SECURITIES AND EXCHANGE COMMISSION

Protecting Investors in the Capital Markets

(Final Draft)

STRATEGIC PLAN

2022 – 2026

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In Collaboration with
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Lusaka

July 2022

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ACRONYMS

ACRONYM	Description
8NDP	Eighth National Development Plan
CMMP	Capital Markets Master Plan
CSA	Central Securities Agency
IA	Institutional Assessment
MDD	Management Development Division
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
SOEs	State Owned Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Threats

FOREWORD

The development of the 2022 - 2026 Strategic Plan has been informed by input from various processes. The Plan is forward looking, focusing on three themes namely; Regulatory Excellence, Market Development Excellence and Operational Efficiency. We are confident that the Plan articulates better than ever before how our dual mandate of Investor Protection and promoting the development of Capital Markets will be implemented for greater impact.

Having embarked on a review of the just ended 2018 - 2021 Strategic Plan, the Commission has had an opportunity to engage with its wide range of stakeholders which has made it possible to obtain external perspectives on how we have performed in the past. I am glad that the honest conversations and contributions from stakeholders have indeed yielded valuable input into the 2022 – 2026 Strategic Plan. This has also prompted the Commission to have an organizational self-introspection and has helped identify areas that need improvement. I also give gratitude to my fellow Commissioners for providing overall guidance that will assist the Commission in effectively executing its mandate.

On Behalf of the Board and Management, it is an honour to present the 2022 – 2026 Strategic Plan. We commit to use this Strategic Plan as a basis upon which our decisions shall be made, without detracting other obligations as contained in the Securities Act, No. 41 of 2016 and as amended from time to time.

Ruth Mugala
COMMISSION BOARD CHAIRPERSON

ACKNOWLEDGEMENTS

The development of this Strategic Plan would have not been possible without the tireless contributions of various entities, groups, and individuals. The Commission is, therefore, greatly indebted to the many stakeholders who contributed their ideas, time, energy, and/or expertise during the engagements, which led to the Commission's inspired strategies found within this Strategic Plan.

The Commission wishes to specifically thank the Board of Commissioners for their unwavering support including attending the Board engagements despite their busy schedules, Management and Staff for their commitment during the development process and for ensuring that the voices of the stakeholders were always heard. We are also grateful for contributions made by the capital market operators through individual contributions and also through the Capital Markets Association of Zambia.

It would also be a big omission if the Commission did not acknowledge the technical guidance by our consultants from the Management Development Division (MDD), Cabinet Office who tirelessly worked with the Commission's Core team [Strategic Planning Steering Committee]. The Core Team ensured that this document became a reality by co-ordinating and ensuring availability of resources for this purpose. The Commission is confident that the shared vision and responsibility of staff and stakeholders will result in an effective supervision and development of the capital markets that will yield the intended results.

To all of you that made this work possible, we say thank you very much! With this document, the Commission will not only protect investors in the capital markets but will also promote its development.

Phillip K. Chitalu

CHIEF EXECUTIVE OFFICER

EXECUTIVE SUMMARY

Zambia's economy is showing signs of recovery having contracted in 2020 due to the adverse effect of the Covid -19 pandemic. The economy is estimated to have grown by 3.6 percent in 2021 from a contraction of 2.8 percent recorded in 2020. Fiscal performance has been challenging over the period 2019 to 2021 as the fiscal deficits where higher than the targeted budget deficits. Although revenues and grants performed strongly relative to targets, Government spending, including amortization were higher than the target. As a result, Government resorted to borrowing to finance the fiscal deficits. Rapid debt accumulation on the backdrop of deteriorating economic fundamentals led to unsustainable debt levels and subsequent accumulation of arrears.

As part of the solutions to address the above economic challenges, Zambia requires capital from both local and foreign investors to spur growth. Capital markets play a critical role by providing an avenue that facilitates the flow of funds from those who hold savings to those who require long-term capital. Different capital market instruments, including debt, equity, and asset securitisation, offer a range of risk-reward structures to meet the needs of the different users and providers of capital. Capital markets also help to improve business performance, as the scrutiny provided by public markets provides a discipline on management and the close involvement of experienced investors in private markets, such as private equity and venture capital, supports transfers of knowledge.

The development of the 2022 - 2026 Strategic Plan was necessitated to set a direction and establish key priorities relating to the mandate of SEC as stipulated by the Securities Act No.41 of 2016, following the expiration of the 2018 - 2021 Strategic Plan. This Plan, therefore, aims to build confidence of local and foreign investors to invest in Zambia by addressing institutional challenges at the Securities and Exchange Commission to enable it effectively implement the Capital Markets Master Plan (CMMP) and Government strategies as espoused in the 8th National Development Plan (8NDP). With increased confidence in the Zambian Capital Markets, it is anticipated that there will be an increase in flow of capital from investors to the Zambian economy.

The Plan also seeks to build on the milestones achieved on the Commission's key projects including the Green Bonds project that has translated into the broader sustainability agenda premised on the nation's green growth economy aspiration; Risk Based Supervision Project; and the Regulatory Sandbox project that seeks to foster digitalisation in the Zambian Capital Markets.

The Plan seeks to build on the milestone achievements integrated development approach adopted in the CMMP to harness the financing potential that Capital Markets have to ensure positive contribution to national development. The objective of the CMMP is to ensure that Zambia's capital markets, alongside the other measures in the Plan, make their contribution to help Zambia realise its potential.

This Plan is of significant importance as the SEC is seeking to restructure/reorganise as it prepares to fully operationalise the Institution by ensuring key positions are filled. With the implementation of inaugural Capital Markets Master Plan eminent, the SEC needs to adequately prepare to play a critical role in the realisation of the 10-year Plan's vision to make Zambia a preferred destination for both local and foreign investments.

The SEC is resolute about taking strategic leadership towards achieving Zambia's sustainability agenda/green growth strategy. Already, there are a number of initiatives being spearheaded along the transition journey, including the aspiration to become a Global Green Investments Hub, leveraging the country's natural endowment for harnessing green investible projects. Suffice to mention that the Commission is currently the Secretariat for the financial sector regulators joint efforts towards mainstreaming green finance in the Zambian financial sector through the Mainstreaming Green Finance Working Group. Furthermore, the 2022 - 2026 Strategic Plan comes after the Commission recently launched a new supervisory approach, Risk Based Supervision (RBS) which has placed new demands, including reshaping the organisation structure to facilitate effective operations. With this background, it can be said that this Plan serves as an important tool for the strategic transition of the SEC into a fully-fledged regulatory body that is adequately capacitated.

The methodology employed to develop the 2022 – 2026 Strategic Plan was a two-phased approach constituting the Institutional Assessment and Organisational

Development underpinned by the Balanced Scorecard principles. The Institutional Assessment involved assessment of the Commission's past performance against the objectives, targets, and strategies of the 2018 - 2021 Strategic Plan; conducting an internal capability assessment to establish the Commission's distinctive competencies; as well as analysing the macro-environment using various tools such as the McKinsey 7s Model, Simple Change Management Model, Objective and Problem Trees, SWOT and PESTEL Analyses.

The information collected facilitated the determination of the strategic direction for SEC for the period 2022 – 2026 as it relates to its Vision, Strategic Themes, Strategic Results, Mission, Strategic Objectives and Core Values. Notably, the strategic Vision for SEC is to be:

"A dynamic regulator of a capital market that is the preferred destination for investments".

To realise its Vision, the SEC has identified three areas of focus (themes) and their related strategic results as follows:

a) ***Regulatory Excellence*** resulting in **High Investor protection and confidence and Financial Inclusion;**

b) ***Market Development Excellence*** resulting in **Well-functioning and responsive Capital Markets**; and

c) ***Operational Efficiency*** *resulting in* ***Efficient and Effective Service Delivery.***

To achieve the strategic results and ensure that the SEC performs in the three thematic areas, it has set for itself a Mission, which is:

"To safeguard interests of investors and promote the growth of capital markets for individual and national prosperity".

Achievement of the Vision and Mission will be complemented by strict adherence to a set of five (5) Core Values and the successful attainment of the six (6) strategic objectives that SEC has set.

The successful attainment of agreed Strategic Objectives and associated targets will be facilitated through an Implementation Plan outlining specific tasks along with estimated costs of implementing the strategies. Departmental and Individual work plans will be aligned to the Strategic Plan to ensure its successful implementation and realisation of the desired impact. In this regard, the Plan will be monitored continuously, and necessary interventions undertaken for attainment of set targets. A final review will be undertaken at the end of the Plan period to establish the extent to which the Strategic Plan will be implemented.

The Plan has a Balanced Scorecard for easy communication, tracking and managing of the Strategy in a simplified and well-structured manner to ensure that the set strategic results are realised. This tool will further assist in keeping our Strategy at the front and centre of our reporting processes and further help employees see how their individual and departmental goals link to the Strategic Plan.

1. INTRODUCTION

1.1. Statutory Mandate

The Securities and Exchange Commission (SEC) also referred to as the Commission, is a statutory body under the Ministry of Finance and National Planning and is established by the repealed Securities Act Cap. 354 of the Laws of Zambia and whose existence is continued under the Securities Act No. 41 of 2016 ("the Act"). The principal function of the SEC is to regulate the Zambian capital markets so as to foster transparent, fair and efficient markets.

The specific functions of the Commission include the following:

a) ensure compliance with the Act and regulations or rules made in accordance with the Act;
b) license securities exchanges, regulate the activities of securities exchanges and the settlement of securities transactions;
c) license and regulate capital markets operators;
d) license and regulate clearing and settlement agencies and other participants in the capital markets;
e) license and regulate credit rating agencies and provide conditions for the issuing of credit ratings;
f) approve the constitutions, charters, articles, by-laws and rules governing and pertaining to securities exchanges, clearing and settlement agencies and other participants in the capital markets;
g) promote and encourage high standards of investor protection and integrity among members of securities exchanges, capital markets operators, clearing and settlement agencies, self-regulatory organisations and other participants in the capital markets;
h) support the operation of a free, orderly, fair, secure and properly informed capital markets;
i) regulate the manner and scope of securities transactions;
j) regulate margin requirements, capital adequacy requirements, disclosure and reporting requirements and clearing and settlement requirements, as may be prescribed;
k) take all reasonable steps to safeguard the interest of persons who invest in securities and guard against illegal and improper practices as provided in the Act;
l) authorise the establishment of collective investment schemes and other schemes;

m) regulate the activities of managers, trustees and custodians;
n) authorise and regulate the establishment of venture capital funds;
o) consider and suggest proposals for the reform of this Act and rules and regulations made in accordance with this Act;
p) promote and develop a system of self-regulation by securities exchanges, clearing and settlement agencies, self-regulatory organisations, other participants in the capital markets and capital markets operators, as maybe prescribed;
q) encourage the development of securities and securities exchanges and the increased use of such exchanges;
r) provide, promote or otherwise support financial education, awareness and confidence with regard to financial products, institutions and services;
s) prescribe certification standards and accreditation for licensees;
t) co-operate with, provide assistance to receive assistance from, and exchange information with other regulatory bodies and trade organisations in Zambia and elsewhere; and
u) exercise and perform such other functions as may be conferred or imposed upon it by or in accordance with the Act or any other written law.

1.2. Management and Operational Structure

The Commission is headed by the Chief Executive Officer who is supported by three (3) Directors responsible for Market Supervision and Development, Enforcement and Legal Services and Finance and Administration.

The Commission operates from one location at Plot 3827, on Parliament Road, off great East Road Olympia, Lusaka.

1.3. Stakeholder Engagement Strategy

In carrying out its functions, the SEC collaborates with various statutory bodies and institutions under its mandate, along with various stakeholders as outlined in the stakeholder analysis in section 2.2 below (Table 1). The areas of collaboration include financial education/literacy programmes, capacity building initiatives and other efforts towards capital markets development among others.

The SEC further collaborates with international organizations such as the International Organisation of Securities Commissions (IOSCO), Southern African

Development Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA), Toronto Centre (TC), World Bank (WB), Biodiversity Finance Initiative (BIOFIN), United Nations Capital Development Fund (UNCDF), among others.

1.4. Rationale and Methodology for Developing the 2022 – 2026 Strategic Plan

The development of the 2022 – 2026 Strategic Plan was necessitated to set a new direction and establish key priorities relating to the mandate of SEC as stipulated by the Securities Act No. 41 of 2016, following the expiration of 2018 -2021 Strategic Plan. The SEC also seeks to align the execution of its mandate to that with the newly formulated 8NDP 2022 – 2026 and eminent implementation of the 10-year Capital Markets Master Plan.

This Strategic Plan takes into account the opportunities highlighted above and is premised on the aspirations of the Government as contained in the 8NDP. It is envisaged that the Plan will adequately address strategic issues affecting operations of the Commission. This is expected to facilitate smooth programme implementation and ultimately result in meeting clients' needs and interests of stakeholders (as outlined in section 2.2.)

1.5. Methodology

A Core Team, representing all the Directorates of SEC was constituted to spearhead the development of the 2022 - 2026 Strategic Plan.

The process involved undertaking an Institutional Assessment (IA) in Phase I and, subsequently, the Organisational Development (OD) using the Balanced Scorecard principles in Phase II. The IA involved conducting a Performance Assessment, an Institutional Capability Assessment of the Commission's distinctive competencies and reviewing literature relevant to the mandate of SEC. An analysis of the internal and external environment in which the Commission operates was undertaken using various tools such as the McKinsey 7s Model, Simple Change Management Model, Objective and Problem Trees, Strength, Weaknesses, Opportunities and Threats (SWOT), and Political, Economic, Social, Technological, Environment and Legal (PESTEL).

In addition, engagements were held with Management, Staff, Clients and Stakeholders to obtain their input in the performance review and development of the new Strategic Plan.

The information collected from the IA facilitated the OD process of determining the Commission's strategic direction for the period 2022 - 2026 in relation to its Vision, Mission, Core Values, Strategic Themes and Results, Strategic Objectives and Intended Results, Targets and Strategies.

The Plan was validated by various stakeholders and approved by the Board of the Securities and Exchange Commission.

2. ENVIRONMENTAL ANALYSIS

An analysis of the external environment in which SEC operates was conducted focusing on Political/Policy, Economic, Social, Technological, and Environmental and Legal (PESTEL) developments. Additionally, a Stakeholder Analysis was undertaken in order to understand clients' needs and stakeholders' interest in general.

2.1. PESTEL Analysis

The PESTEL developments were as follows:

(a) Political / Policy

i. *Change of government in August 2021.*

The Change of government in 2021 brought with it political will towards good governance and the fight against corruption translating into a more positive business environment (market confidence). SEC will leverage the foregoing to scale up CMMP implementation to enhance Capital Market development.

ii. *Free (subsidized) Education Policy.*

The Policy provides an opportunity for increased literacy which would have a positive bearing on market development efforts thereby making it easier to achieve higher levels of financial literacy.

SEC will thus leverage the positive developments and collaborate with curriculum developers to ensure that there is focus on financial education programmes at an early stage and on a continuous basis.

iii. *Creation of new Ministries.*

The Creation of new ministries such as the Small and Medium Enterprises Development and Green Economy and Environment has presented an opportunity for change in policy direction and enhancing awareness campaigns to SMEs on capital markets products and development. The creation of the Ministry of Green Economy and Environment is an added advantage to the Commission's green bond and sustainability agenda.

SEC will thus implement the following initiatives:

a) Position Zambia as a Global Green Investment Hub - leverage on the creation of the Ministry of Green Economy and Environment and National Development Policies such as the Vision 2030, 8NDP as well as the Commission's existing guidelines to attract green financing;
b) Establish a Coordinating unit for sustainable and green financing – leverage the support of cooperating partners such as the Biodiversity Finance Initiative (BIOFIN) and World-Wide Fund for Nature (WWF) Zambia to mainstream green finance in the organisational structure and build the necessary capacity. This will help SEC to contribute intentionally as well as strategically to Zambia's green growth strategy; and
c) Leverage on policies from the Ministry of Green Economy and Environment to ensure tax incentives aimed at fostering green growth and Zambia's transition into a green economy.

iv. *Policy pronouncements regarding enhancing of the Public Private Partnership (PPP) Unit. (Substantive number of infrastructure projects will be funded through the PPP model.)*

Policy pronouncements create an opportunity for capital markets to position themselves as the preferred platform to facilitate a transparent PPP framework.

SEC will thus focus on the following:

a) Engage with the PPP Unit to establish collaborative efforts aimed at fostering the proposal for developing a PPP model anchored

on a framework that facilitates PPP transactions to be realized using Capital Markets.

b) Engage with the World Bank and other partners for technical support towards achieving reforms in the three pillars: relating to;
   - Regulatory framework changes;
   - Institutional capacity; and
   - Financial innovations.

c) Leverage the National Financial Inclusion Strategy (NFIS) and CMMP to anchor the above interventions at national level.

On the other hand, the PPP policy development has potential to frustrate efforts and visions of deepening the Zambian Capital Markets in the event that the model of PPP transactions adopted does not leverage the use of capital market platforms.

To mitigate this negative impact, SEC will lobby with Central Government on the pros of undertaking PPP and Sector of Public Significance (SoP) transactions in a transparent manner and within the confines of good corporate governance provided within the capital market regulatory frameworks. The foregoing would also align with current government pronouncements on good governance and citizen empowerment.

v. *Ministry of Finance approval of the CMMP.*

The approval of the CMMP by the Minister of Finance and National Planning highlighted Ministerial support and a clear plan for the development of capital markets for the next 10 years. In this regard, SEC will:

a) Continue to lobby for Cabinet's approval of the CMMP;
b) Secure funding for CMMP implementation;
c) Commence implementation of the CMMP with a view of leveraging the above positive developments; and
d) Engage the cooperating partners to request various levels of support for the implementation of the CMMP.

vi. *Removal of subsidies on basic commodities.*

Removal of subsidies on basic commodities such as fuel and electricity is likely to reduce disposable income on account of increased cost of living thereby impacting negatively on mobilization of savings and development of capital markets.

SEC will through its investor education engagements encourage people to save and invest in capital market products such as Collective Investment Schemes.

(b) Economic

i. *High Public External Debt.*

Zambia has been grappling with the high public external debt which was precipitated by the default on external debt repayments (Eurobonds) in 2020 and the heavy reliance on the domestic market for funding the 2022 budget.

This has negatively hampered the country's ability to attract cheaper external financing. Therefore, Government has had to raise funds locally which has caused a crowding out effect of the private sector. This has also increased the cost of capital generally.

To mitigate the crowding out effect and possibly the cost of capital in the medium to long term, SEC will lobby for the Government to consider adopting a different funding strategy that leverages capital markets and thus avoids the crowding out effect. In this regard, Government should consider ring-fencing some key projects such as road construction, hospitals, schools and power plants so that these can be financed via capital markets using Special Purpose Vehicles instead of Government bonds/Treasury. The forgoing if actualised will not only mitigate the crowding out effect but will also have a positive impact on the development of capital markets.

ii. *Improving macroeconomic environment.*
In the last few years, the Kwacha appreciated against the United States Dollar to as low as K16 range from highs of above K22 and the inflation rate had slowed down to single digit in the half year of 2022 from highs

of above 25% during 2021 to 10.1% as at June 2022. Further, GDP growth rate is also projected to improve in the short to medium term (Bank of Zambia Monetary Policy Committee Statement February 2022).

This development provides for a more stable macro-economic environment supportive of the development that supports development of the capital markets as witnessed in the recovery of the Lusaka Securities All Share Index (LASI). The LASI recovered its 2019 and 2020 losses and grew to highs above 7,000 points in 2022. A stable macro environment increases chances for attracting Foreign Direct investment (FDI) and disposable income on the part of local investors.

Arising from this development, SEC will enhance efforts on lobbying incentives such as tax concessions on green bonds that are aimed at supporting would be green bond issuers to participate in the Zambian capital market.

(c) Social

i. *Covid 19 pandemic*

The Covid 19 pandemic has hindered planned outreach programs particularly in rural areas where technology usage is low. Pandemics like Covid-19 have an adverse effect on the development of the market and the country at large.

To mitigate the negative impact of pandemics, SEC will leverage on alternative methods from digital means to deliver awareness campaigns that would adhere to public health guidelines such as making use of community radio stations to get awareness messages to people in the rural areas.

Positively, the pandemic has fostered new social behaviours such as an appreciation for alternative means of conducting business and increased uptake of digital solutions as a way of adhering to public health guidelines which include social distancing. This has presented cheaper and consistent means for outreach programmes.

To optimise on this, SEC will enhance awareness initiatives that border on digital media.

ii. High youth population

The current demographic in Zambia has a high youth population. (According to the United Nations Children's Fund Zambia, 53.4% of the population in 2015 was below the age of 18 years). The demographic constituencies (youths) make up a significant part of the population and their participation in capital markets is critical as they are potential future investors.

SEC will thus scale up financial education efforts leveraging the National Strategy for Financial Education (NSFE) and the CMMP.

iii. Low participation in key demographic sectors

Youths, females, and differently abled individuals have recorded relatively lower participation rates in Capital Markets (2020 Finscope Survey and 2018 Labour Participation Survey).

To help obtain relevant data for policy/strategy formulation, SEC will introduce disaggregated data returns as well as encourage market players to develop programmes/products that are targeted at addressing the challenges faced by the youths, females and differently abled individuals.

(d)Technological

i. Proliferation of ICT facilitated financial services.

Proliferation of ICT facilitated financial services has provided a conducive environment that promotes the development of technologically enabled capital markets products. In this regard, SEC will:

a) Encourage capacity building initiatives for Commission staff and market players in the area of technology; and
b) Continue the implementation of a regulatory sandbox framework.

Proliferation of these platforms on the other hand poses a threat of increased cybercrime and other technology related risks, especially bearing in mind the lack of supervisory and regulatory technology. Further, the limited access to ICT infrastructure in learning institutions and consequently low digital literacy may hamper effective implementation of some of SEC's programmes.

To mitigate this, SEC will undertake on the following initiatives:

a) Investing in supervisory and regulatory technology;
b) Developing a clear framework/guideline for mitigating risks associated with ICT. The foregoing will encourage and promote enhanced ICT governance and risk management practices by market players;
c) Continue building regulatory capacity to ensure the effective supervision of technologically enabled capital markets products; and
d) Educating and sensitizing the general public about technologically enabled capital markets products.

(e) Ecological

i. *Droughts*

The climate change has among others resulted in increased occurrences of droughts. The drought of 2019 in particular presented an opportunity to urgently consider the role capital markets can play to address adverse climate change effects.

In this regard, SEC embarked on a sustainability journey and prioritised the development of the Green Bonds Guidelines which were issued in 2019. The trajectory has continued with the Commission having partnered with various stakeholders, with the common goal of promoting green bonds and mainstreaming green finance. The SEC is now desirous to accelerate its strategic direction in the green space and to this end plans to create a green/sustainability financing coordination

unit at the SEC that will be mandated to champion research into climate related risk management practices, financial disclosures and mainstreaming green financing in Zambia.

The unit will be tasked with the primary objective of realizing the vision of positioning Zambia as a preferred green investment hub and, to this end, shall have the following objectives:

a. Foster an enabling environment for mainstreaming green/sustainability financing;
b. Engage with the public and private sector to raise awareness on greening and green financing through instruments like green bonds; and
c. Facilitate capacity building (internally and externally) and linkages among actors in the Green financing eco system such as, linking potential issuers to technical support providers.

On the other hand, severe drought impacted negatively on the country's capacity to generate hydro power. This in turn negatively affected the performance of listed companies.

To mitigate the impact of climate variability, SEC will:

a) Develop disclosure regimes requiring market operators to adopt and implement best practice environment risk management practices;
b) Continue to leverage the creation of the Ministry of Green Economy and Environment and other partners for collaborative efforts for sustainable practices as means to transitioning to a green economy;
c) Continue collaborative efforts with other financial sector regulators and cooperating partners on the green finance mainstreaming working group that is, among other things, developing a disclosure regime for environmental, social and governance; and
d) Continue collaborative efforts to promote green bonds as an instrument for raising financing that is required to facilitate the adoption of sustainable practices that help mitigate or adapt to adverse climate change.

(f) Legal

i. *The Pension Scheme (Investment Guidelines) Regulations*

The Pension Scheme (Investment Guidelines) Regulations, Statutory Instrument No.50 of 2021 as read with the Pensions Scheme Regulations Act No.28 of 1996 provides for allowance of pensions funds to invest in various asset classes notably:

a) Physically backed Exchange Traded Funds (ETFs);
b) Listed and Quoted entities – The SI requires a minimum of 5% to be invested in this class of securities;
c) Collective Investment Schemes (CISs) – the SI removed the minimum 2% investment in CISs which has been instrumental in building critical mass for the sector. However, schemes may invest up to 20% of scheme assets in CISs;
d) Corporate Bonds – scheme may invest up to 10% of its assets in a single Bond Issuer; and
e) Equity – Private equity investment limits were increased from 5% to 15%. This provides an opportunity for SEC to increase the number of products under management on the Capital Markets.

To take advantage of this, SEC will sensitize pension funds on investment in Private Equity Funds, Venture Capital, CIS and listed securities guidelines on the private funds, Commercial Paper as well as Real Estate Investment Trusts (REITs).

ii. *Financial Intelligence Centre Amendment Act. No. 16 of 2020*

The Financial Intelligence Centre Act, 2010, designates the Commission as the capital markets supervisory authority on anti-money laundering/terrorist financing/proliferation financing. In 2020, the Act was amended by strengthening the administrative sanctions framework that help combat financial crimes in general. This will bring about market confidence in the capital markets.

SEC will thus leverage on the provisions of the Act to combat financial crimes that are committed on the capital markets.

iii. Data Protection Act No. 3 of 2021

The Data Protection Act provides for data privacy and data protection and requires Capital Market Operators who store and use personal data

to process and store personal data and sensitive personal data on a server or data centre located in Zambia. This is an onerous obligation that may increase the cost of doing business and possibly limit the innovation of new products.

The Commission will collaborate with regulators such as the office of the Data Protection Commissioner and ZICTA to develop innovative solutions that will enable Capital Market Operators to comply or reduce the cost of compliance with the Data Protection Act.

iv. *Electronic Communications and Transactions Act No.4 of 2021*

The Electronic Communications and Transactions (ECT) Act's provisions have created an enabling environment to facilitate electronic transactions and communication.

The SEC shall leverage on the provisions of the Act by:

a. Implementing a suitable governance universe for capital markets operators when transitioning from manual practices to automation. This will entail submission of regulatory returns through an electronic portal among others; and
b. Encouraging investments and innovations through electronic transactions such as via the regulatory sandbox.

v. *The Public Finance Management Act No. 1 of 2018*

The provisions of the Public Finance Management Act create an opportunity for prudent financial management due to enhancement in guidelines on financial controls. The Commission will adopt an enhanced reporting framework in line with the provisions of the Act.

On the other hand, the Act provides for remittance of funds generated internally to the consolidated fund and the Commission will continue to

seek for authority from the office of the Secretary to the Treasury to retain generated funds to finance its operations.

SEC will engage the Ministry of Finance and National Panning to review the Commission's current funding model against its needs to identify shortfalls/shortcomings and undertake a benchmark study with other regulators. Ultimately, this process should bring about a robust funding model which creates a sustainable funding environment to build the necessary capacity within the SEC, without potentially crowding out trading activity in the market.

vi. *Securities Act No. 41 of 2016*

The Securities Act No.1 of 2016 has many progressive provisions compared to its predecessor. However, the Act also has several inadequacies which make it difficult for the Commission to effectively discharge its mandate.

The SEC will lobby for the amendment of the Act to ensure the following:

a. Provide for staff immunity;
b. Provide for vetting of beneficial owners and Risk Based Supervision (RBS) approach;
c. Provide for vetting of senior management staff of Capital Market Operators at all stages;
d. Include a general penalty and general offence provision;
e. Harmonise conflicting provisions of the Act;
f. Repeal the provision requiring the Commission to refer criminal matters to the DPP and replace it with the provision vesting prosecutorial powers in the Commission;
g. Increase the supervisory powers of the Commission to make them akin to those exercised by the Bank of Zambia when they are exercising supervisory powers over their regulated entities;
h. Make them more progressive and consider several circumstances.
i. Prescribe more concise rules and regulations on Employee Stock Ownership Plan (ESOPs).
j. There is need to address the gaps identified in the gap analysis (see attached Gap Analysis). As this is done, there is need to prioritise

areas where the Commission has issued guidelines such as Credit Rating Rules and other priority areas (Green Bonds, Sandbox, Commercial Paper, REITS, Venture Capital/ Private Equity).

k. Need to address how we have addressed the Rule making power of the Commission vs the SI/Regulatory powers of the Minister.

2.2. Stakeholder Analysis

To ensure that the Commission's clients are better served, the analysis revealed the needs of stakeholders/clients as follows:

Table 1: Stakeholder analysis

No.	CLUSTER	NEEDS or AREA OF INTEREST
1.	Capital markets operators	● Provision of exchange licence. ● Market Development Support including regulatory guidance. ● A Legal Framework that supports development of Innovative products. ● Provision of licences, authorisations, registration of securities and recognition. ● A fair and efficient market environment. ● Affordable cost of doing business and raising capital.
2.	Local Authorities	● Registration of Securities ● Regulatory guidance ● Affordable cost of raising funds
3.	Issuers	● Registration of Securities ● Regulatory guidance ● Affordable cost of raising funds
4.	Venture Capital	● Authorisation of Venture Capital Fund ● Regulatory guidance
5.	Collective Investment Schemes	● Authorisation to operate unit trusts ● Market Development Support ● Regulatory guidance
6.	CSAs	● Licencing to operate CSAs ● Regulatory guidance
7.	Transfer Agents	● Licence to operate as Transfer Agents

		● Regulatory guidance
8.	Trustees	● Authorisation to operate as Trustees ● Regulatory guidance
9.	Custodians	● Authorisation to operate as Custodians ● Regulatory guidance
10.	Government Ministries	● Effective execution of Commission's mandate ● Prudent management of resources, for a Well-functioning domestic capital markets, Foreign Direct Investments (FDIs) ● Collaboration on development of a green economy ● Access to affordable long-term capital for SMEs ● Access to capital for businesses, FDIs ● Diversified & lucrative investment options/products ● Adherence to statutes ● Collaboration on Financial education ● Prudent financial management, Governance
11.	Regulatory bodies	● Sound, resilient & deep financial markets ● Enabling Environment/Technology & digitalisation ● Enabling Environment/Energy Sector funding or access to long-term capital ● Enabling Environment/Consumer Protection (Competition and Mergers & Acquisitions) ● Regulatory oversight/Enabling Environment (regulatory cost burden reduction)
12.	Other Statutory Bodies	● Capital markets development, access to capital for businesses, Governance ● Tax Compliance, Revenue Collection, Capital markets development
13.	Enforcement wings	● Collaboration on enforcement of law and order.
14.	Professional Associations	● Accountability and Professionalism ● Governance (compliance), Equity ● Capital markets development, functional financial market ● Access to capital for businesses
15.	Media	● Availability of Timely and accurate information

16.	Cooperating partners	● Capital Markets Development
17.	Global/Regional Groupings	● Harmonization of regulatory standards. ● Adoption of international best practice in Capital Markets Regulation.

2.3. Internal Analysis

This section analyses the performance of the SEC during the period 2018 - 2021and also evaluates the Commission's internal capabilities and provide for optimisation mitigation measures.

2.3.1. Past Performance

An analysis of the past performance was conducted to determine the extent of achievement of set targets. During the period 2018 -2021, the Commission recorded an Average performance of 61.4%.

Major achievements included:

a. Establishment of a Green bonds framework;
b. The Gender Technology Financial Inclusion Project;
c. Facilitation for one entity listing on an exchange;
d. Investor awareness programmes such as townhall meetings.

This performance was attributed to the following enablers:

a. Government goodwill and support;
b. Support from stakeholders;
c. Qualified and dedicated work force; and
d. Strengthened Financial Controls in place.

Notwithstanding the above enablers, the Commission's performance was negatively affected by the following dynamics:

a. Inadequate budgetary resources;
b. Inadequate staffing levels;
c. Some planned activities could not be undertaken due to limited staff resources and competing needs; and
d. The effects of the outbreak of the Covid-19 pandemic.

The table below provides a synopsis of the positives that led to success and the challenges faced in achieving the strategic objectives during the 2018 – 2021 strategic period.

	Objective	**Performance percentage and Score**		**Positives leading to Success**	**Challenges**
1.	Objective 1: Improve investor protection	83.33%	3	i. Establishment of Digital platforms, that is, capital market products that leverage technology and enable investors to access products via digital platforms like mobile money.	i. Work limitations arising from the COVID 19 outbreak and inadequate funding.
2.	Objective 2: Promote diversified and customer-centric products	16.67%	1	N/A	i. Unprecedented budgetary constraints. ii. Achievement of some targets was not entirely dependent on the Commission's efforts. iii. Limited target parameters, that is, equities listings (need for expanded targeted parameter to include quoted companies, bonds, CISs and

					alternative finance products (VCs, PEs, Fintechs etc).
3.	Objective 3: Improve stakeholder relationships	60%	2	i. Successfully scheduled stakeholder engagements. ii. Overwhelming support from stakeholders.	i. Non-finalisation and implementation of the stakeholder engagement strategy.
4.	Objective 4: Improve management systems	74.375%	2	i. Strengthened Financial Controls in place.	i.Partial development of the M and E mechanism.
5.	Objective 5: Improve Operational Processes and Systems	78%	2	N/A	i. Partial re-engineering, integration and automation of requisite systems due to budgetary constraints.
6.	Objective 6: Enhance Human Capital and the Work culture	64.14%	2	N/A	i. Non and partial implementation of some strategies due to budgetary constraints.
7.	Objective 7: Improve office, tools, equipment and infrastructure	51.2%	2	N/A	i. None or partial implementation of strategies due to budgetary constraints.

2.3.2. Capability Assessment

2.3.3. SWOT Analysis

An analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT) was conducted to identify internal factors and external factors that would facilitate or hinder the implementation of interventions identified during the Institutional Capability Assessment. Strengths are internal factors that would facilitate the implementation of interventions while weaknesses are internal factors that would hinder the implementation of interventions. On the other, opportunities are external factors that would facilitate the implementation of interventions while Threats are external factors that would hinder the implementation of interventions.

The tables below highlight the Strengths, Weaknesses, Opportunities and Threats of SEC:

a) Strengths

STRENGTH	OPTIMIZATION MEASURES
I. Open minded staff who easily embrace new ideas.	Continue to look out for new trends that can be used for strategic advantage.
II. Effective leadership skills that promote good work ethic in the organization.	Develop and implement a mentorship program.
III. Reliable and committed staff who possess requisite competence to discharge their obligations.	Review conditions of service to ensure staff motivation, job satisfaction and staff retention.
IV. Clear regulatory mandate.	● Institute a clear supervisory strategy. ● Develop and implement adequate frameworks to execute the strategy. ● Develop and implement an orientation program to ensure that

	regulatory objectives and expectations are met.
v. Enabling legal framework that provides a platform for good relationships with various stakeholders.	● Develop and implement a stakeholder management plan. ● Continue to harness and nature good relationships.
vi. Strong interpersonal skills to sustain good relationships with stakeholders.	

b) Weaknesses

WEAKNESSES	MITIGATION MEASURES
i. Inadequate staffing levels	● Review current organisation structure and identify changes needed. ● Engage Treasury (and market players as part of the CMMP implementation) on a new funding model.
ii. Inadequate organization structure	● Review and fully operationalise the Organisation Structure.
iii. Low automation levels: most processes are manual and prone to human error.	● Automate requisite systems for onsite and offsite monitoring and investigations. ● Engage treasury to assist with financial resources to ensure SEC has automated systems and processes to mitigate possible risk of human error and increase efficiency of the Commission.

IV.	Lack of licensing, registration, surveillance, inspection, and investigation tools.	● Procure or engage developers for surveillance, inspection, investigation, registration and licensing tools.
v.	Inadequate enforcement powers in the Securities Act.	● Amend the Securities Act No. 41 of 2016 to ensure that the enforcement powers of the Commission are enhanced.. Specifically, to include the following: a) Provide for immunity to all members of staff for anything done or committed to be done in good faith (the current framework only limits the liability to the board) etc. b) Asset freezing powers. c) Prosecutorial powers. d) Market misconduct proceedings applicable to any person (not just licensed persons) who contravenes the act. e) Expressly state the powers of the SEC in interim possessions. f) Expressly state the powers of the SEC over the assets of capital market operators. g) Provide enabling powers for the Commission to enter into non contest settlements. h) Provide an express provision on the recognition of an identity card of an investigations officer and the powers that the identity card has.

c) Opportunities

OPPORTUNITIES	OPTIMISATION MEASURES
i. Establishment of the Capital Markets Tribunal (CMT) has presented an opportunity for SEC to justify and defend its enforcement actions.	● Collaborate with the CMT on sensitisation programmes related to SEC's mandate.
ii. Increased interest from the Capital Market Operators and other Stakeholders to deploy and access capital markets products.	● Enhance implementation of the enabling framework for the capital markets products.
iii. The Act provides for the Minister of Finance to issue certain SIs.	● Engage the Minister of Finance to issue an SI on prescription of daily penalties (section 216).
iv. Political will to develop the capital markets.	● Leverage on the political will to approve and launch the ten-year CMMP.
v. Existing membership e.g., AMERC, CISNA and IOSCO.	● Leverage memberships to help build capacity in the Zambian capital markets as well as facilitate the adoption of international best practices in developing the capital market.
vi. New regulatory frameworks such as the capital markets regulatory sandbox, green bonds, REITS etc.	● Leverage the regulatory frameworks to increase innovation and participation of diverse players (local and international) in the Zambian capital markets.
vii. Availability of stakeholders willing to support the Commission's mandate.	● Expedite engagements of stakeholders on MoUs yet to be signed. ● Develop and implement a robust Communication Strategy. ● Strengthen the implementation of capacity building programs,

	knowledge exchange programs and collaborative supervisory efforts.
viii. Investor friendly environment	● Enhance promotion of local and foreign investments.

d) Threats

THREATS	MITIGATION MEASURES
i. Inadequate funding for the Commission.	● Engage Treasury on a predictable funding model. ● Develop a resource mobilization strategy for the funding model.
ii. Increased fraudulent schemes	● Enhance sensitization of the public. ● Where applicable, take enforcement action against promoters of fraudulent schemes to deter other would-be offenders.
iii. Volatile global macro-economic environment has a potential to impact the local economic environment.	● Engage the Government with the view of contributing to initiatives/policies aimed at making the economy more resilient to adverse external factors.
iv. Crowding out effect by Government.	● Advocate for Government to adopt policies that support access to capital by the private sector using capital markets (leveraging the implementation of the CMMP once approved).
v. Low financial literacy hampers growth of the capital markets	● Continue implementation of the National Financial Inclusion Strategy. ● Continue partnerships/ collaborations with various

	stakeholders aimed at enhancing investor education programmes.
vi. Negative External Influence	● Enhance Corporate Governance and strengthen adherence to the Law and laid down procedures.
vii. Competing financial products – such as micro finance	● Embrace innovative products that meet the needs of SMEs to raise finance in the capital markets.

3. STRATEGIC DIRECTION

Having analysed the internal and external environments within which the SEC has been and may be expected to operate in the next five years, the Commission has set out an operational framework to guide the execution of its mandate, specifically, its programming, decision-making and resource allocation during the period 2022 – 2026 as follows:

3.1. Vision

The Commission's Vision is to be: ***"A dynamic regulator of a capital market that is the preferred destination for investments".***

Through this vision, the SEC will ensure that it promotes conducive legislative and regulatory frameworks for participation on the capital market.

3.2. Mission Statement

To realize the vision and achieve the strategic results, SEC commits itself to the following mission statement:

"To safeguard interests of investors and promote the growth of capital markets for individual and national prosperity".

Through this mission statement, SEC will develop innovative strategies to enhance development of Capital Markets and ensure protection of investors in the Capital Market.

3.3. Core Values

The operations of the SEC and more specifically, the professional conduct and behaviour of the staff for the next five (5) years will be anchored on the following five (5) core values:

a) **Accountability:** We take responsibility for our actions and decisions;
b) **Confidentiality:** We do not disclose privileged information to unauthorised persons;
c) **Transparency:** We are open in the execution of our mandate;
d) **Impartiality:** We treat all our stakeholders fairly; and
e) **Sustainability:** We are committed to reducing environmental degradation.

3.4. Strategic Themes and Strategic Results

To realise its vision, the SEC has identified three (3) areas of focus or themes as follows:

a) ***Regulatory Excellence*** *resulting in* ***High Investor protection and confidence;***

b) ***Market Development Excellence*** resulting in **Deep Capital Markets and Financial Inclusion and Financial Inclusion**; and

c) ***Operational efficiency*** *resulting in* ***Efficient and Effective Service Delivery.***

3.5. Strategic Objectives, Intended Results, Measures, Targets and Strategies

In the next Five (5) years, SEC commits to pursuing six (6) strategic objectives with their associated intended results.

3.5.1. Strategic Objective 1: increase stakeholders' participation in capital markets

For improved stakeholder relationship to be achieved, the SEC will:

a) Develop and implement a stakeholder engagement and communication strategy;

b) Scale up implementation of outreach programs; and

c) Develop and implement mechanisms for conducting periodic surveys.

These measures are aimed at increasing stakeholder satisfaction levels, collaboration as well as increasing awareness, understanding and appreciation levels about the Commission's mandate, roles & functions and contribution to national development by the key stakeholders such as Government, other regulators and other players in the capital markets.

Under this objective, stakeholder participation, which is key to the growth of the Capital markets, will be increased through scaling up engagements with Capital Market Operators to streamline and simplify processes as well as scaling up implementation of awareness programmes.

These interventions are aimed at deepening participation in capital market products by investors.

In addition to promoting increased participation in Capital Markets, the Commission will also facilitate the enhancement of traditional products and encourage innovation for new products through development of guidelines for new innovative products, scaling up outreach programmes on new products and developing regulatory frameworks.

These interventions are aimed at increasing non-traditional product offerings, increasing awareness of regulatory framework supporting innovation and improving delivery efficiency and participation in traditional products.

3.5.2. Strategic Objective 2: Enhance Capital Market Investor Protection Services

The SEC will ensure increased compliance and adequate Risk Management processes in the CMOs by implementing the following interventions:

a) Scale up awareness and capacity building to the CMOs;

b) Implement Risk Based Supervision framework; and

c) Enhance core investor protection services.

3.5.3. Strategic Objective 3: Attain a Sustainable Funding Model

SEC will attain a sustainable Funding model through the following interventions:

a) Optimize financial management and controls;

b) Engage the Ministry of Finance and National Planning on an alternative funding model; and

c) Develop and implement a resource mobilization strategy.

These initiatives are aimed at ensuring that the Commission has Sustainable financial resources.

3.5.4. Strategic Objective 4: Enhance Business Process and Procedures

The commission will ensure increased efficiency of Commission processes and procedures by implementing the following strategies:

a) Review the Client Service Charter;

b) Develop and implement a robust M&E framework;

c) Review the legal and policy framework;

d) Develop and implement a business continuity plan;

e) Automate, integrate, re-engineer requisite supervisory and business systems; and

f) Coordinate implementation of the Capital Market Master Plan.

3.5.5. Strategic Objective 5: Improve Human Resource Capacity

Human resource is the core of any organisation and as such, enhancing human resource capacity is key to ensuring Service Excellence. In this regard, enhancing human capital, entails the following:

a) Review and fully operationalize the organization structure;

b) Strengthen the existing performance appraisal system;

c) Develop and implement a comprehensive training and development program;

d) Develop and implement a routine orientation program for the Commission Board;

e) Develop and implement a Retention strategy; and

f) Develop and implement a staff welfare program.

These interventions are aimed at increasing staff satisfaction levels and staff performance.

3.5.6. Strategic Objective 6: Improve Infrastructure and Equipment

Ensuring a conducive work environment entails implementing the following strategies:

a) Develop and implement an infrastructure development and maintenance plan; and

b) Develop and implement feedback mechanisms on work environment.

Refer to the table below for the detailed Strategic Plan log-frame, and the Balanced Scorecard at Appendix I.

STRATEGIC OBJECTIVE 1: INCREASE STAKEHOLDERS' PARTICIPATION IN CAPITAL MARKETS				
INTENDED RESULTS	**MEASURES (KPIs)**	**BASELINE**	**TARGETS**	**STRATEGIES**
Increased client satisfaction levels.	Percentage of satisfaction levels.		80% of clients satisfaction attained by 2026	• Develop and implement a stakeholder engagement and communication strategy • Scale up implementation of outreach programs • Develop mechanisms for conducting periodic surveys
Increased stakeholder support.	number of projects implemented in collaboration with stakeholders		5 programme projects/ implemented in collaboration with stakeholders by 2026	
Increased awareness, levels.	Percentage of awareness levels		70% awareness levels by Stakeholders	

			on the Commission's mandate attained by 2026.	
Enhanced participation in capital market products by investors.	Percentage of people investing in capital markets		3% of adult population investing in capital markets by 2026.	• Scale up engagements with Capital Market Operators to streamline and simplify processes. • Scale up implementation of awareness programmes.
	Percentage increase of people with knowledge in capital markets		50% of the national adult population with knowledge in Capital Markets by 2026.	
			50% of children and youth equipped with Financial Education by 2026.	
Increase in non-traditional product offerings.	Number of new products		5 new products introduced by 2026	• Develop guidelines for new innovative products • Scale up outreach programmes on new products and the regulatory frameworks
Increased awareness of regulatory framework supporting innovative	Percentage of awareness levels		75 % of Capital Market Operators aware of regulatory	

/new products.			framework supporting new products by 2026	
STRATEGIC OBJECTIVE:02: ENHANCE CAPITAL MARKET INVESTOR PROTECTION				
INTENDED RESULTS	**MEASURES (KPIs)**	**BASELINE**	**TARGETS**	**STRATEGIES**
Adequate risk management processes in CMOs	Percentage of CMOs implementing risk management frameworks.		100% of high risk/ high impact CMO's/ clusters implementing risk management frameworks by 2026	• Scale up awareness and capacity building to the CMOs; • Implement Risk Based Supervision framework; • Enhance Core investor protection services. • Strengthen enforcement on all identified unlicensed/ unauthorised players
	Percentage of entities that have an intervention rating of 3 or less (Normal watch) under the Risk Based Supervision		90% of entities (licencees) resilient (i.e sufficient loss absorption capacity or having sufficient financial and other resources to absorb the losses arising its risk taking	

			activities) by 2026.	
	Percentage of entities implementing ICOFR framework		60% of listed entities implementing ICOFR framework by 2026.	
Increased enforcement to deter unlicensed and unauthorised activities	Percentage of identified scams/ unlicensed player compliance.		100% enforcement for all identified unlicensed/ unauthorised players.	
STRATEGIC OBJECTIVE: 03: ATTAIN A SUSTAINABLE FUNDING MODEL				
INTENDED RESULTS	**MEASURES (KPIs)**	**BASELINE**	**TARGETS**	**STRATEGIES**
Sustainable financial resources	Percentage of strategies funded		100% of strategies fully funded annually.	• Optimize financial management and controls • Develop and implement a Resource Mobilization Strategy. • Engage Ministry of Finance and National Planning on a Sustainable funding model
	Percentage adherence to budget		100% adherence to the budget annually	
STRATEGIC OBJECTIVE 04: ENHANCE BUSINESS PROCESS AND PROCEDURES				

INTENDED RESULTS	MEASURES (KPIs)	BASELINE	TARGETS	• STRATEGIES
Increased efficiency	Standard of service delivery		100% of services provided in line with the standard in the service Charter annually	• Review the client service Charter • Develop and implement a robust M&E framework • Review the legal and policy framework • Develop, Automate, integrate, re-engineer requisite supervisory and business systems • Engage cabinet on the approval and coordinate the implementation of the Capital Market Master Plan
	Percentage of performance on set targets		80% of institutional targets achieved by 2026	
STRATEGIC OBJECTIVE 05: ENHANCE HUMAN CAPITAL				
INTENDED RESULTS	**MEASURES (KPIs)**	**BASELINE**	**TARGETS**	**STRATEGIES**
Increased staff satisfaction levels.	Percentage of staff satisfaction levels		90% staff satisfaction levels attained by 2026	• Review and fully operationalize the organization structure

Increased performance.	Percentage of performance		100% of staff scoring 3.5 or above annually / by 2026	• Strengthen existing performance appraisal system • Enhance awareness and training of staff in the performance appraisal system • Develop and implement a comprehensive training and development program • Develop and implement a routine orientation program for the Commission Board • Review conditions of service • Develop and implement a staff welfare program
STRATEGIC OBJECTIVE 06: IMPROVE INFRASTRUCTURE AND EQUIPMENT				
INTENDED RESULTS	**MEASURES (KPIs)**	**BASELINE**	**TARGETS**	**STRATEGIES**
Conducive work environment	Number of office building		One (1) office appropriately furnished building	• Develop and implement an infrastructure development

	constructed/ purchased		constructed/ purchased by 2026	and maintenance plan
	Percentage positive feedback		80% positive feedback on work environment annually	• Develop feedback mechanisms on work environment.

4. ENABLING FACTORS

The successful implementation of this Strategic Plan is, to a large extent, dependent on the following pre-conditions and assumptions being in place:

4.1. Pre – Conditions

The pre-conditions are critical success factors within the control of the Commission that will need to be put in place to ensure successful implementation of the 2022 – 2026 Strategic Plan. The following are the pre-conditions:

a. Adequate, competent, and committed human resource;
b. Adequate internal policies and procedures;
c. Adequate office space and tools; and
d. Automated systems.

4.2. Assumptions

These are critical success factors outside the control of SEC that should prevail for successful implementation of the Plan. The following are the assumptions:

a. Adequate and sustainable funding model;
b. Conducive macro-economic conditions (fiscal and monetary policies);
c. Political will;
d. Continued support from stakeholders;
e. Conducive legal/regulatory framework
f. Stable political environment; and
g. No adverse unpredictable global events such as, wars and disease pandemics.

5. PLAN IMPLEMENTATION

To operationalise the Strategic Plan, an Implementation (Operational) Plan, broken down into annual Departmental and Individual work plans, with SMART targets, schedules of activities and costed accordingly will be developed taking into account the available resources.

The Finance and Administration Department will be responsible for the development and implementation of the Operational Plan as well as submission of progress reports to Management and subsequently to the Board by December every year. The Operational Plan will be the basis for monitoring and evaluating the performance of SEC at three levels, namely, individual, departmental, and institutional.

6. RISK MANAGEMENT

The Commission will implement a Risk Management Strategy to identify, assess, manage and control possible events or situations in order to provide assurance regarding the achievement of objectives. The Commission will, therefore, implement a rigorous Plan to monitor its operations and environment in order to swiftly address risks.

7. MONITORING AND EVALUATION

Monitoring and Evaluation (M&E) of the Strategic plan will be vital for effective implementation and ascertaining its impact. The M&E Framework will be developed to track progress and evaluate performance against set strategic results, strategic objectives, intended results and targets as well as institute corrective measures timely. The monitoring and evaluation will be done at individual, departmental and Institutional levels.

At individual level, the Performance Management System will be strengthened to be able to monitor and evaluate the performance of staff on a continuous basis, quarterly and annually. With regard to departmental level, monitoring and evaluation of the implementation of the Plan will be done quarterly while at Institutional level, monitoring and evaluation will be done bi-annually and annually.

Accordingly, quarterly and annual progress reports on the implementation of the Plan will be coordinated by the Finance and Administration Department. The Department will ensure that each Department prepares progress reports and

submits to Management for consideration. The Midterm review will be conducted after two and half years of the strategic plan period. The terminal review will be conducted within 6 months of the end of the strategic period in December 2026, to determine the full extent of Plan implementation and the overall impact respectively. The terminal review will inform the preparation of the 2027 - 2031 Strategic Plan.

APPENDIX II SECURITIES AND EXCHANGE COMMISSION 2022 TO 2026 BALANCED SCORECARD