
7NDP	Seventh National Development Plan

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Message from the Chairperson



On behalf of the Board of Directors of Zambia Railways Limited, I am pleased and honoured to present the Zambia Railways Limited (ZRL) 2021 to 2025 Strategic Business Plan (SBP). The plan outlines the strategic vision and goals we have identified to help ZRL realise its full potential and ultimately fulfill its mission to serve the economy.

The preceding SBP (2018 to 2022) was characterized by various opportunities and challenges and ZRL witnessed changes in both the internal and external business environments. During the 2020 mid-term annual review of the 2018 to 2022 SBP, the major underlying assumptions were identified to have drastically changed, and this necessitated the crafting of a new Plan.

Through an interactive process and engagement involving the Board of Directors of ZRL, Management and other stakeholders, a new strategic plan has been developed. The operating environment was scanned to highlight new developments, on-going developments, and future developments, that have, or may have an impact on the implementation of the new plan.

This strategic plan sets the compass for every action ZRL will take from now (2021) to 2025. As this plan gets to be implemented, our operating environment will not become any less uncertain than it is today. However, the plan has been structured in a realistic and dynamic manner in order for it to remain relevant in the planned period.

Our focus in this five year period is to ensure that we optimize internal resource utilization, take advantage of technological advancements, plan and respond to any unforeseeable disruptions, and dedicate our efforts towards achieving the goals of the SBP. The realisation of the objectives of the SBP hinges on investment and optimization of our resources. Given the expected growth in 2021 and beyond, we will continue making every effort to ensure that the recapitalisation project is a success.

Further, the strategy centres around diversification of revenue streams through commercialization of workshops and creation of a Real Estate subsidiary. The optimal utilization of Real Estate is a priority objective in the diversification process. All this is aimed at increasing liquidity for the company and thereby achieving one of the main goals of the SBP namely “the improved financial position.”

Lastly, the company aims at diversifying from moving traditional mining products to other sectors such as agriculture, construction, energy and manufacturing. This will be done through strong interconnections to the customer sidings, and the construction of proposed dry ports. The diversification process will provide us with the broadest range of commodities and ensure smooth and seamless movement between domestic and regional domains. Through the renewed strategy mission, “to provide competitive and sustainable railway transport and logistics solutions to the satisfaction of our stakeholders,” we will strive to provide the best railway transport and logistics solutions for our customers.

On behalf of all my Board members, I would like to sincerely thank Management, Staff and all the stakeholders for their effort and commitment in crafting the new plan.

A special word of gratitude goes to our business customers for their continued support especially during this difficult (COVID-19) period.

To our shareholders, we say “thank you for your tremendous support and continued belief in the future success of ZRL.”

**DR. E. D. WALA CHABALA
BOARD CHAIRPERSON
ZAMBIA RAILWAYS LIMITED**

Message from the Chief Executive Officer



The new Strategic Business Plan (SBP) (2021 - 2025) has been developed with the intent to drive the company to improved financial position and operational efficiency. The Plan will guide Management's actions with the desire to serve the purpose for which the company exist (mission) and meet the company's vision. As my Board Chairman has articulated in his message, ZRL's mission over the plan period is "to provide competitive and sustainable railway transport and logistics solutions to the satisfaction of stakeholders." Our vision over the plan period and beyond is "to be the preferred railway transport and logistics provider."

The necessity to have a new Strategic Business Plan (SBP) follows the review of our previous SBP (2018-2022) which, despite scoring a few successes was found to have a number of challenges. Among the successes recorded in the period 2018 - 2020 was the reduction in losses from over ZMW200 Million in 2018 to about ZMW31 Million in 2020. Further, in 2020 ZRL hauled a Million tons of cargo, the highest record in the past ten (10) years. The major challenges that heavily affected the preceding plan were non-realization of capital to fund the investment needs of ZRL; and the change in the operating

business environment.

The 2021 to 2025 Strategic Business Plan focus is based on four (4) main goals namely:

1. Improved financial position
2. Operational efficiency
3. Enhanced public image and stakeholder relationship
4. Enhanced human capital and capacity

Our Management team will endeavour to make use of the Company's statement of Financial Position to acquire funding. The capital investment will improve ZRL's service delivery through purchase of new locomotives, new wagons and patch works on the rail line. Further, management will partner with clients to construct and/or maintain railway spurs for first and last mile service delivery. The inter-modal partnership with road haulers, an initiative aimed at improving transport service delivery, will play a significant role in the implementation of this plan.

In addition, the plan rides on optimal resource utilization and train operational efficiency. The plan emphasise in the use of underutilized assets of ZRL for revenue generation, disposal of selected low or non revenue generating assets, improvement of train transit time, and many more.

It is worth noting that specific support strategies will be implemented in order to deliver on the Company's vision, mission and goals. Some of these are, implementation of the Rolling Stock and Track Maintenance Management System, Enterprise Resource Planning, Innovation Reward Policy, Train Management Systems, Performance Management System, and the Succession Plan Policy. These and many other strategies will be implemented during the plan period.

The goals outlined in this SBP do not only spell-out our roles and expertise, but push us to do better by approaching our work differently. Underpinning our objectives and goals are our six core values that describe how we shall work together to bring out the best in each employee to drive ZRLs' vision and mission.

Going forward, ZRL is cognizant of the challenges that may arise in implementing the strategy. In this regard, a Risk Management Plan has been prepared to counter the foreseeable and unforeseeable changes in the operating environment. This will enable us to be better prepared for challenges ahead and offer safe railway transportation to our customers.

I remain confident and positive that with the collaboration of our committed staff, customers and stakeholders the goals we aspire to accomplish will in due course translate into milestones which will make all of us proud.

May I thank you heartily for taking an interest in ZRL and the sector we serve. Remember we are the "Wheels of the Nation."

MR. CHRISTOPHER C. MUSONDA
CHIEF EXECUTIVE OFFICER
ZAMBIA RAILWAYS LIMITED

EXECUTIVE SUMMARY

The Strategic Plan

The Strategic Business Plan (SBP) period is January 2021 - December 2025. The SBP will be reviewed through annual and midterm reviews to accommodate new and unforeseen environmental changes. The plan provides for a monitoring framework through the tracking of key indicators.

Vision

To be the preferred rail transport and logistics provider.

Mission

To provide competitive and sustainable rail transport and logistics solutions to the satisfaction of our stakeholders

Values

Service: WE believe in delivering excellent service and value to stakeholders. We take time to understand stakeholder needs and always strive to satisfy them.

Team Work: WE value teamwork. We believe team work will sustain efficiency and effective service delivery. We recognize the contribution and value of individuals in a team.

Integrity: WE will do what we say we will do. We will up-hold professional and ethical business practices. The company's interactions with stakeholders will be done transparently for mutual benefits. We will ensure honesty, integrity and respect for all.

Innovation: WE are creative, bold and believe in continuous learning. We believe these will sustain total quality consciousness in the organization.

Professionalism: WE uphold high quality standards and ethics in our dealings to enhance professional competence by providing the highest level of service.

Enterprise: WE are an entity whose values transcend into continuous provision of rail transport and logistics solutions to the satisfaction of all Stakeholders. We are conscious of creating value in the Company and driving the business forward.

Strategic Goals and Objectives

From the strategic issues, the following will be the plan's Strategic goals and objectives in the balance score card perspectives. These will be the areas of impact for the plan period.

STRATEGIC GOAL 1: Improve financial position

Strategic Objective 1.1: Increase freight revenue generation by an annual average of 17%

Strategic Objective 1.2: Optimize Resource utilization through:

- a) Operating cost reduction from 77% in 2021 to at most 60% of total revenue effective 2022.
- b) Improve return on assets from 2% of total revenue to 5% in 2025.
- c) 100% revenue generation growth from workshop activities in 2021, and 11% annual growth from 2022 to 2025.

Strategic Objective 1.3: Improve cashflow position (operating cashflow ratio from 0.64 in 2020 to 1.56 in 2025)

Strategic Objective 1.4: Reduced Exposure to Enterprise Risks

STRATEGIC GOAL 2: Operational Efficiency

Strategic Objective 2.1: Improve transit time:

- a) From 72 hours in 2020 to 66 hours between Ndola and Livingstone for freight trains, by 2022
- b) From 66 hours in 2022 to 54 hours between Ndola and Livingstone for freight trains, by 2025.
- c) Improve passenger train transit time from 42 hours in 2020 between Livingstone and Nkana to 34 hours, by 2025

Strategic Objective 2.2: At least 90% Rolling Stock Availability and Reliability

Strategic Objective 2.3: Improved ICT Systems

Strategic Objective 2.4: Improve track infrastructure by uplifting Temporal Speed Restrictions (TSR) by at least 70% by 2025

Strategic Objective 2.5: Strategic Partnerships

Strategic Objective 2.6: Improve Human capital

STRATEGIC GOAL 3: Enhanced Public Image and Good Stakeholder Relationship

Strategic Objective 3.1: Enhanced Corporate Reputation and Increased Visibility Of ZRL

Strategic Objective 3.2: Increase Strategic Partnership

Strategic Objective 3.3: Reduce litigation exposure

Strategic Objective 3.4: Attain at least 80% Customer Satisfaction

STRATEGIC GOAL 4: Enhance Human Capital and Capacity

Strategic Objective 4.1: Improve Recruitment,

Strategic Objective 4.2: Retain of Technical Skill

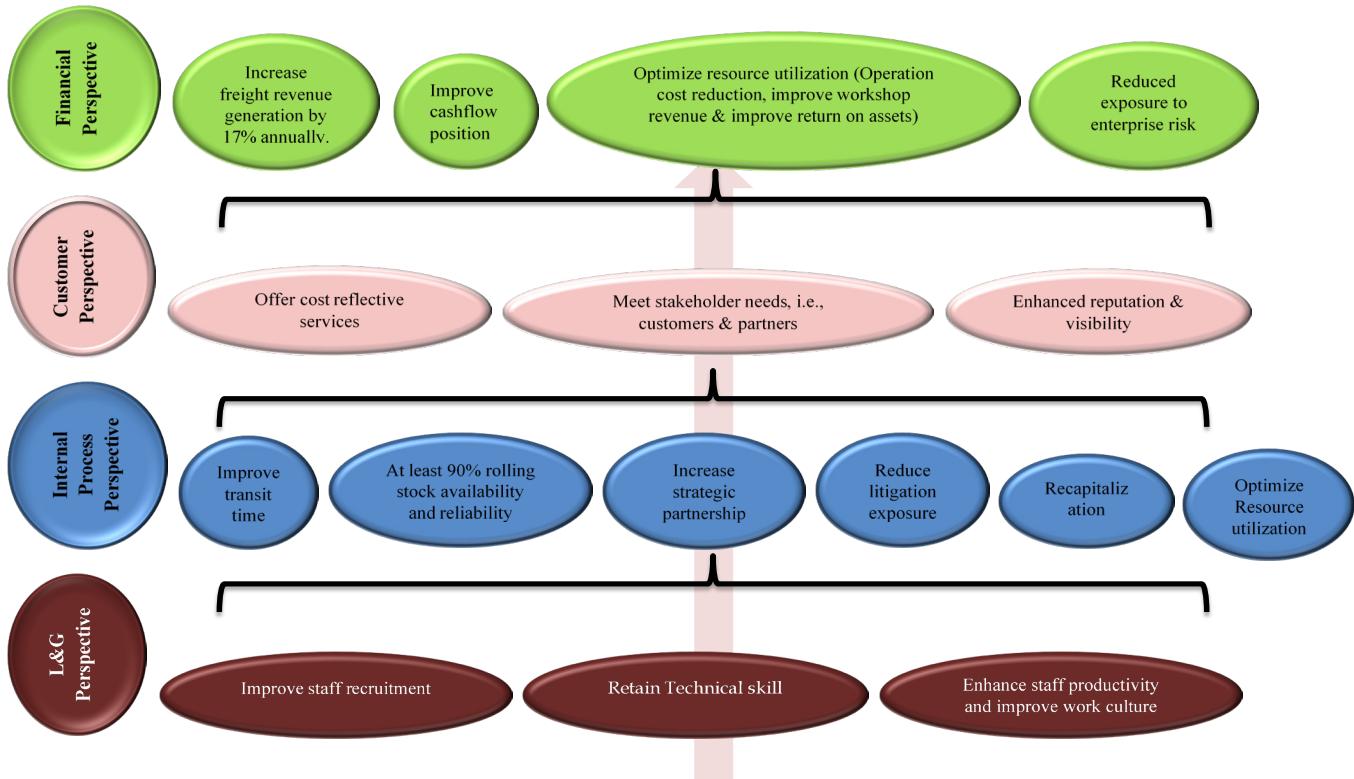
Strategic Objective 4.3: Enhance Staff Productivity and improve work culture

The plan is summarized in the figure below, demonstrating how the goals link with strategic elements and the four perspectives of financial, customer and stakeholder, internal business process and organizational capacity.

Figure 1 - Strategic Map (Summary of the Balance Scorecard and the Strategic goals)

VISION: The preferred rail transport and logistics provider

MISSION: To provide competitive and sustainable rail transport and logistics solutions to the satisfaction of our stakeholders.



To assist in tracking the progress during the implementation of the Strategic Plan, an implementation matrix has been developed. It details the specific objectives, strategies, activities, Service Delivery Target (SDTs) and Key Performance Indicators (KPIs).

CHAPTER 1:

INTRODUCTION

This Strategic Business Plan (SBP) establishes the direction of Zambia Railways Limited (ZRL) commencing 2021 through to 2025. The plan seeks to provide a strategic framework for effective organization, coordination and management of company operations for five years ending in 2025.

1.1 RATIONALE FOR THE 2021 - 2025 STRATEGIC BUSINESS PLAN

In 2017, Zambia Railways Limited (ZRL) came up with a five (5) year Strategic Business Plan for the period 2018 to 2022. The plan was approved with a budget outlay of **USD922 Million**. Three years after approval of the plan, the company was not able to fully actualize the SBP objectives. The failure to meet the objectives was mainly due to the following reasons:

a) The non – actualization of the SBP budget

To support the implementation of the plan, ZRL's SBP budget was spread in three phases broken down as;

- Immediate needs of USD152 Million in 2018
- Medium term needs of USD346 Million between 2019 and 2020
- Long term needs of USD424 Million for 2021 and 2022

As of 2020, none of the funds had been secured, hence affecting the actualization of the objectives hinged on the same.

b) Over ambitious assumptions

The set targets for the plan were too ambitious, and could not be attained mainly due to inadequate capacity in terms of rolling stock and railway infrastructure.

The Mid-Term Review (MTR) that was undertaken by Management, as indicated above, necessitated a new direction for the Company in which new objectives, and targets were to be set. Further, the appointment of the new Board of Directors for ZRL was timely for the MTR and development of a new SBP.

The MTR and Strategy development was conducted through an interactive workshop between ZRL Board of Directors, Management and key Stakeholders.

1.2 LAYOUT OF THE STRATEGIC BUSINESS PLAN

The ZRL SBP is organized into seven (7) chapters and four (4) annexures, broken down as follows:

- a) Chapter one outlines the rationale for this strategic plan, the processes involved in developing the plan, and the layout of the Plan.
- b) Chapter two details ZRL's mandate and business, and how the two are interlinked. It also covers the stakeholder analysis and process for customer value creation and value delivery.
- c) Chapter three analyses ZRL's operating environment. It captures the global and regional operating environment. It also analyses the local operating environment using the PESTEL. In addition, the Industry forces, as well as the SWOT analysis have been captured in the chapter.

- d) Chapter four articulates ZRL's Strategic direction. It presents details on the Vision, Mission and Core Values of ZRL, as well as Strategic Goals, Strategic Objectives and the Strategy Map.
- e) Chapter five provides a framework for the implementation of the SBP. It details the alignment of key dimensions which include People, supporting activities, Organizational structure and culture and leadership to the successful implementation of the SBP.
- f) Chapter six covers the framework of strategy measurement and tracking using the Balanced Score Card model.
- g) Chapter seven provides the risk management plan for the SBP. It presents the risks that could affect goal achievement and the mitigation measures.
- h) Chapter eight is the conclusion.

CHAPTER 2:

MANDATE AND BUSINESS

2.1 MANDATE OF ZAMBIA RAILWAYS LIMITED

ZRL is wholly owned by the Government of the Republic of Zambia through the Industrial Development Corporation (IDC). The Company was incorporated in 1982. It is mandated under the Railways Act of 1984 to operate both rail passenger and freight trains.

ZRL's main operations domain is Mulobezi to Chililabombwe, and Chipata to Mchinji. The Company also provides train operations beyond its borders, through the respective railway administrations and connects to nearly all the ports in the SADC region. This enables the company to provide Import, Local, Export and Transit rail transportation services. Through its strategic partnerships, ZRL provides end to end logistics services for local traffic.

ZRL owns land and buildings developed to support train operations, and for potential business development.

2.2 GOVERNANCE OF ZRL

In terms of governance, ZRL is governed by the Railways Act, Cap 453 of the Laws of Zambia, and is incorporated under the Companies Act, Cap 388 of the Laws of Zambia. Furthermore, the Company is also governed by its Articles of Association and has to comply with its provisions at all material times. Article 78 of the ZRL Articles of Association provides that the composition of the Board of Directors of the Company shall be seven members appointed by the Shareholder.

The Board provides strategic and tactical input to the ZRL senior management, in determining the scope and relevance of ZRL's mandate, vision as well as its mission. The company has developed and is implementing a board charter. The roles of the Board and Management are distinct to avoid duplication. The Board is responsible to the shareholder, Industrial Development Corporation (IDC), and policy maker, the Ministry of Transport and Communications (MoTC) for:

- a) Firm value creation and payment of dividends;
- b) Setting of strategic direction, monitoring of operational performance and management processes and policies and compliance levels;
- c) Integrity and quality of communication with stakeholders; and
- d) Appointing ZRL Managing Director/Chief Executive Officer.

The Board is assisted in its functions by three (3) Board Committees and these are namely:

- i. Finance and Administration Committee
- ii. Technical Committee
- iii. Audit and Risk Committee

A fourth Board Committee has been proposed and is yet to be established, within the plan period. The proposed name of the committee is Real Estate Committee.

The ZRL Board has at its disposal a number of advisors that include; Ministry of Transport, Attorney General, Ministry of Finance, Secretary to the Cabinet, Industrial Development Corporation, Zambia Development Agency, Patents and Companies Registration Agency, Bank of Zambia and other Government Agencies.

2.3 ZRL'S BUSINESS

ZRL has four (4) business units namely Freight, Passenger, Real Estate, and Engineering Services. The Freight Business Unit is the main contributor towards ZRL's total revenue.

2.3.1 FREIGHT BUSINESS

This is ZRL's main revenue generator. The company provides freight train services on the mainline and branch lines from Victoria Falls to Kitwe, the Inter- mine region and the Nacala Railway Corridor. The railways were initially constructed to service the Mining Sector in the region. However, due to Industrialization, there has been diversification to also service the Agricultural, Manufacturing, Construction and Energy sectors.

To ferry over border traffic, the Company has business agreements with contiguous railway administrations in the sub-region. The agreements describe the mode of train operations among the respective railway administrations. For instance, ZRL has business agreements with National Railways of Zimbabwe (NRZ), Tanzania Zambia Railway Authority (TAZARA), Transnet Freight Railways (TFR) of South Africa and Beit Bridge Railways (BBR) of Zimbabwe.

Freight train operations enable the economy to be efficient and competitive for increased trade by providing bulk cargo transportation and low-cost logistics solutions.



Goods Train in transit

2.3.2 PASSENGER SERVICES

Currently ZRL operates two (2) passenger trains per week on the mainline between Livingstone and Kitwe and four (4) mixed trains per week between Mulobezi and Livingstone. Currently the company provides long distance passenger services to an average of 200,000 people per year.



Passengers at Lusaka Railway Station

2.3.3 REAL ESTATE BUSINESS

ZRL owns buildings and bare land in different locations from Livingstone to Chililabombwe. The company generates revenue from some of the rented out property.

2.3.4 ENGINEERING SERVICES

ZRL provides Engineering Services to support train operations, and also provides Engineering Services to various clients to generate revenue. In this plan, ZRL intends to expand its Engineering Services, clientele base and increase revenue generation.



Employees at Main Workshops -Kabwe

2.4 THE RELATIONSHIP BETWEEN ZRL MANDATE AND BUSINESS

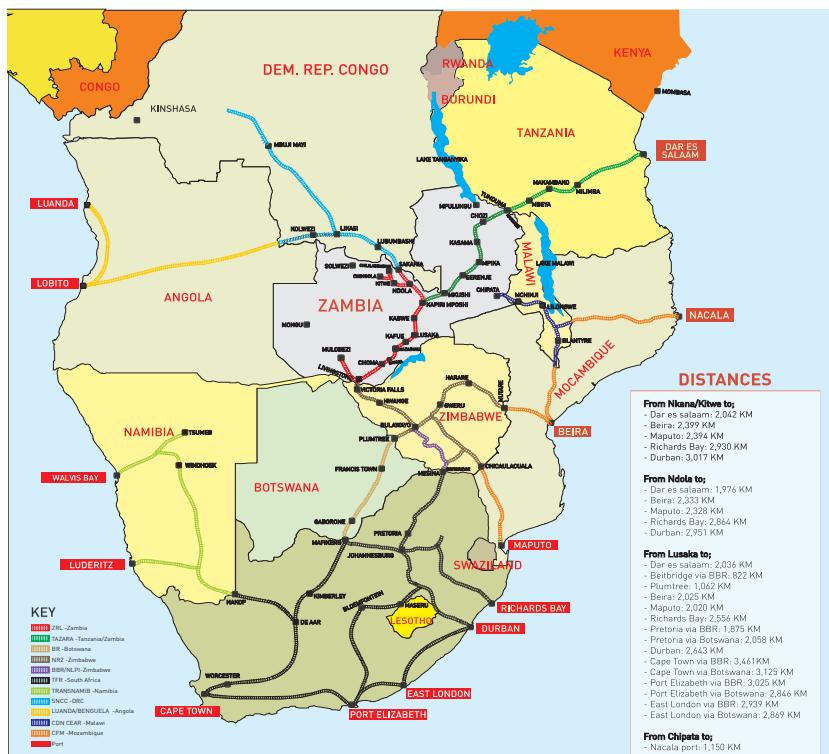
ZRL's mandate to operate freight and passenger trains, as incorporated in the Railways Act of 1984, runs three business units namely Freight, Passenger, and Estates Business Units. Out of the three business units, Freight is currently the major business domain.

To support the main business domain, ZRL operates a total track length of 1,248km single line of 1,067mm gauge made up of the following track segments:

- a) Mainline from Victoria Falls Bridge to Kitwe (848 km);
- b) Branch Lines (214 km);
- c) The Mulobezi Line (162 km); and
- d) The Chipata- Mchinji Line (24 km).

In the sub-region, ZRL is linked to almost all the ports in Southern Africa (SADC Region) as shown in the figure below.

Figure 2 - Linkages to the Sea Ports



Corridors in the Region:

- *The North-South Corridor (NSC)*
- *The Dar-es-Salaam Corridor*
- *The Walvis Bay Corridor*
- *The Nacala Corridor*
- *The Beira Corridor*
- *Plum Tree Corridor through Botswana.*

Currently ZRL employs around 872 employees with offices dotted throughout the rail network.

To execute ZRL's mandate, the company owns 25 locomotives (including 1 steam locomotive) out of which 13 locomotives are operational. In terms of wagons and carriages, the company owns a fleet of 1,745 wagons of various types out of which 1,300 are operational and 60 passenger coaches (out of which 37 are operational).

The main Workshops for heavy repairs, rehabilitation and maintenance of the rolling stock are located in Kabwe. Further, the company also has repair depots for its rolling stock in Livingstone, Ndola and Kitwe.

Until the 1990s, ZRL was the main carrier of bulk cargo and passengers. Today, the road is the main carrier of both freight and passengers. However, traffic is steadily increasing by rail.

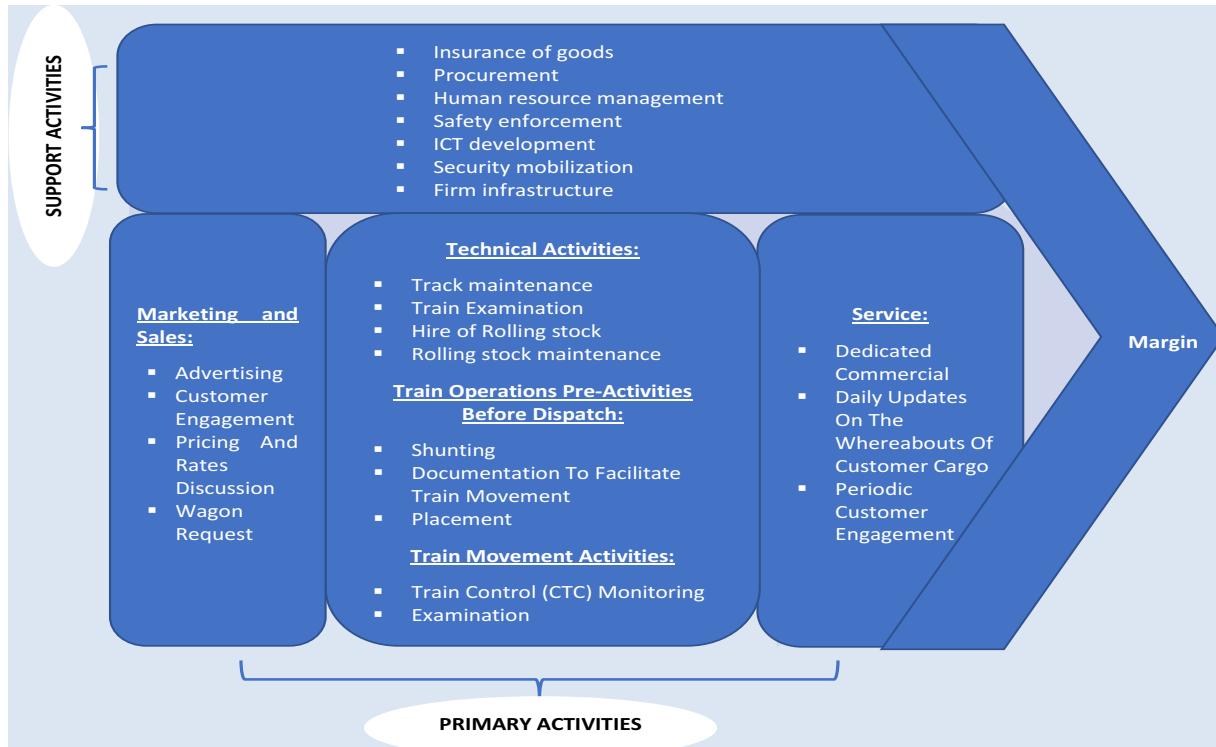
2.5 CUSTOMER VALUE CREATION AND DELIVERY

ZRL's customer value creation and delivery has been analyzed using Porter's Value Chain Matrix. The Matrix has highlighted the combination of major activities required by ZRL to provide competitive and sustainable rail transport and logistics solutions to the satisfaction of its stakeholders. The activities have been broken into primary activities and support activities.

The Primary activities include all direct activities required to move client's cargo and generate revenue for ZRL in return. These activities are marketing and selling of ZRL's services, provision of rolling stock and rail line, train operations, and tracking of trains. The value delivered to customers is the bulk movement of cargo offering economies of scale for bulk carriers.

The Support activities which include Procurement, Insurance of goods, Human Resource Management, Information and Communication Technological (ICT) Development among others supports the primary activities and many more.

Figure 3: customer value creating and delivery

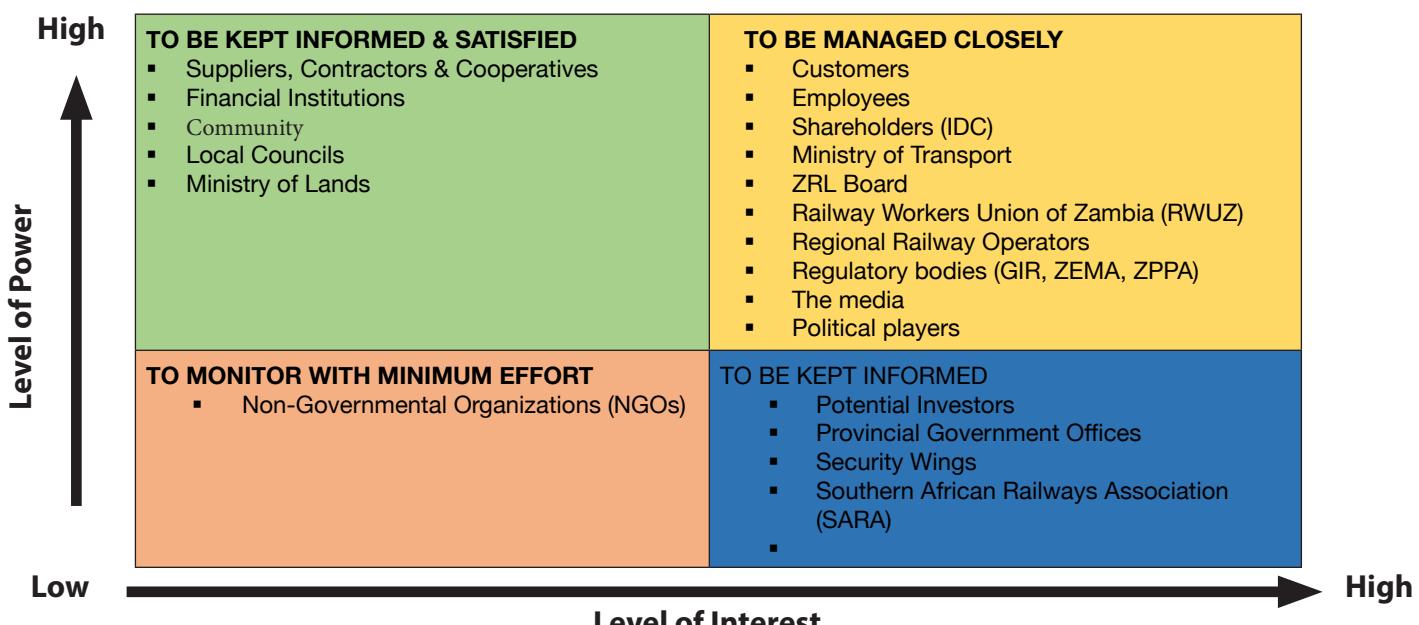


The combination of the Primary and Support activities will create and deliver value for ZRL's stakeholders. The combination of the activities is meant to provide transport and logistics solutions at a lower cost, and thereby provide affordable services to clients, realize profits for ZRL and declare dividends to shareholders.

2.6 STAKEHOLDER ANALYSIS

ZRL has identified critical and influential stakeholders that exhibit high level of interest and power in the business operations. In order to adequately manage and serve them, a stakeholder mapping has been done as illustrated below:

Table 1 - Stakeholder analysis



The company will ensure that all its stakeholders are being managed and served adequately and constantly communicated to despite their level of interest and power.

Stakeholder Engagement Strategy

ZRL has drawn up a strategy in order to avoid being swayed and probably get off course in light of powerful stakeholders. This plan, whose outline is shown below in the stakeholder matrix, will therefore be the main platform for engagement and financing.

Table 2 - stakeholder engagement strategy

High Power & Low Interest: Keep satisfied & Informed	High Power & High Interest: To be managed closely	Low Power & High Interest: To be kept informed	Low Power & Low Interest: To monitor with minimum effort
Stakeholders:	Stakeholders:	Stakeholders:	Stakeholders:
<ul style="list-style-type: none"> ▪ Suppliers, Contractors & Cooperatives ▪ Financial Institutions ▪ Community ▪ Local Councils ▪ Ministry of Lands 	<ul style="list-style-type: none"> ▪ Customers ▪ Employees ▪ Shareholders (IDC) ▪ Ministry of Transport ▪ ZRL Board ▪ Railway Workers Union of Zambia (RWUZ) ▪ Regional Railway Operators ▪ Regulatory bodies (GIR, ZEMA, ZPPA) ▪ The media ▪ Political players 	<ul style="list-style-type: none"> ▪ Potential Investors ▪ Provincial Government Offices ▪ Security Wings ▪ Southern African Railways Association (SARA) 	<ul style="list-style-type: none"> ▪ Non-Governmental Organizations (NGOs).
Management Strategy:	Management Strategy:	Management Strategy:	Management Strategy:
<ul style="list-style-type: none"> ▪ Timely payments ▪ Time to pay agreement ▪ Continuous engagement ▪ Public Address systems ▪ Media announcements 	<ul style="list-style-type: none"> ▪ Continuous submission of performance reports ▪ Publication of audited accounts ▪ Attending conferences ▪ Union management liaison meetings ▪ Annual inspection-compliance ▪ Meetings with stakeholders ▪ Website updates 	<ul style="list-style-type: none"> ▪ Sign Non-Disclosure Agreements ▪ Meetings with stakeholders ▪ ZRL representation in SARA ▪ Submission of data to potential investors 	<ul style="list-style-type: none"> ▪ Continuous engagement through various platforms like meetings

CHAPTER 3:

SITUATIONAL ANALYSIS

The Situational Analysis has been done at four (4) levels using the Global and Regional analysis, the Local PESTEL analysis (Political, Economic, Social, Technological, Environmental, and Legal), the SWOT analysis (Strength, Weakness, Opportunity, and Threats), and the Industry Forces Analysis.

3.1 THE GLOBAL AND REGIONAL ANALYSIS

The global and regional changes have an impact on the ZRL's operations. The foreseeable changes in the environment, opportunities and threats associated with the change, are analyzed in table 4 below:

Table 3 - global and regional situational analysis

DIMENSION	IMPACT	OPPORTUNITY	THREAT	STRATEGIC RESPONSE
GLOBAL	HIGH	<ul style="list-style-type: none"> - Global technology advancement: Drone technology and RFID tracking would improve visibility and train security solutions. - Standard Gauge Rail (SGR) - Wagon braking system 	<ul style="list-style-type: none"> - Technology gap – existing old technology for ZRL (2nd Industrial Revolution) vs new and efficient technology (4th Industrial Revolution) 	<ul style="list-style-type: none"> ▪ Outsourcing ICT services in order to stay abreast with technology upgrade. ▪ Take advantage of global Technological advancements, i.e., tracking of Rolling stock
REGIONAL	HIGH	<ul style="list-style-type: none"> - Global campaign for clean energy International community involvement in pollution program i.e., IMF and the W/B. - Regional integration through regional bodies i.e., AU, SADC, COMESA, SARA, etc. This brings about harmonization of railway operations. - The proposed Tripartite Free Trade Area - Linkages to the Ports in the SADC region 	<ul style="list-style-type: none"> ▪ Trade wars i.e., USA vs China and OPEC vs USA threatens commodity prices. ▪ Political instability in the neighboring countries i.e. countries linked to ZRL's business. 	<ul style="list-style-type: none"> ▪ The clean energy campaign will lead to increased demand for Copper. ZRL must take advantage. ▪ ZRL to lobby for fuel levy exemption from the Government of the Republic of Zambia ▪ Ride on the global clean energy campaign to source for funding for railway investment. ▪ Monitor dynamics in other countries like RSA & DRC. ▪ Ride on regional relationships, such as the Tripartite Free Trade Area. ▪ Partnership with Port Authorities/Operators for biasedness towards railway

3.2 PESTEL ANALYSIS

In order to identify external environmental variables that may have an impact on ZRL operations in the long run, six forces, using PESTEL, were analyzed.

The PESTEL analysis of ZRL is summarized as follows:

Table 4 - PESTEL ANALYSIS

Dimension	Impact - H/M/L	Opportunities	Threats	Strategic Response
Political Environment	High	<ul style="list-style-type: none"> ▪ Zambia's political stability: <ul style="list-style-type: none"> - Attraction for investment to ZRL and other transport linked companies - The peace resulting from the political stability creates an enabling environment for ZRL operations - Smooth train operations ▪ Good will from the government i.e., SI No.7 of 2018 	<ul style="list-style-type: none"> ▪ Presidential, general and local elections may disrupt external sourcing of funds ▪ Policy guidelines may directly or indirectly affect ZRL e.g., the multiple operator's policy. 	<ul style="list-style-type: none"> ▪ ZRL to keep a close eye on the uncertainties surrounding elections in order to position itself and plan ahead. ▪ ZRL to provide propositions to the Ministry of Transport & Communication on any new transport policy being implemented. ▪ Formation of Business Continuity Plans against new policies. ▪ Keep a close watch on key sectors that Zambia Railways deals with, i.e. mining and agricultural sectors in case of any uncertainties that may affect ZRL operations.
Economic	High	<ul style="list-style-type: none"> ▪ Average projected GDP growth rate of 1.65% whose benefits spill over to ZRL i.e., agricultural and manufacturing sectors ▪ Good business and investment environment i.e., favorable economic policies and affordable literate manpower. 	<ul style="list-style-type: none"> ▪ The country's external debt as at September, 2020 stood at USD 12 billion. This negatively affects investments in railway and railway supporting sectors. ▪ Over dependence on copper mining. Low production of copper will have an impact on mining inputs and outputs, both of which ZRL depends on. ▪ Covid-19 and other unforeseen negative circumstances. 	<ul style="list-style-type: none"> ▪ Increase participation in movement of commodities from other sectors such as agriculture ▪ Diversify in other business units i.e., Real estate- Development of ZRL bare land. ▪ Capitalize on local movements. ▪ Development of Business Continuity Plans against negative circumstances.

Table 4 - PESTEL ANALYSIS/S Continued

Dimension	Impact - H/M/L	Opportunities	Threats	Strategic Response
Social	Medium	<ul style="list-style-type: none"> ▪ ZRL participation in CSR sponsorship i.e., Kabwe Warriors FC, passenger services and golf tournaments. ▪ Partnerships with communities along the line of rail 	<ul style="list-style-type: none"> ▪ Heavy population concentration of communities along the line of rail leading to encroachments with some people occupying railway reserve land and vandalism of ZRL infrastructure. ▪ Covid-19 impact resulting into a limited social clientele coverage i.e. Kabwe Warriors FC fans and train passengers ▪ Posed threat of physical social interaction with customers due to Covid-19. 	<ul style="list-style-type: none"> ▪ Intensifying branding through CSR projects ▪ Formation of a Real Estate Subsidiary to develop ZRL's land and protect infrastructure against encroachment and vandalism. ▪ Increase advertisements and publicity. ▪ Extending cooperatives to provide security to mitigate vandalism and theft of ZRL infrastructure. ▪ Legal engagement to resolve illegal land allocation and vandalism. ▪ Engage key stakeholders to stop allocation of ZRL land i.e., municipalities.
Technological	High	<ul style="list-style-type: none"> ▪ Government support in ICT – Smart Zambia master plan and SDG No. 9. 	<ul style="list-style-type: none"> ▪ Technology advancement in hacking ▪ Dependence on the vendor for smooth operation of systems. 	<ul style="list-style-type: none"> ▪ Inclusion of necessary technology advancements in the recapitalization of ZRL ▪ Outsourcing ICT services in order to stay abreast with technology upgrade. ▪ Promote innovation in the company
Environmental	Medium	<ul style="list-style-type: none"> ▪ Government involvement through the Sustainable Development Goals (SDGs) i.e., SDG No. 6, 7 and 13. 	<ul style="list-style-type: none"> ▪ Climate change: -Droughts and floods could affect agricultural sector, which could impact farmers who are part of ZRL's customer base. -Floods could cause rail washaways ▪ Noise pollution from moving trains ▪ Air pollution from ZRL's neighboring factories i.e., Kabwe workshops, Chingola and Kitwe 	<ul style="list-style-type: none"> ▪ Implementation of country strategic goals towards climate change (go green campaign) ▪ Adhere to factory Acts ▪ Engage ZEMA on all suspected hazardous emissions from the neighboring factories ▪ Support the implementation of the SDGs ▪ Ride on the global clean energy campaign to source for funding for railway investment.

Table 4 - PESTEL ANALYSIS/S Continued

Dimension	Impact – H/M/L	Opportunities	Threats	Strategic Response
Legal	High	<ul style="list-style-type: none"> - Enactment of SI No. 7 of 2018 - Repealing and replacement of the Railways Act of 1984: - The separation of railway operations from infrastructure to enable ZRL operate in a level playing field with the road subsector - Reduction in bureaucratic procedures in decision making and implementation 	<ul style="list-style-type: none"> - The Participation of private operators in the rail subsector outlined in the National Transport policy of 2019 - Taxation on minerals <ul style="list-style-type: none"> - 5% tax on Import copper concentrates - The Railway Act gives all authority to Minister of Transport and Communication to adjust passenger tariffs through recommendation. - Possible new legislation 	<ul style="list-style-type: none"> - ZRL to provide propositions to the Ministry of Transport & Communication on how this can be implemented during the process of repealing and replacement of the railways Act - Increase participation in the movement of other commodities - Lobby government to subsidize the operation of passenger services - Develop Business Continuity Plans for new laws and policy

3.3 INDUSTRY FORCES ANALYSIS

The competition in the transport sector is stiff. ZRL market share stands at an average of 8%-10% to assist in the analysis of competition in the transport industry five (5) forces which have an impact on ZRL have been analyzed as underlisted in the table below:

Table 5 - Industry Forces Analysis

Dimension	Impact - H/M/L	Opportunities	Threats	Strategic Response
Industry Rivalry	High	<ul style="list-style-type: none"> ▪ Enactment of SI No. 7 of 2018 	<ul style="list-style-type: none"> ▪ Declining market share for ZRL from the road haulers ▪ Declining service delivery due to the declining state of the track and rolling stock ▪ Proposed introduction of multiple operators in the Rail subsector – New Transport Policy and New Railway Act 	<ul style="list-style-type: none"> ▪ Create capacity in rollingstock and railway infrastructure: <ul style="list-style-type: none"> - In the interim, ZRL to sustain the hire of rollingstock and the use of cooperatives to attend to the track - In the medium to long term, ZRL to mobilize resources to acquire brand new rollingstock and rehabilitate the track ▪ Signing of SLAs with all customers impacted by the SI ▪ Monitor compliance ▪ Continued implementation of open access agreement with TAZARA. ▪ ZRL to provide propositions to the Ministry of Transport & Communication on the implementation of the New Transport Policy, and the Railway Act.
The Threat of Substitutes	High	<ul style="list-style-type: none"> ▪ Support from the shareholder 	<ul style="list-style-type: none"> ▪ Massive investment in road infrastructure 	<ul style="list-style-type: none"> ▪ With support from the shareholder, ZRL to secure resources for capacity building in the area of rail infrastructure and rolling stock.

Table 5 - Industry Forces Analysis Continued

Dimension	Impact - H/M/L	Opportunities	Threats	Strategic Response
The Threat of New Entrants		<ul style="list-style-type: none"> ▪ Shareholder support to ZRL 	<ul style="list-style-type: none"> ▪ Lean structure of private rail operators 	<ul style="list-style-type: none"> ▪ ZRL to provide propositions to the Ministry of Transport & Communication on the implementation of the impact of the introduction of multiple operators as proposed in the New Transport Policy, and the Railway Act.
Bargaining Power of Suppliers	High	<ul style="list-style-type: none"> ▪ Supporting regulatory legislation such as the ZPPA. 	<ul style="list-style-type: none"> ▪ Unique rail materials without substitutes ▪ Few suppliers of spares exist ▪ Fuel suppliers have high bargaining power 	<ul style="list-style-type: none"> ▪ Have supply contracts with short listed spare suppliers. ▪ Effective management of contracts ▪ Own transportation of fuel to reduce on the fuel cost ▪ Lobby for an exemption/refunds on fuel levy.
Bargaining Power of Buyers	High	<ul style="list-style-type: none"> ▪ Open boarders 24/7 ▪ Enactment of the SI N.o 7 of 2018 ▪ Planned recapitalization of ZRL 	<ul style="list-style-type: none"> ▪ High bargaining power by freight customers ▪ Narrow customer base ▪ Threat of substitute 	<ul style="list-style-type: none"> ▪ Come up with a rates policy aimed at harmonizing rates and incentive procedure to high performing customers ▪ Intensify advertising and marketing to bring new customers on board. ▪ Effective management of contracts

Table 6 - Industry Dynamic Summary

Dimension	WHO	WHAT	LEVERAGE POINTS	Strategic Response
Buyer	<ul style="list-style-type: none"> ▪ Logistics companies ▪ Mining companies ▪ Cement manufacturing plants 	<ul style="list-style-type: none"> ▪ Coal ▪ Cement ▪ Sugar ▪ Copper Inputs & Outputs 	<ul style="list-style-type: none"> ▪ High volumes ▪ Long term relationship ▪ Investment partnerships 	<ul style="list-style-type: none"> ▪ Modify wagons to ensure backloads ▪ Reduce operating costs ▪ Improve service delivery ▪ Partnership with clients to develop and/or maintain railway sidings

Table 6 - Industry Dynamic Summary Continued

Dimension	WHO	Strategic Response
Suppliers	<ul style="list-style-type: none"> ▪ Fuel & Lubricants suppliers ▪ Spare part suppliers ▪ Equipment suppliers ▪ Infrastructure materials 	<ul style="list-style-type: none"> ▪ Develop a strategic and long-term relationship through SLAs for consistency in supply, good lead time and competitive prices.
New Entrants	<ul style="list-style-type: none"> ▪ Private operators 	<ul style="list-style-type: none"> ▪ Vertical separation of infrastructure from train operations ▪ Reducing operating costs ▪ Re-strategizing to improve efficiency and service delivery ▪ Engage the government for a cost reflective access fee
Substitute	<ul style="list-style-type: none"> ▪ Road haulers ▪ Air transport ▪ Water transport 	<ul style="list-style-type: none"> ▪ Increase haulage capacity ▪ Improve efficiency ▪ Offer competitive services ▪ Partnerships with other transport solution providers
Rivalry	<ul style="list-style-type: none"> ▪ Road haulers ▪ Potential rail operators 	<ul style="list-style-type: none"> ▪ Reduce operating costs ▪ Market intelligence ▪ Improve service delivery

3.4 SWOT ANALYSIS

The third tool that was used is the Internal Strengths and Weaknesses and the External Opportunities and Threats (SWOT) analysis.

The SWOT analysis of ZRL is summarized as follows:

3.4.1 ANALYSIS OF EXTERNAL OPPORTUNITIES AND THREATS

There are opportunities in the operating environment that ZRL will take advantage of. This will mean also dealing with external threats that are likely to undermine its effectiveness. The external analysis of the opportunities and the threats is summarized as follows:

- Opportunities and how ZRL will take advantage of the opportunities
- Threats and strategies on how ZRL will minimize or overcome the threats

Table 7 - Opportunities and Response Strategies

Dimension	Opportunity	How ZRL takes advantage of the Opportunity
	Enactment of SI No.7 of 2018	<ul style="list-style-type: none">▪ Create capacity in rollingstock and railway infrastructure:<ul style="list-style-type: none">- In the interim, ZRL to sustain the hire of rollingstock and the use of cooperatives to attend to the track- In the medium to long term, ZRL to mobilize resources to acquire brand new rollingstock and rehabilitate the track- Modify coal wagons for backhauling cement; growing the local movements.- Signing of SLAs with all customers impacted by the SI to improve service delivery▪ Monitor compliance▪ Continued implementation of open access agreement with TAZARA
Regulations and legislation	Repealing and replacement of the Railways Act	<ul style="list-style-type: none">▪ Support the repealing and replacement of the railways act which shall facilitate the transformation of the railway subsector and introduction of the following measures:<ul style="list-style-type: none">- The separation of railway operations from infrastructure to enable ZRL operate in a level playing field with the road subsector- Reduction in bureaucratic procedures that impact decision making and implementation i.e., procurement processes
	Existing National Transport Policy (NTP) and National Transport Master Plan (NTMP).	<ul style="list-style-type: none">▪ Compliance and aligning ZRL operational activities and projects to NTP and NTMP.

Table 7 - Opportunities and Response Strategies Continued

Dimension	Opportunity	How ZRL takes advantage of the Opportunity
Marketing	Freight market potential	<ul style="list-style-type: none"> ▪ Conduct periodical market surveys ▪ Continuous customer engagement and bringing new customers on board ▪ Create capacity in rolling stock and railway infrastructure.
	SI No.7 of 2018	<ul style="list-style-type: none"> ▪ Signing of SLAs with all customers impacted by the SI to improve service delivery
Investment	New customer trends (today a customer wants total logistic solutions)	<ul style="list-style-type: none"> ▪ Engagement of developers to develop intermodal dry-ports. The dry ports will include road hauliers, warehousing, clearing & forwarding agents, port handlers & Tax Authorities to facilitate end to end logistics provision.
	Planned recapitalization of ZRL	<ul style="list-style-type: none"> ▪ ZRL to continue being actively involved in the discussions with potential investors for the recapitalization of ZRL with the support of the shareholders IDC.
ICT	Conducive business environment	<ul style="list-style-type: none"> ▪ Forming strategic partnerships e.g., commercialization of workshops and engagement with potential financiers
	New technological developments	<ul style="list-style-type: none"> ▪ Resource mobilization or forming strategic partnerships with the providers of ICT services to acquire digital solutions such as; <ul style="list-style-type: none"> - Tracking goods in transit (to have full visibility of the supply chain) - Fuel monitoring - Train control systems - Etc.
Green field rail projects	Planned construction of green field rail projects such as <ul style="list-style-type: none"> - Kazungula rail project - Kafue-Lion's den - Chipata-Serenje - Lobito-Dar - Nseluka-Mpulungu - Etc. 	<ul style="list-style-type: none"> ▪ ZRL to provide technical expertise on rail to the Ministry of Transport and Communication. ▪ Green field projects will link Zambia to almost all the trade corridor and will present an opportunity for ZRL to have alternative routes.

Table 8 - Threats and Response Strategies

Dimension	Threats	Response Strategies
Regulations and legislation	Participation of private operators in the rail subsector.	<ul style="list-style-type: none"> ▪ ZRL to provide propositions to the Ministry of Transport & Communication on how this can be implemented during the process of repealing and replacement of the railways Act. ▪ Re-strategizing to improve efficiency and service delivery
Marketing	Aggressive competition: - Unfair competition from the foreign road haulers on backhaul rates & Rate undercutting.	<ul style="list-style-type: none"> ▪ ZRL to pursue the government to even the playing field against unfair competition from the foreign truckers ▪ ZRL to intensify backhaul movements to counter effect in the interim
	Divergent customer preferences	<ul style="list-style-type: none"> ▪ Resource mobilization to acquire specialized rollingstock that meets the demand of the customers
	Declining of mining activities on the Copperbelt Province therefore reducing mining inputs i.e. Coal and Sulphur. (Mining activities are mostly happening in North-Western Province where there is no rail connectivity)	<ul style="list-style-type: none"> ▪ Intensify road partnerships to implement intermodal arrangements ▪ Develop dry ports ▪ Diversify from over dependence on mining inputs and outputs to other bulk cargo such as agricultural products
	Dependance on Imports and Transit as major revenue contributors where ZRL has little control	<ul style="list-style-type: none"> ▪ Capitalize on the local movements where ZRL has total control
	Inability to control what is happening in neighboring railway administrations e.g., TAZARA and SNC C	<ul style="list-style-type: none"> ▪ Keeping a close eye on what is happening in other railway administrations to find an alternative route
Industry Competition	<ul style="list-style-type: none"> • Uneven level playing field in the transport sector: <ul style="list-style-type: none"> - Fuel levy - Unfair competition from the road as they do not construct and fully maintain the road infrastructure. • Opening of Benguela corridor 	<ul style="list-style-type: none"> ▪ ZRL to lobby for road fuel levy exemptions or refund from the Ministry of Finance ▪ ZRL to support the implementation of vertical separation ▪ Enhance collaboration with other Railway Administrations and port authorities to improve on efficiencies and offer seamless delivery ▪ Engage government to expedite the Lobito-Dar Es Salaam rail link project
Disruptive Technologies	<p>Emerging Potentially disruptive technologies:</p> <ul style="list-style-type: none"> - Planned rehabilitation and modernization of ZRL (Vandalism will disrupt operations) - Obsolescence of the existing railway equipment - Potential lack of knowledge to maintain and operate new equipment. 	<ul style="list-style-type: none"> ▪ Have a redundant and manually operated signaling system ▪ Intensify sensitization on the dangers of vandalism ▪ Resource mobilization to acquire new rollingstock to address the issue of obsolescence ▪ Training and up skilling of employees

Table 8 - Threats and Response Strategies Continued

Dimension	Threats	Response Strategies
Business/ Operations Disruptions	<ul style="list-style-type: none"> ▪ The outbreak of COVID 19 Pandemic and other unforeseen negative circumstances ▪ Low political will to deal with Land encroachment ▪ Vandalism of ZRL infrastructure 	<ul style="list-style-type: none"> ▪ Closely monitor the business environment as the pandemic evolves ▪ Adherence to the health guidelines. ▪ Development of BCP to ensure that ZRL continues to operate efficiently during potential disruptions. ▪ Formation of a Real Estate subsidiary to develop and safeguard ZRL property ▪ Continuous engagement with the Government to settle encroachment related issues
Road Infrastructure Development	<ul style="list-style-type: none"> ▪ One stop border post at Kazungula, Kasumbalesa and Chirundu make the road more convenient ▪ Massive investments in the road subsector by the government. 	<ul style="list-style-type: none"> ▪ Resource mobilization in the areas of infrastructure and rollingstock leading to improved operating efficiency by ZRL. ▪ ZRL to engage SARA to lobby the neighboring railways to equally invest in their railway infrastructure for seamless train operations.

3.4.2 ANALYSIS OF INTERNAL WEAKNESSES AND STRENGTHS

Table 9 - Internal Strengths, Weaknesses & Strategic responses

Dimension	Impact - H/M/L	Strength	Weakness	Strategic Response
Human Resource Competences	High	<ul style="list-style-type: none"> ▪ Rail sector experienced and committed employees 	<ul style="list-style-type: none"> ▪ Lack of a succession plan policy ▪ Resistance to change by employees 	<ul style="list-style-type: none"> ▪ Implementation of a succession plan policy ▪ Quarterly management-union staff meetings ▪ Implementation of the performance management system (PMS)
Financial Condition	High	<ul style="list-style-type: none"> ▪ ZRL has no loan obligations on its statement of financial position ▪ 75% of ZRL's earnings are in US Dollar 	<ul style="list-style-type: none"> ▪ Lack of funds for capital expenditure. ▪ High operating costs. ▪ Limited internal financial resources 	<ul style="list-style-type: none"> ▪ Acquire accreditation from reputable learning institutions for training and certification of ZRL employees. ▪ Mobilization of resources from potential financers for capacity building in the area of track and the rolling stock thereby improving operational efficiency ▪ In the interim continue to use hired locomotives with improved operating efficiency. ▪ Sign off take agreements with customers to acquire financial resources from banks.
		<ul style="list-style-type: none"> ▪ Existing property/unutilized land 	<ul style="list-style-type: none"> ▪ Low rental collection 	<ul style="list-style-type: none"> ▪ Frequent audit of real estate customers ▪ Intensify debt collection through debt collectors and property officers ▪ Participation in a property fund (e.g., Zambezi Property Fund)

able 9 - Internal Strengths, Weaknesses & Strategic responses Continued

Dimension	Impact-H/M/L	Strength	Weakness	Strategic Response
Culture	High	<ul style="list-style-type: none"> ▪ Innovation ▪ Integrity ▪ Team spirit ▪ Loyalty to ZRL 	<ul style="list-style-type: none"> ▪ Rigidity to change by employees ▪ Silo mentality of individuals 	<ul style="list-style-type: none"> ▪ Mindset change such as Sensitization programs, Mentorship programs and Trainings. ▪ Implementation of the performance management system (PMS) ▪ Quarterly management-union staff meetings
Train operations and Engineering	High	<ul style="list-style-type: none"> ▪ Good relations with contiguous railways ▪ Working train operations management systems ▪ Existing workshop equipment ▪ Ownership of rolling stock ▪ Existing lease agreements for compatible rolling stock ▪ Membership to regional bodies such as SARA, SADC and COMESA ▪ Linked to geographic strategic location (Linking the most economically active towns) ▪ More bulk carrying capacity than any other competitor 	<ul style="list-style-type: none"> ▪ Inadequate ICT infrastructure and integrated systems ▪ Inadequate capacity to offer total logistics solutions ▪ Lack of strategically located dry-ports to access traffic where there is no rail connectivity ▪ Poor state of the track ▪ Aging and unreliable rolling stock that is not fit for purpose ▪ Long transit time 	<ul style="list-style-type: none"> ▪ Mobilization of resources from potential financers for capacity building in the area of track, signaling and rolling stock ▪ Engagement of developers to develop dry-ports through various partnership models such as PPPs, Joint ventures etc. ▪ Marketing of workshops services ▪ Partnerships with clients to develop and/or maintain railway sidings. ▪ Encourage clients to own rolling stock

able 9 - Internal Strengths, Weaknesses & Strategic responses Continued

Dimension	Impact-H/M/L	Strength	Weakness	Strategic Response
Marketing and Sales	High	<ul style="list-style-type: none"> ▪ Bulk carrying capacity ▪ Dedicated customer base ▪ Competitive rates ▪ Linked to all the ports in the Sub-region ▪ Security and insurance of customer goods ▪ Good knowledge of customer needs through commercial representatives at customer premises ▪ Quick response to customer demands and easy access to new business due to organizational decentralization 	<ul style="list-style-type: none"> ▪ Dependence on contiguous railway administrations for through rates ▪ Wagons not technically fit to traverse the lines in RSA. ▪ Over dependence on traditional customers and traditional commodities ▪ Lack of contractual framework to enforce demurrage. 	<ul style="list-style-type: none"> ▪ Constantly monitor customer demands ▪ Partnerships with clients to develop and/or maintain railway sidings ▪ Developing a pricing model with contiguous railway administrations ▪ Intensified advertising and marketing to bring new customers on board ▪ Acquisition of brand-new wagons ▪ Continued facilitation of organizational decentralization ▪ To diversify and make use of other corridors by working with other railway administrations and road haulers where there is no rail connectivity ▪ Install tracking devices to monitor wagons to enforce demurrage.
Public Image	High	<ul style="list-style-type: none"> ▪ Known reputable brand in the industry ▪ Bulk carrying capacity ▪ ZRL's role in corporate social responsibility (CSR) i.e., provision of passenger services and sponsorship of Kabwe Warriors FC. ▪ Good relations with key stakeholders ▪ Front runners in accolades from shows and exhibitions 	<ul style="list-style-type: none"> ▪ Poor state of the station buildings ▪ Long passenger transit time ▪ Negative public perception ▪ Inability to attract highly skilled manpower 	<ul style="list-style-type: none"> ▪ Mobilization of resources from potential financers for rehabilitation of station buildings and the track ▪ Intensify publicity to increase visibility for ZRL ▪ To find a co-sponsor for Kabwe Warriors FC
Legal Framework	High	<ul style="list-style-type: none"> ▪ Signed service level agreements (SLAs) and transport contracts ▪ Signed open access agreement with TAZARA ▪ Signed MOUs. 	<ul style="list-style-type: none"> ▪ Out dated legal framework (railways act of 1984) ▪ Unsigned SLAs with some clients ▪ Failure to implement fully the SLAs. 	<ul style="list-style-type: none"> ▪ Repealing and replacement of the railways act ▪ Mobilization of resources from potential financers for rehabilitation of the railway infrastructure and acquisition of rolling stock. ▪ Sign, implement and manage SLAs/contracts with all clients

ZRL has much internal strength that can be used to leverage and mitigate the weaknesses. The strengths show an organization that is resilient and able to navigate the tough waters ahead. Nevertheless, the weaknesses are also serious enough to warrant management attention. ZRL management will become more proactive to neutralize or blunt the impact of internal and external challenges.

CHAPTER 4:

ZRL STRATEGIC DIRECTION

This section covers the main Strategic Business Plan (SBP) and is informed by analysis of previous chapters. The strategic direction that ZRL will take is already predetermined in the 7th National Development Plan (7NDP), IDC Strategy, National Transport Master Plan (NTMP) and National Transport policy (NTP). The ZRL SBP is therefore an effort to domesticate for ZRL its precise role in consideration of both the micro environment within ZRL and its operating environment externally. The following Vision and Mission statements are supporting the achievement of the Seventh National Development Plan (7NDP) which is in line with the Zambia Vision 2030.

4.1 Motto

Wheels of the Nation

4.2 VISION

The preferred rail transport and logistics solutions provider

4.3 MISSION

To provide competitive and sustainable rail transport and logistics solutions to the satisfaction of our stakeholders.

4.4 VALUES

Service:

WE believe in delivering excellent service and value to stakeholders. We take time to understand stakeholder needs and always strive to satisfy their needs.

Team Work:

WE value teamwork. We believe team work will sustain efficiency and effective service delivery. We recognize the contribution and value of individuals in a team.

Integrity:

WE will do what we say we will do. We will up-hold professional and ethical business practices. The company's interactions with stakeholders will be done transparently for mutual benefits. We will ensure honesty, integrity and respect to all.

Innovation:

WE are creative, bold and believe in continuous learning. We believe these will sustain total quality consciousness in the organization.

Professionalism:

WE uphold high quality standards and ethics in our dealings to enhance professional competence by providing the highest level of service.

Enterprise:

WE are an entity whose values transcend into continuous provision of rail transport and logistics solutions to the satisfaction of all Stakeholders. We are conscious of creating value in the Company and driving the business forward.

4.5 STRATEGIC GOALS AND OBJECTIVES

ZRL, based on the SWOT, PESTEL and the Industry forces Analysis has identified the key strategic focus areas (strategic goals) herein under, which constitute the key areas of primary focus of the organization during the duration of this strategy.

Table 10 - Strategic Goals and strategic objectives

STRATEGIC GOALS	STRATEGIC OBJECTIVES
1. Improve financial position	<ul style="list-style-type: none"> • Increase freight revenue generation by an average of 17% annually <p>Strategies:</p> <ul style="list-style-type: none"> • Grow over boarder traffic & increase US Dollar earnings by an average of 17% annually; • Attain at least 412km average distance of traffic haulage per ton from 2022 to 2025 and prioritize high paying commodities. • Improve wagon utilization for local traffic from 1.5 to 2 times per month by 2022. • Improve percentage of local backhaul movement from 27% in 2020 to at least 35% beginning 2022 • Improve percentage of over border backhaul movement from 50% in 2020 to at least 70% effective 2022 • Enhanced collaboration with contiguous railway administrations • 100% signing of Service Level Agreements (SLAs) and contracts with major clients by 2022. Beyond 2022, all clients to sign SLAs and contracts with ZRL. • Optimize Resource utilization through: • Operating cost reduction from 77% in 2021 to at most 60% of total revenue effective 2022. • Improve return on assets from 2% of total revenue to 5% in 2025. • 100% revenue generation growth from workshop activities in 2021, and 11% annual growth from 2022 to 2025. <p>Strategies:</p> <ul style="list-style-type: none"> • Keep the growth of manpower related cost within the inflation band of 8% to 11% every two years • Improve manpower related cost over total cost, from 52% in 2020 to an average of 33% annually throughout the plan period. • Implement the Performance Management System (PMS) by 2021. • Implementing fuel management systems by 2021. • Maintain or improve the current fuel efficiency ratio of 0.012 L/NTKM • Partnership within the IDC group of Companies, Kabwe Chamber of Commerce, etc., for the utilization of workshops starting 2021. • Undertake asset register audit by end of 2021 • Disposal/selling of assets that are no longer needed for ZRL use every year. • Reduce operating costs related to first & last mile delivery from 0.4 CTKM to 0.32 CTKM. • Create a Real Estate subsidiary company by 2021 for optimal performance which shall among other things; • Undertake client register audit by end of 2021. • Review and sign lease agreements with clients by 2021. • Develop underdeveloped land and buildings • Improve cashflow position (operating cashflow ratio from 0.64 in 2020 to 1.56 in 2025)
	<p>Strategies:</p> <ul style="list-style-type: none"> • Sign off-take agreements with all/most major clients by end of 2021. • Intensify debt collection and attain at least 95% debt collection effective 2022. • Have payment plans with all creditors by 2021. • Secure at least USD75 Million for capital injection, based on our statement of Financial Position by 2022. • Secure funding through; • Leveraging off-take agreements for capitalization of business by 2022. • Leveraging carbon emissions reductions/off-sets to access green funding, etc. by 2022, riding on clean energy campaign • Reduced Exposure to Enterprise Risks <p>Strategies:</p> <ul style="list-style-type: none"> • Develop and implement a risk register by 2021. • Come up with payment plans with all creditors by 2021. • Classification and monitoring of risk exposure.

Table 10 - Strategic Goals and strategic objectives Continued

STRATEGIC GOALS	STRATEGIC OBJECTIVES																					
1. Operational Efficiency	i.Improve transit time between Ndola and Livingstone: <table border="1"> <thead> <tr> <th></th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th></tr> </thead> <tbody> <tr> <td>Freight Train</td><td>72</td><td>69</td><td>66</td><td>62</td><td>58</td><td>54</td></tr> <tr> <td>Passenger Train (Kitwe – Livingstone)</td><td>42</td><td>40</td><td>38</td><td>37</td><td>35</td><td>34</td></tr> </tbody> </table> Strategies: <ul style="list-style-type: none"> ▪ Prioritize patch work of rail line maintenance on high traffic density areas up to 2022. ▪ Acquire funding for improving the maintenance of the entire rail network in 2021. ▪ 90% timely dispatch and arrival of trains at all stations beginning 2022 from 75% in 2020. ▪ Acquire locomotives on lease basis in line with traffic demand. 		2020	2021	2022	2023	2024	2025	Freight Train	72	69	66	62	58	54	Passenger Train (Kitwe – Livingstone)	42	40	38	37	35	34
	2020	2021	2022	2023	2024	2025																
Freight Train	72	69	66	62	58	54																
Passenger Train (Kitwe – Livingstone)	42	40	38	37	35	34																
ii. At least 90% rolling stock availability and reliability.																						
Strategies: <ul style="list-style-type: none"> ▪ One (1) train set of wagon rehabilitation by 2021, and two (2) in 2022. ▪ Purchase 300 wagons by 2024. ▪ Purchase 4 locomotives by 2024. ▪ Hire of at least 6 good order locomotives up to end of 2024. ▪ Revise and begin implementing rolling stock scheduled maintenance plan/Maintenance Management System by (MMS) by 2022. 																						
iii. Improved ICT systems																						
Strategies: <ul style="list-style-type: none"> ▪ Implementation of Train Management systems by 2022 ▪ To introduce and implement the ERP system and supporting equipment effective 2021 ▪ Outsource ICT solutions beginning in 2021 																						
iv. Improve track infrastructure by uplifting Temporal Speed Restrictions (TSR) by at least 70% by 2025.																						
Strategies: <ul style="list-style-type: none"> ▪ Prioritize patch work of rail line maintenance on high traffic density areas in 2021. ▪ Acquire funding for improving the maintenance of the entire rail network in 2021. ▪ Reduce number of derailments and TSR distance: 																						
1. Operational Efficiency	v. <table border="1"> <thead> <tr> <th></th><th>Baseline 2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th></tr> </thead> <tbody> <tr> <td>No. of infrastructure derailments</td><td>107</td><td>100</td><td>95</td><td>90</td><td>60</td><td>50</td></tr> <tr> <td>TSR distance (less than)</td><td>50KM</td><td>50KM</td><td>45KM</td><td>25KM</td><td>20KM</td><td>15KM</td></tr> </tbody> </table> Enhance Strategic Partnerships Strategies: <ul style="list-style-type: none"> ▪ 100% signed agreements with contiguous railway administrations by 2021. ▪ Implementation of Memorandum of Understanding with road haulers i.e., COTA, PTAZ, TAZ, etc., in 2021 for first and last mile delivery. ▪ Partner with top performing clients to develop and/or maintain railway sidings by 2021. vi. Improve Human Capital Strategies: <ul style="list-style-type: none"> ▪ Implementation of the PMS by 2021. ▪ Implementation of innovation awards policy by 2021. ▪ Acquire accreditation from reputable learning institutions for certification of train drivers, train assistants, shunters and rolling stock related workers by 2021. 		Baseline 2020	2021	2022	2023	2024	2025	No. of infrastructure derailments	107	100	95	90	60	50	TSR distance (less than)	50KM	50KM	45KM	25KM	20KM	15KM
	Baseline 2020	2021	2022	2023	2024	2025																
No. of infrastructure derailments	107	100	95	90	60	50																
TSR distance (less than)	50KM	50KM	45KM	25KM	20KM	15KM																

Table 10 - Strategic Goals and strategic objectives Continued

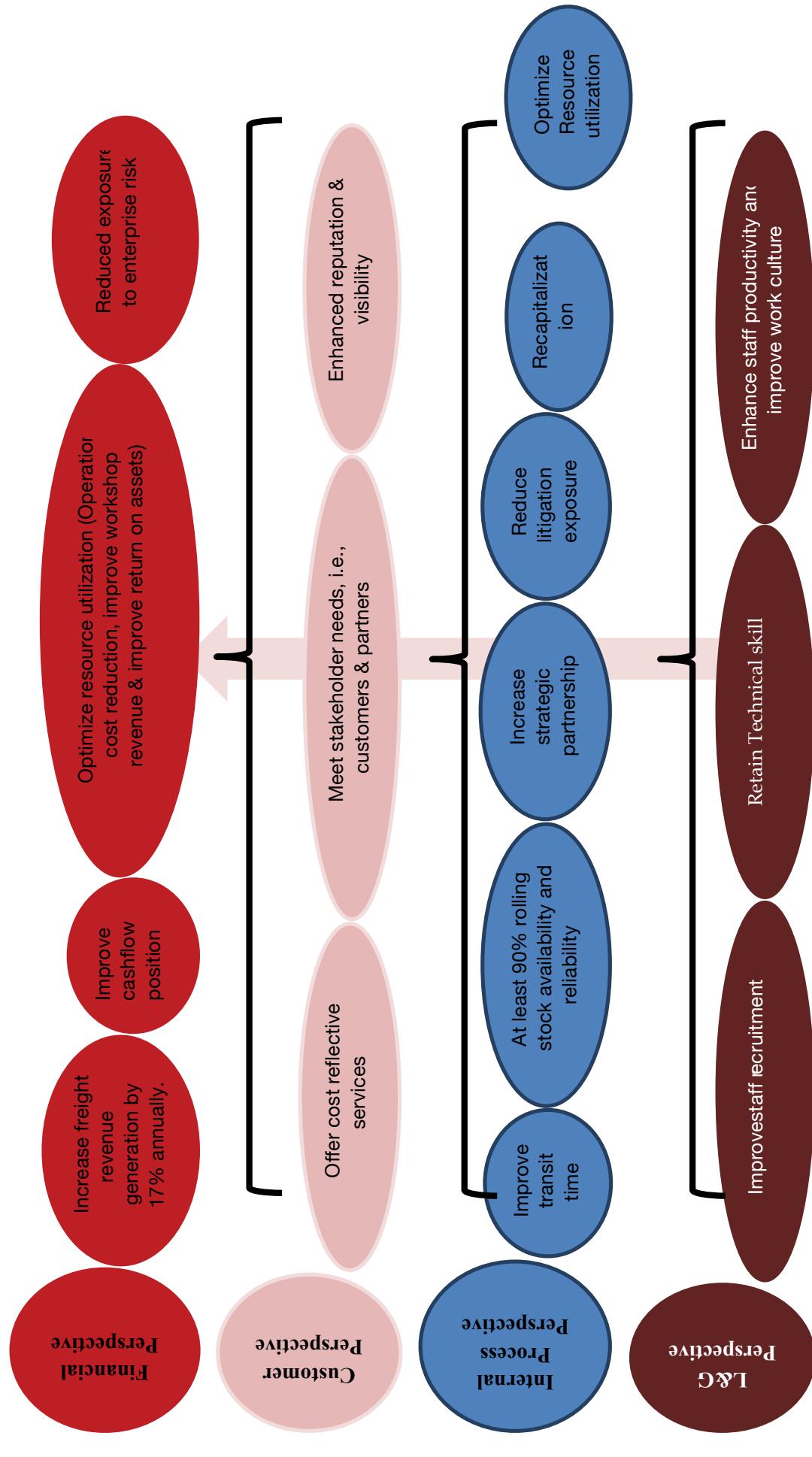
STRATEGIC GOALS	STRATEGIC OBJECTIVES
1. Enhanced public image and good stakeholder relationship	<p>i. Enhanced Corporate Reputation and Increased visibility of ZRL</p> <p>Strategies:</p> <ul style="list-style-type: none"> ▪ Intensify publicity to increase visibility for ZRL through TV shows, social media platforms & adverts ▪ Regular website updates, i.e., daily, weekly, monthly, etc. ▪ Participation in local and international conferences and exhibitions ▪ To find a co-sponsor for Kabwe warriors FC by end of 2021 <p>ii. Increase strategic partnerships</p> <p>Strategies:</p> <ul style="list-style-type: none"> ▪ Sign and implement MoUs and contracts with prospective business partners ▪ Engage potential partners in the IDC group of Companies for commercial projects <p>iii. Reduce litigation exposure</p> <p>Strategies:</p> <ul style="list-style-type: none"> ▪ Effective contract management ▪ Engage mediators where necessary to settle cases ▪ Ensure that ZRL is compliant to all laws and statutes and attain zero new law suits out of non-compliance each year beginning 2021 ▪ Agree and implement payment plans for ZRL's creditors and attain zero new law suits out of non-adherence to the plan each year beginning 2021 <p>iv. Attain Customer satisfaction of at least 80% each year</p> <p>Strategies:</p> <ul style="list-style-type: none"> ▪ Review tariff rates and offer cost reflective services ▪ Customer engagement and timely response to customer needs using commercial representatives ▪ Implementation of customer satisfaction surveys by 2021 – online and physical platform ▪ Partnership with clients for development and/or maintenance of railway sidings
2. Enhance Human Capital and Capacity	<p>i. Improve Staff Recruitment</p> <p>Strategies:</p> <ul style="list-style-type: none"> ▪ Employment of qualified personnel. ▪ Develop a succession plan policy by 2021. ▪ Continued inhouse training, i.e., Management Trainee program <p>ii. Retain technical skill</p> <p>Strategies:</p> <ul style="list-style-type: none"> ▪ Develop a succession plan policy by 2021. ▪ Maintain at least 20% employee skill development per annum. <p>iii. Enhance staff productivity and improve work culture</p> <p>Strategies:</p> <ul style="list-style-type: none"> ▪ Review salaries annually with periodic assessments of salary marketplace. ▪ Sustenance of industrial harmony. ▪ Quarterly management-union staff meetings. ▪ Implementation of a performance management system by 2021. ▪ To implement an innovation reward system by 2021. ▪ Implement leadership programs, team building, mindset change programs

4.6 Z RL STRATEGY MAP

VISION: The preferred rail transport and logistics provider

MISSION: To provide competitive and sustainable rail transport and logistics solutions to the satisfaction of our stakeholders.

Figure 4 ZRL's Strategic Map



CHAPTER 5:

ZRL STRATEGY IMPLEMENTATION

This section provides the company's organization structure, which shall implement this strategy, as well as the framework for the implementation of the SBP. It details the alignment of key dimensions which include people, supporting activities, Organizational structure and culture and leadership to the successful implementation of the SBP. The implementation plan for the SBP is covered under this section.

MANAGEMENT AND STRUCTURE

The key champion in ensuring the implementation of the Strategic Plan rests with the top leadership in any organization. In the case of ZRL, the Chief Executive Officer (CEO) will take the overall responsibility of ensuring that the plan is successfully implemented. The CEO will be supported by the six (6) directorates who will be in charge of all operational aspects of the plan implementation. These include the:

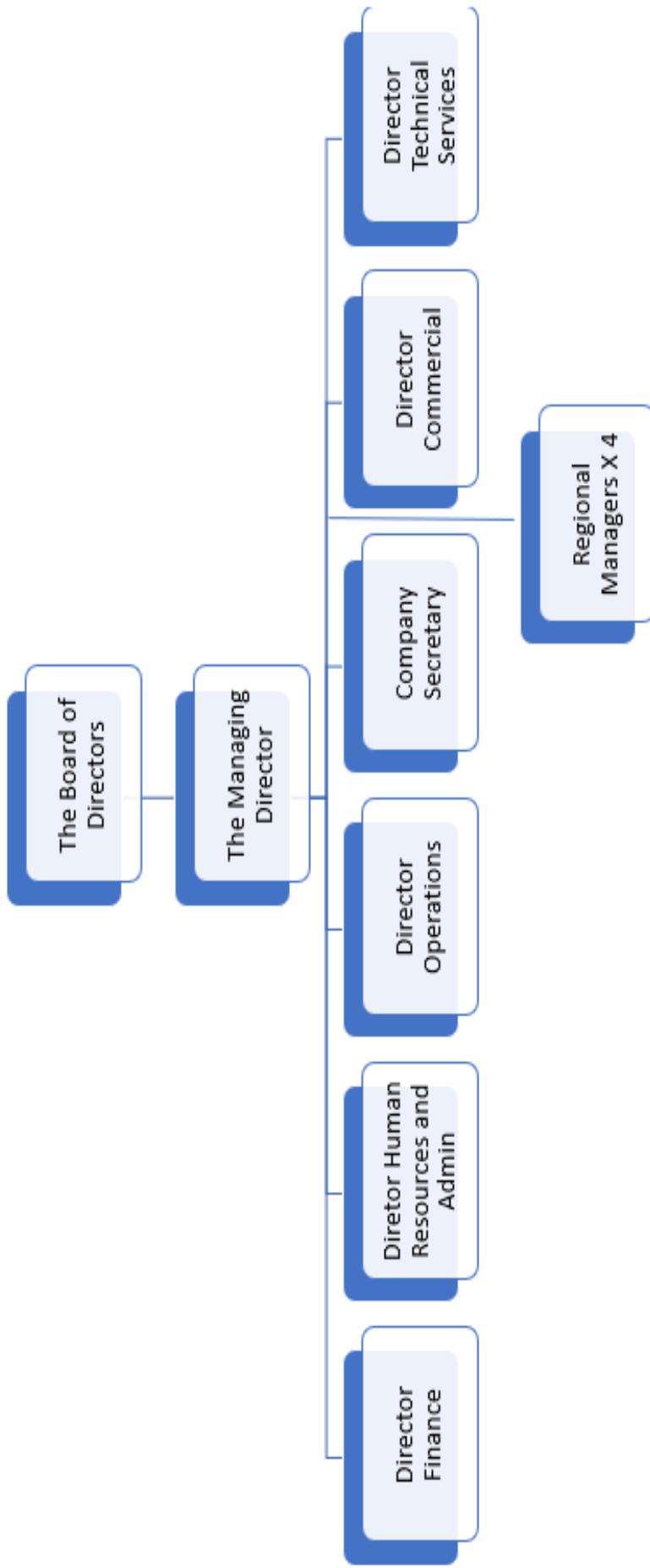
- a. Directorate of Finance
- b. Directorate of Legal Services (Company Secretary)
- c. Directorate of Operations
- d. Directorate of Technical Services
- e. Directorate of Human Resources and Administration
- f. Directorate of Commercial

- 5.2 Various governance structures and support functions in ZRL will work in harmony to ensure smooth implementation of the plan.**

ORGANIZATIONAL STRUCTURE

The current top management structure includes the Chief Executive Officer, 5 Directors and the Company Secretary as shown in the Organogram below.

Figure 5 - Organizational Structure



ALIGNMENT FOR IMPLEMENTATION

To assist in the implementation of the strategic business plan, key dimensions which include people, supporting activities, organizational structure and culture and leadership have been identified and shall be aligned to the implementation of strategy in the following manner.

5.3.1 PEOPLE

- To successfully accomplish the strategy, ZRL needs to have people with the right and appropriate skills. This will be achieved through the implementation of the following strategies:
- Implementation of training & development programs
- Mentorship and sensitization programs on mindset change to have personnel with attitudes that support the implementation of strategy
- Succession plan to be 100% in place and implemented
- Employment of qualified personnel.
- Create a conducive work environment for worker

5.3.2 SUPPORTING ACTIVITIES

- Strategy is a system of inter-dependent parts and the successful implementation of strategy depends on the various elements of the system support each other. For ZRL, the following supporting activities are critical to the implementation of strategy:
 - Resource mobilization for recapitalization of company operations leading to:
 - Rehabilitation of the railway infrastructure.
- Acquisition of rolling stock assets.
- Increase strategic partnerships to undertake various development projects through various partnership models.
- Training and capacity building of employees.
- Conduct required studies for the implementation of activities under the plan
- Obtain necessary authorities, possible tax waivers and exemptions, etc. before the implementation of the respective activities.
- Periodic review of the SPB.
- Integration of departmental operations.

5.3.3 ORGANIZATIONAL STRUCTURE

ZRL will continue with Re-alignment of the organizational structure in line with the SBP. It is critical that the organizational structure be based on the new strategy and must attempt to specify tasks responsibilities and reporting relations among the employees of ZRL.

5.3.4 CULTURE AND LEADERSHIP

- Top of the list on the adopted culture for ZRL is teamwork. All major decisions affecting the business are made through a consultative process. Furthermore, the company upholds the following qualities for teamwork to succeed:
 - Attention to results
 - Being accountable
 - Effective communication

Openness and Trust

- Culture sets the tone for managerial and employee behavior, view of the workplace, employee loyalty to the company and how things are done. To create a good organizational work culture, ZRL is implementing the following strategies:
 - Development and implementation of change management programs.
 - Implementation of team building programs.

5.4 IMPLEMENTATION PLAN FOR THE STRATEGY

To assist in tracking the progress during the implementation of the SBP, an Implementation Matrix has been developed. It details the strategic objectives, activities and action plans, service delivery targets and timelines, responsibility, and measure of success (KPIs) as under listed below.

Table 11- Strategy Implementation plan

Strategic objective	Activities/action plans	Service delivery target	Responsibility	Measure of success/ KPIs
STRATEGIC GOAL 1: IMPROVE FINANCIAL POSITION				
	<ul style="list-style-type: none"> ▪ Grow over border traffic and increase total freight revenue ▪ Attain at least 412KM of traffic haulage and prioritize high paying traffic ▪ Improve wagon utilization for local traffic ▪ Improve over border backhaul movements ▪ Sign service level agreements (SLAs) with clients ▪ Sign new lease agreements ▪ Form a real estate subsidiary company 	<ul style="list-style-type: none"> ▪ Increase in over border freight revenue by on average 17% annually ▪ Minimum of 412 KM of average distance each year ▪ 2 times per month of load factor ▪ From 50% baseline to 70% ▪ 100% of major clients by 2022 100% with all the clients beyond 2022 ▪ Reviewed and signed lease agreements reflecting the register audit report recommendations by 2022 ▪ By mid-2021 	<ul style="list-style-type: none"> ▪ Commercial ▪ Operations 	<ul style="list-style-type: none"> ▪ Increase in over border freight revenue by on average 17% annually ▪ Minimum of 412 KM of average distance each year ▪ Load factor of 2 times per month by 2022, from 1.5 baseline. ▪ 80% traffic backhaul by 2022 and beyond ▪ Signed SLAs with all clients by 2023 ▪ New Signed lease agreements by 2022 ▪ Form a real estate subsidiary company by mid-2021
1. Increase Freight Revenue generation by an average of 17% annually				

Strategic objective	Activities/action plans	Service delivery target	Responsibility	Measure of success/ KPIs
	<ul style="list-style-type: none"> ▪ Improve manpower related cost 	<ul style="list-style-type: none"> ▪ Keep the growth of manpower related cost within the inflation band of 8% to 11% every two years ▪ Manpower related cost over total cost of 45% by 2022 and 43% in 2025 		<ul style="list-style-type: none"> ▪ Keep the growth of manpower related cost within the inflation band of 8% to 11% every two years ▪ 45% of manpower related costs over total costs by 2022
	<ul style="list-style-type: none"> ▪ Implement Performance Management System (PMS) 	<ul style="list-style-type: none"> ▪ A PMS by 2021 		<ul style="list-style-type: none"> ▪ PMS in 2021
2. Optimization of Resources through:	<ul style="list-style-type: none"> ▪ Operating cost reduction from 77% in 2021 to at most 60% of total revenue effective 2022. ▪ Improve return on assets from 2% of total revenue to 5% in 2025. ▪ 100% revenue generation growth from workshop activities in 2021, and 11% annual growth from 2022 to 2025. 	<ul style="list-style-type: none"> ▪ Create a Real Estate subsidiary company which shall among other things; <ul style="list-style-type: none"> - Undertake client register audit by end of 2021. - Review and sign lease agreements with clients by 2022. - Develop underdeveloped land and buildings ▪ Implement Fuel Management System (FMS) ▪ Improve fuel efficiency 	<ul style="list-style-type: none"> ▪ Create a Real Estate subsidiary company by 2021 to: <ul style="list-style-type: none"> - Undertake client register audit by end of 2021. - Review and sign lease agreements with clients by 2022. - Develop underdeveloped land and buildings ▪ Human Resource and Admin ▪ Working FMS by 2021 	<ul style="list-style-type: none"> ▪ Reduced fuel efficiency ratio to at most 0.012 liters per net ton kilometer ▪ Maintain or improve the current fuel efficiency ratio of 0.012 L/ NTKM ▪ Partnership(s) for use of workshops by 2021

Strategic objective	Activities/action plans	Service delivery target	Responsibility	Measure of success/ KPIs
2. Improve cashflow position - operating cashflow ratio: a. 0.64 in 2020 b. 0.84 in 2021 c. 1.15 in 2022 d. 1.18 in 2023 e. 1.46 in 2024 f. 1.56 in 2025	<ul style="list-style-type: none"> ▪ Have payment plans with all creditors ▪ Sign off-take agreements with all/ most major clients ▪ Secure investment funding ▪ Intensify debt collection ▪ Develop and implement a Risk Register ▪ Payment plans with creditors 	<ul style="list-style-type: none"> ▪ Have payment plans with all creditors by 2021 ▪ Signed off-take agreements with all/ most major clients by end of 2021. ▪ USD75 Million by 2021 <ul style="list-style-type: none"> ▪ Leverage off-take agreements for capitalization of business by 2022. ▪ Leveraging carbon emissions reductions/off-sets to access green funding, etc. by 2022 ▪ Intensify debt collection and maintain at least 95% debt collection effective 2022 ▪ A risk register by 2021 ▪ Payment plan against all creditors by 2021 	<ul style="list-style-type: none"> ▪ Operations ▪ Technical services ▪ Finance ▪ Risk and Compliance 	<ul style="list-style-type: none"> ▪ Payment plans with all creditors by 2021 ▪ Signed off-take agreements with all/ most major clients by end of 2021. ▪ USD75 Million by 2021 ▪ Improved rate of debt collection to at least 95% effective 2022.
3. Reduce exposure to enterprise risk			<ul style="list-style-type: none"> ▪ Risk and Compliance 	<ul style="list-style-type: none"> ▪ Classification and monitoring of risk exposure by 2021 ▪ Payment plan and implementation by 2021
STRATEGIC GOAL 2: OPERATIONAL EFFICIENCY				
1. Improve transit time: a) From 72 hours in 2020 to 66 hours between Ndola and Livingstone for freight trains, by 2022 b) From 66 hours in 2022 to 54 hours between Ndola to Livingstone for freight trains, by 2025. c) Improve passenger train transit time from 42 hours in 2020 between Livingstone and Nkana to 34 hours, by 2025 to 34 hours, by 2025	<ul style="list-style-type: none"> ▪ Prioritize patch work of rail line maintenance on high traffic density areas up to 2022 ▪ Acquire funding for improving the maintenance of the entire rail network in 2021 ▪ Timely dispatch and arrival of freight trains at all stations ▪ Acquire locomotives on lease basis in line with traffic demand 	<ul style="list-style-type: none"> ▪ Improved rail line on traffic density areas through patch works up to 2022 ▪ Track maintenance across ZRLs freight railway network ▪ 90% timely dispatch and arrival of trains at all stations beginning 2022 from 75% in 2020 ▪ Acquire locomotives on lease basis in line with traffic demand 	<ul style="list-style-type: none"> ▪ Technical Services ▪ Management 	<ul style="list-style-type: none"> ▪ 70% Uplift of Temporary speed restrictions (TSRs) by 2025 compared to 2020 ▪ Reduced derailments on traffic density areas ▪ Uplift of Temporary speed restrictions by 2022, on traffic density areas ▪ Reduced derailments on traffic density areas ▪ 90% of freight trains dispatching and arriving on time by 2022 ▪ Improved transit period ▪ Improved transit time

Strategic objective	Activities/action plans	Service delivery target	Responsibility	Measure of success/ KPIs
	<ul style="list-style-type: none"> ▪ Wagon maintenance ▪ Purchase of new wagons ▪ Purchase of new locomotives ▪ Hire of good order locomotives ▪ Rollingstock maintenance schedule revision and implementation ▪ Implementation of Train Management Systems (TMS) ▪ Introduce and implement Enterprise Resource Planning System (ERP) ▪ Outsource ICT solutions 	<ul style="list-style-type: none"> ▪ One train set of wagon rehabilitation by 2021 (25 wagons) ▪ Two train sets of wagon rehabilitation by 2022 (50 wagons) ▪ Purchase at least 300 wagons by 2024 ▪ Purchase at least 4 new locomotives by 2024 ▪ Eight (8) hired locomotives up to end of 2023, and 5 in 2024 and 2025 ▪ Revise and begin implementing rolling stock scheduled maintenance plan/Maintenance Management System (MMS) by 2022. ▪ Implementation of TMS by 2022 ▪ Full implementation of the ERP system by 2022 ▪ Migration of some ICT services to ICT solutions providers by 2021 ▪ Prioritize patch work of rail line maintenance on high traffic density areas up in 2021 		<ul style="list-style-type: none"> ▪ At least 75 rehabilitated wagons ready for use in 2022 ▪ 300 brand new wagons in 2024 ▪ At least 4 brand new locomotives in 2024 ▪ Eight available & reliable hired locomotives up to 2023, and 5 in 2024 to 2025 ▪ Timely maintenance of rolling stock, as per schedule/MMS by 2022 ▪ Working TMS by 2022, with positive results ▪ Working ERP system across ZRL departments ▪ Improved ICT services and security; cyber and physical ▪ Improved transit time <ul style="list-style-type: none"> ▪ 70% Uplift of Temporary speed restrictions (TSRs) by 2025 ▪ Reduced derailments on traffic density areas ▪ Management Services ▪ Technical Services
2. At least 90% rollingstock availability and reliability				
3. Improved ICT systems				
4. Improve track infrastructure and uplift TSR, by at least 50% of existing TSRs.	<ul style="list-style-type: none"> ▪ Acquire funding for improving the maintenance of the entire rail network in 2021 ▪ Track maintenance across ZRL's railway network in 2022 			<ul style="list-style-type: none"> ▪ Uplift of Temporary speed restrictions by 2022, on traffic density areas ▪ Reduced derailments on traffic density areas

Strategic objective	Activities/action plans	Service delivery target	Responsibility	Measure of success/ KPIs
5. Enhance strategic partnerships	<ul style="list-style-type: none"> ▪ Maintain good relations with government and all other stakeholders ▪ Implementation of MoU with road haulers for first and last mile delivery ▪ Partner with top performing clients to develop and/maintain railway sidings ▪ Implement Performance Management System (PMS) 	<ul style="list-style-type: none"> ▪ 100% signed agreements with all contiguous Railway Administrations by 2021 ▪ Implementation of MoUs with road haulers, i.e., COTA, PTAZ, TAZ, etc., in 2021 ▪ Shared maintenance on existing railway sidings ▪ Shared investment cost to develop and maintain new railway siding ▪ A working PMS by 2021 	<ul style="list-style-type: none"> ▪ Management ▪ Public Relations ▪ Commercial ▪ Technical Services 	<ul style="list-style-type: none"> ▪ Business agreements with contiguous RAs and smooth train operations in the region ▪ Partnership with road haulers to move traffic ▪ Reduced railway siding maintenance costs due to: shared maintenance on existing railway sidings, and Shared investment cost to develop and maintain new railway siding. ▪ PMS in 2021
6. Improve human Capital	<ul style="list-style-type: none"> ▪ Implementation of Innovation awards Policy ▪ Acquire accreditation from reputable learning institutions for certification of train drivers, train assistance, train shunters & rolling stock related workers 	<ul style="list-style-type: none"> ▪ An employee Innovation Award Policy ▪ Employee innovation awards starting 2021 ▪ Acquire accreditation by 2021 	<ul style="list-style-type: none"> ▪ Human Resource and Administration ▪ Operations ▪ Technical Services 	<ul style="list-style-type: none"> ▪ Improved productivity and innovation ▪ Acquire certification from reputable institutions arising from inhouse training starting 2021
STRATEGIC GOAL 3 -ENHANCED PUBLIC IMAGE AND GOOD STAKEHOLDER RELATIONSHIP				
1. Enhanced corporate reputation and increase visibility of ZRL	<ul style="list-style-type: none"> ▪ Intensify publicity to increase visibility for ZRL through shows and adverts ▪ Participation in local and international conferences and exhibitions ▪ Find a co-sponsor for Kabwe warriors Football Club 	<ul style="list-style-type: none"> ▪ TV adverts, Radio adverts, website updates, social media platforms, etc. ▪ Strategic conferences, exhibitions and shows participation ▪ A co-sponsor by 2021 	<ul style="list-style-type: none"> ▪ Public relations ▪ Manager Kabwe warriors 	<ul style="list-style-type: none"> ▪ Continuous/sustainable advertisements ▪ Number of exhibitions, conferences, shows participation ▪ A co-sponsor by 2021

Strategic objective	Activities/action plans	Service delivery target	Responsibility	Measure of success/ KPIs
2. Increased strategic partnerships	<ul style="list-style-type: none"> ▪ Sign and implement MoUs and contracts with prospective Business partners ▪ Engage potential partners in the IDC group of Companies for commercial projects ▪ Appoint contract overseers ▪ Engage mediators, where necessary to settle cases ▪ Ensure that ZRL is compliant to all laws and statutes and attain zero new law suits out of non-compliance each year beginning 2021 ▪ Agree on and implement payment plans for ZRL's creditors and attain zero new law suits out of non-adherence to the plan each year beginning 2021 	<ul style="list-style-type: none"> ▪ Signed, implemented, and oncourse contracts out of signed MoUs ▪ Number of commercial projects implemented by 2025 ▪ Effective contract management ▪ Number of cases settled through mediation per year ▪ Zero new law suits out of non-compliance each year beginning 2021 ▪ Zero new law suits out of non-adherence to the plan each year beginning 2021 	<ul style="list-style-type: none"> ▪ Chief executive officer ▪ Corporate planning ▪ Legal ▪ Finance 	<ul style="list-style-type: none"> ▪ Signed, implemented, and oncourse contracts out of signed MoUs ▪ Number of commercial projects implemented by 2025
3. Reduce litigation exposure	<ul style="list-style-type: none"> ▪ Develop a tariff rate policy ▪ Customer engagement and timely response to customer needs ▪ Implementation of customer satisfaction survey by 2021, online and physical platform ▪ Partnership with clients for development and/or maintenance of rail sidings 	<ul style="list-style-type: none"> ▪ Tariff rate policy by 2021 ▪ Respond to customers within two days of any query ▪ Number of long-term projects with customers per year, to address their needs ▪ Annual customer satisfaction survey report by 2021 ▪ Number of partnerships per year to develop and/or maintain railway sidings 	<ul style="list-style-type: none"> ▪ Commercial 	<ul style="list-style-type: none"> ▪ Tariff rate policy by 2021 ▪ Respond to customers within two days of any query ▪ Number of long-term projects with customers per year, to address their needs ▪ Annual customer satisfaction survey report by 2021 ▪ Number of partnerships per year to develop and/or maintain railway sidings
4. Attain at least 80% of Customer Satisfaction each year				

Strategic objective	Activities/action plans	Service delivery target	Responsibility	Measure of success/ KPIs
STRATEGIC GOAL 4- ENHANCE HUMAN CAPITAL AND CAPACITY				
1. Improve staff recruitment	<ul style="list-style-type: none"> ▪ Employment of qualified personnel ▪ Alignment of employees' profession to job description ▪ Develop a succession implementation plan policy ▪ Implementation of a succession plan policy starting 2021 ▪ Inhouse employee training ▪ Maintain at least 20% of employee skill development per annum ▪ Develop a succession plan policy by 2021 ▪ Implementation of a succession plan policy starting 2021 ▪ Inhouse employee training ▪ Maintain at least 20% of employee skill development per annum ▪ Quarterly management – union staff meetings ▪ Four (4) meetings per annum ▪ Implement leadership programs, team building, mindset change programs ▪ Implement leadership programs, team building, mindset change programs by 2021 ▪ Implementation of PMS by 2021 ▪ Implement a working PMS by 2021 ▪ Sustenance of Industrial harmony ▪ Zero Industrial disharmony ▪ Implement an Innovation Reward system by 2021 ▪ Employee innovation award starting 2021 	<ul style="list-style-type: none"> ▪ Human Resource & Admin ▪ Human Resource & Admin ▪ Human Resource & Admin 	<ul style="list-style-type: none"> ▪ Number of new qualified employees, with JD's aligned to the profession ▪ Implementation of a succession plan policy starting 2021 ▪ 20% of employee skill development per annum ▪ Implementation of a succession plan policy starting 2021 ▪ 20% of employee skill development per annum ▪ Four (4) meetings per annum ▪ Implement leadership programs, team building, mindset change programs by 2021 ▪ Existing and working PMS by 2021 ▪ Zero Industrial disharmony ▪ Number of awards per year 	
2. Retain Technical Skill				USD75mn+TBA
3. Enhance staff productivity and improve work culture				
			Grand Total	

Table 12 - Investment Budget for the Plan

S/ No.	Particulars	Quantity	Estimated unit cost (USD)	Estimated Cost (USD)
1	Rolling Stock Activities:			
1.1	Purchase of New Wagons	300	\$110,000	\$33,000,000
1.2	Purchase of New Locomotives	4	\$4,000,000	\$16,000,000
1.3	Equipment & other	Various		\$1,000,000
1.4	Subtotal Rolling Stock Activities			\$50,000,000
2	Rail Infrastructure Activities:			
2.1	Rail line	Whole stretch		\$25,000,000
	Signaling and train telecommunications	-		
2.2	Subtotal Infrastructure Activities			\$25,000,000
3	Grand Total			\$75,000,000

The main expected deliverables from the rail line investment will be:

- a. Reduction in Temporary Speed Restrictions by 70% in 2025 compared to 2020.
- b. Improved ZRL's freight train transit time from 72 hours in 2020 to 54 hours in 2025 for a stretch between Livingstone and Ndola.
- c. Reduction in infrastructure related derailments by 53%

CHAPTER 6:

ZRL STRATEGY MEASUREMENT AND TRACKING

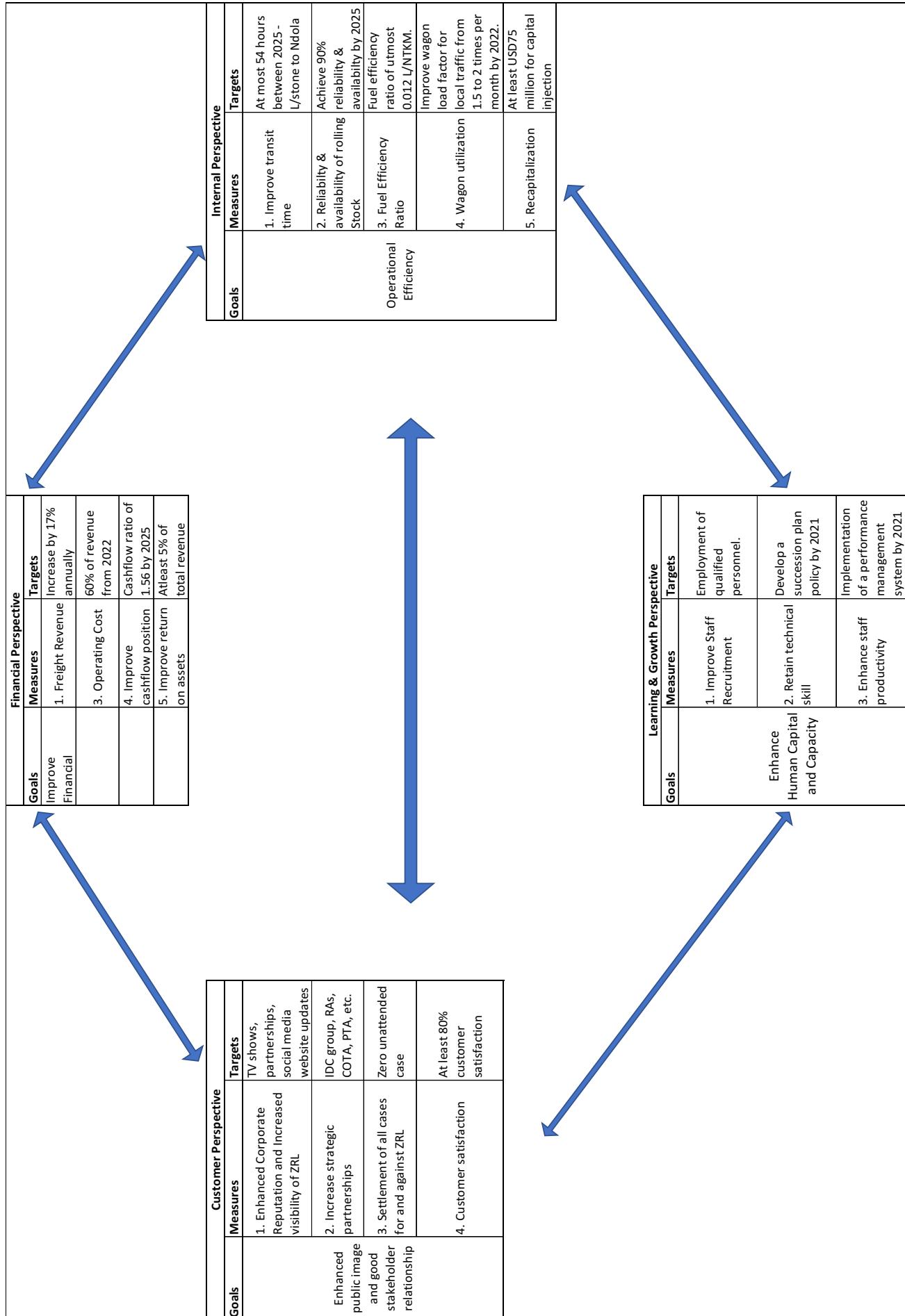
6.1 STRATEGY MEASUREMENT- BALANCED SCORE CARD

The measurement of the implementation of the strategy by ZRL will be undertaken using the Balanced Score Card Model. The performance of ZRL will be covered from (4) four distinct but related and interdependent perspectives, namely:

- Financial perspective;
- Customer perspective;
- Internal business perspective; and
- Learning and growth perspective.

On a regular basis i.e., monthly, quarterly, biannually and annually, performance reviews will be conducted to evaluate the accomplishment of objectives and goals. The reviews will be carried out on the actions in the SBP implementation plan so that progress can be monitored and feedback documented and reported to the ZRL Board, the IDC and other key stakeholders. The Corporate Planning Department in liaison with departments implementing the action plan will monitor the progress on activities being undertaken. The figure below shows the key measures target and targets using the BSC Model.

Table 13 - Key measures and targets



6.2 PERFORMANCE MONITORING AND EVALUATION

ZRL will undertake two levels of monitoring and evaluation. The first level is at the ZRL itself and the performance of its activities. The strategic plan implementation matrix contains performance indicators for purpose of performance monitoring. Evidence based data will be collected in line with the key performance indicators on regular basis. It is anticipated performance monitoring reports from various directorates will be presented in line with the objectives of this strategic plan. Administrative and support departments will also present their annual performance reports during the review.

On a regular basis i.e., monthly, quarterly, biannually and annually, performance reports will require to be submitted to directly govern organs and stakeholders. The Corporate Planning Department will check for monitoring the progress on activities being undertaken.

The M&E team (Corporate Planning Department) will develop manuals detailing the procedures to be followed to ensure comprehensive data collection, analysis and dissemination. The M&E manuals will show which data will be collected, how it will be collected and captured, analyzed, presentation and disseminated and how it will be used to improve decision making within ZRL.

Target based performance appraisal will be introduced for both management and staff. The targets will be drawn from the strategic plan and cascaded to various departments, sections and units in an integrated and consistent and coherent manner. It is anticipated that this will improve strategy implementation and success of ZRL as an institution.

A Monitoring and Evaluation framework will be developed and rolled out to enhance the implementation of the plan.

CHAPTER 7:

STRATEGIC PLAN RISK MANAGEMENT

Risks are inherent in the implementation of the SBP. Therefore, ZRL will have to implement mitigating measures as well as draw up contingent actions in good time to prevent any possible threats to the achievement of set objectives and targets. Some of the risks identified in the course of the risk management analysis include internal and external issues. The detailed risk management plan is attached below as annexure V. The internal and external derived from the SWOT analysis are analyzed here, below:

7.1 INTERNAL RISKS

- Employee resistance to change
- Expired contracts with continued service
- Foreign wagons dwelling more in Zambia than ZRL wagon dwelling on foreign Lines
- Non-realization of re-capitalization

7.2 EXTERNAL RISKS

- Supplier risk- potential failure by supplier to comply with contractual terms
- political will
- Possible budget overruns
- Economic conditions
- Natural and human-caused disasters e.g., COVID 19 Pandemic

Table 14 - Internal Risks

Risk	Impact	Strategic Response
Internal Risks		
Employees resistance to change	Employees: Failure to accept modernized operations may affects ZRL's smooth operations	<ul style="list-style-type: none">- Mentorship and sensitization programs- Quarterly management – union staff meetings
Expired contracts with continued service	In case of default, no legal action would be taken	ERP software is being developed to help track the validity of tenancy agreements and other contracts entered into.
Foreign wagons dwelling more in Zambia than ZRL wagon dwelling on foreign Lines	Increased liability resulting into poor liquidity	<ul style="list-style-type: none">- Intensify monitoring of foreign wagons- Full enforcement of demurrage
Non-realization of re-capitalization	Failure to fully execute the SBP	Continue sourcing for investment from prospective financiers, and/or consider internal financing.

Table 15 - External Risk

Risk	Impact	Strategic Response
External Risks		
Failure by supplier to comply with contractual terms	Procured goods or services not meeting ZRL's specifications which would compromise operational efficiency	<ul style="list-style-type: none"> - supply contracts to create a strong customer-client relationship - Due diligence
Possible budget overrun in the re-capitalization project	<ul style="list-style-type: none"> - ZRL may not procure all the identified project activities, and thereby failure to fully implement the SBP 	<ul style="list-style-type: none"> - Procuring goods and services at benchmarked prices - Budget for providing contingencies for unforeseen circumstances
Political will (Uncertainties in the political environment either in Zambia or abroad)	Changes in ZRL's business operations could affect implementation of the SBP	ZRL to keep a close eye on the uncertainties in the political environment internally or abroad in order to position itself and plan ahead
Economic conditions	Changes in economic conditions both internally and abroad e.g., Commodity prices, exchange rate, Inflation rate, could affect ZRL's business	ZRL to keep monitoring dynamic conditions and economic fundamentals both internally and abroad in order to plan ahead.
Natural and human-caused disasters e.g., COVID 19 Pandemic	<ul style="list-style-type: none"> - Affects physical social interaction with customers due to Covid-19 which affects business - Business disruptions 	<ul style="list-style-type: none"> - Increase advertisements and publicity to reach out to clients - Use of digital solutions to service clients - Increase participation in local movements to address business disruptions in foreign countries - Formulation of Business Continuity plan to re-strategize against the disruption

The identification of risks started during the development of the SBP. The number of risks may increase as the SBP matures through its life cycle. Risk registers will be kept by ZRL and the Risk Management Teams to ensure that risks are identified, registered and managed through the recommended and appropriate risk management process.

To produce tangible results, ZRL will ensure correct alignment in all the processes including operations, people, supporting activities, organizational structure, culture and leadership alignment.

The implementation of the SBP will require innovativeness, commitment and teamwork among the ZRL Board, Management and key stakeholders such as the Shareholders (IDC), the Government, Financial Institutions, the private sectors, strategic partners, etc. whose support is very critical.

CHAPTER 8:

CONCLUSION

This Strategic Business Plan, envisioned to make ZRL the preferred transport and logistics solution provider spans over the period 2021 to 2025. It emphasizes on the optimal utilization of internal resources for the company to offer competitive and sustainable railway transport and logistics solutions to the satisfaction of ZRL's stakeholders. Over the plan period, ZRL will remain disciplined to channel its resources to ensure stakeholder satisfaction and attain an average total revenue growth of 17% annually. This implies that ZRL will grow its total revenue by about 89% in the final year of this plan, compared to 2021.

The plan takes into consideration uncertainties in the operating business environment over the period. In this regard, strategies have been identified and will be implemented to mitigate foreseeable negative impacts on ZRL. Further, Business Continuity Plans will be developed to deal with unforeseeable negative circumstances.

In the course of the plan, the Company will implement strategies meant to ensure human capital productivity, industrial harmony, retention of technical expertise and measures that instill the company's core values and promote good work culture. This is important to the attainment of this Strategy.

In addition, the execution of this strategy hinges on external financing, customer collaboration and shareholder support. The company will remain committed to sourcing for external funds, ensure customer satisfaction, and continued engagement with the shareholder. There will also be collaboration with the Government through the Ministry of Transport and Communication for policy direction.

Finally, ZRL will form strategic partnerships within the IDC Group of Companies, road haulers, clients, private companies, learning institutions, railway administrations, etc., to execute the strategy and meet the respective goals.

ANNEXURES

ANNEXURE I - PROJECTED YEAR ON YEAR KEY RESULTS FOR THE PLAN PERIOD

Strategic Objective	S/No.	S/No.	KPI	Unit of Measure	Base Line 2020	SBP Target-2021	SBP Target-2022	SBP Target-2023	SBP Target-2024	SBP Target-2025
1 Increase freight revenue generation annually by an average of 17%	1	1	1 Tonnes of cargo moved	Million Tons	1.0	1.2	1.5	1.6	1.9	2
	2	2	Average distance covered per ton	Km	395	412	412	412	412	412
	Net-ton kilometer	NTKM			395,000,000	494,400,000	618,000,000	659,200,000	782,800,000	824,000,000
	3 Freight revenue/ annum	Million USD			23.55	25.6	33.73	37.14	43.09	47.81
	4 Average Earning/Ton	USD			22.77	21.68	22.18	22.69	22.21	23.91
	8 Secure investment funding	Million USD			-	75	-	-	-	-
	9 Debt collection rate	%			85	85	95	95	95	95
	10 Operating cashflow ratio	Ratio			0.64	0.84	1.15	1.18	1.46	1.56
	11 Average transit time for freight trains (LRS-NDR)	Hours			72	69	66	62	58	54
	12 Average transit time for passenger trains (LRS-NKA)	Hours			42	40	38	37	35	34
	13 Reduce TSR	KM			50	50	45	25	20	15
	14 Reduce infrastructure related Derailments	No.			107	100	95	90	60	50
	15 Rehabilitate wagons	No.			0	25	50	-	-	-
	16 Hire good order Locomotives	No.			8	6	6	6	6	6
	17 Brand new wagons	No.			-	-	-	-	300	-
	18 Brand new locomotives	No.			-	-	-	-	4	-
	19 Tonnage /Employee-Year	Ton/Emp-Yr			1186	1,312	1,690	1,819	2,063	2,222
	20 Revenue/Employee-Year	USD/Emp-Yr			27,012	29,889	38,537	42,346	51,165	56,426

ANNEXURE II - COMPREHENSIVE PROFIT AND LOSS STATEMENT

Item	2021	2022	2023	2024	2025	
						Transport Statistics:
Tonnage	1,180,900	1,520,640	1,636,869	1,856,535	1,999,680	
Ton-Km	486,530,800	626,503,680	674,389,871	764,892,437	823,868,160	
Average Distance-KM	412	412	412	412	412	412
\$- Ton	21.68	22.18	22.69	23.21	23.91	
Cent-Ton-Km	5	5	6	6	6	6
Particulars:						
Revenue:	2021-US\$	2021-ZMW	2022-US\$	2022-ZMW	2023-US\$	2023-ZMW
Freight Revenue	\$25,603,332	538,694,113	\$33,727,598	709,628,666.07	\$37,140,561	781,437,407.29
Passenger Train Revenue	\$498,163	10,481,359	\$498,163	10,481,358.74	\$498,163	10,481,358.74
Real Estate Revenue	\$475,285	10,000,000	\$0	-	\$0	-
Interchange	\$0	-	\$0	-	\$1,965,600	41,356,224.00
Other Income	\$323,194	6,800,000	\$457,414	9,624,000.00	\$472,624	9,944,000.00
Total Revenue	\$26,899,975	565,975,472	\$34,683,176	729,734,024.80	\$38,111,348	801,862,766.02
Expenditure:						
Man Power Costs	\$8,899,715	187,250,000	\$8,899,715	187,250,000.00	\$9,789,686	205,975,000.00
Fuel and Lubricants	\$4,414,449	92,880,000	\$5,818,379	122,418,704.22	\$6,398,583	134,626,190.22
Repairs and Maintenance	\$2,589,354	54,480,000	\$1,734,159	36,486,701.24	\$1,905,567	40,093,138.30
Interchange	\$1,094,406	23,020,000	\$1,411,397	29,655,800.00	\$1,524,309	32,071,464.00
Administration & General	\$2,227,662	46,870,000	\$1,734,159	36,486,701.24	\$1,905,567	40,093,138.30
Operating Expenses	\$588,403	12,380,000	\$693,664	14,594,680.50	\$762,227	16,037,255.32
Other costs	\$956,274	20,120,000	\$956,274	20,120,000.00	\$1,061,464	22,333,200.00
Total Expenditure	\$20,769,962	437,000,000	\$21,247,747	447,052,587.19	\$23,347,404	491,229,386.15
<i>Operating profit [EBTTDA]</i>	<i>\$6,130,013</i>	<i>128,975,472</i>	<i>\$13,435,430</i>	<i>282,681,437.61</i>	<i>\$14,763,944</i>	<i>310,633,379.88</i>
Depreciation, Provision for Retirement and Finance Charges						
Depreciation	\$4,985,741	104,900,000	\$4,985,741	104,900,000.00	\$4,985,741	104,900,000.00
Provision for bad debts	\$289,449	6,090,000.00	\$289,449	6,090,000.00	\$289,449	6,090,000.00
Interest on lease	\$479,087	10,080,000.00	\$479,087	10,080,000.00	\$479,087	10,080,000.00
Bank charges	\$52,281	1,100,000	\$58,032	1,221,000.00	\$64,416	1,355,310.00
Total	\$5,806,559	122,170,000	\$5,812,310	122,291,000.00	\$5,818,693	122,425,310.00
Profit Before Tax	\$323,454	6,805,472	\$7,623,120	160,390,428	\$8,945,250	188,208,070
Provision for tax	\$113,209	2,381,915	\$2,668,092	56,136,653.16	\$3,130,838	65,872,824.46
Profit After Tax	\$210,245	4,423,557	\$4,955,028	104,253,784	\$5,814,413	122,335,245

MAIN UNDERLYING ASSUMPTIONS TO THE PROFIT AND LOSS STATEMENT

1. Availability and growth of freight traffic in the market
2. ZRL will continue to use hired locomotives. Between 2022-2023, eight (8) hired locos will be used and five (5) between 2024 & 2025 for mainline Operations.
3. Between 2022-2024, three (3) SMH locos & one (1) GT will be used for mainline Ops. One (1) SMH locomotive will be dedicated to shunt operation effective 2024.
4. ZRL will procure four (4) new locomotives and three hundred (300) wagons which will be delivered in 2024.
5. Over-boarder transit time will reduce from 72 hrs. to 54hrs by 2025 i.e., 3-4 hrs. reduction per annum.
6. Local transit time will reduce from 36 hrs. to 27 hrs. by 2025 i.e., 2-3 hrs. reduction per annum.
7. ZRL will continue to use foreign wagons via interchange
8. Over-boarder backhaul will improve to 70% effective 2022
9. Local backhaul of traffic will improve to 35% effective 2022
10. Between 2022 and 2025, ZRL will be generating other income from interchange, dividend, workshops & sale of non-performing assets
11. Manpower costs will be growing every two (2) years at 10%
12. Fuel costs will be maintained at 17% of freight & passenger revenue per annum
13. Repairs & maintenance will be maintained at 5% of revenue between 2022 & 2023 and 7% of revenue between 2024 & 2025.
14. Administration and general costs will be maintained at 5%
15. Operating and others costs will be maintained at 2% and 3% of revenue respectively
16. Depreciation will be constant between 2021 and 2023, and will increase effective 2024 with the purchase of new rollingstock.
17. Freight debt collection of 95% effective 2022 will be implemented in order to pay back the loan.
18. The loan amount of \$75 Million will be secured in 2021. The interest rate for the loan amount is 12% with tenure of 7 years.
19. The exchange rate of 21.04 ZMW/USD shall be used during the plan period.

ANNEXURE III - CASHFLOW STATEMENT

Item	2021-US\$	2021-ZMW	2022-US\$	2022-ZMW	2023-US\$	2023-ZMW	2024-US\$	2024-ZMW	2025-US\$	2025-ZMW
Opening Cash Balance	\$0	0	\$4,332,782	91,161,743	\$2,600,418	54,712,789	\$659,098	13,867,412	\$1,554,968	32,716,533
Inflows										
Collections from Previous Year's Debtors	\$2,920,616	61,449,756.47	\$3,402,407	71,586,653.48	\$1,516,260	31,902,100.63	\$1,781,215.08	37,476,765.33	\$2,065,622.46	43,460,696.50
Freight Revenue	\$25,603,332	538,694,113.00	\$33,727,598	709,628,666.07	\$37,140,561	781,437,407.29	\$4,303,664	90,649,695.36	\$47,808,817	1,005,897,516.04
Total	\$28,523,948	600,143,869.47	\$37,120,006	781,215,319.55	\$38,656,821	813,339,507.92	\$44,874,879	94,416,740.69	\$49,874,440	1,049,358,212.54
Less: Freight Revenue Uncollected	(\$3,402,407)	(71,586,653)	(51,516,260)	(51,902,101)	(51,781,215)	(57,476,765)	(52,065,622)	(43,460,697)	(52,287,160)	(48,121,841)
Freight Revenue Inflow	\$25,121,540.68	528,557,215.99	\$35,613,746.15	749,313,218.92	\$36,875,605.64	775,862,742.58	\$42,810,256.85	90,706,764.19	\$47,587,280.02	1,001,236,377.57
Outflows										
Collections from Previous Year's Debtors	\$176,328.81	3,710,168.55	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Estate	\$475,285.17	10,000,000.00	\$0.00	-\$	\$0.00	-\$	\$0.00	\$0.00	\$0.00	\$0.00
Passenger Train Revenue	\$198,163.44	10,481,358.74	\$498,163.44	10,481,358.74	\$498,163.44	10,481,358.74	\$498,163.44	\$10,481,358.74	\$498,163.44	10,481,358.74
Other Income	\$223,193.92	6,800,000.00	\$457,414.45	9,624,000.00	\$457,414.45	9,944,000.00	\$2,456,284.41	\$51,680,224.00	\$2,476,246.39	\$2,100,224.00
Total Other Income	\$1,472,981.33	30,991,572.29	\$955,578	20,105,358.74	\$970,787	20,425,358.74	\$2,914,448	\$2,161,582.74	\$2,974,448	\$62,581,582.74
Less: Estates Rev. Uncollected	0	0	\$0	0	\$0	0	\$0	0	\$0	0
Inflows - From Other Rev. Streams	\$1,472,981.33	30,991,527.29	\$955,577.89	20,105,358.74	\$970,787.01	20,425,358.74	\$2,954,447.85	62,161,582.74	\$2,974,409.83	\$62,581,582.74
Total Inflow	\$26,594,522	559,548,743.28	\$36,569,324	769,418,577.65	\$37,846,392.65	796,288,101.32	\$45,763,704.70	96,286,346.93	\$50,561,689.84	1,063,817,954.30
Loan amount			\$75,000.00	1,575,000.00						
Grand Total	\$26,594,522	559,548,743.28	\$111,569,324	2,347,418,577.65	\$37,846,393	796,288,101.32	\$45,763,705	96,286,346.93	\$50,561,690	1,063,817,954.30
Cash Available Before Finance Exp.	\$4,403,362	92,646,743.28	\$14,233,438	299,47,543.65	\$14,033,101	295,256,440.35	\$16,879,857	35,152,200.76	\$20,180,838	424,604,838.54
Loan Repayments										
Interest expenses	-	\$5,173,174	108,843,576.87	\$5,173,174	108,843,576.87	\$5,173,174	108,843,576.87	\$5,173,174	108,843,576.87	108,843,576.87
Principal Amounts		\$10,714,286	225,428,571.43	\$10,714,286	225,428,571.43	\$10,714,286	225,428,571.43	\$10,714,286	225,428,571.43	584,457.11
Total Loan + Interest Payments	\$70,580	1,485,000	\$78,344	1,648,350	\$86,961	1,829,669	\$96,527	2,030,932	\$107,145	2,254,335
Cash Available from yearly Operating Activities	\$4,332,782	91,161,743	(51,732,365)	(36,448,955)	(51,941,320)	(40,845,376)	\$895,871	18,849,120	\$4,186,234	88,078,356
Closing Cash Balance	\$4,332,782	91,161,743	\$2,600,418	54,712,789	\$659,098	13,867,412	\$1,554,968	32,716,533	\$57,441,202	120,794,888

ANNEXURE IV - STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION
ZAMBIA RAILWAYS LIMITED

	USD-2021	ZMW-2021	USD-2022	ZMW-2022	USD-2023	ZMW-2023	USD-2024	ZMW-2024	USD-2025	ZMW-2025
ASSETS										
Non-current assets										
Property, plant and equipment	\$69,273,828	1,457,321,334.33	\$67,218,247	1,411,271,913.81	\$62,232,505	1,309,371,913.81	\$124,218,163	2,613,550,158.71	\$118,808,384	2,499,728,403.61
Investment in Properties	\$6,792,391	142,911,900.00	\$6,792,391	142,911,900.00	\$6,792,391	142,911,900.00	\$6,792,391	142,911,900.00	\$6,792,391	142,911,900.00
Investment in ERP	\$7,483,222	157,447,000.00	\$7,483,222	157,447,000.00	\$7,483,222	157,447,000.00	\$7,483,222	157,447,000.00	\$7,483,222	157,447,000.00
Investments in Shares	\$4,527	3,125,000.00	\$1,48,527	3,125,000.00	\$1,48,527	3,125,000.00	\$1,48,527	3,125,000.00	\$1,48,527	3,125,000.00
Current assets										
Trade receivables and Other receivables	\$6,021,690	126,693,4923	\$75,936,670	1,597,707,538.49	\$72,906,165	1,533,745,706.18	\$1,931,109	40,630,523.58	\$1,912,956	(40,288,590.18)
Inventories	\$2,990,334	62,916,330.92	\$2,990,334	62,916,630.92	\$2,990,334	62,916,630.92	\$2,990,334	62,916,630.92	\$2,990,334	62,916,630.92
Cash and cash equivalents	\$4,332,782	91,161,743.28	\$2,600,418	54,712,788.63	\$659,058	13,867,412.18	\$1,554,968	32,716,532.60	\$5,741,202	120,794,888.29
	\$13,344,806	280,774,723	\$81,527,422	1,715,336,958	\$76,555,516	1,610,729,749	\$6,476,411	136,283,687	\$6,818,580	143,462,929
Total assets	\$99,054,275	2,084,101,952	\$163,169,809	3,433,092,772	\$153,212,242	3,223,585,563	\$145,118,714	3,053,297,746	\$140,051,104	2,946,675,233
EQUITY AND LIABILITIES										
Capital and reserves										
Share capital	\$9,399	197,756	\$9,399	197,756	\$9,399	197,756	\$9,399	197,756	\$9,399	197,756
Amounts received pending allotment of shares	\$29,811,263	627,228,974	\$29,811,263	627,228,974	\$29,811,263	627,228,974	\$29,811,263	627,228,974	\$29,811,263	627,228,974
Other reserves	\$30,662,835	645,146,045	\$35,617,863	749,399,829	\$41,482,275	871,735,075	\$50,121,039	1,054,546,669	\$60,128,803	1,265,110,020
Non-current liabilities										
Other Non-Current liabilities	\$60,483,497	1,272,572,774	\$65,438,525	1,376,826,558	\$71,252,937	1,499,161,804	\$79,941,701	1,681,973,398	\$89,949,465	1,892,536,749
Other Non- Current liabilities	\$5,162,207	108,612,829	\$5,162,207	108,612,829	\$5,162,207	108,612,829	\$5,162,207	108,612,829	\$5,162,207	108,612,829
Lease Liability	\$1,582,595	33,297,903	\$1,582,595	33,297,803	\$1,448,799	30,482,733	\$1,315,003	27,667,664	\$1,181,207	24,832,594
Loan										
	\$6,744,802	141,910,632	\$25,857,342	1,385,638,483	\$49,836,087	1,048,551,266	\$33,814,831	711,464,048	\$17,793,576	374,376,830
Current liabilities										
Trade and other payables	\$18,321,645	385,487,419	\$18,386,391	387,060,058	\$18,794,112	395,428,115	\$18,166,677	382,226,885	\$19,232,800	404,658,106
Accruals and provisions	\$11,993,096	252,334,743	\$11,993,096	252,334,743	\$11,993,096	252,334,743	\$11,993,096	252,334,743	\$11,993,096	252,334,743
Taxation payable	\$1,511,235	31,796,385	\$1,481,455	31,232,929	\$1,336,009	28,109,636	\$1,202,408	25,298,672	\$1,082,168	22,788,805
	\$3,1825,977	669,618,547	\$31,873,942	670,627,730	\$32,123,217	675,872,494	\$31,362,182	659,860,300	\$32,308,063	679,761,654
TOTAL EQUITY AND LIABILITIES	\$99,054,275	2,084,101,953	\$163,169,809	3,433,092,772	\$153,212,242	3,223,585,563	\$145,118,714	3,053,297,746	\$140,051,104	2,946,675,233

ANNEXURE V - RISK MANAGEMENT PLAN

Goal	Strategic Objectives	Major Risks/Potential Risks	Risk Level	Mitigation Response	Impact	Risk Owner
		<ul style="list-style-type: none"> Dependency on over boarder traffic which accounts for 75% of ZRL's freight revenue, where ZRL has minimal control. 		<ul style="list-style-type: none"> Capitalize on local traffic. Closely monitor the situation in other countries. Enhanced collaboration with railway administrations. 		Commercial
	i. Increase freight revenue generation annually by an average of 17%	<ul style="list-style-type: none"> Inadequate capacity in terms of rolling stock and track. Economic downturn Diversion of traffic from rail to road and/or traditional corridors to other corridors where ZRL does not participate. 	High	<ul style="list-style-type: none"> Expedite the acquisition of at least USD 75 Million investment by 2022. Intensify track maintenance works and hire of rolling stock. Develop and implement BCP Conduct market intelligence study. 	<ul style="list-style-type: none"> Reduced revenue generation. Disruptions in ZRL business operations. Reduced working capital Reduced profitability. 	Finance Technical
	ii. Optimization of Resources through:			<ul style="list-style-type: none"> Develop and implement BCP Lobby government for fuel levy exemption Expedite the acquisition of at least USD 75 Million investment by 2022. Intensify track maintenance works and hire of rolling stock. 	<ul style="list-style-type: none"> High operating costs to revenue ratio Low return on asset 	Corporate Planning CEO Finance Technical
1. Improve financial position	a. Operating cost reduction from 77% in 2021 to at most 60% of total revenue effective 2022. b. Improve return on assets from 2% of total revenue to 5% in 2025. c. 100% revenue generation growth from workshop activities in 2021, and 11% annual growth from 2022 to 2025 d. Improve cashflow position	<ul style="list-style-type: none"> Economic downturn Failure to actualize projected revenue Commercialization of workshops being expensive Underutilization of ZRL assets 	High	<ul style="list-style-type: none"> Dispose of non-performing assets 		Human Resource Technical Corporate Planning
				<ul style="list-style-type: none"> Develop and implement BCP Intensify track maintenance works and hire of rolling stock. Lobby for the separation of infrastructure from operations 	<ul style="list-style-type: none"> Reduced revenue generation & collection Reduced working capital Inadequate capacity in rollingstock and track infrastructure 	Finance Corporate Planning Technical
				<ul style="list-style-type: none"> Expedite the acquisition of at least USD 75 Million investment by 2022. Intensify track maintenance works and hire of rolling stock 		CEO Finance Technical

Goal	Strategic Objectives	Major Risks/Potential Risks	Risk Level	Mitigation Response	Impact	Risk Owner
	e. Reduce exposure to enterprise risk	<ul style="list-style-type: none"> ▪ Failure to implement the risk register by the risk champions ▪ Poor risk culture ▪ Insufficient cashflow to settle creditors 	Medium	<ul style="list-style-type: none"> ▪ Enforce the risk governance framework and structure ▪ Conduct risk training and capacity building for the employees. ▪ Expedite the acquisition of at least USD 75 Million investment by 2022. ▪ Intensify track maintenance works and hire of rolling stock 	<ul style="list-style-type: none"> ▪ Reduced liquidity and profitability 	Risk
	i. Improve transit time:					
	a. From 72 hours in 2020 to 66 hours between Ndola and Livingstone for freight trains, by 2022	<ul style="list-style-type: none"> ▪ Failure to actualize the investment budget ▪ Insufficient revenue generation to support patch work of railway maintenance ▪ Unreliable rolling stock ▪ Unavailability of train crew 	High	<ul style="list-style-type: none"> ▪ Expedite the acquisition of at least USD 75 Million investment by 2022. ▪ Intensify track maintenance works and hire of rolling stock 	<ul style="list-style-type: none"> ▪ Poor turnaround of the equipment ▪ Increased operational costs i.e., overtime and fuel ▪ Poor service delivery 	Technical Finance Operations
	b. From 66 hours in 2022 to 54 hours between Ndola to Livingstone for freight trains, by 2025.					
	c. Improve passenger train transit time from 42 hours in 2020 between Livingstone and Nkana to 34 hours, by 2025to 34 hours, by 2025					
2. Operational efficiency	ii. Attain at least 90% rolling stock availability and reliability	<ul style="list-style-type: none"> ▪ Failure to actualize the investment budget. ▪ Insufficient funds for spares leading to poor availability and reliability of rolling stock. ▪ Possible termination of lease agreements on hired rolling stock 	High	<ul style="list-style-type: none"> ▪ Expedite the acquisition of at least USD 75 Million investment by 2022. ▪ Hire of rolling stock ▪ Strategic partnerships with various suppliers for the hire of rolling stock. 	<ul style="list-style-type: none"> ▪ Poor turnaround of the equipment ▪ Increased operational costs i.e., overtime and fuel ▪ Poor service delivery 	Finance Technical
	iii. Improved ICT systems	<ul style="list-style-type: none"> ▪ Insufficient cashflows to finance ICT infrastructure and software ▪ Lack of skills and resistance to handle the new technology ▪ Vandalism of new technology 	Medium	<ul style="list-style-type: none"> ▪ Grow revenue to finance ICT infrastructure and software ▪ Skill development ▪ Community and employee sensitization. 	<ul style="list-style-type: none"> ▪ Reduced company operational efficiency ▪ Failure to integrate train operations with neighboring RAs. 	Management
	iv. Improve track infrastructure and uplift TSRs by at least 50% by 2025	<ul style="list-style-type: none"> ▪ Failure to actualize the investment budget ▪ Insufficient revenue generation to support patch work of railway maintenance 	High	<ul style="list-style-type: none"> ▪ Expedite the acquisition of at least USD 75 Million investment by 2022. ▪ Intensify track maintenance works. 	<ul style="list-style-type: none"> ▪ Poor turnaround of the equipment ▪ Increased operational costs i.e., overtime and fuel ▪ Poor service delivery 	Technical Finance

Goal	Strategic Objectives	Major Risks/Potential Risks	Risk Level	Mitigation Response	Impact	Risk Owner
3. Enhance public image & good stakeholder relationship	i. Enhance Corporate Reputation and Increased visibility of ZRL	<ul style="list-style-type: none"> - Insufficient cashflows for consistent corporate branding and publicity. - Derailments and lawsuits - Long transit time for passenger services 	High	<ul style="list-style-type: none"> - Smart partnerships - Participation in CSR - Settlement of cases for and against ZRL. - Expedite the acquisition of at least USD 75 Million investment by 2022. 	<ul style="list-style-type: none"> - Poor public image - Low customer confidence in ZRL 	Public Relations Commercial Finance Technical
	ii. Increase strategic partnerships	<ul style="list-style-type: none"> - Bureaucratic processes in decision implementation - Lack of funding for feasibility studies 	Medium	<ul style="list-style-type: none"> - Lobby for exemption of some processes in decision implementation. - Secure funding for feasibility studies 	<ul style="list-style-type: none"> - Failure to commercialize ZRL bare land. 	Corporate Planning
	iii. Reduce litigation exposure	<ul style="list-style-type: none"> - Cashflow constraints - Poor contract management 	High	<ul style="list-style-type: none"> - Grow revenue - Payment plans, debt swap, etc. - Thoroughly review contracts and monitor performance - Settle cases outside court through mediation 	<ul style="list-style-type: none"> - Law suits - Poor public image - Disruption in operations 	Legal Procurement Commercial Finance
	iv. Attain customer satisfaction of at least 80% each year	<ul style="list-style-type: none"> - Poor reliable and availability of rolling stock - Poor state of the track - Poor service delivery - Insufficient rolling stock capacity 	High	<ul style="list-style-type: none"> - Expedite the acquisition of at least USD 75 Million investment by 2022. - Intensify track maintenance works and patch ups - Continued hire of rolling stock - Customer surveys to respond to customer needs 	<ul style="list-style-type: none"> - Poor customer acquisition, retention and extension - Low market share - Low revenue generation - Poor public image 	Commercial Finance Technical Operations
4. Enhance human capital and capacity	i. Improve staff recruitment		High	<ul style="list-style-type: none"> - Grow revenue - Smart partnerships aimed at improving public perception - Participation in CSR - Constantly conduct market intelligence surveys on remuneration in order to benchmark - Implement exit interviews with employees 	<ul style="list-style-type: none"> - Low productivity - Unmotivated work force 	Human Resource Public Relations Commercial
	ii. Retain technical skill	<ul style="list-style-type: none"> - Resistance and lack of interest for technical skill development 		<ul style="list-style-type: none"> - Implementation of PMS - Implementation of innovation reward system 	<ul style="list-style-type: none"> - Implement secondment policy under IDC, exchange programs with RAs etc. for exposure - Promote a team atmosphere through team building exercises, mindset change and mentorship programs 	Human Resource
	iii. Enhance staff productivity and improve work culture	<ul style="list-style-type: none"> - Unmotivated work force - Lack of industrial harmony - Unconducive work environment 	High		<ul style="list-style-type: none"> - Low productivity - Poor work culture 	



ZAMBIA RAILWAYS LIMITED

CONTACT DETAILS:

Zambia Railways
Head Office
1st Floor ,
Shitima House
Kafue River Avenue
P.O.Box 80935
KABWE
Tel: 05-227008
Email: zrl-ceo@zrl.com.zm
Website: www.zrl.com.zm



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