



STRATEGIC PLAN

2022 - 2026



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Abbreviations and Acronyms

8NDP	Eighth National Development Plan
ACI	Airports Council International
ACFTA	African Continental Free Trade Area
ANS	Air Navigation Services
AOOA	Aircrafts Owners and Operators Association of Zambia
APS	Airport Services
BARZ	Board of Airlines Representatives of Zambia
CAA	Civil Aviation Authority
CTK	Cargo Tonne Kilometers
CEM	Customer Experience Management
EPAX	Enplaned Passenger
FTE	Full Time Employee
GDP	Gross Domestic Product
GSE	Ground Service Equipment
HMNIA	Harry Mwaanga Nkumbula International Airport
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
IMS	Integrated Management Systems
IPC	Infection Prevention and Control
ISO	International Organisation for Standardisation
KKIA	Kenneth Kaunda International Airport
KPI	Key Performance Indicators
LCC	Low-Cost Carrier
MAPs	Million Annual Passengers
MFAIC	Ministry of Foreign Affairs and International Cooperation
MFEZ	Multi Facility Economic Zone
MHAIS	Ministry of Home Affairs and Internal Security
MIA	Mfuwe International Airport
MIHUD	Ministry of Infrastructure, Housing and Urban Development
MOFNP	Ministry of Finance and National Planning
MOH	Ministry of Health
MTBF	Mean Time Between Failures
MTL	Ministry of Transport and Logistics

NAR	Non-aeronautical Revenue
NTP	National Transport Plan
PSC	Passenger Service Charge
SAATM	Single African Air Transport Market
SADC	Southern Africa Development Community
SARPs	ICAO's Standards and Recommended Practices
SDG	UN's Sustainable Development Goals
SHEQ	Safety, Health, Environment and Quality
SMKIA	Simon Mwansa Kapwepwe International Airport
UNWTO	United Nations World Tourism Organisation
USOAP	ICAO's Universal Safety Oversight Audit Programme
WEF	World Economic Forum
WHO	World Health Organisation
WTTC	World Travel and Tourism Council
YD	Yamoussoukro Decision
ZASTI	Zambia Air Service Training Institute
ZDA	Zambia Development Agency
ZEMA	Zambia Environment Management Agency
ZPPA	Zambia Public Procurement Authority
ZRA	Zambia Revenue Authority
ZTA	Zambia Tourism Agency
ZTMP	Zambia Tourism Master Plan

A Message from the Chairperson of the Board



On behalf of the Board of Directors of the Zambia Airports Corporation Limited, I am pleased and honored to present the Corporation's 2022 - 2026 Strategic Plan. This is the fifth Strategic Plan to guide the Corporation since inception. The Plan outlines vision, mission, strategic goals and objectives that we have determined will help ZACL fulfill its mandate and calls on the Corporation to work towards ambitious but yet achievable goals.

The Plan was developed at the backdrop of the COVID-19 pandemic. The pandemic affected and continues to affect all sectors of the economy in varying degrees. Aviation was and still is one of

the worst affected sectors of the global economy and deemed to be a potential loser in the short to medium term. The pandemic resulted in travel restrictions and closure of borders globally. Economic effects of the pandemic on the aviation sector are projected to linger on for a significant part of the 5-year planning horizon ending 2026. Therefore, the Plan will provide strategic direction to enable the Corporation to regain financial strength, rebuild organisational efficiency and effectiveness, attain sustainability, and continue to assure the safety of passengers and other clients.

Development of the Plan was coordinated by the Strategic Plan Steering Committee (SPSC), which comprised of seventeen (17) members of staff, representing all functions and all levels within the Corporation. The adopted approach involved an iterative and interactive process including engagement with our clients, stakeholders, Government, private sector players, management, and staff.

The operating business environment was scanned to obtain insights and trends of future developments, and institutional assessment was conducted to determine an appropriate strategic response. The

Plan prioritises financial sustainability, customer satisfaction, transformation of KKIA into an aviation hub, safety and security, environmental sustainability, and employee performance excellence.

The Plan has six salient elements. Mission describes our core purpose and Vision what we aspire to achieve over the next five to ten years. Strategic Goals and Objectives define our key priorities whereas Action Plans how we will achieve our goals and objectives. Finally, Performance Measures establish targets for attainment and a means to measure progress on a periodic basis.

During the implementation of this Plan for the period 2022 – 2026, the operating environment may become more uncertain. To maintain dynamism and relevancy during uncertainties, fit-

for-purpose monitoring and evaluation and risk management initiatives will be executed.

On behalf of my Board of Directors, I would like to thank clients, stakeholders, management, and staff for their valuable inputs in crafting the new Strategic Plan. I encourage all the stakeholders to support our vision of becoming “... a world-class and diversified airport and air navigation business”. Special gratitude to our shareholders for their support and continued belief in the future success of the Zambia Airports Corporation Limited.



Mr. Zevyanji Sinkala
ZACL BOARD CHAIRPERSON

Executive Summary

This Strategic Plan covers the period 2022 to 2026 and is the fifth edition since the Corporation's inception in 1989. In developing the Plan, ZACL deployed an iterative process utilising internal and external resources. Consultations with staff, the Board of Directors, Government, customers, and other relevant stakeholders were conducted resulting in refined and informed strategies.

The methodology used involved a two-phased approach comprising Institutional Assessment (IA) and Organisational Development (OD) which was underpinned by the principles of the Balanced Scorecard approach. The IA revealed that the COVID-19 pandemic led to reduced air traffic due to global lockdowns and travel restrictions. Further, the pandemic provided an opportunity to improve core processes and attain resilience. The resultant global recession was expected to reverberate throughout the planning horizon. Despite the inherent vulnerabilities in the aviation industry and rising threat of terrorism, reinforcing strengths to exploit opportunities was established as the fitting generic business strategy for ZACL. The geopolitical location at the heart of the SADC region and availability of land and infrastructure were identified as critical to exploiting increased intra-Africa trade and tourism opportunities.

The IA informed the OD process to identify and close gaps, and enhance organisational capacity by developing, improving, and reinforcing strategies, structures and core processes to navigate the ever-evolving operating environment.

Under the "new normal", the Corporation will focus on constantly innovating its business model to adapt to the evolving operating environment and achieving operational efficiency. In the face of uncertainty, our new approach to airport and air navigation infrastructure development, will be a total shift from capacity expansion to alignment, repurposing, commercialisation, and maintenance. By repurposing our airport built-up capacity, we shall better utilise existing infrastructure and equipment to maximise return on capital deployed. Initiatives will be biased towards investments that increase revenue and reduce the cost of doing business for airlines; and opportunities that are adjacent and complimentary to our business. The Corporation shall develop and execute service expansion strategies to maximise aeronautical revenue. Further, revenue diversification will be centered around aerotropolis developments under the Land Use Plan, and cargo business development. Finally, selected milestones established for the

transformation of KKIA into an aviation hub will be pursued.

Seven (07) Strategic Goals have emerged as relevant in our strategic response:

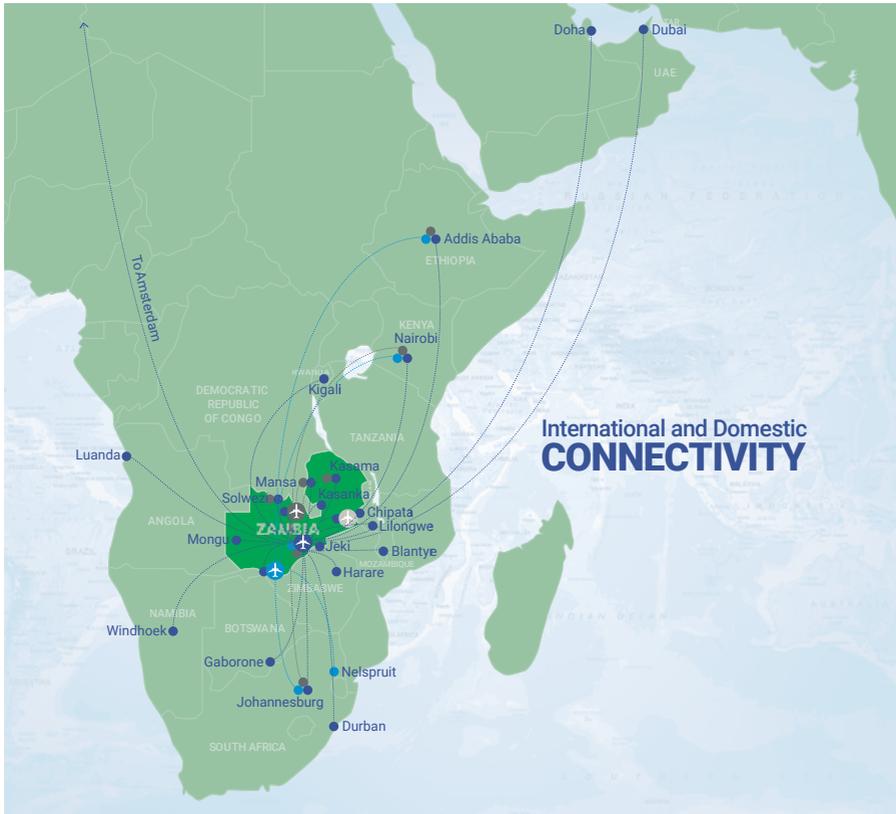
- Strategic Goal 1:** To enhance financial sustainability and resilience
- Strategic Goal 2:** To reimagine the customer experience
- Strategic Goal 3:** To reinvent the Corporation
- Strategic Goal 4:** To attain aviation safety and security leadership
- Strategic Goal 5:** To create a positive work environment
- Strategic Goal 6:** To transform KKIA into a SADC aviation hub
- Strategic Goal 7:** To promote environmental sustainability

The Strategic Goals will be the basis of our Annual Business Plan and Budget. Each goal will have associated strategies and measures that will be used to make progress on our corporate performance throughout the year. Appropriate risk analysis will be conducted in order to increase chances of achieving the Strategic Goals.

Effective strategic alignment at every level – to translate the Plan into actions at departmental and individual levels, coherence resource allocation – ensuring that resources are dedicated to improvements in the core processes will be cardinal in executing this Strategic Plan.

The COVID-19 pandemic has brought forth unprecedented and unpredicted global change that presents both challenges and opportunities impacting on both trade and tourism. The development of this Strategic Plan has gone through an in-depth scrutiny of ensuring that the Plan remains relevant despite the changing economic environment.

1.0 Introduction



1.1 About Zambia Airports Corporation Limited

The Zambia Airports Corporation Limited (ZACL) is a company limited by shares and registered under the Companies Act No. 10 of 2017 and wholly owned by the Government of the Republic of Zambia. The Corporation commenced operations on 11th September 1989.

The primary business activity for the Corporation is to develop, manage, and maintain a network of four (4) designated international airports, seven (07) provincial and three (03) strategic aerodromes and to provide air navigation services across the entire Zambian airspace.

Four (4) International Airports

1. Kenneth Kaunda International Airport - KKIA (Lusaka) Commercial & Business Hub; Tourism & Conferencing
2. Harry Mwaanga Nkumbula International Airport - HMNIA (Livingstone) Tourism & Conferencing
3. Simon Mwansa Kapwepwe International Airport - SMKIA (Ndola) Mining and Industrial Activities
4. Mfuwe International Airport - MIA (Mfuwe) Tourism

Three (3) Strategic Aerodromes

1. Southdowns - Kalulushi
2. Kasaba Bay
3. Mbala

Seven (7) Provincial Aerodromes

1. Chipata
2. Solwezi
3. Mansa
4. Kasama
5. Chinsali
6. Mongu
7. Choma

ZACL contributes to the Country's industrialization and economic diversification agenda by facilitating trade and tourism which in turn spur economic growth, creates jobs and increase Government revenues.

The promulgation of SI 13 of 2018 bestowed upon ZACL additional responsibility for seven (07) provincial and three (03) strategic aerodromes.

1.2 Strategic Linkages and Institutional Framework

To manage the execution of the strategy, the Corporation developed a Stakeholder Strategy Map (SSM) representing its intentions to identify and meet needs and expectations of all key stakeholders.

The Zambian aviation institutional framework was striving towards achieving full compliance with the ICAO SARPs.

Table 1A: Strategic Linkages and Institutional Framework

Aviation Administration				Aviation Operation		
Policy Direction	Regulation & Control	Investigations of Air Accidents	Specialised Aviation Training	Airport services	Air Navigation Services	Airlines
Ministry of Transport & Logistics	Civil Aviation Authority	Aircraft Accident Investigation Board	ZASTI	Zambia Airports Corporation Ltd		Private and Public Air Carriers

In carrying out its functions, the Corporation will collaborate with various stakeholders including passengers, airlines, the Civil Aviation Authority (CAA), Zambia Air Service Training Institute (ZASTI), Ministry of Transport and Logistics (MTL), ministry of Defence (MOD) Ministry of Infrastructure, Housing and Urban Development (MIHUD), Ministry of Finance and National Planning (MOFNP), Ministry of Health (MOH), Ministry of Foreign Affairs and International Cooperation (MFAIC), Ministry of Home Affairs and Internal Security (MHAIS) and other private sector players. ZACL will also collaborate with bilateral and multilateral Cooperating Partners.

1.3 Rationale

The development of the 2022 – 2026 Strategic Plan follows the expiration of the 2017 – 2021 Strategic Plan, new Government policy direction espoused in the 8NDP (2022-2026), the National Transport Policy 2019-2028 (NTP) and changed economic realities due to the COVID-19 pandemic.

Our review of the operating environment showed that there was urgent need to execute a strategic plan that was reflective of the global shifts in the economic environment.

Further, there was need to directly anchor the Plan on UN Agenda 2030 action plan for sustainable development to meet its 17 Sustainable Development Goals (SDGs). Whereas the operations of ZACL impact on

nearly all SDGs, the following were identified and selected to be achieved as this plan is executed:

1. SDG1 – No Poverty;
2. SDG6 – Clean Water and Sanitation;
3. SDG7 – Affordable and Clean Energy;
4. SDG8 – Decent Work and Economic Growth;
5. SDG9 – Industry, Innovation and Infrastructure;
6. SDG11 – Sustainable Cities and Communities;
7. SDG13 – Climate Action; and
8. SDG15 – Life on Land; and
9. SDG17 – Partnerships for the goals.

1.4 Methodology and Approach

A Strategic Planning Steering Committee comprising seventeen (17) members representing a cross section of departments and functions of the Corporation was constituted. Further, wider consultations with staff and their representatives, the Board of Directors, MTL, MOFNP, other Government Ministries and Agencies, Cooperating Partners, customers (passengers and airlines), and airport players, and other relevant stakeholders were conducted.

The methodology used involved a two-phased approach comprising institutional assessment (IA) and organisational development (OD) underpinned by the principles of the Balanced Scorecard approach. The IA involved undertaking a performance evaluation review for the period 2017-2021, situational analysis that included both an internal capability assessment and environmental scanning. This involved the use of PESTEL, SWOT, Michael Porter's Five Forces, and McKenzie's 7Ss models to identify key developments and trends impacting on the future performance of the Corporation and shaping the formulation of strategic direction.

The analysis and conclusions obtained from the IA facilitated the OD process to identify and close gaps, and enhance organisational capacity by developing, improving, and reinforcing strategies, structures and core

processes. This resulted in refining the strategic direction in relation to the vision, core values, strategic goals, objectives, targets, performance measures and initiatives.



2.0 Institutional Assessment

The internal and external environmental conditions on the operations of the Corporation were reviewed. The possession and utilisation of information about developments, patterns, and trends, and how these relate to ZACL's future performance helped to identify threats and opportunities that informed the drafting of the Plan.

2.1 Internal Analysis

An assessment of the internal environment in which ZACL operates was carried out with emphasis on first analysing where the Corporation was at in the base year (2021). The SWOT analysis approach was used to comprehensively analyse the internal operating environment. In addition, the McKinsey's 7S framework was used to identify elements to be realigned to improve performance, particularly the soft aspects of managing the Corporation.

2.1.1 Geographic Location

Zambia is in the South-Central African region bordering the Democratic Republic of Congo and Tanzania to the north, Malawi and Mozambique to the east, Zimbabwe and Botswana to the south and Namibia and Angola to the west. Half of the SADC member states are neighbors of Zambia and within two (02) hours flying time. Although not a direct neighbor, South Africa, the current major hub in SADC is also only 2 hours flying from the capital city Lusaka.

In ZACL's network of 14 airports, KKIA should be the main hub and connects the national airports to the capital and the country to international destinations. KKIA receives incoming flights from major hubs on the continent including Addis Ababa, Nairobi and Johannesburg. Through these hubs, airlines connect Lusaka to destinations in the Middle East, Asia, Europe, America and other parts of Africa.

2.1.2 Domestic Market

The domestic market was dominated by four (04) local carriers; Zambia Airways, Proflight, Royal Charters and Mahogany Air. The carriers operate scheduled flights between Lusaka (KKIA) and the three international airports i.e Livingstone (HMNIA), Ndola (SMKIA) and Mfuwe (MIA). Scheduled flights between Lusaka and operational strategic and provincial aerodromes i.e Solwezi, Kalumbila (a privately owned aerodrome) via Solwezi and Mansa via Ndola are also operated.

The domestic aviation market was depressed due to low demand, high air fares and a constrained tourism market. Further, there were no public service obligation routes in Zambia. The Corporation has in place an Aerodrome Development Plan (ADP) which was approved in 2020 and prioritises Solwezi, Kasama, Kasaba Bay, Mansa and Mbala aerodromes based on market analysis due to economic drivers such as mining, agriculture and tourism. Further, Chinsali and Choma aerodromes are Greenfields, and therefore yet to be operational. There are also no operations at Kasaba Bay aerodrome due to an uncompleted runway.

Whereas, some aerodromes may meet minimum air navigation resources, they do not meet minimum safety standards requiring infrastructure upgrades to improve domestic connectivity.

Unscheduled flights into a privately owned aerodrome in Kalumbila via Solwezi are operated by United Air Charters.

The Corporation shall focus on supporting the promotion and growth of domestic air travel and tourism through investment in infrastructure at selected aerodromes and collaborating with local airlines and other stakeholders such as ZTA and ERB.

2.1.3 Current Operational Practices

The current operational practices of the Corporation include but not limited to the following:

1. Airport Operating Manuals and Standard Operating Procedures

All ZACL international airports and provincial and strategic aerodromes have the relevant operating manuals which comply with all applicable regulations, statutes and other requirements placed upon the Corporation by ICAO and CAA. The operating manuals and standard operating procedures guide the day-to-day operations under airport and air navigation services.

2. Safety and Security

Zambia last had an ICAO USOAP audit in 2019 and the country scored above global average in the areas of legislation, licensing and airworthiness. ZACL implements airport security programmes which are developed in compliance with Standards 3.1.1 and 3.1.2 of Annex 17 to the Convention on International Civil Aviation Organisation (ICAO), Civil Aviation Act No. 5 of 2016, National Civil Aviation Security Programme, Zambia Civil Aviation (Security) Requirements 2017 and relevant laws in force and ICAO Annexes. The programmes set out regulations, standards, practices and procedures to safeguard civil aviation operations at airports from acts of unlawful interference.

The Corporation aspires to provide leadership in aviation safety and security compliance.

3. Health, Environment and Quality

ZACL operates a SHEQ function that provides oversight on the performance of the safety, environmental and occupational health and quality management systems across the entire organization. KKIA and HMNIA are ISO 9001:2015 certified by SABS.

The Corporation will seek to achieve ISO 9001 and SMS certification for the new SMKIA and achieve full implementation SMS as well as IMS for KKIA, HMNIA and SMKIA within the same period.

2.1.4 Customer Satisfaction

An Airport Service Quality (ASQ) survey was concluded for KKIA in quarter four of 2019 by Airports Council International (ACI). The airport was benchmarked against 67 airports of similar size in Africa i.e., capacity of 2 million annual passengers (MAPS) and below across various categories such as security waiting time, ambience, cleanliness of washrooms, check-in waiting time, etc. KKIA recorded an overall rating score of 3.28 on a scale of 1 (poor) to 5 (excellent), which was below the average overall satisfaction of 4.21. The Corporation shall focus on improving the overall satisfaction of customers through implementation of the Customer Experience Management (CEM) strategy.

2.1.5 Annual Stakeholder Forum

The Corporation has consistently held the annual stakeholder forum over the last 5 years with the view to address service provision concerns. We also aim to obtain insights that will add value to the business including process improvements. The stakeholders meeting was attended by stakeholders from various interest groups such as Zambia Civil Aviation Authority, Zambia Tourism Agency, Tourism Associations, Hotel Operators, Airlines, tenants among others. The Corporation shall ensure all stakeholder concerns are addressed to improve overall satisfaction.

2.1.6 Addressing the COVID – 19 Pandemic

The COVID-19 pandemic had an unprecedented impact on our ability to execute our 2017- 2021 Strategic Plan in the last two years. Traffic and revenues shrank due to global lockdowns and travel restrictions in a bid to contain the spread of the COVID-19 pandemic. In direct response to challenges faced, the Corporation developed

a fundamentally new strategic thrust for 2020 and 2021. Key focus areas post COVID-19 will be innovation, surviving, sustaining operations and maintaining a resilient balance sheet.

In 2020, the Corporation exhausted its cash reserves within four months from April to July, which was clearly inadequate as the pandemic continued impacting passenger traffic and revenues more than a year following depletion of reserves. The Corporation will build business and financial resilience and strengthen core processes through a robust business continuity management system to better mitigate effects of future outbreaks.

As an airport operator in Zambia, we played a pivotal role in preventing the spread of the COVID-19 pandemic and flattening the curve. In line with the guidelines issued by regulatory bodies such as the Zambian Civil Aviation Authority and Ministry of Health which draw regulations from ICAO and WHO, respectively and other recommended industry practice from IATA and ACI, we instituted various COVID-19 infection prevention and control (IPC) measures, including but not limited to:

1. Hand sanitising stations for staff and passengers;
2. Masks, face shields, social distancing, and hand washing facilities;
3. Mass screening in collaboration with Ministry of Health;
4. Staff rotation scheme introduced; and
5. Temporary medical and vaccination centres; Encouraging staff to get the COVID-19 vaccination

Specifically, the COVID-19 impacted the Corporation in the following ways.

1. Airport Operations

The new normal challenged how our airports should be operated, and this was expected to remain one of the key strategic focus areas as we recover from the pandemic, till a few years from now. Our new approach to operating airports will be by improving

operational efficiencies, matching airport operations with terminal and flight activity, rebuilding passenger confidence, while complying with health guidelines issued by WHO and MOH. At all times we prioritised the health of staff, passengers, stakeholders and airport players.

2. Aeronautical Business

Due to the suspension of most flights by airlines other than Ethiopian Airlines, we revised downwards the Corporation's 2020 Budget to reflect market conditions. Consequently, the 2021 Budget was on a backdrop of suppressed traffic and revenues with a focus on survival and sustaining operations through revenue maximisation, cost minimisation, enhanced debt collection, and optimal resource allocation to mission critical areas such as maintenance and mandatory training.

3. Commercial Business

The domestic economy deteriorated, and consumer demand weakened leading to shrinkage of occupancy rate for commercial properties. The Corporation offered 50% discounts to tenants from July 2020 to the date of drafting the Plan across the board for HMNIA while other airports were on a case-by-case basis as COVID-19 relief.

The COVID-19 pandemic impacted the Corporations plans to commence implementation of phase I of the land use plan as the capital expenditure budget was constrained. Despite the economic and health challenges faced, the Corporation has remained resolute towards its pledge to maintain ZACL as a commercially viable entity and shall review the Rates and Charges Manual to ensure they remain competitive.

2.1.7 Infrastructure and Facilities

ZACLS network of international and domestic airports have a combined capacity of about 10 million annual passengers (10MAPs). Capacity per airport is shown below:

Table 2A: Airports Capacity Assessment

Airport	(2019) Passenger Numbers	MAPS	Capacity Utilisation	Runway Size	Apron Capacity	Carpark Capacity (Motor Vehicle Units)
KKIA	347,690	T1-2 million (Domestic)	17.4%	3962m	12	600
	1,460,557	T2-4 million (International)	36.5%		6	500
SMKIA	238,603	1 million	24%	3500m	15	412
HMNIA	250,300	1 million	25%	3000m	13	223
MIA	29,543	0.15 million	20%	2200m	6	54
Aerodromes	19,885	0.85 million	2.3%	Various		
TOTAL	1,828,132	Approx.9 million	Avg.21%			

The table above indicates that the current utilisation of airports in terms of passenger number capability was significantly below capacity. With the newly built infrastructure at KKIA and the new SMKIA, it was expected that investment in new infrastructure in the planning horizon will be minimal and limited to aerodromes premised on market potential analysis, maintenance of mission critical assets and investment in GSE.

KKIA has a 3,962m runway capable of handling large aircraft. HMNIA serves Livingstone and provides a gateway to the Victoria Falls, competing with the Victoria Falls Airport in Zimbabwe.

Whereas it is granted that the expanded airport infrastructure capacity will increase operating expenses, it will also create an opportunity for introduction of new revenue streams e.g., Aerobridge and Pushback Charges. Six (6) aerobridges at KKIA terminal II were not included in the current cost basis for the current PSC and Ground Handling Fees.

Retail Facilities

Retail facilities at the airports include kiosks, duty free shops, bars and restaurants and are an important revenue stream for the Corporation whilst ensuring customers get the required customer experience through the facilities. We shall ensure the rental charges for our retail facilities are affordable and services provide enhance the customer experience.

2.1.8 Cargo Facilities

The Corporation has invested in new warehousing facilities at KKIA and the new SMKIA for processing of both imports and exports. Further, in line with the aspiration to transform KKIA into a regional hub as outlined in the National Transport Policy 2019-2028, the Corporation plans to open-up portions of land for development of warehousing spaces and a logistics park to support anticipated growth and demand. Investments in new warehousing facilities over the next 5 years are expected to be minimal as the existing facilities are operating below full capacity. The focus of the Corporation shall be to grow cargo volumes in partnership with other industry players. Given the outlook on recovery of the aviation business over the next five years, growth of the cargo business is of strategic importance for the Corporation.

2.1.9 IT Systems

The Corporation recognises that ICT is a strategic enabler in revenue growth, cost management and service delivery to enhance business performance. The Corporation makes extensive use of technology such as e-ticketing, Customer User Self Service (CUSS), the Common Use Terminal Equipment (CUTE), Air Navigation facilities - Communication, Navigation and Surveillance (CNS), administrative functions and general airport operations.

2.1.10 Staff and Staff Skills

The Corporation recognises that our people are our greatest asset for driving success. We track all key concerns from staff and address them in a timely manner. Through mandatory and non-mandatory training interventions, the Corporation developed a dedicated, motivated and knowledgeable team that was professional in its conduct.

In a recent Staff Satisfaction Survey (SSS) conducted in 2020, the staff satisfaction index was estimated at about 78%. The focus of the survey was on the work environment, communication and leadership, remuneration, training and development, and performance management. Further, the survey found that 81.20% percent were not actively seeking employment whilst 18.80% were actively looking for employment elsewhere. The Corporation will regularly engage staff and improve the work environment.

ZASTI is a state-owned aviation training institution which was founded in 1969 with the mandate of providing specialist civil aviation skills to contribute to safety and security. However, due to capacity and competence challenges; lack of training aids; and funding gaps, the institute was incapable of providing required training programs for the Zambian aviation industry.

This situation increased the cost of training incurred by ZACL, and the Corporation will support changes and improvements at ZASTI.

Summary of SWOT Analysis and 7S Model - To strategically position the Corporation in such a way as to utilise strengths to exploit opportunities and respond to threats while overcoming weaknesses, and achieving an appropriate balance in doing so, is the overarching goal of the SWOT analysis. Details of the analysis and the Corporation's responses are shown under **Appendix 2A: SWOT Analysis and ZACL's response.**

2.1.11 2017 – 2021 Performance Assessment

A terminal performance evaluation review for ZACL's 2017 – 2021 Strategic Plan was conducted to ascertain the extent to which strategic outcomes had been achieved against set objectives. The assessment revealed that the Corporation's performance was at an average percentage of 62.14% with varying ratings over the planning horizon.

Table 2B: Corporate Performance Assessment 2017 – 2021

	2017	2018	2019	2020	2021	Average
Performance	60%	64.3%	65%	64.46%	56.96%	62.14%

This performance rating was attributed to the following factors:

Positive factors:

1. Qualified and committed staff;
2. Support from ZACL Board of Directors;
3. Government/Shareholders' financial support; and
4. Cooperating partners' technical and financial support.

Negative factors:

1. Reduced traffic and revenues due to COVID-19 pandemic in 2020 and 2021;
2. Cancellation of flights by airlines such as South African Airways, Turkish Airlines and Air Namibia; and
3. High fixed operating costs.

The financial overview for the period 2017–2021 is shown in the table below:

Table 2C: 2017 – 2021 Financial Overview

	2016	2017	2018	2019	2020	2021
Paying Passengers (PP)	572,084	612,275	680,965	649,892	172,983	249,642
International PP	445,653	467,204	492,444	478,979	123,270	157,857
Domestic PP	126,431	145,071	188,521	170,913	58,618	91,785
Aircraft Landings*	29,213	26,844	28,298	27,630	12,506	16,992
Domestic Passenger Charges* (USD)	17.80	17.80	17.80	17.80	17.80	17.80
International Passenger Charges* (USD)	41.58	41.58	41.58	41.58	41.88	41.88
Navigation Fee Constant Charge (USD)	15.00	20.00	20.00	20.00	20.00	20.00
Revenue (USD Millions)	40.26	43.70	47.74	40.40	14.84	19.95
Revenue (ZMW Millions)	416.32	417.35	496.93	591.50	269.74	384.99
Capital Employed (ZMW Millions)	611.04	591.80	863.66	965.04	8,133.10	8,207.04
CAPEX (ZMW Millions)	57.48	32.09	45.11	82.82	78.91	10.8
Return on Capital Employed (ROCE)	17%	10%	9%	12%	-3%	-3%

The CAGR for the period between 2016 and 2019, before the onset of the COVID-19 pandemic, averaged 4.3%. It is important to note that domestic passenger traffic grew by 10.6% whereas the international traffic by 2.4%. This increase directly drove the increase in revenue for the same period given that there were no increases in airport tariffs. With the new SMKIA and KKIA Terminal 2 set to be commissioned at the beginning of new Strategic Plan, a review of infrastructure related and other fees should be carried out.

Return on capital employed averaged 12% between 2016 and 2019 but was negative in 2020 due to the Corporation's loss position as a result of the COVID-19 pandemic. Investments in capacity expansion for airport and air navigation infrastructure continued over the years despite the setback in 2020. These will enhance coverage of the Zambian airspace and enable the Corporation to handle projected increased traffic.

2.2 External Analysis Environmental Assessment

A critical assessment of the external environment in which ZACL operates was carried out with emphasis on identifying significant developments that have a strategic bearing on the functioning of the Corporation. External environmental analysis was carried out by using a time-tested PESTEL analysis drawing on global, regional, and domestic perspectives. A competitive assessment was augmented by Porter's Five Forces Model to identify real competition from within the region and threats of substitutes, among others. Proposals of strategies to take advantage of positive impacts and to mitigate the effects arising from negative impacts have been suggested adjacent to various aspects.

2.2.1 Political

Zambia has enjoyed peace and security and relative prosperity since its independence in 1964. The peace and security attribute led to the Country's peaceful transition to multi-party democracy in 1990 which was followed by peaceful transitions in Government in 1991, 2001, 2008, 2011, 2016 and 2021.

Rank	Description	Source
4th	In Africa-Safety & Security	Global Peace Index
20th	In Africa-most competitive economy	Global Competitiveness Index
44th	Globally-Safety & Security	Global Peace Index
4th	In SSA-most attractive destination	Global Peace Index
16th	In SSA- most competitive	Global Competitiveness Index

The rule of law that prevails in the Country continues to offer a strong foundation for the continued political stability, peace and security, public order and safety, coupled with good governance and a functioning Government system. The foregoing makes Zambia a preferred destination for investments thereby increasing trade and tourism and the Corporation shall support the marketing of Zambia as a destination of choice together with ZDA and ZTA.

2.2.2 Economic

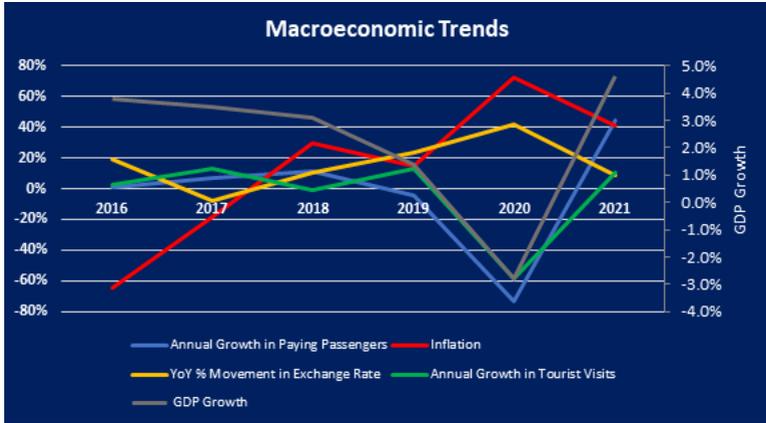
Global economic prospects in 2022 have seen a recent weakening. This has been caused by the waning effects of the COVID-19 omicron variant and the Russian invasion of Ukraine. This crisis unfolds while the global economy was on a mending path but had not yet fully recovered from the COVID-19 pandemic. In addition to the war, frequent and wider ranging lockdowns in China, including key manufacturing hubs have also slowed activities causing bottlenecks in global supply chains. The war brought with it new challenges for the aviation industry. The price of crude oil in the first half of 2022 rose to US \$104.97 per barrel from US \$69.00 per barrel recorded during the same period in 2021. This had an impact on the cost of air tickets across the globe in the year in 2022. The impact on Zambia's passenger traffic was however very minimal and is expected to be so over the planning horizon. According to the International Monetary Fund (IMF), global growth is projected at 3.6% in 2022 and 2023. Russia is a major supplier of oil, whilst Ukraine is a major supplier of wheat and corn. Therefore, the conflict has led to a decline in the supply of commodities produced by the two nations leading to a sharp increase in prices. Europe, Central Asia, Middle East and North Africa and sub-Saharan Africa are the most affected. Following the above shocks, Sub-Saharan Africa's aggregate growth is expected to soften to around 3.8%. This will be caused by headwinds from lower demand from key trading partners because of global activity slowdown and rising global commodity prices.

The Zambian economy recorded an average growth of 2.47% between 2016 and 2022. Growth was recorded in the period 2016 to 2018 but was subdued in 2019 due to power shortages, debt, poor harvest and low copper prices. In 2021, the domestic economy recovered by 4.6% after contracting by about 3% in 2020 due to the COVID-19 pandemic. In 2022 the economy was projected to grow at a rate of 3%. This is expected to lead to increased passenger numbers as there is a strong correlation between growth in passenger numbers and GDP. One of the main drivers behind this increase in GDP is mining, particularly the new nickel mine in Kansanshi and this is expected to increase business activity and consequently passenger traffic at KKIA and Solwezi airport.

Prices of copper reduced to an average of US\$7,422 per metric tonne in September 2022 from US\$9,550 per metric tonne in December 2021. The price of the food basket in Zambia reduced due to a drop in the annual inflation rate from an annual average of 16.4% in 2021 to 9.9% at end September 2022. This led to a reduction in prices of food items such as cooking oil and other essentials thereby reducing household disposable income available for leisure travel. Further, the price of Jet A1 fuel in Zambia was US\$1.80 in August 2022, US\$0.30 higher when compared to Zimbabwe, a key competitor for leisure related travel. In September 2022, the Energy Regulation Board (ERB) included Jet A1 fuel on the list of regulated fuels in Zambia. Given that Jet A1 fuel influences air fares, this was expected to create stability and predictability in the fuel market which should lead to positive improvements in the aviation industry.

The Kwacha continued to appreciate against the dollar, trading at an average of K15.79 per US\$ in September 2022 from an average of US\$19.98 in 2021. This is expected to reduce the cost of travel for passengers in Kwacha terms. The figure below shows the key trends macroeconomic trends over the period 2017 to 2021:

Figure 1: Key Macroeconomic Trends 2017 to 2021



It can be shown that there was a very strong positive correlation between annual growth in passenger numbers and annual GDP growth rate and growth in tourist visits. However, annual growth in passenger numbers negatively correlates with annual inflation and exchange rate movements. With the projected GDP growth rate of 3% in 2022 and 3.8% in 2023, ZACL projects a modest increase in passenger numbers driven by domestic tourism and regional trade.

Rate of Economic and Aviation Market Recovery

With the evolution of the COVID-19 pandemic, it was practically impossible to estimate with any degree of certainty, the rate of economic recovery. IATA & ACI projected that passenger traffic volumes will reach 2019 levels not earlier than 2023 – with a higher-than-usual degree of uncertainty around this forecast. The Ministry of Finance and National Planning projected an optimistic GDP growth rate of 3% in 2022; 3.8% in 2023; and 3.9% in 2024. The ICAO’s economic impact analysis of COVID-19 indicates that international passenger traffic suffered a 60% drop over 2020. According to IATA, domestic traffic was expected to return to pre-pandemic levels by 2023 while international traffic by 2024 for economies with huge domestic markets.

It should be noted however, that in as much as the whole aviation sector was negatively impacted by the COVID-19 pandemic, the air cargo business remained relatively strong. For many airlines revenue from cargo became an important source of income. Cargo tonne kilometers (CTKs) fell by only 10.6% against the pre-COVID-19 levels, demonstrating that air cargo was predominantly not a vector for COVID-19.

The Corporation will implement a robust Cargo Strategy to grow its revenue from the cargo business.

Given the roll out of the vaccine worldwide, ZACL anticipates that 2021 - 2022 will see moderate recovery, reaching full recovery to 2019 passenger figures by end 2023. This partial recovery will be largely driven by domestic and regional travel – predominantly, trade and tourism.

2.2.3 Social

Zambia was classified as a lower middle-income country which it achieved in 2011. The country was experiencing a large demographic shift with its population estimated at about 20 million and growing rapidly at 2.8% per year. Given that air travel is driven by the price of airfares, any improvements in disposable income will increase air traffic. Much of the population was urban and expected to continue growing, putting pressure on the demand for jobs, health care and other social services.

The increase in inflation as shown in the economic analysis above has had an impact on purchasing power. The emerging middle class provides an opportunity to grow domestic tourism due to increased purchasing power and affordability of air services. Attracting low-cost carriers and taking off to the skies by Zambia Airways was cardinal for stimulation of demand through fares that will take into consideration the low disposable income and purchasing power levels in the country.

2.2.4 Technological

To achieve our strategic intent of establishing KKIA as a regional aviation hub, there was need to integrate existing systems, automate core processes (passenger, ramp handling and others), and extend the use of technology to front office and customer facing functions for improvement in operational efficiencies.

Biometrics technology was expected to ease check-in and baggage handling systems, passport control, hotel bookings, car rentals and much more – making the passenger experience enjoyable. Due to the COVID-19 pandemic, various meetings apps such as Zoom have gained popularity which may slow the recovery of business travel to a lesser extent.

2.2.5 Environment

Climate change has continued to be a global challenge and reducing it is critical. According to IATA, commercial aviation is responsible for about 2-3% of global carbon emissions. Reducing carbon emissions due to air traffic movement is therefore a priority for airports. ZACL will address carbon emissions through development of Instrument Flight Procedures (IFP) that will enable Continuous Climb Operations (CCO) and Continuous Descend Operations (CDO), resulting in reduction of fuel by airlines. Further, the Corporation will implement a Free Route Airspace, an Air Traffic Services (ATS) route structure which will enable the use of the shortest distance through the airspace. This entails an aircraft using a designated entry and exit point, which would be the shortest route through an airspace without going through ground NAV Aids that would culminate into a longer route.

Granted, airports face many sustainability challenges. ZACL will develop a fit-for-purpose sustainability plan. ZACL will proactively attain and maintain certification in **ISO 14001:2015 – Environmental Management System (EMS)**, comply with ICAO Annex 16 on Environmental Protection, and ZEMA regulations. The Corporation’s

environmental strategy will focus on safeguarding the environment from harmful emissions, spillages, noise minimisation and effective management of waste. In its developmental drive, the Corporation will seek technology that reduces consumption of resources; and will effectively monitor, control, and mitigate environmental impacts.

2.2.6 Legal and Policy Regulation

ZACL derives its mandate from the Civil Aviation Act, No. 5 of 2016 and SI 13 of 2018. Other key legal and regulatory requirements likely to influence the aviation industry in general and ZACL's success include but not limited to:

1. Civil Aviation Authority Act No. 7 of 2012;
2. Air Passenger Service Charge Act CAP 450;
3. The Safety of Civil Aviation Act, Cap. 445;
4. Zambia Environmental Management Agency Regulations and Requirements;
5. Employment Code Act. No.3 of 2019;
6. Occupational Health and Safety Act No.36 of 2010;
7. Zambia Wildlife Act No. 14 of 2015; and
8. Federal Aviation Administration (FAA) standards.

The new regulations and fees by the Civil Aviation Authority and ICAO will impact the Corporation's operations significantly in view of the number and cost of acquiring permits required to conduct airport business.

Additionally, the Zambian air travel market is significantly affected by Bilateral Air Service Agreements (BASAs) made with other countries, notwithstanding the air service liberalisation endorsed in the Yamoussoukro Decision. Further, Zambia is one of the eight countries that have ratified the Single African Air Transport Market (SAATM) of the SADC Air Safety Organisation (SASO). The expected

benefits of SAATM to African Countries include job creation, growth in trade resulting into growth in GDP and lower travel costs resulting in high numbers of passengers and improved connectivity in Africa.

SADC Ministers of Transport met on 9th July 2021 in Mozambique and urged the remaining Member States to consider signing the SADC Air Safety Organisation (SASO) Charter to enable its full operationalisation and urged Member States who were not yet members of the SAATM to expedite actions for signature of the Solemn Commitment to join SAATM for optimisation of benefits from AfCFTA; and to effectively participate in the African Union programmes and projects on aviation related matters.

2.3 Assessment of Regional Competition: Porters Five Forces

Premised on the strategic goal of transforming Kenneth Kaunda International Airport into an aviation hub for the SADC region by the year 2030, regional competition was analysed in light of Porter's Five Forces Model as under:

1. Regional Competition (High)

Zambia is at the heart of SADC sharing borders with 8 neighboring countries. Specific competition was assessed as emanating from:

- a. Existing hub, Johannesburg in South Africa, in the region and other airports such as Harare and Victoria Falls in Zimbabwe; Seretse Khama and Kasane in Botswana; Dar Es Salaam in Tanzania, Lubumbashi in Congo DR; Windhoek in Namibia; and Luanda in Angola; and
- b. Low level of product/service differentiation.

Major regional competitors include airports in South Africa, Namibia, Botswana and Zimbabwe. Existing regional competition was largely dependent on the kind of passengers that used the airport i.e. leisure or business travellers and their final destinations. Business travel was

driven by economic growth and the business environment. About 70% of all air passenger traffic in Zambia was carried by foreign airlines which provides most of the traffic on the regional routes from KKIA and feeds into regional hubs such as Nairobi, Johannesburg and Addis Ababa for onward connections to Europe, North America, Asia and the Middle East. Leisure travel was driven by the attractiveness of tourism infrastructure, tour packages and the related costs. Major tourist attractions in Zambia include the Victoria Falls, the North and South Luangwa and Kafue National Parks, and other wildlife reserves.

According to the Zambia Aviation Sector Business Environment Assessment (2018) conducted by DFID, Zambia was considered to offer better value than other East and Southern African countries such as South Africa, Botswana, Kenya and Tanzania but was disadvantaged by a lack of diversification of tourism products, underdeveloped tourism facilities and unattractive tour packages.

KKIA had on average 11 international destinations and 6 domestic destinations with 10 international airlines and 3 domestic airlines between the period 2017 to 2021. This was considerably low in comparison with its competitors in the region. For example, Oliver Reginald Tambo International Airport (ORTIA) in Johannesburg has 67 international destinations, 18 domestic destinations, 42 international airlines and 6 domestic airlines. Jomo Kenyatta in Nairobi has 53 international destinations, 6 domestic destinations, 26 international airlines and 4 domestic airlines.

KKIA was directly connected to Dubai International Airport, one of the busiest international airports in the world. It was also directly connected to Bole International Airport in Addis Ababa, one of the busiest international airports in Africa. Nevertheless, the airport has one of the lowest connectivity indices in indirect destinations in the region.

The Corporation will seek to increase the connectivity index by directly connecting to more busy international airports in Asia and

Europe. Further, the Corporation will work with the Zambia Tourism Agency and Zambia Development Agency to develop a national brand and carry out joint tourism promotions.

An analysis of KKIA performance against regional competitors is shown below:

Table 2D: Regional Competitor Analysis

Airport	#Inter Dest	#Dom Dest	#Inter Air-lines	#Dom Air-lines	Dom Pax Fees	Inter Pax Fees	2019 MAPs
KKIA, Zambia	11	6	10	3	\$17.80	\$41.88	1.8
Johannesburg Oliver Tambo, South Africa	67	18	42	6	\$6.30	\$17.5	21.2
Cape Town, South Africa	31	12	26	5	\$6.30	\$17.5	10.9
Victoria Falls Airport, Zimbabwe	6	2	6	2	\$10	\$35	0.35
Robert Mugabe Airport, Zimbabwe	9	2	9	2	\$10	\$35	1.2
Nairobi Jomo Kenyatta, Kenya	53	6	26	4	\$5.58	\$50	7.1
Seretse Khama Airport, Botswana	7	3	4	2	\$7.10	\$11.68	0.45
Bole Airport, Ethiopia	153	23	17	1	\$0.69	\$30	12.1

Table 2D above reveals that KKIA passenger fees are not competitive when compared with the fees charged by other airports. The data further reveals that airports with a higher number of international destinations, airlines, higher annual traffic figures, charge lower passenger fees.

The available data on non-passenger related aeronautical charges revealed that ZACL was competitive when compared to charges for parking and landing by other airports of similar size in the region.

2. Threat of New Entrants (Low)

- a. High capital requirements (infrastructure and technological systems);
- b. Extensive research and human capital requirements;
- c. Geographical location (Airlines have already designed and tested air routes);
- d. High switching costs by airlines; and
- e. High fixed costs and exit barriers.

3. Threat of Substitutes (High)

- a. Developed and improved road network in the country;
- b. Cheaper alternatives modes such as road and rail transport (price-performance trade-offs);
- c. Alternative routes for overflights;
- d. Alternative providers for ground handling services to airlines;
- e. Existing hotel facilities within a radius of 15 Kilometers.

4. Supplier Bargaining Power (High)

- a. Dominant suppliers in the industry e.g., SITA, ZESCO; fuel suppliers (Puma and Total); suppliers of air ground lighting;
- b. Limited options for hire of ground service equipment.

5. Buyer Bargaining Power (Medium)

- a. Airlines have already designed and tested air routes;
- b. Slot allocations contracts are done in advance;
- c. LUN brand identity was low compared to JHB, NBO, ADD; and
- d. Aviation industry was highly sensitive to shifts in prices.

The Plan being developed will be a direct response to the competitive operating environment assessed.

2.4 Clients and Stakeholder Analysis

ZACL's primary customers are the airlines, passengers, concessionaires and tenants. In the past five years, 16 airlines have operated in Zambia, out of which 2 are local and the rest are foreign. ZACL's secondary customers are travel agents, meeters and greeters, persons accessing our properties and other stakeholders such as regulators etc.

Clients' Analysis

Passenger Analysis - males dominate air travel in Zambia at 61% males and 39% females. Above 75% of passengers are aged between 22 to 54. These age bands tie in with the fact that most travellers flew for business (58% business, 42% leisure). Therefore, the above was also representative of the income status of many Zambians with 61% of all travellers being employees and 90% travelled economy class. Additionally, 27% of all passengers are transiting passengers.

The Corporation recognises the diversity of its customers and stakeholders. An analysis of ZACL's clients' is as follows:

Table 2E: Customer Analysis

Customer	Needs
Passengers'	<ul style="list-style-type: none"> • Quality service; • Cheap flights for holiday makers; • Free Wi-Fi and clean Terminal buildings; and • Businesspeople reaching destinations faster.
Airlines and Air Charter Operators'	<ul style="list-style-type: none"> • Quality service; • Low cost of doing business; • Clean Terminal buildings; and • Safety of aircrafts
Tenants and Concessionaires'	<ul style="list-style-type: none"> • Competitive rental and concessional fees; • Conducive operating environment; and • Quality airport facilities and services.
Meeters and Greeters'	<ul style="list-style-type: none"> • Courteous treatment • Ease access to airport facilities • Easy access to retail facilities • Affordable goods and services

Stakeholder Analysis

Mendelow's Matrix will be used to analyse stakeholders' attitudes and our stakeholder engagement strategy will be driven by their levels of influence and interest in ZACL's operations per the SSM.

Table 2F: Stakeholder Analysis and Strategic Response

1. High-High Quadrant	2. High-Low Quadrant MOTA, MCT
<p>The Board of Directors' needs include:</p> <ul style="list-style-type: none">• Deliver on strategic goals• Manage the airports efficiently• Create value for shareholders <p>Government (MTL, MOFNP, MIHUD)s needs include:</p> <ul style="list-style-type: none">• Establish KKIA as a regional aviation hub• Develop the transport sector• Make profit from airport and air navigation investments• Maintain airport infrastructure <p>The Zambia Civil Aviation Authority's needs include:</p> <ul style="list-style-type: none">• Safety assurance for air transport users• Compliance with air travel regulations• Airline (AOOA and BARZ) and Pilot Associations' needs include:• An enabling aviation policy environment <p>Both influence and interest were assessed as high and ZACL's strategic response was to collaborate, strengthen relationships and retain their support.</p>	<p>Immigration, ZRA and other airport players' needs include:</p> <ul style="list-style-type: none">• Courteous treatment• Ease access to airport facilities• Easy access to retail facilities <p>Contractors, Employees and their Representatives' needs include:</p> <ul style="list-style-type: none">• Good working conditions• Competitive remuneration for services rendered• Job security• Better engagement <p>Other Regulators and other stakeholders' needs include:</p> <ul style="list-style-type: none">• Compliance with respective laws and regulations• Better wildlife management• Prevention of prohibited flow of goods• Better community engagement <p>For the second Quadrant, interest was assessed as high and influence low. ZACL's strategic response was to consult on how best to meet their needs and improve business process efficiencies.</p>

3. Low-High Quadrant MOH, Pressure Groups

Quadrant three players were assessed to have low interest and high influence. The Corporation will respond by keeping these satisfied with the level of engagement.

4. Low-Low Tenants, Airport Communities

Quadrant four players were assessed to have both interest and influence low. The Corporation will respond by monitoring these to stay on top of their involvement.

For details of expectations of quadrant 1, 2 and 3 stakeholder groups, see **Appendix 3: Stakeholder Engagement Summary**.

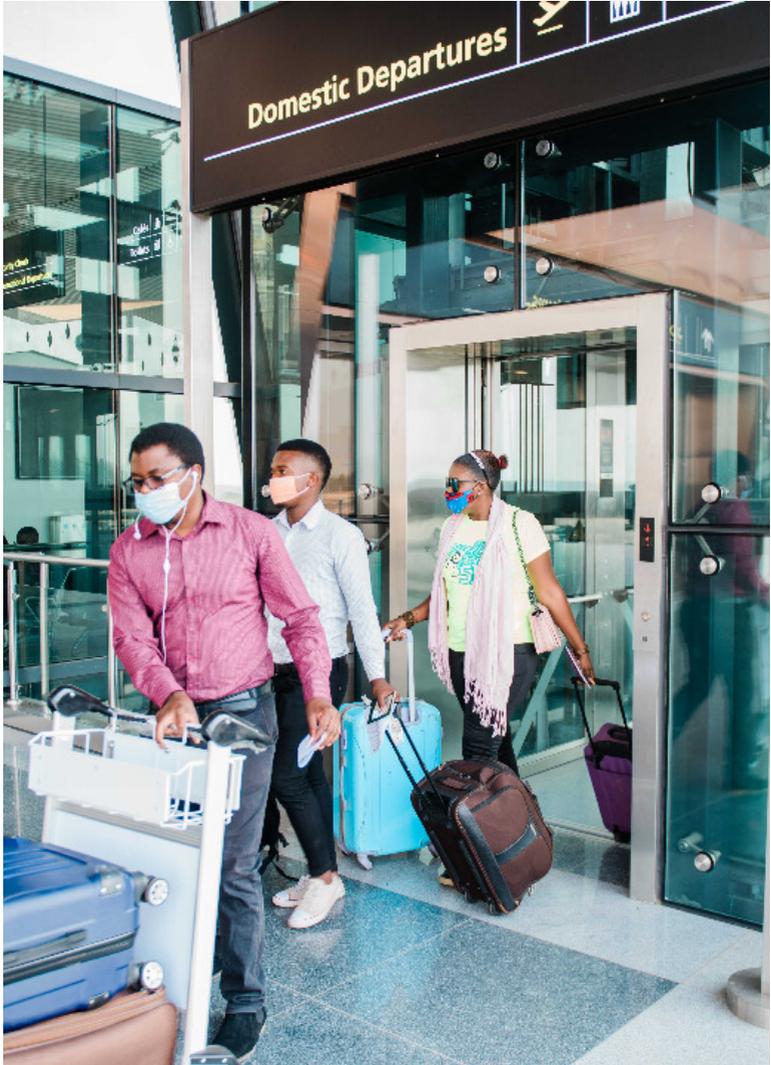
2.5 Policy Direction and Emerging Strategy

Literature review, institutional assessment, and stakeholder engagements revealed strategic gaps that needed to be closed. For example, the 8NDP anchored on Vision 2030 and the NTP and ZTMP form the salient policy environment for ZACL, and they promulgate as follows:

1. To develop airport and air navigation infrastructure to enable the Country handle higher volumes of traffic. Upgrade and rehabilitation of provincial and strategic aerodromes based on market potential analysis.
2. That the transport sector is a key enabler for tourism and industrialisation.
3. To establish a national airline to serve domestic, regional, and international routes.
4. To transform Kenneth Kaunda International Airport into an aviation hub for SADC region by the year 2030. To be a regional aviation hub, KKIA will utilise “ideal location for connections in SADC region” and the potential to lower the cost of doing business for a differentiated business strategy.
5. To commercialise airport and air navigation infrastructure to positively contribute to sustainable economic development.

6. To attain financial resilience and sustainability; enhance operational excellence and human capital development; and improved stakeholder engagement.

ZACL will invariably execute its mandate while acting within the Government policy guidance.



3.0 Strategic Direction

3.1 Strategic Choices

Having analysed the internal and external environments within which ZACL operates, the Corporation set out an operating framework to execute its mandate. The insights obtained from strategic analyses revealed that ZACL was in ‘the success quadrant - maxi-maxi’ **(See Appendix 1A for details)**. This meant that ZACL needed to reinforce strengths to take advantage of opportunities as priority over mitigating threats and reducing weaknesses. Further, as ZACL pursues its overarching goal of transforming KKIA into a regional aviation hub, differentiation will be the generic strategy to be adopted. **(See Appendix 1B for details)**.

For the period 2022 - 2026, navigating the “new normal” will go beyond cost reduction and revenue maximisation. It will also focus on constantly innovating our business model to adapt to the evolving operating environment and achieving operational efficiency. While the projected growth for the period 2022 - 2026 was modest and uncertain, our new approach to the development of our airports and air navigation infrastructure will be a total shift from capacity expansion to innovation, alignment, integration, commercialisation, and maintenance. The approach for the strategic and provincial aerodromes will be to increase domestic demand and undertake investments at aerodromes that have the most business potential based on Market Potential Analysis (MPA). Accordingly, we will repurpose our built-up capacity and utilise existing infrastructure and equipment to maximise return on capital deployed. Initiatives will be biased towards investments that increase revenue and reduce the cost of doing business for airlines; and opportunities that are adjacent and complimentary to our business such as conference facilities, hotel facilities, aerotropolis developments under the Land Use Plan, and cargo business.

Zambia’s central location in the region was assessed as one of the most important factors in realising our goal of transforming KKIA into an aviation hub, as it is an ideal location for connections within the region and to the wider continent.

Finally, people are the critical element in the success of the Corporation. Their judgment, creativity, and performance keep operations safe and efficient. Initiatives are planned to ensure that our workforce is well equipped and developed to maximise opportunities and to create a strong bench of talent. As an autonomous airport operator, we have flexibility to meet marketplace wages and benefits and can be creative in attracting and retaining talent. We will be specifically targeting aviation related talent in the near term to grow and advance in the organisation and ultimately assume leadership roles. We will focus on incentives and educational opportunities to create a pathway for our people to grow.

3.2 Business Statements

Vision

To be a world-class and diversified airport and air navigation business.

Mission

To develop, manage and operate airport and air navigation infrastructure to international standards, meeting our stakeholders' values in an environmentally friendly manner, while profitably contributing to national economic development.

Core values

Our core values guide our business dealings on a day-to-day basis:



Integrity:

We firmly adhere to moral and ethical standards in all our dealings with stakeholders



Employee Motivation:

Our employees are our number one asset, and we commit to make the work environment conducive.



Responsibility:

We take full responsibility for our actions and non-actions related to our business and environmental protection.



Communication:

We effectively engage our staff, customers, shareholders and other stakeholders and obtain insights for improvement.



Teamwork:

We recognise that we achieve more when we work together in teams, together with clients and stakeholders.



Customer Focus:

We commit to meet customer expectations



Quality:

We commit to deliver quality service in a professional manner.



Safety & Security:

We commit to serve our customers, shareholders and other stakeholders safely and securely.

3.3 Strategic Goals Rationale

3.3.1 To enhance financial sustainability and resilience

Total investment of over USD1.1 billion in airport and air navigation infrastructure have been made during the period 2017 – 2021 aimed at modernising civil aviation infrastructure in readiness for future demands and enabling the realisation of returns to be gained from Zambia’s central location. Broadening the financial base, improving financial management and building financial resilience are cardinal in attaining our new vision. Additionally, the built-up terminal capacity will significantly increase operating expenses while revenues may remain suppressed till beginning of 2024 hence the need for stricter cost control.

3.3.2 To reimagine the customer experience

With the ever-evolving customer service landscape, changing customer needs and expectations and given the levels of satisfaction achieved from recent surveys, the Corporation will seek better ways of managing customer experience.

Initiatives are planned to utilise technology to match customer’s mobile, time-constrained, consumeristic lifestyle to collect data and encourage customers to provide their insights. The focus shall be on improving the overall satisfaction of customers through implementation of the CEM strategy, up-skilling staff competencies, and partnering with customers to create solutions. A paradigm shift from reacting to complaints and queries to generating a richer understanding of our passengers and stakeholders, will drive customer engagements. Finally, customer service is a hallmark of ZACL, and the prioritisation is to emphasise our commitment to ensuring our customers have a positive experience and their voice is heard.

3.3.3 To reinvent the Corporation

To achieve our vision of becoming “... **a world-class and diversified airport and air navigation business**”, we must first transform the Corporation into a dynamic commercial business that is high performing, has efficient processes, providing regional leadership in aviation, responding to opportunities rapidly, efficiently delivering results in an increasingly competitive marketplace, and is resilient to disruptions. Initiatives under this Strategic Goal will be formulation of a digital transformation strategy, optimising efficiency, flexibility, and timeliness, and to reduce administrative cost, consistent with the highest standards of accountability. Finally, innovation will be a key element under this goal. Every member of the ZACL Team has an important role in delivering our new Vision – but it is only by encouraging and harnessing the creative and innovative spirit of all our staff that transformational change to our culture and the Corporation will occur. Innovation will stimulate growth, transform the customer experience, optimise costs and systems, and differentiate ZACL from its regional competitors.

3.3.4 To attain aviation safety leadership

In line with CAA and ICAO requirements we shall be proactive in enhancing safety and security at all airports and within the Zambian

airspace. Enhanced safety and security will contribute to customer and stakeholder satisfaction.

3.3.5 To create a positive work environment

The Corporation recognises that our people are our greatest asset for driving success. In committing to continually improving the work environment to make the best it can possibly be, we shall ensure that our people are enabled to deliver our new Vision and drive transformational change.

With this in view, initiatives are planned to address staff development and training, staff retention, succession planning, organisation structure, and programs to ensure that staff at all levels are fully informed, engaged and empowered to contribute to the ZACL's new Vision.

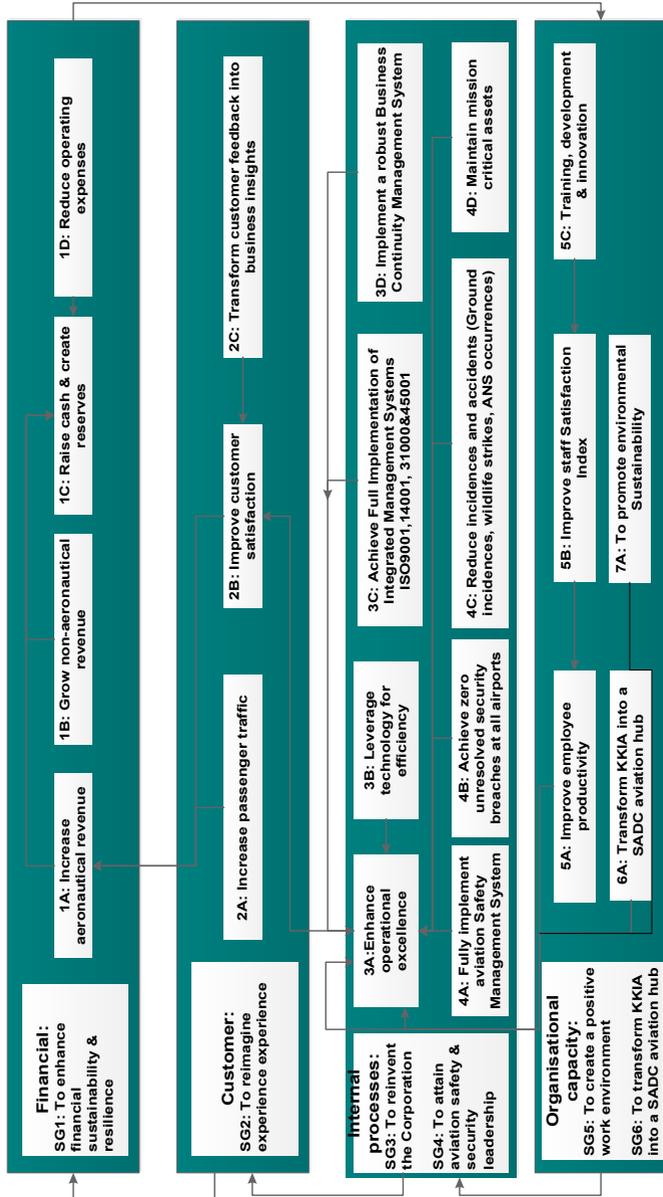
3.3.6 To transform KKIA into a regional air transport hub

This is part of the Government aspiration to transform Zambia into a transport and logistics hub in the region. ZACL will transform Kenneth Kaunda International Airport into an aviation hub for SADC region by the year 2030 in line with Government policy direction and to leverage Zambia's central location. To be a regional aviation hub, KKIA will utilise ideal location for connections in SADC region and the potential to lower the cost of doing business for a differentiated business strategy. Once achieved, this strategic goal will directly contribute to economic development through trade and tourism facilitation and job creation.

3.3.7 To promote environmental sustainability

ZACL will proactively attain and maintain certification in ISO 14001:2015 – Environmental Management System (EMS), comply with ICAO Annex 16 on Environmental Protection, and ZEMA regulations. Continue to promote environmental sustainability as part of the overall strategy to maintain an efficient, effective airport operation. Environmental indicators are used to track an airport's progress in minimizing the environmental impacts of its operations.

4.0 2022 – 2026 Strategy Map



5.0 2022-2026 Balanced Scorecard/ Implementation Plan

Vision:	To be a world-class and diversified airport and air navigation business							
Mission:	To develop, manage and operate airport and air navigation infrastructure to international standards, meeting our stakeholders' values in an environmentally friendly manner, while profitably contributing to national economic development							
Financial Perspective: To sustain our mission financially, what should our focus be?	Strategic Theme: Financial sustainability							
	Strategic Goal 1: To enhance financial sustainability & resilience							
	Intended Outcome: Diversified financial base and creation reserves							
	Objectives	Baseline (2019)	Plan Target		Targets			
		2022	2023	2024	2025	2026		
1A: Increase aeronautical revenue	% Growth in revenue	US\$38.05m	133% (US\$50.61m)	85% (US\$32.3m)	109% (US\$41.5m)	118% (US\$44.9m)	126% (US\$47.9m)	133% (US\$50.61m)
1B: Grow non-aeronautical revenue	NAR (% contr. to TR-base rate \$=K15.4975)	6%	17% (K143.70m)	K56.6m (9.4%)	K70.75m (9.5%)	K82.79m (12%)	K115.71m (15%)	K143.70m (17%)
1C: Raise cash and create reserves	Cash reserves in months (Cash reserves/ Monthly opex (excl. deprn))	4	12	0	0	8	10	12
1D: Reduce operating expenses	Cost-to-income ratio (excl.deprn)	79%	79%	90%	87%	85%	83%	79%

Strategic Theme: Service excellence Strategic Goal 2: To reimagine customer experience Intended Outcome: Satisfied customers, maintained and increased customer numbers								
Objectives	Performance Measure	Baseline (2019)	Plan Target	Targets				
				2022	2023	2024	2025	2026
2A: Increase passenger traffic	% Increase in paying passenger traffic(Post COVID-19 recovery)	649,892	118%	87%	100%	106%	112%	118%
2B: Enhanced Customer Experience	% Customer Satisfaction Index	66%	80%p.a	80%	80%	80%	80%	80%
2C: Transform customer/citizen feedback into business insights	# Of minimum core business processes improved	Nil	2p.a	2	2	2	2	2

Customer Perspective: To achieve our vision, how must we appear to our customers?

Strategic Theme: Operational Excellence Strategic Goal 3: To reinvent the Corporation Intended Outcome: Enhanced operational efficiency and managing disruptions better								
Objectives	Performance Measure	Baseline (2019)	Plan Target	Targets				
				2022	2023	2024	2025	2026
	3A: Enhance operational excellence	62%	75%	65%	75%	75%	75%	75%
	3B: Digital transformation	Nil	4	1	1	1	1	1
	3C: Achieve Full implementation of Integrated Management Systems	Maintained	Recertification	Recertification	Recertification	Recertification	Recertification	Recertification
	3D: implement a robust Business Continuity Management System	Nil	100%	50%	100%			

Internal Process: To satisfy our stakeholders and customers, what processes must we excel at?

Strategic Theme: Operational Excellence Strategic Goal 4: To attain aviation safety and security leadership Intended Outcome: Improved security, safety and customer satisfaction									
Strategic Objectives	Performance Measure	Baseline		Plan Target		Targets			
		2019		2022		2023	2024	2025	2026
4A: Fully implement aviation Safety Management System	% of completed implementation plan activities	100%		100%		75%	100%		
4B: Achieve ISAGO Certification	ISAGO Certification	Nil		Certification attained		Certification attained			
4C: Achieve zero unresolved security breaches at all airports	# of unresolved security breaches without mitigation plan	0		0		0	0	0	0
4D: Reduce incidences and accidents (Ground incidences, wildlife strikes, ANS occurrences)	Avg # of ground incidences, wildlife strikes	5.3		3.3		3.3	3.3	3.3	3.3
	% ANS occurrences	0.04%		0.03%		0.03%	0.03%	0.03%	0.03%
4E: Maintain mission critical assets	% adherence to maintenance schedules	92%		95%		95%	95%	95%	95%

Internal Process: To satisfy our stakeholders and customers, what processes must we excel at?

Organisational Capacity: To achieve our vision, how will we sustain our improved knowledge and skills/abilities, tools and technology, leadership and other capacities to change and improve?									
Strategic Objectives	Performance Measure	Baseline		Plan Target	Targets				
		2019			2022	2023	2024	2025	2026
5A: Improve employee productivity	Opex per passenger			290.75	343.27	298.74	289.78	299.74	290.75
5B: Improve staff satisfaction Index	Staff satisfaction Index	78%		85%	85%	85%	85%	85%	85%
5C: Training, development, and Innovation	% Of regulated staff with professional/ mandatory/ regulated training certificates	59%		80%		80%	80%	80%	80%
	Number of innovations	Nil		6	1	1	2	1	1

Strategic Theme: Growth & Competitiveness
Strategic Goal 5: Positive work environment
Intended Outcome: High performing ZACL and improved employee satisfaction

<p>Organisational Capacity: To achieve our vision, how will we sustain our improved knowledge and skills/abilities, tools and technology, leadership and other capacities to change and improve?</p>	<p>Strategic Theme: KKIA transformation Strategic Goal 6: To transform KKIA into a SADC aviation hub Intended Outcome: KKIA serves as distribution point for air travel within nation and region</p>							
	Strategic Objectives	Performance Measure	Baseline	Plan Target	Targets			
					2022	2023	2024	2025
6A: Transform KKIA into a SADC aviation	% Achievement of set Milestones	Nil	100%	10%	50%	70%	80%	100%

<p>Organisational Capacity: To achieve our vision, how will we sustain our improved knowledge and skills/abilities, tools and technology, leadership and other capacities to change and improve?</p>	<p>Strategic Theme: Environmental Sustainability Strategic Goal 7: To promote environmental sustainability Intended Outcome: Reduced airport carbon footprint</p>							
	Strategic Objectives	Performance Measure	Baseline	Plan Target	Targets			
					2022	2023	2024	2025
7A: Promote environmental sustainability	Attain and maintain certification in ISO 14001:2015 – Environmental Management System (EMS) by 2024 Attain AC levels 1 & 2 carbon accreditation programme	n/a n/a				√ Level 1	√ Level 2	√ √

6.0 Capital Projects

6.1 Selection Criterion

Given that recovery to pre-COVID-19 traffic levels was projected not sooner than 2024, the better half of this planning horizon will be utilized to identify and execute recovery measures. Given the foregoing, a strict project selection and prioritization process will be applied for the financial years 2022 - 2026. Projects will be determined on a year-on-year basis and based on one or more of the following considerations:

1. Repairs and maintenance that support the Corporation's principal business activity – APS & ANS;
2. Projects impacting airport regulations, licensing, security and safety;
3. Projects for improving customer experience, revenue maximization, cost optimization, process improvement/efficiencies; and
4. Aerodrome Development Plan prioritized developments based on market potential analysis.

Table 6A: Projects - Airport Services

No.	Project Name	Objectives	Outcome	Timeline	Cost ZMW (Internal)	Cost ZMW (External)	Airport
1	Air Service Route Development	To market new airlines to operate at airports in Zambia	To grow traffic and increase number of visitors to Zambia	Q3,2023	2,500,000		KKIA
2	ISAGO Certification	To ensure ZACL ground handling operation is certified	Reduce independent airline audits	Q2, 2023	500,000		KKIA
3	Construction of the Outer Perimeter Fence	Protect airport land for future developments	Safe and secured airport	Q2,2025		6,000,000	SMKIA
4	Rehabilitation of the Apron and Runway	To increase apron capacity and improve runway surface condition	Safe and adequate apron and runway	Q2,2024		5,000,000	Solwezi

No.	Project Name	Objectives	Outcome	Timeline	Cost ZMW (Internal)	Cost ZMW (External)	Airport
5	Overhaul of Water Reticulation System	To improve adequate and safe water to customers and staff	Safe airport environment	04,2022		1,000,000	Solwezi, Mansa, Kasama & Mongu
6	Construction of Carpark	To increase non- aeronautical revenue streams	Commercial carpark	04,2022		1,100,000	Solwezi
7	Airfield Erosion Gully Control	To provide safe airfield	Safe and se- cure airstrip	04,2022		8,000,000	Solwezi
8	Power Upgrade and Installation of Power Supply Genset	To improve power supply	Reliable power supply	01,2023		750,000	Solwezi
9	Rehabilitation of Terminal, ATC and Transmitter Buildings	To improve airport infrastructure	Improved customer experience	04,2022		1,200,000	Solwezi, Mansa, Kasama & Mongu
10	Construction of Perimeter Fence	Protect aircraft manouvering area	Safe and se- curred airfield	02,2023		4,000,000	Mansa
11	Construction of Runway, Taxiway and Apron	To improve capacity and surface condition of the runway, taxiway and apron	Safe and adequate manouvering areas for aircrafts	04,2022		215,000,000	Kasama
12	Design and Construction of New Airport Infrastructure	To provide a new Airport Terminal Building to Inter- national standards of passenger facilitation	New Airport Infrastructure	01,2024		1,600,000,000	Kasaba Bay
13	Construction of Perimeter Fence	Protect aircraft manouvering area	Safe and se- curred airfield	04,2022		1,100,000	Mongu
SUB-TOTAL (ZMW)					3,000,000	1,843,150,000	

Table 6B: Projects - Air Navigation Services

No.	Project Name	Objectives	Outcome	Timeline	Cost ZMW (Internal)	Cost ZMW (External)
1	Non-Direction Beacons	Transportation and installation of the NDBs at various sites	Air navigation and safety enhancement	01,2023	1,500,000	
2	Air Navigation Billing Project	Implement automated ANS billing	Enhanced revenue collection	01,2023	480,000	
3	Migration from AIS to AIMS/eAIP Publication/WGS84 Survey/GNSS Procedures	WGS84 Survey/ZAIP/Procedure Design/AIS Training	Air navigation and safety enhancement	01,2,3,4,2023	24,065,600	
4	Nav aids Flight Inspection	Annual Flight Inspection	Safety and regulatory requirement	03,2023	3,000,000	
5	SITA FANSI Project	Implement FANSI Suite Facility	Air navigation and safety enhancement	02,2023	225,615	
6	RCAG Park Air Transceiver	Transceiver Replacement for Kasama, Mongu, Kanjala and Solwezi	Air navigation and safety enhancement	02,2023	4,000,000	
7	ATN Bypass Radio Link for KKIA	Implement ATN Bypass by Radio	Air navigation and safety enhancement	02,2023	640,000	
8	Inter Flight Region ATC Links	Implement ATC Connectivity to Lubumbashi, Victoria Falls, Kasane and Dar-Es-Salaam	Air Safety	01,2023	500,000	
9	Kasama and Mbala GNSS Procedures Development	1. WGS84 Surveys 2. Instrument Flight Procedure Design	Air navigation and safety enhancement	03,2023	300,000	
10	SMKIA Safety Case Study	Safety Case Study	Safety certification	01,2023	4,800,000	
11	Small Airport Solution: Provincial Aerodrome Air Traffic Control Radios, Voice Control Switches and Consoles	Implement enhanced aerodromes ATC	Improved ATS services provision at all aerodromes	04,2025		19,200,000
12	Flight Strip Management System	Implement Computerized Flight Strip Management	Improved controller situational awareness and reduced number of incidents and safety concerns	04,2025		16,000,000

No.	Project Name	Objectives	Outcome	Timeline	Cost ZMW (Internal)	Cost ZMW (External)
13	KKIA Control Block Equipment	Equipping of the New Control Block	Air navigation and safety enhancement	04,2023		89,089,000
14	Distributed Ancillaries Information Display (DAID)	Implement RCM and Security Monitoring of Facility	Air navigation and safety enhancement	03,2023		16,000,000
15	Interfacility CDM	Implement CDM Inter control Center Communication Facilities	Air navigation and safety enhancement	04,2023		16,000,000
SUB-TOTAL (ZMW)					39,511,215	156,289,000

Table 6C: Projects - Information Technology

No.	Project Name	Objectives	Outcome	Timeline	Cost ZMW (Internal)	Cost ZMW (External)	Airport
1	Document Management System (Including Workflows)	Enhanced document management	Improved workflow, reduced use of paper and operational costs	02,2023	1,500,000		HQ/All Airports
2	Enterprise Resource Planning System	Integration of the core functional areas of ZACL business processes	Optimized business processes	04,2026	75,000,000		HQ/All Airports
3	IP Telephone Integration and Call Centre	Optimised utilisation of the ATN and centralised management of calls for entire Corporation	Improved customer experience and reduced telephone bills	2023, 02	1,050,000		HQ/All Airports
4	Free Passenger WiFi	Provide common use platform for third party Passenger WiFi providers	Improved customer satisfaction and experience	2023, 01	200,000		KKIA, SMKIA & HMNIA
5	Supply, Delivery, Installation, Testing and Commissioning of CUPPS, FIDS and BRS	Enhanced passenger processing	Improved customer satisfaction and experience	2023, 01	6,200,000		HMNIA
6	Supply, Delivery, Installation, Testing and Commissioning Self Baggage Drop and Self Boarding Gates	End-to-end self service	Reduce flight delays and improved customer satisfaction and experience	2024, 03	5,000,000		KKIA, SMKIA and HMNIA
7	Installation of LAN System at Solwezi Airport	ICT infrastructure upgrade	Improved ICT infrastructure	2023, 02	150,000		Solwezi

No.	Project Name	Objectives	Outcome	Timeline	Cost ZMW (Internal)	Cost ZMW (External)	Airport
8	Supply, Delivery, Installation, Testing and Commissioning of CUPPS, AMS and BRS	Enhanced passenger processing	Improved customer satisfaction and experience	2023, Q1	7,300,000		KKIA
9	Installation of CCTV System	Safety and security of the airport	Improved security	2023, Q3	150,000		Solwezi
SUB-TOTAL (ZMW)					96,550,000		

Table 6D: Projects - Technical Services

No.	Project Name	Objectives	Outcome	Timeline	Cost ZMW (Internal)	Cost ZMW (External)	Airport
1	Repair of severe cracks in Terminal 2 and Terminal 1	Safety enhancement	Safety enhancement	Q1,2024	200,000		HMNIA
2	Installation of power factor correction	Improved power consumption	Reduced electricity bill	Q2,2023	1,500,000		HMNIA
3	Replacement of 1600kVA step up transformer	Safety and security of the airport	Safety and security of the airport	Q3,2025	1,000,000		HMNIA
4	Complete deletions of existing apron markings	Safety enhancement	Safety and regulatory requirement	Q1,2024	200,000		HMNIA
5	Replacement of existing runway lights with LED	Improving of power consumption	Reduced electricity bill	Q1,2024	1,700,000		HMNIA/ KKIA
6	Overhaul of airfield ground lighting (AGL) system	Improving of power consumption	Reduced electricity bill	Q2,2023	2,000,000		HMNIA
7	Closure of catchpit and construction of airside drainage Phase 2 (provisional)	Safety enhancement	Safety enhancement and customer experience	Q3,2024	200,000		HMNIA
8	Friction Testing and Rubber Removal	Safety enhancement	Safety and regulatory requirement	Q3,2023	1,800,000		HMNIA/ KKIA
9	Grading and Compaction of RESA	Safety enhancement	Safety and regulatory requirement	Q2,2025	300,000		HMNIA
10	Replacement of water tanks	Replacement of water tanks	Eliminating high cost of repair	Q3,2026	900,000		HMNIA/ MIA
11	Installation of Ammeter and Voltmeter on the pool main distribution board	Safety and security of the airport	Stable power supply	Q1,2026	100,000		HMNIA

No.	Project Name	Objectives	Outcome	Timeline	Cost ZMW (Internal)	Cost ZMW (External)	Airport
12	Replacement of Rey Rolle 11Kv Switch Gear at Sub 6 and 5A with KYN-12 with draw Metal Clad and	Removal of outdated equipment	Eliminating high cost of repair	Q2,2024	1,000,000		KKIA
13	Installation of water Treatment equipment	Improved quality of water	Enhanced customer experience	01,2025	500,000		KKIA
14	315Kva Standby Generator Set at Sub 5A Emergency power for Control Block	Stable power supply	Improved corporate image and enhanced customer experience	01,2026	300,000		KKIA
15	Overhaul of AGL approach lighting system at 28 and 10	Safety and security of the airport	Stable power supply	02,2023	1,500,000		KKIA
16	Design and Construction of the meet and greet area for T2	Provision of shelter for meeters and greeters	Enhanced customer experience	02,2026	1,500,000		KKIA
17	Drilling of boreholes for terminal and freight village	Improved availability of water	Enhanced customer experience	03,2025	200,000		KKIA
18	Replacement of low voltage distribution board	Safety and security of the airport	Safety and security of the airport	01,2023	500,000		MIA
19	Replacement of flight pump	Improved sanitation facilities	Enhanced customer experience	01,2024	250,000		MIA
20	Repair of taxiway Pavements	Safety enhancement	Safety and regulatory requirement	01,2023		100,000,000	KKIA
21	Resurfacing of the of Runway and Taxiway pavement	Safety enhancement	Safety and regulatory requirement	01,2023		140,000,000	MIA
22	Construction of Clinic in Chief Mukanta's Village	Stakeholder management and CSR	Improved corporate image	04,2026	2,000,000		MIA
23	Generator Sets for Solwezi	Stable power supply	Improved corporate image and enhanced customer experience	01,2023	750,000		Solwezi Airport
24	GRF Software	Safety enhancement	Safety and regulatory requirement	02,2023	35,000		SMKIA
SUB-TOTAL (ZMW)					18,435,000	240,000,000	

Table 6E: Projects - Commercial Services

No.	Project Name	Objectives	Outcome	Timeline	Cost ZMW (Internal)	Cost ZMW (External)	Airport
1	Consultancy Services-For survey and Bulk Services	Layout plan of the utilities and road networks with particular details, bill of quantities.	Increased non-aeronautical revenue	Q2,2023	6,400,000		
2	Phase 2-land use plan consultancy program	To increase the Economic profile for KKIA station in utilization of the available land	Increased non-aeronautical revenue	Q2,2023	1,600,000		KKIA
3	Hotel -FF&E and Hotel Interim Operation funds (Provisional)	Procurement and installation of hotel Furniture, Fittings and Equipment	Increased non-aeronautical revenue	Q1,2024		10,400,000	SMKIA
4	Hotel Development (20% equity contribution)	Development, design and construction of hotel	Increased non-aeronautical revenue	Q1,2025		65,283,862	HMNIA
5	Land use-Localized specialist	To utilization Land Use Plan	Master expansion to Maximize Revenue Generation at Solwezi-North Western, Province	Q1,2024	240,000		SOL
6	Hotel (Alteration Works and Working Capital)	To fund all operation requirements and alterations	Increased non-aeronautical revenue	Q2, 2023	9,600,000		KKIA
SUB-TOTAL (ZMW)					17,840,000	75,683,862	

7.0 Enabling Factors

The successful implementation of this Strategic Plan will be anchored on the following pre-conditions and assumptions:

7.1 Pre-Conditions

Pre-conditions are key factors to the successful implementation of this Strategic Plan that are within the control of the Corporation. These factors should be actualised to the fullest to realise ZACL's Vision. The following are the pre-conditions:

- i. Optimal organisation structure;
- ii. Adequate skilled, committed and motivated staff; and
- iii. Timely mobilisation of resource requirements.

7.2 Assumptions

These are critical factors to the successful implementation of this Strategic Plan that are outside the control of the Corporation. ZACL shall constantly monitor these factors and put in place remedial measures to mitigate their negative effects. The following are the key assumptions:

- i. Economic recovery – full recovery to pre – COVID –19 business activity by 2024;
- ii. Continued peace and political stability;
- iii. Increased trade and tourism;
- iv. Increased intra-Africa trade through the implementation of the AfCFTA; and
- v. Continued operations by Zambia Airways Limited (and existing airlines).

8.0 Strategy Implementation

Strategic Goals form the basis for the formulation of the Annual Operational Plans with SMART targets and schedules of activities will be developed, considering the available resources. A separate **annex** to this Plan – Gantt Chart – was developed to guide Annual Operational Plans. Each goal has specific associated strategies and initiatives that will be used to measure and report progress on our Strategic Goals throughout the year. Performance measures establish targets for attainment of strategic goals/objectives and a means to measure progress. The Corporation shall align operational plans to the Strategic Plan by prudently utilising resources, monitoring and evaluation of annual performance against set targets.

The Performance Management System (PMS) will assist in aligning individual, sectional, departmental objectives to corporate objectives. PMS makes the Corporation's strategic direction easy to follow and therefore actualization of goals becomes more feasible.

Cascading of goals from Corporate to departmental to individual gives a sense of purpose and direction whereby employees are motivated by being able to identify with corporate goals. Further, cascading also helps with resource allocation and provides a basis for performance rewards and setting of future goals. A combination of resources will be required to obtain desired results.



9.0 Resource Mobilisation

The Corporation will require adequate resources to implement the strategic objectives and consequent action plans for the periods 2022 – 2026.

Selected projects will be financed through both external and internally generated resources. Internal resources will be generated from operating activities under airport, air navigation, and commercial services.

Operational expenditure was projected at an average of K598,141,460 annually and this will be financed internally.

Capital projects over the planning horizon will be require about K2.5 billion and about 90% will be financed with external funds.

External resources will comprise GRZ capital and other grants, cooperating or development partners' concessional loans, commercial loans and public – private partnerships. A robust Resource Mobilization Strategy will be executed.

10.0 Performance Monitoring & Evaluation

Monitoring and Evaluation (M & E) of the Strategic plan will be vital for ascertaining its impact. M & E will facilitate corporate learning – identification of what works and what does not and to re-strategize on future priorities. The ZACL M & E framework will be strengthened to measure performance against set strategic objectives and other tactical initiatives by Management on a regular basis. Our Performance Management System (PMS) will assist in monitoring and evaluating individual outcomes and develop capacity. M & E will be conducted at departmental level on a quarterly and annual basis. Strategic coherence in resource allocation through annual budgets and operational plans, quarterly and monthly Management reviews will be cardinal.

A mid-term evaluation of the Plan will be conducted in July 2024 and a terminal evaluation in December 2026 to determine the full extent of Plan implementation, impact and inform the preparation of the 2027 – 2031 Strategic Plan. Monitoring and Evaluation initiatives will be coordinated by the Corporate Planning and Strategy Department.

11.0 Strategic Risk Management

A thorough risk assessment shall be conducted for each identified strategic objective to increase chances of successfully implementing the Plan. Strategic risks will be mitigated within the context of the Corporate Risk and Compliance Management Policy. See **Appendix 4 – Strategic Risks and Mitigation Commitments.**

The aviation industry is amenable to several factors including outbreaks, earthquakes, nuclear crisis, terrorism, war, safety and security emergencies, floods, riots, and strikes. Our business continuity planning process shall focus on the possible impact of these disruptive events to airport’s operations, core processes, systems, and staff.

The Corporation will be proactive in identifying, assessing, and taking appropriate actions to manage risks that may impact the attainment of each strategic objective. The risks will be reviewed and updated regularly throughout the period of the Plan.



12.0 APPENDICES:

Appendix 1A: SWOT Analysis and ZACL's Responses

ZACL SWOT MATRIX: 2022-2026 Strategic Planning									
	Opportunities				Threats				
	African Continental Free Trade Area	Zambia's Political Stability	Operationalisation of a national airline	Nascent Zambian aviation market	Rising terrorism threats	Intense regional competition	Aviation industry inherent vulnerabilities	Constrained tourism market	
Strengths	How much does every strength take advantage of each opportunity?				How much does every strength allow ZACL migrate threats?				
New airport infrastructure and facilities at KKIA, SMKIA and HMNIA	9	6	3	6	4	5	5	7	45
Availability of land	2	6	3	4	1	7	7	7	37
Skilled and motivated core staff	4	3	4	3	3	1	3	1	22
Ideal location for connections in the SADC region	9	9	9	9	1	9	1	3	51
Weaknesses	If weakness are not overcome, would ZACL take advantage of each				If weaknesses are not overcome, would ZACL reduce each threat?				
Lack of R&D	9	6	3	6	4	5	5	5	17
Aging air navigation infrastructure	3	4	8	5	1	1	1	2	25
Cost structure - high fixed costs	5	3	3	4	3	2	2	2	24
Undiversified revenue streams	3	4	4	4	1	1	1	1	19
	39	38	39	37	15	27	21	24	240

	Opportunities	Threats
Strengths	37.50%	27.1%
Weaknesses	26.25%	9.2%

Conclusion: ZACL is assessed to be in the success quadrant - Maxi-Maxi Reinforce strength to take advantage of opportunities

Appendix 1B: Generic Business Strategy using SWOT and Porters 5 Forces

Strengths	Reduce customer power?	Cause of differentiation
New airport infrastructure and facilities at KKIA, SMKIA and HMNIA	Yes	Customer's value better facilities and lower cost of doing business
Availability of land	No	
Skilled and motivated core staff	No	
Ideal location for connections in the SADC region	Yes	Central location is ideal for trade, meetings and tourism
Strengths	Reduce supplier power?	Cause of differentiation
New airport infrastructure and facilities at KKIA, SMKIA and HMNIA	Yes	ZESCO substation building may provide room for negotiating better rates
Availability of land	No	
Skilled and motivated core staff	Yes	Negotiate better rates than competitors
Ideal location for connections in the SADC region	No	
Strengths	Reduce competitive rivalry?	Cause of differentiation
New airport infrastructure and facilities at KKIA, SMKIA and HMNIA	Yes	New infrastructure and facilities improve service offering compared to competition
Availability of land	Yes	Better potential to diversify revenue base
Skilled and motivated core staff	No	
Ideal location for connections in the SADC region	Yes	Strategic location is unique to Zambia

Strengths	Reduce risk of substitutes?	Cause of differentiation
New airport infrastructure and facilities at KKIA, SMKIA and HMNIA	No	
Availability of land	Yes	NAR may lead to reduced cost of doing business
Skilled and motivated core staff	No	
Ideal location for connections in the SADC region	Yes	May offer cheaper prices compared to road or rail for long haul
Strengths	Reduce threat of new entrants?	Cause of differentiation
New airport infrastructure and facilities at KKIA, SMKIA and HMNIA	Yes	Capital intensive investment
Availability of land	Yes	Competitors may not acquire land to rival ZACL
Skilled and motivated core staff	Yes	Learning curve
Ideal location for connections in the SADC region	Yes	Strategic location is unique to Zambia
To be a regional aviation hub, KKIA will utilise “ideal location for connections in SADC region” and the potential to lower the cost of doing business for a differentiated business strategy.		

Appendix 2: ZACL's Projected Year on Year Key Financial Data

	2022	2023	2024	2025	2026
Statistics					
General Passengers	1,577,907	1,828,132	1,937,820	2,054,089	2,177,334
Paying Passengers	525,969	603,284	639,481	677,849	718,520
Cargo (Million Tonnes)	22.33	23.45	24.62	25.85	27.14
Number of Airlines	13	14	15	16	17
Number of Charter operators	5	5	6	6	7
INT Destinations	10	11	11	11	12
DOM Destinations	5	5	6	7	8
	K'Million	K'Million	K'Million	K'Million	K'Million
Revenue					
Airport Services	462.65	472.67	515.21	556.43	595.38
Air Navigation Services	82.59	84.32	91.91	99.26	106.21
Commercial Services	56.60	70.75	82.79	115.71	143.70
	601.84	627.74	689.91	771.40	845.29
Opex-to-Income Ratio	90%	87%	85%	83%	79%
Contribution of NAR to TR	9.4%	9.5%	12%	15%	17%

Appendix 3: Stakeholder Engagement Summary

Stakeholder Group	Stakeholder	Priorities
Aviation Administration	<ul style="list-style-type: none"> Ministry of Transport & Logistics Ministry of Finance & National Planning Ministry of Infrastructure, Housing & Urban Development 	<ul style="list-style-type: none"> Value creation for shareholders Aligned and well executed Government policy direction on civil aviation Implemented National Transport Policy and National Transport Master Plan Commercialised airport and air navigation infrastructure to maximise returns Financial sustainability, job creation and economic development
	<ul style="list-style-type: none"> Civil Aviation Authority Aircraft Accidents Investigations Board Zambia Air Service Training Institute 	<ul style="list-style-type: none"> Enhanced safety and security for air transport users Better manage risk, e.g., develop a hazard risk register Investment in air navigation facilities Compliance with ICAO SARPs and National aviation related regulations Enhanced staff capacities Cooperation with key players in the aviation sub-sector

Stakeholder Group	Stakeholder	Priorities
Aviation Operation	<ul style="list-style-type: none"> • Airlines: Scheduled and Air Charter Operators • Aircraft Owners and Operators Association (AOOA) • Board of Airlines Representatives of Zambia (BARZ) • Cargo Operators • Ground Handlers • Staff • L – Interest; H – Influence • Ministry of Health • Passengers 	<ul style="list-style-type: none"> • Enabling policy, legislation, and regulation • Reduced cost of doing business • Aerodromes developed and Generation of non-aviation revenue • Increased airport operating hours • Improved airport infrastructure at aerodromes • Clean airport facilities • Continued operation and existence of the aviation sector • Incorporate data analysis for past performance • Enhanced air service and safety • Introduction of advance passenger processing • Revised ZACL organogram wrt SHEQ – separate safety & quality
Governance	<ul style="list-style-type: none"> • Zambia Police Service • Zambia Revenue Authority • Immigration • DEC • ACC 	<ul style="list-style-type: none"> • Stakeholder engagement
Airport Community	<ul style="list-style-type: none"> • Tenants • Concessionaires • Contractors • Cargo and Ground Handlers 	<ul style="list-style-type: none"> • Increased contribution to sustainable economic development • Maintained air service provision

Appendix 4: Strategic Risk and Mitigation Commitments

Risk Area	Risk Description	Priority Level	Mitigation Measures
To enhance financial sustainability and resilience	Ineffective implementation of the business development strategy Inability to secure funding impacting on our ability to execute the Commercial Strategy and insufficient growth opportunities	High	Applied prudent financial/ treasury management practices Reviewed the Commercial Strategy and conduct risk-reward assessment for all investment opportunities/packages
To reimagine customer experience	Dissatisfied customers, loss of confidence in ZACL brand leading to a decline in our reputation	High	Implemented Customer Experience Management (CEM) system
To reinvent the Corporation	Failure to exploit strategic initiatives to promote organisational transformation and operational excellence Failure to provide digital transformation/ technology platforms to support current and future operations in a stable and secure manner Disrupted operations and failure to meet strategic objectives due to pandemics and other disruptive events	High	Infused transformation into EXCO deliberations and continued monitoring and evaluation of transformative strategic initiatives Developed a robust Business Continuity Management system (BCMS)
To attain aviation safety and security leadership	Inability to attract, develop and retain key skills in safety and security and related fields	High	Embedded succession planning and value-based-leadership culture. Improved career and talent management and performance management engagements across the Corporation
To create a positive work environment	Failure to provide a positive work environment and experience for staff	High	Continued Town Hall engagements to encourage open communication Conducted staff satisfaction surveys and resolved outcomes Provide training and career progression opportunities

Risk Area	Risk Description	Priority Level	Mitigation Measures
To transform KKIA into a SADC aviation hub	Failure to attain agreed milestones towards the hub status	High	Monitored developments and engagement with key stakeholders and shareholders
To promote environmental sustainability	Failure to reduce environmental impact	High	Implemented ISO 14001 Developed ACI Carbon Accreditation Footprint level project plan.

Appendix 5: Definitions of Key Strategic Planning Terms

Vision Statement

A Vision Statement defines our desired future state and provides direction for where we are going as the Corporation and answers the question “where are we going to be in 5-10 years?”.

Mission Statement

A mission statement describes ZACL’s purpose or reason for existence and answers the question “why do we exist?”. This is our mandate which remains the same from Plan to Plan. Departments and Units may come up with their own mission statements that should contribute to the achievement of the Corporation’s mission statement.

Strategic Priorities

These are long-term, broad, continuous statements that address all strategic areas of focus in ZACL and answers the question, “What must we focus on to achieve our vision?”

Strategic Goals

These are long-term goals and they explain what we will accomplish to achieve the strategic priorities over the life of the plan, with clear results associated with the goals. What are the specific, measurable, attainable and time specific outcomes we expect? What are the results for each priority?

Strategic Objectives

Annual objectives outline what will be accomplished in the short term to accomplish the long-term goals. How will we accomplish the goals in the upcoming period? These objectives must be SMART: Specific, Measurable, Attainable, Responsible and Time Bound?

Annual Work Plan

Also called Operational Plan is an action plan that supports the accomplishment of the annual objectives and align with individual performance management systems (PMS).

Performance Measures

Establish targets for attainment of strategic goals/objectives and a means to measure progress and answer the question "how do we know we are progressing towards the goals?".

Strategic Risk

Possibility that a disruptive event will have disabling effects on ZACL's achievement of set objectives.

Strategic Plan

This is not a Master Plan. A Master Plan is an in-depth and detailed document that identifies land uses, facility locations and describes how the airport may be developed over time. A Strategic Plan establishes vision, strategy, priorities, objectives, measures and ensures strategic coherence in resource allocation and implementation.

