



LUSAKA SECURITIES EXCHANGE
2024-2028 STRATEGIC PLAN
SUSTAINABLE BUSINESS GROWTH – UNLOCKING ECONOMIC
DEVELOPMENT AND GROWTH IN ZAMBIA VIA CAPITAL
MARKETS

Prepared by:
Lusaka Securities Exchange Plc in collaboration with
Management Development Division
Cabinet Office
LUSAKA

April 2024



UNLOCKING THE POWER OF THE CAPITAL MARKET

The Lusaka Securities Exchange (LuSE) is more than just a marketplace - it's a hub for economic growth and development. By facilitating the trading of securities, we connect investors with companies, and companies with capital. This helps to drive business expansion, job creation, and economic progress.

Learn how LuSE can help you achieve your financial aspirations and contribute to Zambia's prosperity today!

Tel: +260 211 228391
Email: info@luse.co.zm

TABLE OF CONTENTS

FOREWORD	iv
ACKNOWLEDGEMENTS	vi
EXECUTIVE SUMMARY	vii
1. INTRODUCTION	1
1.1 Background	1
1.2 Situation Analysis	1
1.3 Statutory Mandate	4
1.4 Management and Operational Structure	6
1.5 Strategic Operational Linkages	7
1.6 Rationale for Developing the 2022 – 2026 Strategic Plan	7
1.7 Methodology	8
2. ENVIRONMENTAL ANALYSIS	10
2.1. External Environmental Analysis	10
3. STRATEGIC DIRECTION	26
3.1. Vision	26
3.2. Mission Statement	27
3.3. Core Values	27
3.4. Strategic Themes and Strategic Results	27
3.5. Strategic Objectives, Intended Results	29
3.6. Balanced Score Card	34
4. ENABLING FACTORS	35
4.1. PRECONDITIONS	36
4.2. ASSUMPTIONS	36
4.3. PLAN GOVERNANCE AND IMPLEMENTATION	36
4.4. FINANCING OF THE PLAN	37
4.5. RISK MANAGEMENT	37
4.6. MONITORING AND EVALUATION	37
APPENDIX I: FINANCIAL PROJECTIONS 2024-2028	40
APPENDIX II: LUSAKA SECURITIES EXCHANGE BALANCED SCORECARD 2024 TO 2028	41
APPENDIX III: LUSAKA SECURITIES EXCHANGE APPROVED ORGANISATIONAL CHART	41
APPENDIX IV: LUSAKA SECURITIES EXCHANGE IMPLEMENTATION PLAN	44

FOREWORD



I am delighted to present the Lusaka Securities Exchange Plc (LuSE) Medium Term Plan for the period 2024 to 2028. This Plan has been developed under the theme: *“Sustainable Business Growth - unlocking economic growth and wealth creation”*. This is in line with the Eighth National Development Plan (8NDP) aspirations whose theme is *Socio-Economic Transformation for improved livelihoods*”.

Further, the chosen theme reflects our commitment to meet shareholder interests by creating an Exchange that experiences sustainable growth, meets the minimum requirements to attract liquidity and capital formation and remains relevant to the modern demands of a global exchange.

The Lusaka Securities Exchange Plc (LuSE) serves as Zambia’s primary securities exchange. Over the past three decades, the LuSE has undergone significant transformation including the increased number of shareholders for the Securities Exchange to enhance corporate governance. This transition paved the path for maximising LuSE’s market capitalisation and increasing shareholder value. This also created positive pressure to grow and develop the business, increase profitability, improve market liquidity, and introduce new products and services.

The Exchange has encountered numerous challenges including inadequate market depth, illiquidity, inadequate commodity diversification and a low market capitalisation to Gross Domestic Product (GDP) of less than 15%, among others. Furthermore, market fundamentals remain highly dynamic, and the onslaught of COVID-19 pandemic underscored the critical importance of business contingency planning for ensuring operational continuity during disruptions.

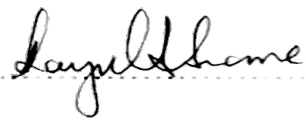
LuSE acknowledges that businesses across the different economic sectors have become key partners in delivering the sustainability agenda. Sustainability not only helps address global challenges but also, drives the business’s success. In this context, LuSE’s medium-term strategy aims to support initiatives related to environmental, social, and governance (ESG) factors, not only within the LuSE but also in driving the discourse across the listed companies.

LuSE aims to contribute to the national agenda of attaining frontier market status over the medium-term period by establishing a sustainable long term capital market. During this strategic period, LuSE will increase its focus on enhancing Governance, Risk, and Compliance to unlock the economic potential of our market.

This Strategic Plan reflects on the challenges faced by the Exchange over the last 30 years while looking optimistically toward the future envisioning the LuSE as *“A preferred securities exchange*

that drives economic growth". This vision aligns with our mission to facilitate the listing and trading of securities for cost-effective long-term capital and wealth creation. We believe that our medium-term plan will unlock the great potential of our economy and empower individuals and businesses to create wealth for a prosperous future. It is built upon four key pillars: Customer and Community, Operational Excellence (Colleague and Systems), Company Growth, and Controls and Governance. These pillars form the foundation of our strategy.

The development of this Plan was consultative and incorporated input from various stakeholders. Therefore, I am confident that this Plan will propel us toward a trajectory of growth that aligns with the aspirations of the broader market. It will enable us to play a pivotal role in driving economic growth and achieving prosperity for both households and institutions.



Dr. Kayula Siame
BOARD CHAIRPERSON

ACKNOWLEDGEMENTS



This medium-term plan has been formulated through a highly consultative and participatory process involving stakeholders across the different market segments of the economy. The consultations with various stakeholders were undertaken to solicit for information on the current and outlook of the Lusaka Securities Exchange Plc and to develop consensus and establish ownership. The Plan is aligned to some of the aspirations of the Eighth National Development Plan 2022-2026 and the 10-year Capital Markets Master Plan (CMMP), 2022.

I owe special word of gratitude to the leadership of Board of Directors, who provided valuable oversight in terms of strategic direction and focus to this process. I would like to also express my deepest appreciation and special thanks to Management Development Division, Cabinet Office for the technical support, the regulators, brokers, listed companies, market players for their considerable and intangible contributions to the formulation process of this Plan.

Lastly, but not the least, I would like to extend my sincere gratitude to all members of staff at the Lusaka Securities Exchange Plc (LuSE) who patiently worked on putting this plan together. I sincerely commend them for providing extensive personal and professional guidance to the process.



Mr. Nicholas Kabaso
CHIEF EXECUTIVE OFFICER

EXECUTIVE SUMMARY

The Lusaka Securities Exchange Plc is established under the Securities Act No. 41 of 2016 under Part III sec. (21) and (22). The LuSE is a registered securities exchange providing an integrated trading, clearing and settlement platform. The LuSE occupies a very central place in the national economic agenda by being a platform where ideas meet capital and an anchor for sustainable business growth and wealth creation.

The purpose for developing this Strategic Plan is to establish an operational framework covering the period January 2024 to December 2028. This Strategic Plan is anchored on the theme **“Sustainable Business Growth – Unlocking Economic Development and Growth in Zambia via Capital Markets”** aligning with the Eighth National Development Plan whose theme is “Socio-economic Transformation for Improved Livelihoods”. The 8NDP focuses on four strategic areas namely *Economic Transformation and Job Creation, Human and Social Development, Environmental Sustainability, and Good Governance Environment*. Additionally, the theme reflects the expectations of meeting shareholder interests by ensuring sustainable growth, meets the minimum requirement to attract liquidity and capital formation and remains relevant to the modern demands of a global exchange.

The LuSE’s Strategic Plan was developed through a consultative approach following the expiration of the previous five-year plan for the Lusaka Securities Exchange Plc which ran from 2018 to 2022.

The methodology used to develop this Strategic Plan involved a two-phased approach comprising of the Institutional Assessment and Organisational Development underpinned by the Balanced Scorecard principles. The Institutional Assessment included evaluating the Performance of the previous Plan, conducting an internal capability assessment to identify LuSE’s distinctive competencies, as well as, analysing the macro-environment. The Organisational Development involved defining the strategic direction of the organisation.

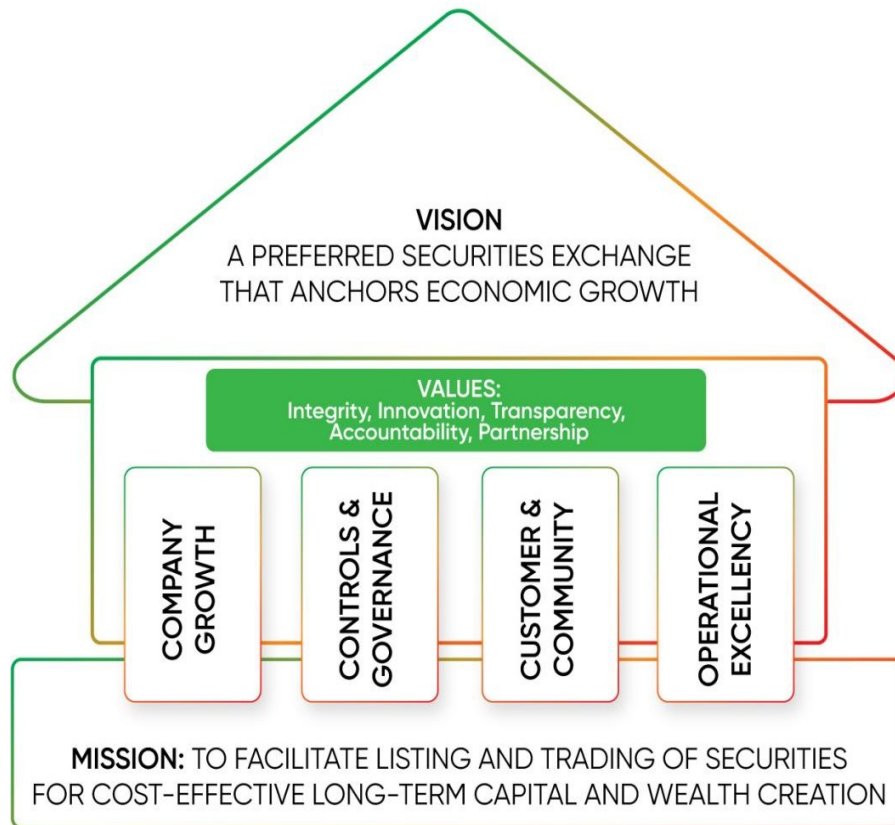
Based on these analyses LuSE has formulated a strategic operational framework for the period 2024 – 2028 which includes the following:

Vision: “To become the preferred securities exchange that anchors economic growth.”

To realise the vision, the LuSE has identified four (4) thematic areas of focus, and their related strategic results are as follows:

- A. **Customer & Community** resulting in *improved brand visibility, customer, and service experience; and*
- B. **Operational Excellence (Colleague and Systems)** resulting in *increased efficiency.*
- C. **Company Growth** resulting in *Sustained Business Growth and Sustained Profitability.*
- D. **Controls & Governance** resulting in *improved compliance to regulations and governance.*

To excel in the four thematic areas, LuSE has established a Mission, for itself, which is *“To facilitate listing and trading of securities for cost-effective long-term capital and wealth creation”*. In executing the mission, LuSE has committed to observing the following Core Values, namely, *Integrity, Innovation Transparency, Accountability, Partnership*.



The following Strategic Objectives will be used to achieve the aspirations of this Plan:

1. Sustain business growth;
2. Enhance resource mobilisation for Strategic Capital Projects;
3. Boost customer and service experience;
4. Strengthen Management Systems and Governance;
5. Improve human capital; and
6. Bolster institutional Infrastructure.

To facilitate implementation, the Strategic Plan will be operationalised through costed Annual Departmental and Individual work plans. Continuous monitoring will ensure successful implementation and achievement of the desired impact, allowing for necessary interventions as needed. At the end of the plan period, the final review will assess the extent of the Strategic Plan implementation and its impact.



01 INTRODUCTION

1. INTRODUCTION

1.1 Background

The Lusaka Securities Exchange Plc (LuSE) was established with preparatory technical assistance from the International Finance Corporation (IFC) and the World Bank in 1993. The Exchange opened on 21st February 1994. The formation of the Exchange was part of the government's economic reform program aimed at developing the financial and capital market in order to support and enhance private sector initiative.

The Lusaka Securities Exchange Plc was also expected to attract foreign portfolio investment through recognition of Zambia and the region as an emerging capital market with potentially high investment returns. Another important role of the Exchange was to facilitate the divestiture of Government ownership in parastatals and realization of the objectives of creating a broad and wide shareholding ownership by the citizenry via a fair and transparent process. The LuSE activities are regulated by its own regulations and by-laws, along with the rules, orders and guidance of the Securities and Exchange Commission.

1.2 Situation Analysis

The Lusaka Securities Exchange Plc (LuSE) is Zambia's main securities exchange regulated by the country's Securities and Exchange Commission (SEC). The LuSE has 22 listed companies, with a total market capitalisation of approximately K98.7 billion at the end of 2023, which represented 10.93% of Zambia's GDP. Trading activities on the market is underpinned by ten brokerage firms and two custodian banks charged with the safekeeping of client securities. There are two Transfer secretaries on the market that facilitate shareholder registries.

The Exchange's value is dominated by Shoprite Holdings, a South African firm with multiple listings on the LuSE and Johannesburg Securities Exchange and the Namibia Securities Exchange, which accounts for over a third of the exchange's market capitalisation. The firm listed on the LuSE in 2003 as part of its strategy of creating a seamless business across its target markets. No other firm makes up more than 15% of the exchange's total value, with the second largest, Copperbelt Energy Corporation Zambia, contributing 12% to the LuSE's total market capitalisation. The LuSE exhibits substantial market concentration, with 95.2% of the exchange's total market capitalisation coming from the top ten firms. However, this is skewed by Shoprite's size relative to the other listed firms, which are more closely matched in terms of size. From an industry viewpoint, the largest firms in the market are split across a variety of industries, with a skew towards consumer goods/services and financial services.

Company	Industry	GDP Contribution of Industry Sector	Market Capitalization (K' Billion 2023)	Percentage of LuSE Market Cap
ZAMBEEF	Agri-Processing	2.40%	0.76	0.86%
ZSUG			11.08	12.49%
CEC	Energy	2.33%	11.52	12.99%
INVESTRUST	Financial Services	1.68%	0.20	0.23%
MFIN			0.09	0.10%
SCZ			2.50	2.82%
ZANACO			5.49	6.18%
PAMODZI	Hospitality	0.01%	0.07	0.08%
ZAMBIA RE	Insurance	0.03%	0.13	0.14%
ZCCM-IH	Investments	1.37%	6.75	7.61%
AECI	Manufacturing	1.84%	0.86	0.97%
BATA			0.23	0.26%
LAFARGE			2.76	3.11%
NATBREW			0.26	0.29%
ZAMBREW			3.82	4.31%
ZAMEFA			0.13	0.15%
ZFCO			1.01	1.14%

PUMA	Oil Marketing	0.25%	1.25	1.41%
REIZ	Property	0.01%	0.07	0.08%
BATZ	Retail Trading	7.13%	0.41	0.47%
SHOPRITE			34.78	39.21%
ATEL	Telecommunication	0.92%	4.52	5.10%

Table 1 Listed Companies and the Market Contribution

The Corporate Bond market remains underdeveloped, with only a handful of issues currently available on the market all of which are from financial services companies. This is partially driven by the low liquidity in the secondary market for government bonds and because corporate bonds derive their yields from the yields on government bonds, with a risk premium added.

The Exchange currently does not have a debt instrument with tenure of less than one year. There is no commercial paper currently in circulation on the market given that the lowest tenor on the current array of corporate bonds is 3 years (See table 2). Nevertheless, most money market transactions come via the sale of Treasury Bills and Term deposits across deposit taking financial institutions while structured private placements of commercial paper is done across other non-deposit taking financial institutions.

Issuer	Tenor (Years)	Rate	Par Value	Year of Maturity
Bayport	3	364 T-Bill Rate + 500 basis points	K50,047,000	2026
Bayport	5	364 T-Bill Rate + 575 basis points	K58,535,000	2028
Bayport	3	364 T-Bill Rate + 500 basis points	K93,700,000	2026
Bayport	5	364 T-Bill Rate + 575 basis points	K8,500,000	2028
Bayport	3	364 T-Bill Rate + 500 basis points	K5,000,000	2026
Bayport	5	364 T-Bill Rate + 575 basis points	K21,465,000	2028
Bayport	3	364 T-Bill Rate + 500 basis points	K43,650,000	2026

CEC Renewables	15	9%	\$53,538,000	2038
International Finance Corporation	5	18%	K234,000,000	2028
International Finance Corporation	5	182 T-Bill Rate – 50 Basis Points	K32,200,000	2028

Table 2 LuSE Listed Corporate Bonds

Most corporate bonds in issue on the Exchange are for tenors of 5 years and one 15-year Green Bond on CEC Renewables. In addition, the listed bonds mostly make use of the rate on short-term government Treasury Bills (with maturities of less than a year) as a benchmark for the yield. Generally, it would be expected that corporate yields would equal the yield on a government bond comparable length, with a risk premium added, i.e. the yields on the five-year corporate bonds in the table above would be expected to equal the yield on a five-year government bond, plus some margin. The fact that this is not currently the case in the corporate bond market suggests the lack of a developed yield curve for government debt for these corporate securities to take their cue from. This highlights the need for a liquid and well-developed government secondary bond market to underpin price discovery for the corporate bond market.

1.3 Statutory Mandate

The LuSE is regulated under the Securities Act No. 41 of 2016 under Part III sec. (21) and (22). The LuSE is a registered securities exchange providing an integrated trading, clearing and settlement platform. The LuSE may perform the following specific functions:

- a) Trading and settlement for instruments such as Exchange Traded Funds (ETFs), fixed income (corporate and government bonds), commodities on the spot market, and depository receipts;
- b) Provide multi-asset trading and clearing facilities including Derivatives.
- c) Provide to both institutional and retail investors of full order management and order placing capacity, coupled with real-time access to market data, as well as third-party prices on a Financial Information Exchange (FIX) feed.
- d) Provide Direct Market Access for investors to trade on the Exchange via web/browser interface with approval of their brokers.

- e) Provide Investor access to Central Statutory Deposit (CSD) Accounts online, as well as receipt of Accounts Statements by email.
- f) Inbuilt and robust surveillance tools and market replay; and
- g) Support Market Making and Turnaround Trading.

In executing its functions, the LUSE is guided by the statutes as provided for in the Securities Act No 41 of 2016 and further support is derived from other public policies as highlighted below that help provide a view of some of the national aspirations to which the LuSE is seen as a key player:

a) The Securities Act No. 41 of 2016

The Act governs the securities industry in Zambia. It sets out the rules and regulations for the issuance, sale, and trading of securities in the country. The act aims to protect investors, promotes fair and transparent markets, and ensures the stability and integrity of the securities market in Zambia. It covers various aspects of securities regulation, including licensing requirements, disclosure obligations, and enforcement mechanisms.

b) Capital Markets Master Plan 2022

The objective of the CMMP is to provide a framework for Zambia's capital market development over a period of ten years. The CMMP is anchored on five key development areas, namely:

- (i) enhancing the government bond market;
- (ii) enhancing other traditional security markets;
- (iii) development of new and innovative products/markets;
- (iv) enhancing capacity building across capital markets; and
- (v) enhancing the capital market regulatory environment.

Throughout the Strategic plan for the LuSE, for the LuSE, the largest player in the Capital Markets, remains pivotal in achieving the development goals outlined in the CMMP.

c) National Financial Inclusion Strategy 2022 - 2024

The Strategy provides a framework with very specific initiatives which also address emerging issues such as inclusive green finance, while tackling issues affecting segments of the population that are still lagging in so far as financial inclusion is concerned. The strategy has established the following six thematic areas of financial inclusion: (i) Small and medium

Enterprises (SMEs), (ii) rural areas, (iii) underserved population, (iv) agriculture, (v) environmental social governance, and (vi) digital financial services and infrastructure. In addition to these thematic areas, the Strategy includes crosscutting areas namely: financial consumer protection and capability, monitoring and evaluation, data, and research.

d) LuSE Listing Rules for Debt Securities, 2005

The rules provide comprehensive guidelines for listing debt securities on the Lusaka Securities Exchange (LuSE).

e) LuSE-Alternative-Market-Rules

The Alternative Market is a listing tier, designed for small and medium-sized enterprises (SMEs) to raise capital through equity. The rules outline the eligibility criteria, disclosure requirements, and ongoing obligations for companies listed on the Alternative Market. They aim to facilitate access to capital for SMEs and promote their growth in the Zambian market.

f) Risk Based Supervision (RBS) Policy 2021

The Policy is a comprehensive, formally structured system that assesses risks within the financial system, giving priority to the resolution of those risks. The Policy applies principally to the boards and senior management of Capital Market Operators (CMOs), owing to the Commission's expectation of their role in mitigating risk in the business operations of their respective CMOs. The RBS Policy provides a basis for improved and better communication between the CMO and the SEC focusing on the key risk areas.

The Policy highlights the among others the Commission's approach to Risk Based Supervision, Key principles, Primary risk assessment concepts and the core supervisory process.

1.4 Management and Operational Structure

Strategic oversight for the LUSE is provided by the Board appointed by the Shareholders. The LUSE Board is governed through a Board Charter that outlines its roles and duties. The day-to-day management of the LUSE is carried out by the Chief Executive Officer (CEO) who also oversees the Lusaka Clearing and Settlement Agency (LCSA). He is assisted by five (5) Heads of Directorates namely;

- i. Head of Legal and Company Secretary;
- ii. Chief Financial Officer;

- iii. Head of Listing and Product Development;
- iv. Chief Operating Officer; and
- v. Central Shares Depository (CSD) Administrator

The roles of the Board and Management are distinct to avoid duplication of responsibilities. The Board is responsible for the overall stewardship of the organisation. To this effect, the Board oversees the organisations operations, business affairs and the day-to-day running of business by Management. It establishes or approves all corporate policies as required and involves itself jointly with Management in ensuring the long-term sourcing of resources, sustainability, preservation, protection of the organisations assets and assuring stakeholder confidence.

The Board is assisted in its functions by Board Committees, and these are:

- a) Finance Audit and Risk Committee;
- b) Listings Committee;
- c) Disciplinary Committee;
- d) Membership and Rules Committee;
- e) Investment Committee;
- f) Nominations Committee;
- g) Dispute Resolution Committee;
- h) Strategic Working Committee;
- i) Remuneration Committee; and
- j) Regulatory and Compliance Committee

LuSE has its offices in Lusaka, but the platform is accessible world-wide.

1.5 Strategic Operational Linkages

The LuSE collaborates with the Securities Exchange Commission, the Bank of Zambia, Financial Intelligence Centre, Pension and Insurance Authority and the Competition Consumer Protection Commission. In addition, the LuSE collaborates with Ministries, Investment Advisors, Commercial Banks, Regulators and the Capital Market Association of Zambia. The main area of collaboration is usually on the provision of an efficient platform for trading for both issuers and investors as well as drive increased investor protection.

1.6 Rationale for Developing the 2022 – 2026 Strategic Plan

The development of this Strategic Plan was necessitated by the expiry of the last plan which covered 2018 – 2022. In addition, the LuSE aims at aligning this Strategic plan to the aspirations of the shareholders of creating an Exchange that has sustainable growth, meets the minimum requirement to attract liquidity and capital formation and one that is relevant to modern demands of a global exchange. Further, this plan aims to meet some

of the aspirations of the Capital Market Master Plan 2022 as well as other nascent public policies and economic developments that may have a significant bearing on the direction of the Exchange.

1.7 Methodology

The strategic planning approach utilised the integrated Institutional Assessment/Organisation Development – Balanced Scorecard (IA/OD-BSC). The IA/OD BSC is a two-phased approach that took into consideration a critical analysis of the LuSE's operations including its achievements and challenges with proposed recommendations for improved performance.

The first phase, the Institutional Assessment (IA) involved conducting an internal capability assessment to establish LuSE's distinctive competencies, as well as, analysing the macro-environment. The various tools applied were the McKinsey 7s Model; Simple Change Management Model; Strengths, Weaknesses, Opportunities and Threats (SWOT); Political/Policy, Economic, Social, Technological, Environmental/Ecological and Legal (PESTEL) Analyses and Ansoff Matrix. In addition, various stakeholders were engaged to solicit for information on the current and future outlook of the LuSE and to suggest areas of focus to enhance the execution of the Institution's mandate.

Further, literature review was conducted to ascertain the best fit for the LuSE's strategic direction with regard to national policies and legal frameworks that have implications on its operations. This involved analysing key documents such as the Eighth National Development Plan (8NDP) 2022 – 2026, National Financial Inclusion Strategy 2024, Capital Markets Master Plan 2022 and the Securities Act No. 41 of 2016.

The second phase, the Organisation Development (OD) involved determining the strategic direction of an organisation. The information collected from the Institutional Assessment facilitated the Organisational Development process of determining the strategic direction for the LuSE for the period 2022 to 2026 in relation to its Vision, Mission, Core Values, Strategic Themes and Strategic Objectives. The strategic direction was based on the Balanced Scorecard (BSC) principles, which takes a holistic approach in mapping the strategic direction and provides a framework for measuring the performance of an institution.

The Strategic Plan was developed with technical support from Management Development Division of Cabinet Office and spearheaded by a Core Team composed of members of staff from all the Departments in the LuSE.



02

ENVIRONMENTAL ANALYSIS

2. ENVIRONMENTAL ANALYSIS

2.1. External Environmental Analysis

A critical assessment of the external environment in which an LuSE operates was undertaken. The process identified significant developments in the environment that have a strategic bearing on the functioning of LuSE. The External analysis focused on the Political/Policy, Economic, Social, Technological, Environmental/Ecological and Legal (PESTEL) developments that have had or may have an impact on the operations of the Exchange.

In addition, a stakeholder analysis was undertaken in order to develop the strategic view of the human and institutional landscape of the stakeholders that LuSE interacts with and understand the stakeholders' interests and clients' needs.

2.1.1. PESTEL Analysis

(a) Political/ Policy Developments

(i) Launch of the Eighth National Development Plan 2022 – 2026

The 8NDP is Zambia's blueprint for economic transformation agenda. It is anchored on industrialisation with a focus on value-addition in agriculture, mining and manufacturing which have strong local forward and backward linkages. Its focus on the manufacturing sector is characterised by operations that have low capital requirements, are labour intensive, and produce goods for final consumption. Priority will also be given to job-rich sectors such as tourism. Further, focus will be placed on the development of micro, small and medium enterprises (MSMEs) across all sectors as they have high income and job creation potential.

In view of the above, Zambia's projected economic growth rates over the next medium term are forecasted at above 5%. Over the period, focus will also be on strengthening Private Public Partnerships. These ambitions place a favourable prospect for growth in capital market transactions.

(ii) Central Bank Announcement on Bond Auctions

The Bank of Zambia (BoZ) announced a change in the issuance method of the government bonds, entailing that the coupon rate for each instrument will be determined during the auction. The change had been made to streamline government debt metrics and debt service in general. We anticipate that this may have a leading effect for alternative investment options for investors who may start considering equities as part of their investment allocation.

(iii) Geopolitical instability

The geopolitical instability has brought about supply chain disruptions in Europe and the rest of the world, reshaping alliances. Over this Strategic Plan period we anticipate that geopolitics will retain upside risks to the flow of capital. This is especially so with the observance of Governments in major economies withdrawing fiscal policy support to developing countries. This implies lower than projected growth in developing economies coupled with exacerbated inflation and elevated public debt, resulting in higher borrowing costs and a more disruptive fiscal policy adjustment, with a negative impact on global growth later.

LuSE will continue monitoring the events in the Geopolitical environment to inform implementation of the Strategy.

(b) Economic Developments

(i) Debt restructuring

In March 2024, Zambia reached an agreement with the official bilateral creditors to restructure its debt. The agreement entails important concessions from the Bondholders, while providing the required debt relief to the Government. Under the agreement, Bondholders would forego approximately \$840 million of their claims, and provide cash flow relief of approximately \$2.5 billion during the IMF programme period¹.

Zambia's agreement on the terms of debt restructuring with Eurobond holders represents a critical milestone toward restoring debt sustainability. Completion of negotiations with other commercial creditors will help Zambia attract new investments, accelerate growth, among others.

LuSE will continue monitoring the outcomes of the debt restructuring to inform implementation of the Strategy.

(c) Social Developments

(i) Increased Population

Zambia's population increased from 13,092,666 in 2010 to 19,610,769 in 2022², out of which 11,766,141 represent the rural population. The rural population is comprised of segments of the population that are still lagging in so far as financial inclusion is concerned. These segments include the women and the youth, the elderly and the persons with disabilities. The increase creates an opportunity for increasing financial inclusion and

¹ Statement restructuring of Eurobonds, Released 13:15:01 25 March 2024- Ministry of Finance and National Planning

² Preliminary Report 2022 Census of Population and Housing

increased participation in the securities market. The LuSE will therefore enhance implementation of strategies that encourage uptake of financial inclusion.

(ii) Pandemics

The rapid spread of coronavirus (COVID-19) had dramatic impacts on financial markets all over the world, including Zambia. The Pandemic created an unprecedented level of risk, causing investors to suffer significant losses in a very short period of time. LuSE was negatively affected in the following:

- Economic slowdown;
- Drop in market capitalisation;
- Drop in liquidity;
- Loss in man hours; and
- Reallocation of resources from key activities to COVID related expenses.

To mitigate some of the effects, the LuSE will strengthen implementation of the business continuity plan and invest in ICT infrastructure.

(iii) Improvement in the Investor Perception Index

The overall investor perception index increased from 21 in 2021 to 40.5 in 2022 reflecting a shift from a dissatisfactory score to a satisfactory score. This improvement was mostly attributed to the peace and security, market potential, good infrastructure and political stability measures which were recognized as the main parameters that encouraged investment in the country. The improvement in the perception on the business environment is expected to attract further investments in the economy.

LuSE will continue monitoring business environment.

(iv) Increased Uptake of ICT

According to the Zambia Information Communication and Technology Authority (ZICTA), the International Telecommunications Union (ITU) in their Measuring Digital Development Facts and Figures Report, estimated that mobile-broadband subscriptions continued to grow strongly relative to other subscriptions to telecommunication services. Accordingly, the number of mobile-broadband subscriptions was shown to have rapidly approached the level of mobile cellular subscriptions, which were observed to have plateaued.

Over the last 10 years, the penetration rate of mobile-broadband subscriptions grew by an average of 14.8% per year, against 2% for mobile-cellular subscriptions. Further, fixed-broadband subscriptions also continued to grow steadily, at an annual growth rate averaging 6.7 percent over the last 10 years.

To optimize the development, the LuSE will deploy mobile applications to help tap into this advancement in technology. This will help the Exchange serve its customers in a cost reflective way and would allow increased uptake of the product value proposition even among people outside the financial inclusion bracket.

(d) Technology

(i) Migration from 2G to 4G by the ICT

The migration has increased the speed on processing information and thereby enhancing technology for the platforms for LUSE. The LuSE will invest in new systems; and invest in on demand data services.

(ii) Advancement in Technology

The advancements in technology have created the following opportunities for the LUSE:

- Development of a mobile app for trading of shares;
- Provide opportunities for flexible working arrangements and improvement of systems; and
- Bring more ICT companies to the market.

To actualise the opportunities, the LuSE will invest in ICT infrastructure.

(e) Environmental/ Ecological Developments

i. Effects of Climate Change

Climate change poses an unprecedented challenge to the world economy and the global financial system. Climate risks have led to climate disasters such as droughts, floods and high temperatures. These have had negative impacts on economic growth, employment, agricultural production, renewable energy consumption and population health³. In addition, the effects have led to reallocation of resources meant to drive economic growth towards climate change mitigation. It is estimated that climate change will cost Zambia 0.4% of

³ International Review of Financial Analysis Volume 88, July 2023, 102671, accessed 18.04.2024

annual economic growth⁴. In the case of LuSE, climate change has negatively affected the output for listed companies which are in agriculture and affected operation hours.

Governments and financial institutions have therefore become increasingly aware of the need to take climate and environmental risks into consideration in the risk assessment process of the financial systems⁵. This has created opportunities for green bonds. The LuSE will scale up marketing for green listing and drive increased community programs to promote environmental protection.

(f) Legal Developments

Over the period, a number of regulations have been enacted that may have a bearing on the operations of the Exchange. Among these include;

- (i) Income Tax (Amendment) No. 22 of 2023

In terms of legal factors affecting the development of the Exchange, removal of foreign exchange restrictions ensures full repatriation of earnings as well as security to investors with statutory rights to full and fair compensation. The Income Tax Act provides an incentive for companies listed on the LuSE whereby the tax rate is discounted depending on the degree of local ownership in each company. For example, companies where more than one-third of shareholding is owned by a Zambian benefit from a 5% discount on corporate income tax.

2.1.2. Stakeholder and Client Analysis

(a) Clients and their needs

An analysis of the clients' needs was undertaken. Clients are individuals/groups of individuals/institutions the LuSE was primarily created to provide a service to in order to meet their needs. The following are the clients of the LuSE.

S/N	Cluster	Needs
1.	Listed Companies	<ul style="list-style-type: none"> • Trading of securities • Listing securities • Accurate information • Custody of securities • Clearing securities • Settlement of securities

⁴ Climate change adaptation planning in Zambia; Towards building resilience of economic systems, livelihoods and ecosystems, Policy Brief 2021

⁵ International Review of Financial Analysis Volume 88, July 2023, 102671, accessed 18.04.2024

2.	Investors	<ul style="list-style-type: none"> • Trading of securities • Accurate information • Custody of securities • Clearing of securities • Settlement of securities
3.	Data Vendors	<ul style="list-style-type: none"> • Accurate information

Table 3 Stakeholder Analysis

(b) Stakeholders and their interests

In addition to clients and their needs, an analysis of the stakeholders and their interests was undertaken. Stakeholders are individuals/groups of individuals/institutions that have an interest/stake/claim in the operations of the LuSE and are affected by decisions made by the LuSE:

The stakeholder analysis identified the stakeholders and their areas of interest as presented below:

S/N	Cluster	Area of Interest
1.	Ministries	<ul style="list-style-type: none"> • Effective execution of mandate • Provision of conducive environment for: <ul style="list-style-type: none"> - listing of green products - market participation for trade and industry - Capital raising for Small and Medium Enterprises - Commodity trading - listing mining companies
2.	Regulatory Institutions	<ul style="list-style-type: none"> • Adherence to: <ul style="list-style-type: none"> - Securities and Capital Markets guidelines - Anti-money laundering guidelines - Mergers and acquisitions regulations • Effective secondary government bond listing and trading • Provision of exchange traded products

3.	Professional Association	<ul style="list-style-type: none"> • Adherence to capital market standards and ethics
4.	Zambia Development Agency	Provision of exchange traded products
5.	Brokers	<ul style="list-style-type: none"> • Provision of exchange traded products • Provision of efficient platform for trading
6.	Commercial Banks	<ul style="list-style-type: none"> • Provision of exchange traded products • Provision of efficient platform for trading
7.	Pension Fund Managers	Provision of exchange traded products
8.	Investment Advisors	Provision of exchange traded products
9.	Development Partners	<ul style="list-style-type: none"> • Effective execution of mandate • Accountability for resources • Provision of exchange traded products
10.	Media	Collaboration on dissemination of information
11.	University	Collaboration on undertaking research and learning
12.	Global Association	Collaboration on market practice and knowledge transfer

Table 4 Stakeholder Analysis

2.1.3. Ansoff Matrix

The Matrix evaluated the relative attractiveness of growth strategies that leverage both existing products and markets vs. new ones, as well as the level of risk associated with each.

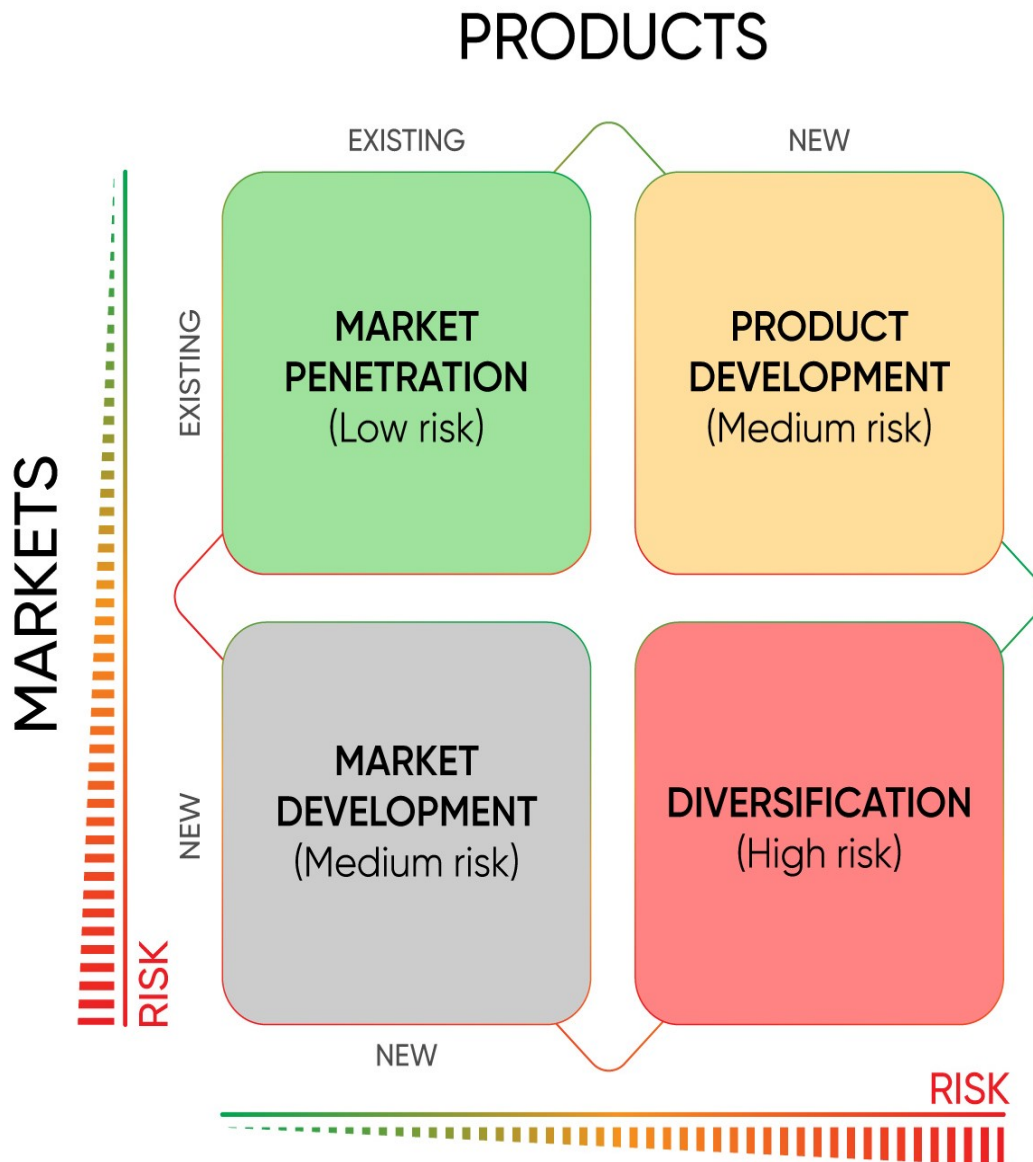


Table 4 Ansoff Matrix

In view of the above, this Strategic Plan will address the need to deliver a sustainable business growth and unlock economic opportunities and wealth creation. As highlighted in the Ansoff Matrix above this Strategic Plan will be a low to medium risk plan focussing on market penetration, market development and product development.

2.1.4. Internal Analysis

2.1.4.1. Performance Assessment

A Performance assessment was undertaken on the LuSE's Strategic Plan for the period 2018-2022. The assessment determined the extent to which LuSE delivered its strategic objectives and identified gaps in programme implementation and suggested

appropriate interventions. The traffic light signal was used to classify the performance of the Lusaka Securities as follows:

- **Red** - Results not achieved and/or no clear evidence of the delivery on the ground
- **Amber** – Results partially achieved and/or at risk of not being delivered; and
- **Green** - Results achieved according to objective and results clearly evidenced

	2018	2019	2020	2021	2022	2023
1. Market Capitalisation to GDP	14%	16%	18%	20%	22%	22%
2. Operating Revenue Growth	+10%	+10%	+10%	30%	-30	+10%
3. Cost to Income Ratio	80%	75%	67%	99%	95%	80%
4. Average Daily Turnover (ZMW' Million)	5.6 Bn	6.5 Bn	7.3 Bn	2.0 Bn	2.0 Bn	5.7 Bn
5. Number of Issuers - Main Board Listing	24	26	28	23	24	26
6. Number of Issuers – ALT M (SME)	1	3	5	1	1	3
7. Number of Products	4	5	6	3	4	5
8. % Market Share of GRZ Bonds	80%	80%	80%	80%	80%	80%
9. Launch Corp Bonds	22	24	27	9	22	24
10. Soft Commodities	1	1	2	2	1	1
11. Number of local investor accounts	60,500	66,550	38,630	45,000	60,500	66,550
12. Number of foreign accounts	678	730	728	843	678	730
13. Number of total Investors	42,000	52,000	62,000		42,000	52,000
14. % Approved Marketing Plan	0	100%			100	
15. Number Local Events	10	10	16	16	10	
16. Local gvt trade missions	1	1	2	2	2	
17. LuSE Road shows	0	1	2	2	12	
18. Number of Radio Shows	1	2	4	4	5	
19. Number of TV Interviews	0	0	2	2	2	
20. Number of Jingles	0	5	12	12	6	
21. Number of Mkt Training	0	1	2	2	2	
22. Number of Product/year						
23. Research					4	
24. Development					0	
25. Number of Active Subscribers	430	538	672	946	1,100	
26. Number of Partnerships (MoU's with Key partners)	1	2	4	4	3	1
27. Integration STT system & Accountant system	0	0	0	0	50	0

28. STT System Integration with Banks (number of banks)	0	0	50	50	6	0
29. System Integration with the BOZ (RTGS)	0	0	0	50	50	0
30. CSD Linking to Transfer Agents – R&D	0	0	50	50		0
31. TA to Access to client accounts - R&D	0	0	0	0	50	0
32. Mobile trading App (enhancements)	0	0	50	50	ongoing	0
33. Online (web based) trading (%) (enhancement)	0	0	50	50	ongoing	0
34. % Commodities trading board (ZAMACE)	0	50	50	50	50	0
35. LuSE Intranet (%)	0	50	50		50	0
36. Separation of the CSD	50	50			100	50
37. Bi-Annual Broker inspection	–	1	2	2	2	–
38. Broker Compliance score		85%	90%	90%	95%	
39. % System Up Time	99%	99%	99%	99%	99%	99%
40. Risk Index		48%	46%	44%	42%	
41. Audit Rating		Amber	Green	Green	Green	
42. Internal Control Pass		75%	80%	85%	90%	
43. Number of SMART Performance contracts	70%	90%	100%	100%	100%	70%
44. % Employee Attrition	2	2	2	2	2	2
45. Number of Performance appraisals	1	0	1	2	2	1
46. Marketplace Surveys	60%	65%	70%	N/A		60%
47. % Employee Opinion Survey	50%	90%	100%	N/A	0%	50%
48. % Succession Planning	75%	100%	100%	100%	100%	75%
49. Number of Mandatory Training	90%	90%	90%	50%	95%	90%
Overall Assessments	Red	Red	Red	Red	Red	Red

The performance of LuSE for the period was below average with most targets in red. The challenges faced were as follows:

- (i) Low financial performance to warrant the delivery of the other strategic milestones;
- (ii) The business underwent a wage freeze to manage the daily operations of the business;
- (iii) Low trading and issuer activities implied that the business was not able to meet its bottom line; and

- (iv) Key deliverables such marketing activities as well as marketing engagements, system build were all deferred pending improvement in the business financial performance.

2.1.4.2. Institutional Capability Assessment

The Institutional Capability Assessment conducted provided an in-depth analysis of the LuSE's status internally. The Internal analysis identified the gaps and provided appropriate interventions as input into the preparation for the 2022 – 2026 Strategic Plan. The analysis was based on the McKinsey's 7s Model, which established challenges in the seven areas relating to the Strategy, Structure, Systems, Staff, Skills, Shared values and Style of leadership and management. The identified challenges will need to be addressed for LuSE to effectively implement its Strategic Plan.

2.1.4.3. McKinsey 7s Model

The model identified and examined seven constituent interdependent elements of an organisation which the manager needs to take into account and see how best they can be aligned in an attempt to attain the best organisational fit. The analysis focused on the following interrelated factors: Strategy, Structure, Systems, Staff, Skills, Shared Values, and Style of leadership and value:

(a) Strategy

LuSE had a Strategy that expired in 2022 but not fully implemented, due to inadequate financial performance.

(b) Structure

The LuSE structure was approved in the first quarter of 2024. Implementation is yet to commence. The Structure is adequate to support implementation of the Strategy if fully implemented.

(c) Systems

LuSE systems are inadequate, and this is observed through the following:

- manual and inefficient;
- some systems are not integrated;
- inadequate internal policy frameworks; and
- lack of approved procedure manuals.

(d) Staff

LuSE has an approved structure of 35, out of which 13 positions filled. LuSE is therefore operating at 37% staff compliment.

(e) Skills

LuSE is inadequate in the following skills sets:

- Risk management;
- Information Communication Technology;
- Business Development and Marketing;
- Public Relations;
- Project Management; and
- Human Resource Management.

(f) Shared Values

LuSE has the following values embedded in the expired strategic Plan: *Transparency, Efficiency, Innovation, Integrity, and Teamwork*. A self-assessment of adherence to the shared values using a Likert scale of between 1 to 10, with 1 being the lowest and 10, the highest, adherence was as follows:

- *Transparency (Reference - 8.4)*
- *Efficiency (Reference - 7.6)*
- *Innovation (Reference - 6.8)*
- *Integrity (Reference - 8.6)*
- *Teamwork (Reference - 8.4)*

It was established that not all members of staff were aware of the shared values and hence the need to implement deliberate initiatives to cascade these values.

(g) Styles on Management/Leadership

The predominant styles of leadership in LuSE are Participative and Charismatic leadership. The following were the negative traits exhibited by the leadership:

- Lack of mentorship of subordinates;
- Don't involve others in decision making;
- Working in silos; and
- Failure to recognise efforts by team members.

The LuSE will implement strategies that will address all the identified challenges as they relate to the 7 key elements above.

2.1.4.4. SWOT Analysis

Further, a SWOT analysis was conducted. The analysis identified factors within the Exchange in respect of Strengths and Weaknesses that would facilitate or hinder the implementation of the identified interventions. In addition, the analysis identified factors outside LuSE in respect of Opportunities and Threats that would facilitate or hinder the implementation of the identified interventions. The analysis revealed the following: -

STRENGTHS	WEAKNESS
<ol style="list-style-type: none"> 1. Largest Exchange 2. Relatively larger market within the region 3. Good Corporate Governance structure 4. Strong skills set among shareholders 5. Strong financial position 6. Clear value proposition 	<ol style="list-style-type: none"> 1. Weak trading platforms 2. Inadequate skill set among the staff 3. Inadequate staffing 4. Inadequate internal systems 5. Low pricing structure 6. Inadequate capital for strategic capital projects (infrastructure, systems) 7. Lack of an integrated CSD platform for secondary bond trades 8. Lack of marketing strategy and capacity
OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> 1. Free market environment 2. Sustainable finance (green bonds, social bonds) 3. Supportive stakeholders 4. Enabling public policy 5. Growing middle income class and per capita pensions assets 6. Advancements in technology 7. Captive market around Generation Z 	<ol style="list-style-type: none"> 1. Weak corporate image 2. Illiquidity of the market 3. Low retail participation 4. High cost of registration of Securities with SEC 5. Low market capitalization 6. Rapid rate of obsolescence of technological advancements 7. Cyber threats 8. Low market depth and high interest yield on fixed income securities 9. Tightening global financial conditions 10. Macroeconomic instability 11. Low economic diversification 12. Inadequate growth of SMEs

2.1.4.5. Strategic Issues

Following the analysis of the internal and external environment within which LuSE operates, key strategic issues were identified which form part of the basis of the Strategic Direction. The following were the key issues identified:

Exchange Market

1. Lack of investor confidence in market;
2. limited access to capital by SMEs;
3. Inadequate market transparency;
4. Macroeconomic instability (high interest rates and inflation);
5. Illiquidity of the market;
6. Inadequate growth of SMEs;
7. Inadequate product diversity;
8. Lack of commodities market;
9. Low demand for capital market instruments;
10. limited institutional absorption capacity among local investors;
11. Lack of established secondary bond trading for price discovery;
12. Lack of an integrated CSD platform for secondary bond trades;
13. Perceived high costs of listing with brokers, auditors and transaction advisors;
14. Few listings;
15. Low market cap to GDP;
16. Tightening global financial conditions;
17. Low market capitalization;
18. Low economic diversification;
19. Low pricing structure for LUSE;
20. Lack of fiscal incentives for listed companies;
21. Inadequate capacity building programmes for listed companies;
22. Slow pace of SOE pipeline for listing; and
23. Inadequate collaboration between Government, regulators, and market participants.

Regulatory Framework

24. Inadequate regulatory framework;
 - (i) Onerous legal framework
 - (ii) Old listing rules

- (iii) Overlapping regulations
- 25. Inadequate enforcement of regulations; and
- 26. Overlapping responsibilities (SEC vs LUSE).

Market Information/ Stakeholder awareness

- 27. Inadequate financial education (a lack of awareness of the role and benefits of capital markets);
- 28. Inadequate institutional/ brand visibility; and
- 29. Inadequate market research.

Operational

- 30. Uncompetitive conditions of service for staff;
- 31. Inadequate skill set among the staff;
- 32. Inadequate staffing;
- 33. Inadequate internal systems;
- 34. Inadequate capital for strategic capital projects (infrastructure, systems); and
- 35. Lack of marketing strategy and capacity;
- 36. Old and obsolete technological infrastructure;
- 37. Lack of global recognition of the market;
- 38. Underutilization of demutualization; and
- 39. Inadequate office infrastructure.



03 STRATEGIC DIRECTION

To become the preferred securities exchange anchoring economic growth.

3. STRATEGIC DIRECTION

The LuSE Strategic direction has been developed with careful analysis and consideration of LuSE's aspirations to meet the expectations of its shareholders of creating an Exchange that has sustainable growth and meets the minimum requirement to attract liquidity and capital formation. Further, shareholder expectations are centred around creating a trading platform that is relevant to modern capital raising requirements and allow attraction of increased participation from different investors from across the globe. This is especially required as the LuSE celebrates 30 years of existence.

This Strategic Plan also seeks to anchor some of the 8NDP aspirations with reference to Strategic Development Area 1: Economic Transformation and Job Creation which has associated Development Outcomes including:

- i. Enhancing economic diversification and industrialisation.
- ii. Enhancing citizen's participation in the economy; and
- iii. Enhancing private sector competitiveness.

The LuSE will leverage on its unique value proposition of being a securities exchange providing an orderly, transparent, and efficient platform for the exchange of securities and a place that links issuers and investors alike, to contribute to the development outcomes effectively and efficiently.

The LuSE efforts are expected to achieve the following strategic outcomes:

1. Market cap to GDP > 20% per annum; and
2. Daily Market Turnover of ZMW 2million over the medium-term period.
3. Attract a diversified institutional investors base both local and foreign.
4. Engage NAPSA and Workers Compensation Fund Board and other private pension funds to provide liquidity for the market.

The LuSE has therefore set out an operational framework to guide the execution of its Mandate in the next five (5) years. This framework will guide the LuSE's programmes, decision-making and resource allocation during the period 2024 – 2028 as follows:

3.1. Vision

LuSE's Vision is: ***"To be a preferred securities exchange that drives economic growth"***

Through this vision, the LuSE will address key business imperatives with respects to shareholder aspiration, regulation, investors, co-operating partners and deliver on being a platform that both investors and issuers can trust to conduct their business. This will entail enhancing the experience of clients by ensuring an enabling legal and regulatory framework, product diversity and improved market liquidity. The focus is therefore to raise the brand profile of the institution to be a competitive and globally recognised exchange.

3.2. Mission Statement

To realise the vision and achieve the strategic results, LuSE commits itself to the following mission statement:

"To facilitate listing and trading of securities for cost-effective long-term capital and wealth creation".

Through this mission, LuSE will provide investors, businesses, and other issuers with an efficient, reliable, orderly, transparent and cost-effective platform for the raising of capital and trading of securities.

3.3. Core Values

The operations of LuSE and conduct of staff over the strategic plan period will be anchored on the following five (5) core values:

- i. **Integrity:** We are honest and uphold strong ethical values that are beyond reproach in the execution of our mandate and adhere to rules and regulations. In addition, we do not divulge privileged information to unauthorised parties.
- ii. **Innovation:** We are creative, bold and believe in continuous learning in order to find new ways of serving our clients. We believe that these will sustain total quality consciousness in the organisation.
- iii. **Transparency** We ensure that our decision-making process is not perceived as discriminatory, by creating an environment of honesty and open dialogue, where our clients have equal access to information. This is done with intentional effort to remove any biases.
- iv. **Accountability:** We pledge to take responsibility for all our actions, be proactive rather than reactive, accept correction or criticism, show up for work and take the initiative to brainstorm solutions for the business.
- v. **Partnership:** We pride in working as team and fostering positive and productive relationships with both internal and external stakeholders with shared values in the execution of our mandate. We therefore seek to be sincere with one another to apologize or admit when you've made a mistake and praise one another for goals scored.

3.4. Strategic Themes and Strategic Results

To realise its Vision, the LuSE has identified the following four (4) areas of focus (themes) and associated strategic results:

a) Customer and Community:

Resulting in ***Improved brand visibility; and customer and service experience.***

b) Operational Excellence:

Resulting in ***increased efficiency.***

c) *Company Growth:*

Resulting in *Sustained business growth and sustained profitability.*

d) *Controls and Governance:*

Resulting in *Improved compliance to regulations and governance.*

3.4.1. Company Growth

Company Growth entails delivering financial imperatives that justify increased shareholder value. LuSE will therefore focus on reducing costs, improving profit margins and improving the Return on Equity. The LuSE will also focus on reinforcing the competitiveness of the LuSE brand, being the dominant securities exchange in the country. This is expected to result in sustained growth and profitability for the Company over the medium term.

3.4.2. Controls and Governance

This theme emphasises LuSE's ambition to deliver an improved risk environment underpinned on an operational strategy for managing LuSE's overall governance, enterprise risk management, regulation, and compliance efforts. This disciplined approach will enable LuSE to align governance, risk, and compliance goals to the overarching theme of this plan thus deliver an operating environment of improved management systems, regulation, and compliance.

3.4.3. Customer and Community

This theme places a lot of focus on increased brand visibility and improving the customer experiences at the various touch points of our interactions with the people we are meant to serve. This pillar will assist drive customer satisfaction and client retention. Therefore, we aim at improving the customer service in order to drive repeat trades. Over the medium term we anticipate having had an improved customer service that will also be reflected in the increased number of clients interacting with the LuSE at its various touch points coupled with an improved client satisfaction rate.

3.4.4. Operational Excellence

The theme entails creating a culture where management and employees are invested in business outcomes and empowered to implement change. **This theme focuses on the Colleague, who are the members of Staff; and the Systems.**

3.4.4.1. Colleague

The theme highlights the criticality of improving the overall human capital and ensuring retention of relevant staff with the right skills sets required to drive the business of LuSE. This also emphasises the need to have staff with the right attitudes and disposition. Therefore, this theme impresses on the aspirations that an improved human capital environment would drive innovation, social well-being, equality, increased productivity, improved rates of participation, all of which could contribute to a sustainable business growth.

3.4.4.2. Systems

The LuSE seek to undertake continuous process improvements on its current trading platform to meet customer needs. This pillar highlights key aspirations for the LuSE to have efficient trading infrastructure that meet customer expectations by reducing errors, ensuring consistency, and maintaining high standards of uptime. This should be supported by improved office infrastructure to house these systems.

3.5. Strategic Objectives, Intended Results

In the next five (5) years, LuSE commits to implement six (6) strategic objectives with their associated intended results, measures, targets and strategies / initiatives. The strategic objectives demonstrate the continuous improvements that the institute will need to make to achieve the desired results in the areas of focus as follows:

3.5.1. Strategic Objective 1: Sustain Business Growth

The objective entails driving profitability for the Company, improving return on equity and increasing shareholder value. Refer to Appendix 1 for the financial outlook over the medium-term period.

Objective 1: Sustain Business Growth			
Intended Results	Measures	MTP Targets	Strategies/Initiatives
Improved financial performance	Improved Market Liquidity	Create a diversified institutional base of both foreign and local institutional investors	Work with NAPSA and Offshore portfolio investors to drive improved market liquidity
	Percentage operating revenue	Operating Revenue >16% per annum	<ul style="list-style-type: none"> Strengthen cost control measures. Review the Fee Structure.
	Percentage Cost Income Ratio	Cost Income Ratio (CIR) <80% per annum	
	Percentage Return on Equity	Return on Equity (RoE) maintained at 12% per annum	
	JAWS	Positive JAWS maintained annually	

3.5.2. Strategic Objective 2: Improve Resource Mobilisation for Strategic Capital Projects

The objective entails raising financial resources for systems enhancement and institutional infrastructure development. This is in line with the shareholders need for LuSE to have a building of its own.

Objective 2: Improve Resource Mobilization for Strategic Capital Projects

Intended Results	Measures	MTP Targets	Strategies/Initiatives
Adequate capital for projects i.e. New LuSE Office Building, trading platform	Capital Raised (USD)	USD 1-2m capital raised by 2027	<ul style="list-style-type: none"> Valuate the LuSE Business. Develop and implement a resource mobilization strategy

3.5.3. Strategic Objective 3: Improve Customer and Service Experience

The objective entails having a multi sectoral approach with different key stakeholders involved in the realisation of the ambitions of LuSE. This implies improving the customer service environment to unlock increased trading activities as well as driving the Initial Public Offering (IPO) pipeline and new Products. It also entails nurturing relationships with investors, issuers, and other key partners.

In addition, LuSE will remain socially responsive to drive market participation and increase market activities and volumes. Through selected investor learning programs, media engagements, corporate social sponsorships, and many other opportunities LuSE will seek to impact positively on our communities.

OBJECTIVE 3: IMPROVE CUSTOMER AND SERVICE EXPERIENCE

Intended results	Measures	MTP Targets	Strategies/Initiatives
Increased listing	Number of listings	1 listing per year	<ul style="list-style-type: none"> Develop a pipeline of companies with long- term equity and debt financing needs. Create a proposal for fiscal incentives for new and existing listed companies. Develop and implement a marketing and communication strategy. Launch the Annual Issuers Conferences/Bourse Awards Develop and implement stakeholder management plan. Explore outsourcing customer service centre
Increased product offering	Number new products	3 new products introduced by 2028	
Increased customer satisfaction	Percentage customer satisfaction levels	60% Overall Customer Satisfaction annually	
Positive brand image	Percentage - Positive Feedback	70% Positive feedback on survey by 2028	
Increased uptake of capital market instruments	Percentage new investors	14% new investors annually	

	FINSCOPE rating	Above 1% rating for FINSCOPE attained by 2028	<ul style="list-style-type: none"> • Develop and operationalise an investor portal • Develop and implement Customer Service Charter • Enhance implementation of the investor education programme • Drive global recognition of the LuSE • Develop new products • Scale up customer care activities • Implement Corporate and Social Activities • Strengthen enforcement
--	-----------------	---	---

3.5.4. Strategic Objective 4: Improve management systems and governance.

The delivery of efficient services is largely depended on the effectiveness of the procedures and processes in place. The importance of Controls such as governance, risk and compliance cannot be over emphasised. A well-planned control environment produces significant benefits, including improved decision-making, more optimal IT investments, elimination of silos, and reduced fragmentation among divisions and departments.

The business notes that modern threats of cyberattacks and data breaches have heightened the need for a strong control environment. Further, the growing volume of laws and regulations around protecting and securing data also puts pressure on the LuSE to deliver a favourable control environment. We are also mindful of the demands of RBS which puts additional focus on improved regulatory and compliance requirements.

The objective therefore entails improving regulatory compliance, enhancing risk management and corporate governance of the Company. LuSE will focus on setting standards, processes, and structures that provide the basis for carrying out internal control across the company.

OBJECTIVE 4: IMPROVE MANAGEMENT SYSTEMS AND GOVERNANCE

Intended Results	Measures	MTP Targets	Strategies/Initiatives
Increased efficiency	Percentage platform (ATS) uptime	99.5% platform uptime throughout trading hours annually	<ul style="list-style-type: none"> Optimize the ATS platform. Enhance Disaster Recovery Explore alternate power solutions. Enhance Cyber Security Posture
	Percentage integration of CSD to Central Bank	100% / Full Integration with BOZ by 2025	Integrate the CSD system
Enhanced Project Management	Percentage adherence to project governance	90% adherence to project governance annually	<ul style="list-style-type: none"> Develop and implement a Project Charter Strengthen risk management and control
Increased regulatory and operational compliance	Percentage compliance	70% compliance to internal controls by 2028	<ul style="list-style-type: none"> Strengthen trading rules. Enhance internal policies. Enhance engagement on harmonization of overlapping regulations.
		70% Risk Based Supervision compliance attained annually	

3.5.5. Strategic Objective 5: Improve Human Capital

Sustainable business growth will be possible if we nurture talent, learning and development, which in turn builds the right momentum to launch the business onto the right growth trajectory. The strategic objective on improved human capital entails investing necessary resources in developing people to ensure employees have the knowledge, skills, and competencies which will have a great impact on performance of the business. It also entails building a corporate culture that supports attainment of company goals. This will be coupled with periodic reviews of the performance management contracts (PMCs) that will drive increased accountability for the delivery of these strategic imperatives.

OBJECTIVE 5: IMPROVE HUMAN CAPITAL			
INTENDED RESULTS	MEASURE	MTP TARGET	STRATEGIES/INITIATIVES
Optimal staffing levels	Number of staff	10 additional members of staff recruited by 2027	<ul style="list-style-type: none"> Enhance implementation of the recruitment plan
Improved staff performance	Percentage staff performance	100% of staff attaining a minimum of 75% performance reviews done annually	<ul style="list-style-type: none"> Develop and implement a Training, Mentorship and Secondment Plan Strengthen Performance Management Develop and implement a change management programme
Improved staff satisfaction	Percentage staff satisfaction	70% staff satisfaction levels attained by 2027	<ul style="list-style-type: none"> Develop a staff welfare programme. Develop a talent retention/ succession Plan. Review Conditions of Service

3.5.6. Strategic Objective 6: Improve institutional infrastructure.

This objective entails establishing a conducive work environment for the employees and increasing and improving the trading platform for the customers. This will entail investing in appropriate office infrastructure and technology for the trading platform.

OBJECTIVE 6: IMPROVE INSTITUTIONAL INFRASTRUCTURE			
INTENDED RESULTS	MEASURE	TARGET	STRATEGIES/INITIATIVES
Improved trading Platform	Efficient trading platform	1 updated trading platform by 2026	<ul style="list-style-type: none"> • Develop and implement annual procurement plans. • Upgrade the trading platform to handling high-frequency trading and large volumes of transactions. • Explore blockchain technology for enhanced security, transparency, and efficiency in trade settlement processes.
Increased office space	Number of office blocks constructed	1 office block constructed by 2028	<ul style="list-style-type: none"> • Develop and implement development and maintenance plan

3.6. Balanced Score Card.

Refer to Appendix II for LuSE 2024 to 2028 Balanced Scorecard.

A large green excavator is shown from a low angle, dumping a large amount of brown soil into the air. The soil is falling in a thick, vertical column, creating a dynamic scene. The background is a bright blue sky with scattered white clouds. The sun is visible, creating a lens flare effect. The excavator's arm and bucket are in the upper left, and the rest of the machine is partially visible on the left side. The ground is a large pile of dirt.

04 ENABLING FACTORS

4. ENABLING FACTORS

The successful implementation of this Strategic Plan is largely dependent on the following assumptions:

4.1. PRECONDITIONS

These are critical success factors within the control of the LuSE that should prevail for the successful implementation of the Plan. These include:

- (i) Efficient management and operational systems; and
- (ii) All vacancies filled over the plan period and in line with the recruitment plan.

4.2. ASSUMPTIONS

These are critical success factors outside the control of the LuSE that should prevail for the successful implementation of the Plan.

- (i) Revised and approved listing, trading fees and rules.
- (ii) Additional capital injection for the Office Building and System Development.
- (iii) Government support and partnership via key enabling institutions to draw a SOE pipeline; and
- (iv) Positive macro-economic growth over the strategic plan period.

4.3. PLAN GOVERNANCE AND IMPLEMENTATION

The realisation of this strategic plan and its outcomes will depend on a comprehensive coordination framework that guides the implementation of the Plan. The coordination and implementation mechanisms will be institutional led with the full participation of members of staff and the various stakeholders, including governmental and parastatal support.

4.3.1. Governance

This Strategic Plan will be owned by the Board and implemented by the Management Team. The Chief Executive Officer will be the champion for this plan and will take the overall responsibility of ensuring that the plan is successfully implemented. The CEO will be supported by his one downs who will oversee all operational aspects of the plan implementation. *See Appendix III for the Approved Organisational Chart.*

4.3.2. Plan Implementation

This strategy will focus on the existing business and driving market penetration as a strategic objective. This will be supported by market and product development. And based on the Ansoff Matrix analysis in *Table 4*, our strategic plan leans towards low to medium risk.

To operationalise this Strategic Plan, a costed Implementation (Operational) Plan has been developed, with SMART targets and schedules of activities, taking into account available resources. Further the implementation Plan will be broken down into annual work plans and individual work plans. See *detailed Implementation Plan in Appendix IV*.

The Office of the Chief Executive Office will be responsible for the development and implementation of the Operational Plans as well as submission of progress reports to the Board by December every year. The Operational Plan will be the basis for monitoring and evaluating the performance of LuSE at three (3) levels, namely; Individual, Departmental and Institutional.

4.4. FINANCING OF THE PLAN

Financing of this Strategic Plan will be informed by the approved annual budget cycle. LuSE being a going concern will seek to remain profitable in line with its Financial strategic imperatives outlined in this plan. This will be achieved via increased trading activities as well as new IPOs that will be added to the current list of listed companies. In addition, a business valuation will be undertaken during the implementation period at which possible requests will be made for additional capital investments from the shareholders.

4.5. RISK MANAGEMENT

The LuSE will ensure timely identification of risks which will be efficiently managed during the implementation of the 2024 - 2028 Strategic Plan. The assumptions and other factors that may affect the successful implementation of the plan will be monitored regularly. A risk management framework/system will, therefore, be put in place to ensure proper management of risks.

4.6. 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 M&E will be done at individual, departmental and institutional levels.

Accordingly, semi-annual and annual progress reports on the implementation of the Plan will be coordinated by the Office of the Chief Executive Officer. The progress reports will be submitted to the Board for consideration.

A mid-term review will be undertaken midway through the implementation of the Plan. The review will identify challenges, if any, encountered during implementation and recommend appropriate measures for addressing the challenges where necessary. Consequently, a terminal review will be undertaken at the end of the Plan period to determine the full extent of implementation and the overall impact. The terminal review will inform the preparation of the next Strategic Plan.

A photograph of two business professionals, a man and a woman, standing outdoors. The man, on the left, is wearing a blue suit and is smiling while looking at a tablet computer he is holding. The woman, on the right, has a large afro hairstyle and is wearing a white shirt and a dark vest. She is also smiling and looking at a tablet computer she is holding. They appear to be in a professional setting, possibly a modern office building.

EMPOWERING INVESTORS GROWING THE ECONOMY

The Lusaka Securities Exchange (LuSE) is the premier platform for buying and selling securities in Zambia. By providing a fair, transparent, and efficient market, we enable investors to make informed decisions and achieve their financial goals.

Join us today and discover the opportunities for growth and prosperity that LuSE has to offer!

Tel: +260 211 228391
Email: info@luse.co.zm



Contact us:
info@luse.co.zm

+260 211 228 391
+260 211 228 537

2nd Floor Mamco House Plot 316B
Independence Ave Lusaka , Zambia.

