



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets

SUGGESTIONS ON LEVERAGING THE CMMP

2nd Capital Markets Indaba

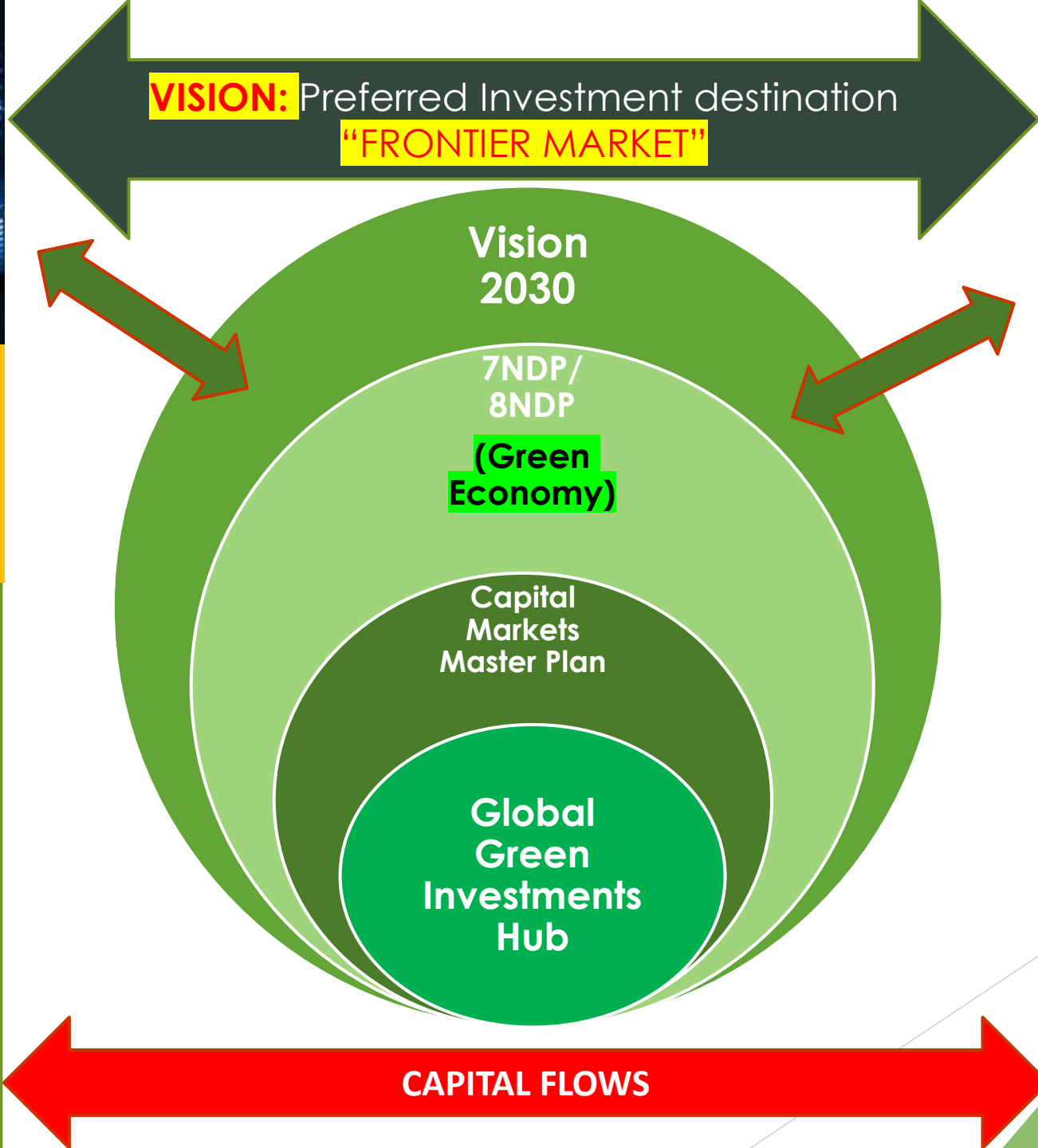
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CONTENT

1. Opportunities
2. Challenges
3. Leveraging the CMMP

OPPORTUNITIES:

The CMMP is a major opportunity to help reposition Capital Markets as relevant to economic development



INTERNATIONAL CAPITAL PROVIDERS
PRIMARY CONCERN IS SAFETY OF THEIR FUNDS & RETURNS

- Openness to foreign ownership
- Ease of capital flows
- Efficiency of the operational framework
 - Market organization (Regulations & Information flows)
 - Market Infrastructure
- Availability of instruments
- Stability of institutional framework

ZAMBIA NEEDS CAPITAL

To implement national development programs/agendas:

- 8NDP
- Vision 2030
- SDGS-UNFCCC NDCs
- **Green Economy**

CAPITAL MARKETS DEVELOPMENT TARGETS

- Frontier Market (MSCI)
- Market Cap/ GDP – 29%
- Market cap - \$23 Billion
- **Green Bonds - \$400m**
- CIS - \$250m
- ETF/ REITS - \$70m

Adoption of Capital Markets Master Plan (Vision: Reposition Zambian Capital Markets)

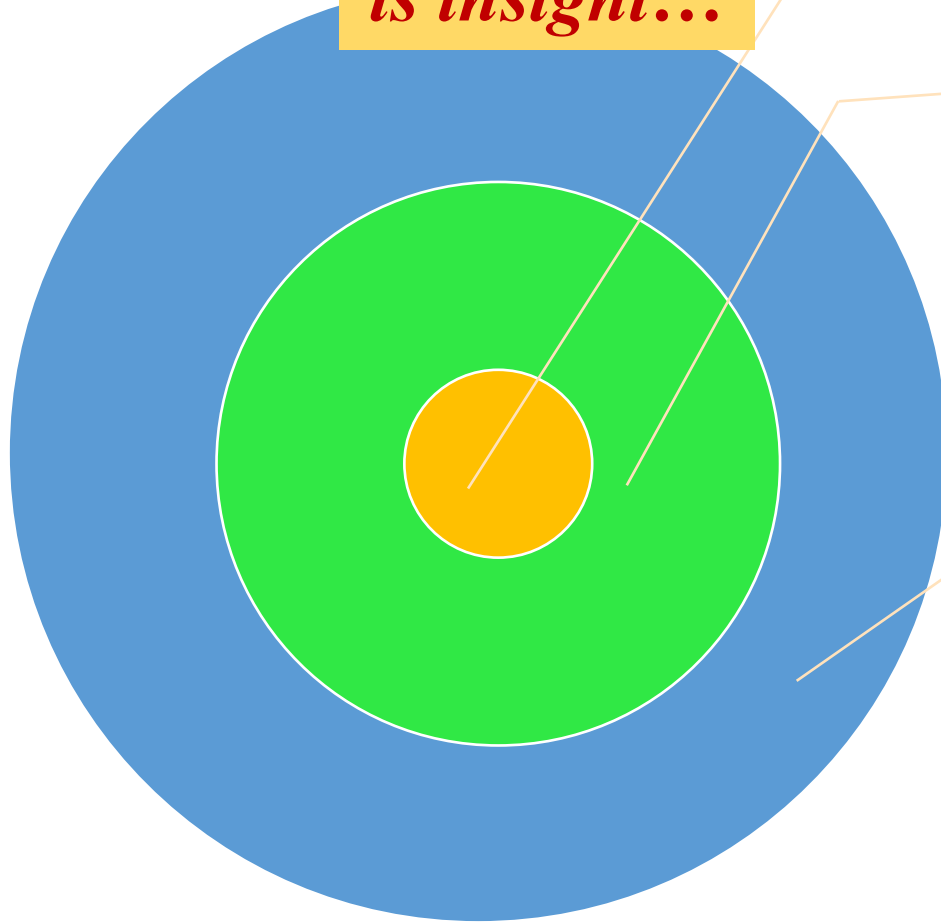
- The **Capital Markets Master Plan (CMMP)** articulates Zambia's vision and strategy/roadmap for developing the local capital markets in the next 10 years.
- In principle, the vision is:
 - ✓ A capital market no longer primarily modelled on the stock exchange
 - ✓ A capital market modelled on several **innovative customer centric platforms/markets** (and products. Thus, develop other products/markets e.g. **private equity/ venture capital markets, crowd-funding/peer-to peer lending platforms, Collective Investment Schemes, etc.**
 - ✓ A capital markets that is relevant and plays a pivotal role in achieving Zambia's economical, environmental, social and governance goals or sustainability agenda in general. In this regard, the CMMP has embraced **green bonds** which it highlights as a key source of funding green projects and thus achieving our national commitments toward global agendas like the UN SDGs (2030) and Net-zero carbon emissions (2050).
 - ✓ A capital market with strengthened **legal frameworks** and equally **build capacity** across various stakeholders (policy makers, regulators, practitioners, issuers, investors, courts, media, youths, children, etc).

CHALLENGES:

Capital is not scarce, vision is...

Capital isn't scarce - Vision is...

Best Vision is insight...



Fundamental/foundational Issues:

- Issuers' pipeline on the back of privatization
- Investors' "pipeline" – target SOE employees
- Crowding out effect by GRZ
- No capital markets comprehensive policy/roadmap (no clear vision)



Inadequate investment = poor market development:

- Little capacity built in schools/colleges & across practitioners
- Low digitization (2020 wake up call on backdrop of Covid-19)
- Poor governance structures
- Low compliance levels (Inadequacies in Securities Act)
- Few players/ low private sector participation (legacy issues)



Stagnant market with illiquidity:

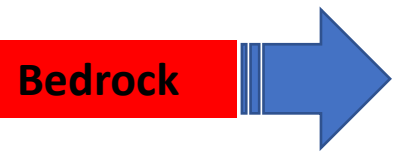
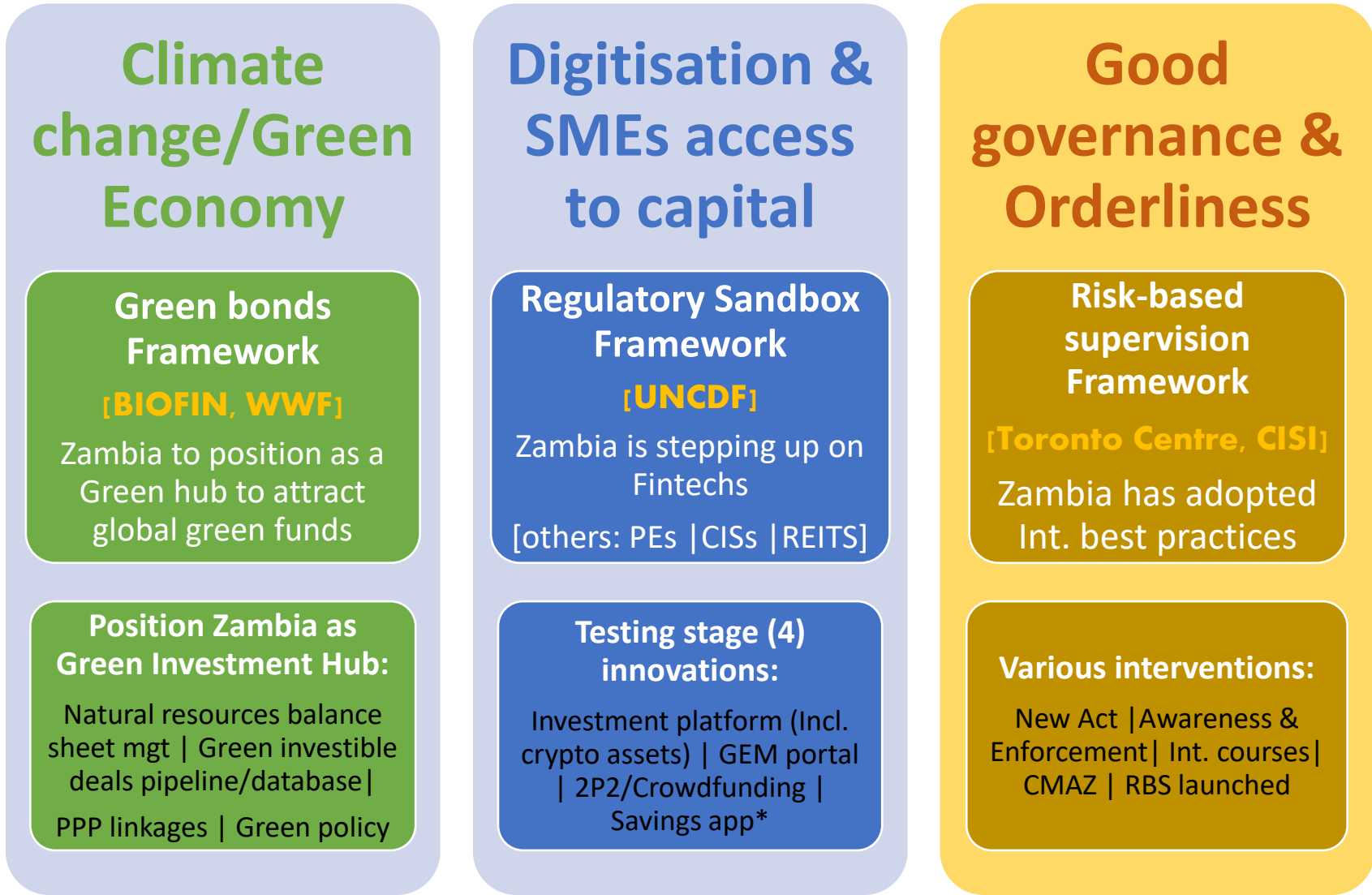
- Few products
- Few players (LuSE closed club initially, demutualizing now)
- Frustrated or shocked? – players, investors, regulators (Key challenge = **CAPACITY & CONDUCT**)



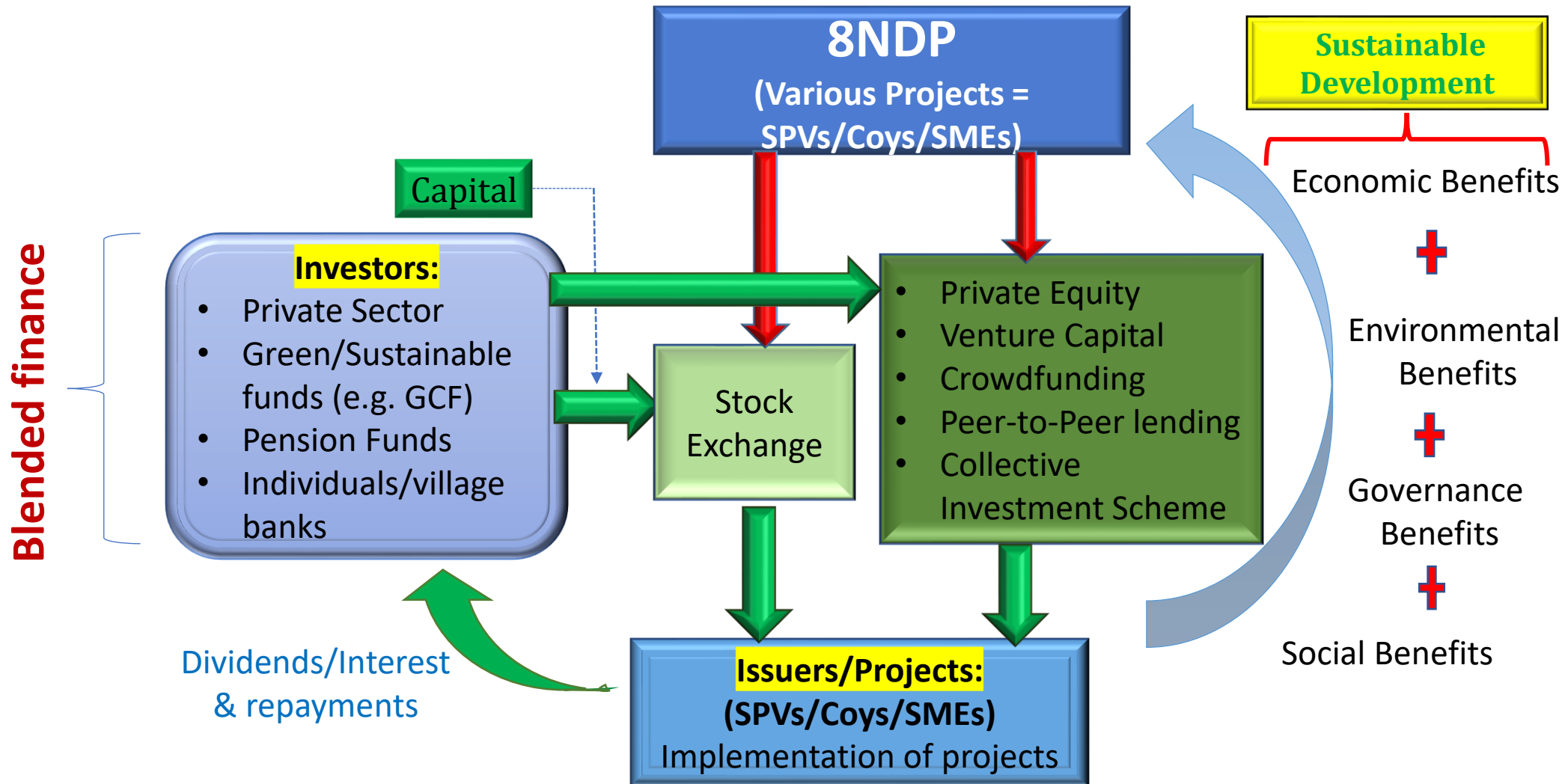
CAPITAL MARKETS MASTER PLAN

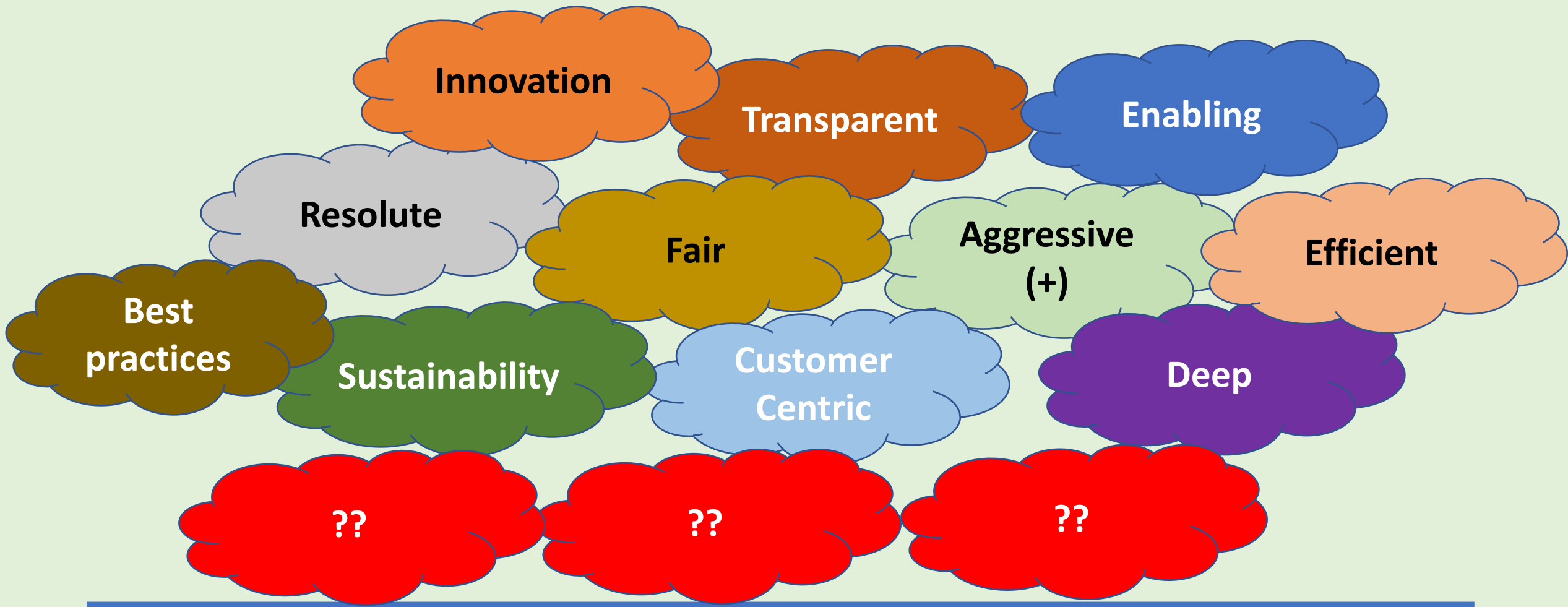
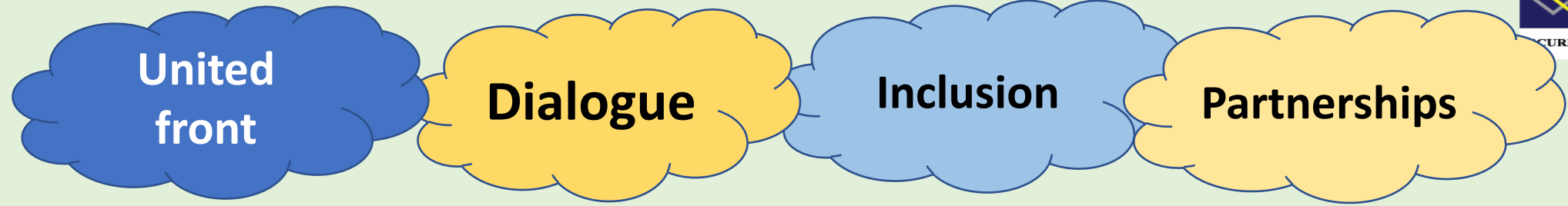
LEVERAGING THE CMMP:

Platform to address matters and
make capital markets relevant



Key Pro: Capital markets are well placed to foster sustainable development







KEY TAKEAWAY



Capital Markets are a low hanging fruit to drive sustainable solutions needed to address Zambia's current financing challenges.

The adoption of the Master Plan and pointing current partners to support the implementation of the CMMP is key



Life goes on...

In GREEN...



Thank you....



THE END