



2020 Strategic Plan

Feb 2020

1 EXECUTIVE SUMMARY

The 2020 SECZ strategy is a cog in the national machinery that we are helping to assemble with the intention of powering our economy towards the goal of becoming an upper-middle income society by 2030. As the regulator of capital market, a market created to channel capital from savers/investors to the productive sector, our role is critical if the nation is to achieve its vision.

We must thus always be led by our own vision and mission, themselves rallying cries of our desire to develop our country. We have sharpened our vision to become a reality by 2030. Likewise, we have simplified our mission to be a call to action and constant reminder of why we exist. Having statements of purpose that speak to our core has made it easier to come up with unpolluted Key Result Areas.

In 2020 the Commission will concentrate on two Key Result Areas: Capital Market Regulation and Investor Education. After assessing the needs and problems of our direct clients and stakeholders together with the causes of their problems we drew up strategies to address them and, in the process, fulfil our core mandate of regulating capital markets and educating investors. The environment likely to obtain in 2020 is far from ideal and predictable. Considering how the external forces will impact the Commission, its clients and stakeholders the strategies are designed to capitalise on our strengths and opportunities while mitigating the harmful effects of external threats and our internal weaknesses.

The 2020 strategy was devised using the IRBM (Integrated Results Based Management) system and thus emphasises output directly attributable to our collective effort as officers of SECZ. Guided by our values: Fairness, Accountability, Competence, Integrity and Teaming our single desired outcome is “Increased Participation in Capital Markets”. This outcome will manifest through undertaking investor education campaigns, automating systems, market players launching new products and services and publishing necessary rules and regulations that foster the participation in our markets by all economic players including local and foreign investors.

Our outcome will have a positive impact on several national priorities namely: Sustainable Economic Growth, Good Governance, Inclusive Growth and Poverty Reduction, Moving the Economy up the Value Chain, Quality of Life and Country Image and Standing Regionally and Internationally.

Ultimately achieving this outcome reduces to each member of staff playing their part. To direct this process, we drew up activities that cut across the entire SECZ structure. These activities will achieve five desired measurable outputs namely: Rules and regulations developed and published, Membership to international standard setting bodies attained, Processes automated, Education campaigns conducted, and Staff developed.

2 NATIONAL VISION

Towards a prosperous and empowered upper middle-income society by 2030 with job opportunities and a high quality of life for its citizens.

3 NATIONAL PRIORITIES

1. Sustainable Economic Growth
2. Food Security
3. Good Governance
4. Inclusive Growth and Poverty Reduction
5. Moving the Economy Up the Value Chain
6. Quality of Life
7. Human Capital Development
8. Environmental Protection and Natural Resource Management
9. National Unity
10. Country Image and Standing Regionally and Internationally
11. Safe and Secure Nation

4 SECZ VISION

A reliable regulator of diverse and efficient capital markets underpinned by strong institutions by 2030.

5 MISSION

To protect investors through effective regulation of capital markets.

6 VALUES



7 TERMS OF REFERENCE

- 1 Securities and Exchange Act Chapter 24:25
- 2 Asset Management Act Chapter 24:26
- 3 Collective Investments Schemes Act Chapter 24:19

8 OVERALL FUNCTIONS

- 1 Regulate trading and dealing in securities ①
- 2 Register, supervise and regulate securities exchanges ①
- 3 License, supervise and regulate licensed persons in order to ensure high standards of professionalism and integrity on their part ①
- 4 Encourage the development of free, fair and orderly capital and securities markets in Zimbabwe ②
- 5 Advise the Government on all matters relating to securities ②

9 STATUTORY BODIES UNDER THE COMMISSION

Investor Protection Fund

10 KEY RESULT AREAS

No.	Key Result Area	Weight	Responsible Department/s	Linkages to Macro Priorities (Reference and Description)
KRA1	Capital markets regulation	50	SS, CFMD, ICT, Legal, F&A	
KRA2	Investor education	50	CFMD, SS, ICT, F&A	

11 CLIENT AND STAKEHOLDER ANALYSIS

Direct Client 1: SECURITIES MARKET INTERMEDIARIES

Needs

- Licenses
- Clear Rules & Regulations
- Fairness

Problems

- High cost of regulation
- Over regulation
- Unclear rules and regulation
- SEC is not effective
- Slow turnaround to requests
- Inconsistent policies
- Inadequate legislation

Causes

- High transaction cost (e.g. taxes)
- Too many demands to fulfil regulatory requirements
- Inefficiency
- Manpower shortages
- Bottlenecks enacting laws
- Conflicting provisions in the laws
- Lack of coordination in Government
- Not aligned to IOSCO
- SECZ seen to be more interested in making money
- Lack of will power to act

Extent Legend: High Medium Low

Direct Client 2: INVESTORS

Needs

- Fairness
- Wide choice of investment products
- Ease of access to the market
- Low transaction costs
- Protection
- Resolution of complaints
- Education

Problems

- Abrupt change of government policies
- lack of enforcement against errant issuers
- Long turnaround to solve complaints
- Limited information disclosure
- Violation of minority shareholder rights

Causes

- SEC is ineffective
- Lack of coordination within Government
- Inadequate laws
- Regulatory capture

Direct Client 3: MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Needs

- To advise on policies
- Educating investors
- Regulate capital markets
- To grow capital markets

Problems

- Slow in implementing directives
- Power struggle between SEC and ZSE

Causes

- Poor communication, lack of engagement
- SEC not a priority to MoFED

Direct Client 4: ISSUERS

Needs

- Clear laws and regulations
- Fairness

Problems

- Over regulation
- Power struggle between SEC and ZSE

Causes

- Ambiguity of authority between SEC and ZSE
- Dominance of Companies Act over Securities Act

Extent Legend: High Medium Low

Direct Stakeholders	Demands/Expectations
1. Other Regulators	<ul style="list-style-type: none"> • No interference in their regulatory area • Expect cooperation and information sharing • Complying with their directives
2. MoFED	<ul style="list-style-type: none"> • Advise on policy • To be self sufficient • Not to abuse public funds/reputation • To be a good corporate citizen • SEC not a priority to MoFED
3. Government Departments	<ul style="list-style-type: none"> • Compliance with their directives • Cooperate and share information
4. Media	<ul style="list-style-type: none"> • Prompt information • Continuous engagement • Education and training in securities market
5. Academia	<ul style="list-style-type: none"> • Guidance on trends • Research assistance and curriculum development
6. Investor Protection Fund	<ul style="list-style-type: none"> • Effective regulation to minimize claims • Speedy approvals to requests • Educate investors • Effective up to date IPF Rules

12 POLICIES

External		KRA Ref.	Internal		KRA Ref.
1	PPDA (PRAZ) Act	1,2	1	License manual	1
2	Corporate Governance Act	1	2	Prudential Risk Based Supervision Manual	1
3	Public Finance Management Act	1	3	AML/CFT RBS Manual	1, 2
4	AML/CFT Act	1, 2	4	Surveillance Manual	1
5	Companies & Other Business Entities Act	1,2	5	ICT Policy	1
6	TSP	1, 2	6	Board Charter	1
7	CISNA MMOU	1, 2	7	Code of Conduct	1
8	FIU MOU	1, 2	8	HR Policy & Procedures	1
9	Cooperation Agreement with RBZ, IPEC	1	9	Procurement Policy	1, 2
10	Cooperation agreement with PAAB	1	10	Finance Policy	1, 2
11	National Fintech Strategy	1, 2			
12	National Financial Inclusion Strategy	2			

13 EXTERNAL ENVIRONMENT ANALYSIS

Political Factors

- Lack of a clear national vision resulting in policy inconsistencies
- No freedom of expression
- Rampant corruption coupled with numerous S.I.s breeding lack of investor confidence
- Militarisation of government
- Threat of increased terrorist activities
- China US trade war effect on currencies
- International movement towards authoritarian rule e.g. Putin, Xing and Trump
- Lack of a clear national vision resulting in policy inconsistencies

Economic Factors

- Confusion regarding the functional currency
- Shrinking economy, hyper-inflation leading to low investor confidence. (Weak demand and shrinking incomes).
- Uncertain global economic outlook (trade wars etc.).
- Confusion regarding the functional currency
- Growing informalisation of the economy e.g. mining, retailers

Social Factors

- Unemployment – rising poverty levels
- Increased diaspora and skills flight.
- Lack of basic amenities. Deteriorating living standards. No housing development on a large basis. Provision of basic infrastructure.
- No pension retirement benefit structures.
- Low financial literacy and low saving culture.
- Erosion of social fabric and get rich quick culture.

Technological Factors

- Growth in fintech products.
- Greater access to the internet and therefore capital markets.
- Potential easy access to markets.
- Unavailability of foreign currency leading to inability to modernize ICT.

Legal Factors

- Too many detrimental laws to the financial sector and business environment.
- Failure to comply with international laws and falling behind in keeping up with international laws.
- Local laws fragmented and difficult to implement and comply with.

Environmental Factors

- Climate change drought, El Nino effects incomes and government diverts resources.
- Lack of enforcing environmental laws. This affects investments in agricultural and mining sectors.

14 SWOT ANALYSIS REVIEW

Strengths

- Legislation to support SECZ.
- Good and untainted reputation.
- High knowledgeable and competent staff.
- Good rapport with Government, market players and other regulators.
- Autonomy in accessing income directly from the market.
- Responsive decision making- decisions do not take time.
- Young and motivated team.
- Free working and open environment.
- Good teamwork.
- Developing ICT infrastructure – datacentre in place, DMS, process automation and soon launching new website
- Pleasant working environment

Weaknesses

- Perceived to be a subordinate regulator to RBZ and ZIMRA in the eyes of Government.
- Inadequate capital assets.
- Under staffing.
- Hamstrung by incomplete laws.
- No Business Continuity Planning.
- Increasing operating costs – rentals, energy.
- Communication, Deportment and Grooming standards declining – need for a clear SECZ identity (i.e. telephone etiquette).
- Low Brand Visibility.

Opportunities

- SECZ amendments will open revenue streams and enhance regulatory powers.
- IOSCO membership will position the country as a better investment destination for international fund managers.
- Fintech related products will broaden and deepen the capital market.
- Automation of the market infrastructure will improve efficiency of the Commission.
- FSDA capacity assessment will give Board and Management clear priority areas.
- Donor support will capacitate SECZ in terms of HR and training.
- Marketing Zimbabwe to developed countries through roadshows.

Threats

- Uncertain income streams.
- Inconsistent Government policies.
- Skills flight.
- Deterioration in the economy.
- Irrelevance of local capital market in addressing capital needs of the productive sector due to inability to raise foreign currency.
- Sanctions:
 - ZEDRA- limiting SECZ's ability to access donor funding.
 - FATF Grey List- deterring potential investors on to our capital market.
- Climate induced drought slowing down economic growth.
- Informalisation of the economy drawing business away from the capital market.
- High cost of executing trades on the capital market- 2%.
- Power shortages – incurring huge costs related to fuel purchases.
- Bureaucracy in passing of legislation.
- Political and Social Unrest – demonstrations and industrial actions. Likely to get worse as we approach 2023.
- Global political and economic instability – US-Iran war.

15 PRELIMINARY OUTCOME

Outcome	Deliverables	Responsible Departments	Cross Linkages	KRA Ref.	Macro Priorities Ref.
Increased participation in capital markets	<ul style="list-style-type: none"> i. Investor education campaigns launched ii. Systems automated iii. New products and services launched iv. Rules published 	All depts	SMLs, Issuers, Investors, MoFED, AG's office, Academia, ZIMRA, RBZ, IPEC, FIU, Competition & Tariff Commission, ZIDA	1 & 2	1, 3, 4, 5, 6 & 10

16 STRATEGIES, ASSUMPTIONS AND RISKS

Key Result Area: Capital markets regulation			
Outcome: Increased participation in capital markets			
Period	Strategies	Assumptions	Risks
2020	i. Develop rules and regulations	Cooperation with MoFED and AG Buy-in from SMLs	
	ii. Automate SEC Processes	Foreign currency availability	
	iii. Carry out research into new products and services	Foreign currency for international roadshows, subscriptions and membership	
	iv. Launch new products and services	Availability of reliable information	
	v. Conduct investor education campaigns		
	vi. Develop staff		
	vii. Develop and apply an Enforcement Manual		
	viii. Compliance with IOSCO and FATF	Foreign currency availability	

Key Result Area: Investor Education			
Outcome: Increased participation in capital markets			
Period	Strategies	Assumptions	Risks
2020	1. Conduct Investor Education campaigns	Adequate funding	
	2. Increase usage of internet enabled devices to access capital markets		

17 STRATEGIC RESULTS CHAIN AND MONITORING AND EVALUATION FRAMEWORK

a. IMPACT PLAN

Impact Description	Impact Indicator	Measurement Unit	Target					Allowable Variance	Cross Linkages	Outcome Reference	KRA Reference
			2020	2021	2022	2023	2024				
1	Economic growth	GDP Growth	Growth rate							4	1 & 2
		reduced fiscal deficit	growth rate of per capita							4	1 & 2
8											

b. OUTCOMES PLAN

Outcome Description	Outcome Indicator	Measurement Unit	Baseline	Target					Allowable Variance*	Output Reference	KRA Reference
			2019	2020	2021	2022	2023	2024			
Increased participation in capital markets	Active SMIs	No.	144	160	175	190	205	220			1&2
	Daily Stock Markets Turnover	USD (m)	1	1.1	1.21	1.33	1.46	1.61			1&2
	Active Investors on Exchanges	No.	10k	16k	24k	36k	54k	81k			1&2
	Active Investors	No.	100k	20%	20%	20%	20%	20%			1&2

*±10% variance on increase on previous year

c. OUTPUTS PLAN

Outcome Ref.	Programme/Project/Outputs	Quantity	Baseline	Target					Responsible Departments
				2019	2020	2021	2022	2023	
	1. Rules and regulations developed and published	19	5	5	5	3	3	3	Legal, SS, CFMD
	2. Processes automated	19	3	5	5	3	3	3	ICT
	3. Research papers published	22	0	6	4	4	4	4	CFMD
	4. Education campaigns conducted	4	0	4					CFMD
	5. Staff developed	140	15	28	28	28	28	28	HR
	6. Enforcement Manual developed and applied	1	0	1	0	0	0	0	S & S, Legal
	7. Membership to International Standard Setting Bodies attained	1	0	0	1	0	0	0	Legal
	8. Staff recruited	14	7	2	6	6	0	0	HR

d. ACTIVITIES TO ACHIEVED DESIRED OUTPUTS

Output 1: Rules and regulations developed and published				
Activity	Owner	End Date	Resources Needed	KPI
1 Incorporate AML issues in the SECZ Act				Meet FATF standards
2 Engage AG and MoFED to publish the bill	Legal	Q2 2020	US\$12,000	Bill passed into law
3 Implement the Act as soon as it is passed into law	CFMD/SS	Q3 2020	Human resources (S&S)	Agreed upon implementation matrix
4 Put in place process flows to handle provisions of the new laws	CFMD/SS	Q3 2020	Human resources (CFMD, S&S)	Process flows approved by the Board
5 Raise awareness with market players and investors affected by the Amendments	CFMD	Q3 2020	US15,000	100% awareness (market players) 40% (investors)
6 Develop enforcement manual	SS, CFMD, Legal	Q4 2020		Manual approved by the Board
7 Carry out research on market developments, new products and services	CFMD	Q4 2020		1 research report per quarter
8 Create a framework that facilitates and promote participation of the informal sector and capital markets	CFMD, S&S, Legal	Q4-2021	TBA	Laws and Guidance Notes published

Output 2: Membership to International Standard Setting Bodies attained

Activity	Owner	End Date	Resources Needed	KPI
1 Submit application to IOSCO	Legal	Q3 2020	Human resources	Application approved
2 Pay application fee	F&A	Q3 2020	US\$20,000	Application fully paid for
3 Publicise and celebrate the achievement internationally	CEO and CFMD	Q2 2021	US\$50,000	Numbers of roadshows held
4 Require all exchanges to become members of WFE	S&S	Q4 2022	Human resources	Exchanges members of WFE
5 Attend IOSCO meetings 6 Make use of all available resources	CEO	Ongoing	US\$20,000	Attend IOSCO meetings
7 Be in good standing i.e. current with all membership fees and dues	F&A	Annually	5,000 Euros	Continued membership

Output 3: Processes automated

Activity	Owner	End Date	Resources Needed	KPI
1. Setting minimum standards for licensed players	S&S and ICT	Q3 2020	Human resources	Minimum standards approved
2. Acquire internal systems · Market surveillance · Risk based system · Regulatory and Compliance Portal	ICT and F&A	Q4 2021	US\$600,000	Internal systems acquired
3. Ensure all SOPs are in place	CEO	Q3 2020	Human resources	SOPs approved by the board
4. Develop a disaster recovery plan	ICT	Q3 2020	ICT staff and BCP Committee members	DRP approved by SECZ board
5. Setup a data recovery site	ICT	Q3 2020		At minimum cold Disaster Recovery Site commissioned
6. Training of users on cybersecurity	ICT	Ongoing	Intranet	At least one (1) ICT Cyber Security bulletin published every quarter All SECZ staff pass annual Cyber Security quiz

Output 4: Education Campaigns Conducted

Activity	Owner	End Date	Resources Needed	KPI
1. Launch investor handbook and video	CFMD	Q2 2020	Z\$4m	60% pass rate in capital market literacy test 100% Increase in new accounts
2. Conduct university and college workshops (x 10)	CFMD	Q4 2020		
3. Media campaign roll out	CFMD	Ongoing		
4. Road shows	CFMD	Q3 2020		
5. Reach out to domestic investors				
6. Conduct annual survey to assess awareness campaigns impact	CFMD	Q4 2020		
7. Recruit Head of Investor Education	CEO	Q2 2020	HOD package	HOD Recruited
8. Implement 2020 IPF Investor Education strategy	CFMD	Q4 2020	HR	Strategic objectives attained
9. Reduce trading costs	CFMD	Q4 2020		Reduced transaction costs by 50%
10. Market Zimbabwe capital markets as a viable investment destination	CFMD	Q3 2020	US\$50,000	At least one International conference
11. Diversify source markets to attract more investors from non-traditional markets e.g. Asia, Middle East, Africa, EU and others	CFMD			At least 100 new investors from non-traditional markets
12. Engage all issuers and educate them on the new amendment of the Securities and Exchange Act	CFMD	Q3 2020	Z\$400,000	All issuers trained
13. Collaborate with other financial regulators and others in rolling out joint investor education	CFMD	Q4 2020		At least 3 joint initiatives by 31 Dec 2020

Output 5: Staff developed

Activity	Owner	End Date	Resources Needed	KPI
1. Setup HR department	CEO	Q2 2020	HR Manager Package	HR Manager recruited
2. Conduct training needs analysis	HODs	Q1 2020	TBA	Annual Staff Development plan approved
3. Develop a training calendar for each staff member	HODs	Q2 2020		
4. Institute a competitive reward system	CEO	Q1-2020	TBA	SEC remuneration above Financial Services Sector average
5. Optimise FSDA technical support	CFMD	Q1 2021	FSDA Consultants	Completed capacity assessment 10 Year Capital Market Master Plan
6. Implement recommendations of the capacity assessment	CEO	As per implementation plan	As per implementation plan	Recommendations implemented