

Stakeholder Identification and Engagement Procedures

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1. PURPOSE

One of the key strategic objectives of the Bank of Namibia is promoting a positive image through ensuring sound stakeholder relations, delivering excellent service to all customers, promoting good corporate citizenship and enhancing corporate image. Ensuring sound stakeholder relations requires proactive stakeholder management. Therefore, effective stakeholder management suggests that the Bank should strategically manage its relationships with various internal and external stakeholder groups. This procedure update the stakeholders identified in 2011, prescribe a procedure to prioritize the Bank's key stakeholder groups and how to engage stakeholders through a stakeholder engagement plan. These procedures are part of the implementation tool of the Bank's Corporate Communication Policy & Procedures.

2. OBJECTIVES

The overall objective is to develop an awareness of the multiple and diverse stakeholders of the Bank, understand their involvement and interest in the functions and operations of the Bank. This procedure therefore identifies and assesses all current stakeholders, prioritise them and suggest an engagement plan to be executed in order to:

2.1 Strengthen relationships with stakeholders identified as per the stakeholder groups; and

2.2 Improve the Bank's communication efforts with all stakeholder groups.

3. SCOPE

This framework applies to all employees of the Bank in identifying, assessing and engaging with internal or external stakeholders of the Bank in line with the Bank's Corporate Communication Policy & Procedures and the Emergency Communications Plan.

4. DEFINITIONS

The following key terms and concepts are used in this document with the following definitions:

BoN or The Bank: The Bank of Namibia

Stakeholder: As defined in the Communication Policy

Stakeholder Identification: The process of identifying and classifying stakeholders according to some attributes such as urgency, legitimacy and power.

- Urgency:** Attribute which implies the degree to which stakeholder claims call for immediate attention from BoN
- Legitimacy:** Attribute that is based on contract, exchange, legal right, moral right, at risk status or moral interest in terms of the harms and benefits generated by the Bank.
- Power:** This refers to the influence on the Bank's behaviour, whether or not there are legitimate claims.
- Issue:** An internal or external condition or pressure (a point of conflict or unsettled matter) that will have a significant effect on the functioning of the Bank now or in future.
- Issues Management:** The proactive process of identifying key issues (public, social and strategic issues) confronting or affecting the operations of the Bank and the management of organisational responses to these issues.
- Stakeholder Engagement:** The process when the Bank initiates open, two-way dialogues with stakeholders seeking an understanding on issues of mutual concern.

5. STAKEHOLDER IDENTIFICATION AND ANALYSIS

5.1 Stakeholder Identification

The Bank's stakeholders were first identified in 2007, updated in 2008 and in 2011 as per the following main groups in Table 1 below. In 2014, these stakeholder groups were reviewed based on bank wide consultation and were still found to remain relevant.

Table 1: Bank's stakeholder groups

Ranking	Stakeholders	Nature of alliance
1.	Staff, Management and Board members	Productivity, governance and enabling environment
2.	Government	Operational independence and advice
3.	Banking Institutions / any other financial institution under the supervision of the Bank	Compliance and cooperation
4.	Media / Trade Union	Fair coverage/ cooperation
5.	Business community	Value the role of the Bank
6.	Public	Service and value
7.	Regional institutions / stakeholders	Capacity and networking

8.	International financial institutions	Technical Assistance & depository agency services
9.	Research and educational bodies	Cooperation
10.	Financial regulatory bodies	Cooperation
11.	Suppliers	Compliance and service delivery

5.1 Stakeholder identification and classification

The Bank's stakeholders have been identified and classified based on two different *strategic linkages* and *attributes*.

5.1.1 Strategic Linkages

This framework classifies stakeholder into groups that takes into account their strategic linkages in terms of enabling, functional, normative and diffused linkages to the Bank and vital for the organisation to survive. These linkages are explained below and relevant stakeholder groups classified accordingly:

- **Enabling linkages** with groups that provide authority to the Bank and control its resources. These groups include: government (executive and parliament), board members and management.
- **Functional linkages** with groups that provide inputs to the Bank and use its outputs. These groups include: central banks, employees, research organisations, international financial institutions, regional bodies, academic institutions, trade unions, banking institutions, the business community/private sector, customers of banking institutions, suppliers, media, banking operational/supporting organisations, NCCI, community organisations, money and capital market organisations, financial/economic analysts and users of the national payment system, payment system service providers, authorised dealers, accountable institutions, SACU, law enforcement agencies and institutions.
- **Normative linkages** with professional or industry associations. These linkages provide connections to similar organisations that can assist in solving shared problems. These groups include: non-bank regulators, Common Monetary Area (CMA), The Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), Banking Institute of Supervision (BIS), Bankers Association of Namibia (BAN), Payment Association of Namibia (PAN), Eastern and Southern African Anti Money Laundering Group (ESAAMLG), Egmond Group of Financial Intelligence Units, Financial Action Task Force (FATF).

- **Diffused linkages** with connections to groupings of individuals who are not part of any organisation. These groups include: rural communities, previously disadvantaged, community and opinion leaders, community residents, women, youth, students and learners, teachers and lecturers, elderly/pensioners, disabled people, activist groups and the unbanked population.

5.1.2. Strategic Attribute

The Strategic Attribute is used to identify the presence of the following three attributes among stakeholders: **urgency, legitimacy and power** as defined under definitions. The presence of these attributes determines the type of stakeholders, namely **latent, expectant** or **definite** stakeholders.

Latent stakeholders are those possessing only one of the three attributes and include stakeholders who are further categorised as *dormant, discretionary* and *demanding* stakeholders.

Expectant stakeholders are those possessing two attributes and include stakeholders who are further categorised as *dominant, dependent* and *dangerous* stakeholders.

Definitive stakeholders are those possessing all three attributes. Finally, stakeholders that possess none of the three attributes are considered **non-stakeholders or potential stakeholders**. Using this framework, the following types of stakeholders of the Bank were identified and categorised as follows in Table 2:

Table 2: Types of Bank’s stakeholders and their strategic attributes

Type of Stakeholders	Sub-Category	Identified Stakeholder Groups
Latent Stakeholder	Dormant stakeholders	Activist groups
Present attribute	<i>Power</i>	
Present attribute	Discretionary stakeholders	Communities, Previously disadvantaged, Women, Youths, Learners and Students, Teachers and Lecturers, Elderly, Disabled persons, Community residents, Community Organisations (NGOs and CBOs), NCCI, and other Professional Societies.
	<i>Legitimacy</i>	
Present attribute	Demanding stakeholders	None
	<i>Urgency</i>	
Expectant Stakeholders	Dominant stakeholders	CMA, International financial institutions, EGMONT Group of Financial Institutions, Community and Opinion Leaders, Political Leaders
Present attribute	<i>Powerful and Legitimate</i>	
Present attribute	Dependent stakeholder	Banking Institutions, Non-bank regulators (Namfisa, NCC),

	<i>Urgency and legitimacy</i>	correspondent banks, Financial market custodian institutions, customer of banking institutions, users of the National Payment System, Banking operational/supporting organisations, Suppliers, money and capital market organisations, financial/economic analysts, functional government Ministries, Private sector/business community, industry associations (e.g. BAN, PAN), payment system service providers, authorised dealers, accountable institutions, law enforcement agencies, regional and international central banks, SACU, and financial market clients
	Special Stakeholders/Publics	Trade Unions, media
	<i>Urgency and power</i>	
Present attribute	<i>Power</i>	Former employees
Definite Stakeholders	<i>Urgency, power and legitimacy</i>	Government, BoN employees , board members
Present attribute		
Non or Potential Stakeholders	None	None

5.1.3. Stakeholder Map

Mapping stakeholders is a strategic business tool which is used to identify and assess the effect of an individual or group of stakeholders on a company. Using this tool, a graphical representation of the Bank's stakeholder groups has been crafted and should be used to update the Bank's stakeholders' groups regularly.

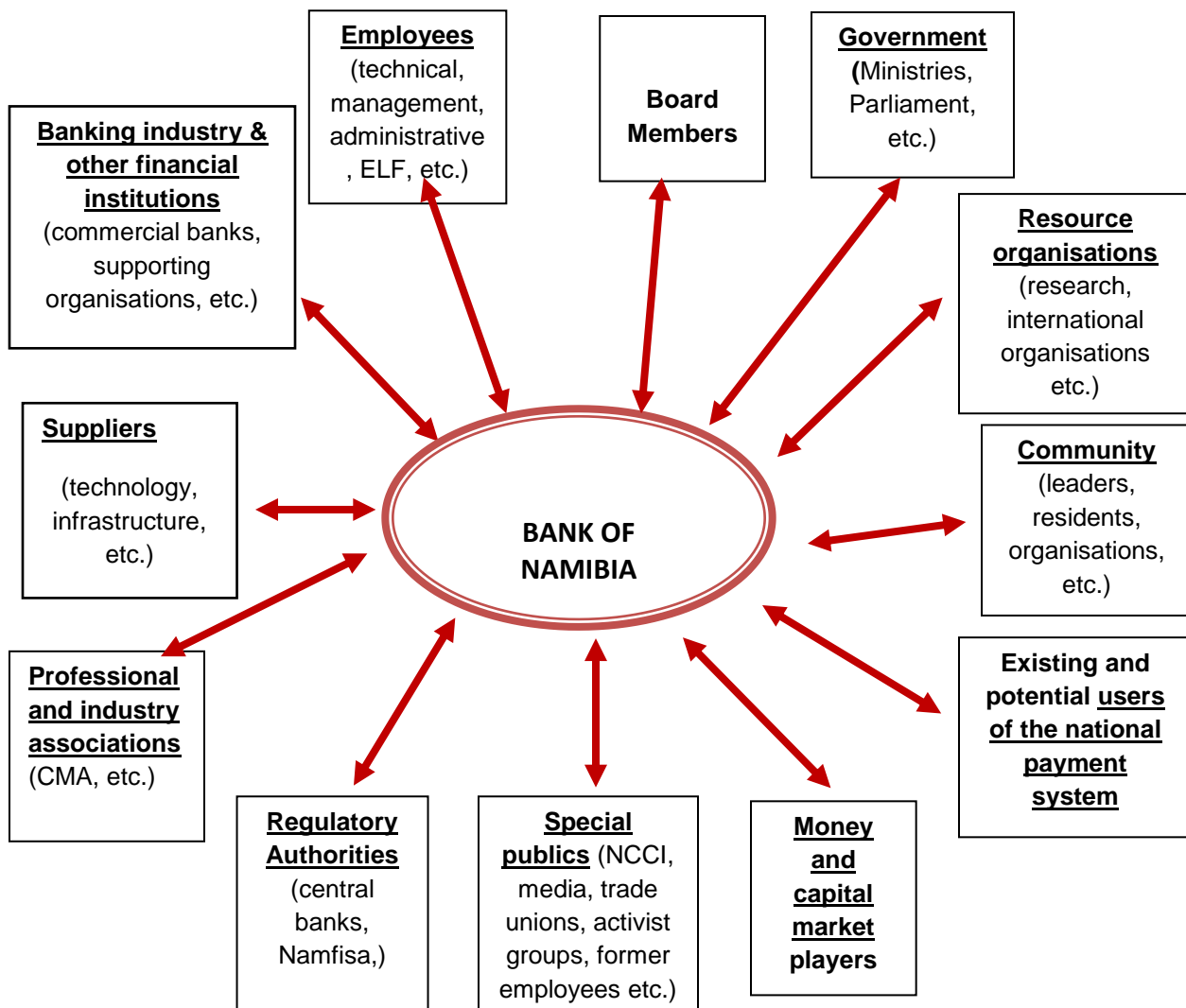


Figure 1: Bank's stakeholder map

6. PRIORITISING STAKEHOLDERS

Based on clear stakeholder analysis, the Bank's stakeholder groups were prioritised. Using the linkages and the presence of the mentioned attributes, these procedures were applied to identify and analyse the Bank's key stakeholder groups. The current stakeholder groups using the procedures resulted in six prioritized stakeholders' groups as per **Annexure 1**. A comprehensive stakeholders list with profile information of the key identified stakeholders shall then be used to engage them on a regular basis.

7. STAKEHOLDER ENGAGEMENT AND ISSUES MANAGEMENT

7.1 Stakeholder Engagement

Stakeholder engagement needs careful planning because it involves time, resources and commitment. Stakeholder engagement process takes different forms and shapes. If not well planned and executed, the process can however produce cynicism and distrust among stakeholders which can damage the Bank's efforts. Stakeholder engagement process seeks to create an awareness or common understanding among stakeholders on issues such as:

- When there is a major issue confronting the Bank and the economy
- When the Bank is seeking stakeholder buy-in through advocacy and persuasion
- When the Bank needs to create more options for a planned action
- When all the decisions related to an issue have not yet been made and stakeholder input are required
- When there is a concern about the impact of the Bank's strategy or action
- When there is sufficient evidence that there is concern or overlap between the Bank and those of the stakeholders
- When all stakeholders need to be aware of certain changes made by the Bank which is affecting them

It is therefore imperative that the Bank adopt a procedure/framework that entails a set of practical Bank wide guidelines on how to plan for and manage an effective stakeholder engagement plan. Below are the guides and tools to be used in executing stakeholder engagement process effectively:

Table 3: Stakeholder engagement guideline

Steps	Guide	Tools
<p>1. <u>Prepare</u> Identify and understand the issue to be explored through engagement with stakeholders</p>	<ul style="list-style-type: none"> • What are the Bank's most important issues of concerns which require stakeholder engagement? • What kind of stakeholder groups need to be considered for engagement? 	<ul style="list-style-type: none"> • Identify and prioritise issues • Identify stakeholder categories based on relevant attributes
<p>2. <u>Plan</u> Set clear objectives of the engagement Identify and prioritise stakeholders with whom to engage</p>	<ul style="list-style-type: none"> • What is considered as adequate objectives for engagement? • Keep the engagement within bounds • Who should be accountable for engagement? • What is the best mode of engagement given the objective? • How is success of such engagement measured? 	<ul style="list-style-type: none"> • Specify engagement objectives, scope and accountability • Identify scope of the engagement • Select the right stakeholders • Determine engagement mode and logistics. • Establish evaluation criteria
<p>3. <u>Design</u> Develop engagement plan, including agenda and logistics to meet engagement objectives.</p>	<ul style="list-style-type: none"> • Determine the best way of conducting the engagement • What logistics and rules must be in place? 	<ul style="list-style-type: none"> • Design the engagement format (set the agenda or programme) • Identify technique and need for facilitation or moderation • Coordinate resources such as involved staff.
<p>4. <u>Engage</u> Successfully meet objectives through execution of engagement plan with stakeholders.</p>	<ul style="list-style-type: none"> • Provide the right context for the engagement • Determine what will be next step after the engagement 	<ul style="list-style-type: none"> • Provide stakeholder with relevant background information • Follow up on matters agreed to during engagement
<p>5. <u>Evaluate</u> Assess outcomes of engagement against the</p>	<ul style="list-style-type: none"> • Is there a need for further engagement sessions? 	<ul style="list-style-type: none"> • Evaluate the engagement formally or informally

specific objective of the engagement.	<ul style="list-style-type: none"> • Was the engagement successful? 	<ul style="list-style-type: none"> • Note suggestions made by stakeholders on future engagement
<p>6. Apply Share learning and integrate engagement outcomes appropriately.</p>	<ul style="list-style-type: none"> • Ensure that the results of the engagement reach the right offices • Share with relevant stakeholders the outcomes and findings of the engagement 	<ul style="list-style-type: none"> • Assess applications and share internally. • Plan and redesign the process if need be

7.1 Issue Management

Issue management is the process of identifying issues affecting the operations of the Bank. When such issues are detected they are resolved as a matter of urgency before becoming a crisis. There are three categories of issues that can be identified and be considered by the Bank. These are **current issues, emerging issues and social issues**:

Current issues: These are issues that are currently debated and talked about in the public sphere including in government, business or within political parties circles) and are covered/discussed in both traditional social media.

Emerging issues: These are issues that are likely to be important in two to five years, and will become the subject of legislation or which the government position or legislation has not yet been formulated.

Social trends: These issues entail changing attitudes and human behaviour, including demographic, social and technological trends that may have political or economic effect.

The Bank conducts environmental scanning to identify potential threatening issues and stakeholder assessment. Thereafter a situation analysis and action planning and implementation measures are employed in order manage relevant issues that have a direct bearing on the operations of the Bank. At the end of each performance cycle, the Strategic Communication and Financial Sector Development Department (SCFSD) reports on the issues detected how such were handled or resolved as a way of mitigating the impact on the reputation of the Bank.

Key elements of the issue management framework entails a clear understanding of the sponsoring stakeholder groups, an issue (a concise statement of the problem that is gaining public attention, creating pressure or conflict), importance and impact on the Bank and recommended actions.

8. ANNUAL ENGAGEMENT PLAN

In order to manage stakeholder relations effectively a detailed engagement plan for the Bank's prioritised stakeholders should be devised annually by the SCFSD Department in and approved by the Governor. The engagement plan should be compiled at the beginning of every year and adjusted accordingly if need be.