

ANNEX C1: Twinning Fiche

Project title:	Capacity Building for Capital Markets Development in Tanzania
Beneficiary administration:	Capital Markets and Securities Authority, Tanzania
Twinning Reference:	TZ 22 NDICI FI 01 23
Publication notice reference:	EuropeAid/178425/DD/ACT/TZ - recirculation
	EU funded project
	TWINNING TOOL

1. Basic Information

1.1 Programme

The Twinning is part of the “**Finance for Growth**” (F4G) programme¹, approved by Commission Decision C(2022)9484 final of 12.12.2022. The overall objective of the Finance for Growth programme is to contribute to an enabling environment for sustainable development and growth in Tanzania. The specific objectives of F4G are to:

- 1) Improve the effective, efficient and transparent mobilisation and management of gender- and climate-sensitive public finance
- 2) Ensure that financial markets provide increased access to finance, particularly for women and youth
- 3) Strengthen accountability and inclusive dialogue on financial governance

This call for proposal is expected to contribute to achieving specific objective 2 (output 2.3 for enhancing micro-finance and fintech market systems) as well as specific objective 1 (green bonds component of output 1.2).

This twinning project will be managed through direct management.

1.2 Twinning Sector: Financial sector development (FI)

1.3 EU funded budget: € 2 000 000

1.4 Sustainable Development Goals (SDGs): SDG 8 – Decent work and economic growth.

¹ CRIS: NDICI/2022/044-808; OPSYS ACT-60961

2. Objectives

2.1 **Overall Objective:** “To enhance financial market systems in order to improve access to finance.”

2.2 **Specific objective(s):** “i) to support capital market stakeholders to facilitate the intermediation of long-term funds, including green and innovative finance and; ii) to increase the volume of funds invested / traded in capital markets and securities in Tanzania.”

2.3 **The elements targeted in strategic documents.**

The Tanzania Development Vision 2025 makes explicit reference to the need for reliable and increased financing and improved access to finance. It points to the country’s revenue potential through broadening the tax base using non-traditional (e-government solutions) and innovative sources of finance.

The Five-Year Development Plan (FYDP III) 2021/22-2026, “Realizing Competitiveness and Industrialization for Human Development.” FYDP III seeks to transform the country to a semi-industrialised middle-income country with a modern economy. In order to achieve this, there is a need to restructure and strengthen financial institutions with commitments made to support the country’s capital markets, support greater competition in the banking system and ease conditions for access to finance, in particular for MSMEs.

The Financial Sector Development Master Plan 2020/21 – 2029/30 aims to create a stable, safe, efficient, competitive and sound financial system. Led and coordinated by the Ministry of Finance and Planning, the plan is implemented by various financial sectors stakeholders. The areas addressed include banking, capital markets, microfinance, insurance and social security. The plan will guide all policies and programmes meant to support development of the sector.

3. Description

3.1 **Background and justification:**

Tanzania is a model of macro-economic and political stability in the region, benefiting from a strategic location, natural endowments and a relatively diversified economy. After a decade of consistent high economic growth, Tanzania attained lower middle-income status in 2020². Changes in the political context since 2021, with the rise to power of President Samia Suluhu Hassan, have led to a gradual opening of the country; for example in the areas of freedom of expression and association, business environment and multilateralism.

The country is still recovering from the impacts of COVID-19, with an economic growth rate of 4.9% but a poverty rate of 27% in 2021. Various external shocks over the past three years put pressure on fiscal space, increased the risk of debt distress and some gains in poverty reduction were lost, particularly impacting women. At the same time, the effects of climate change on livelihoods are becoming increasingly visible, access to finance is low and uneven and Tanzania’s population is growing rapidly, with over 800,000 youths entering the job market every year.

In response to this diverse mix of challenges and opportunities, the Government of Tanzania set out to build a competitive, industrialised, inclusive and climate-sensitive society that is resilient to external shocks and responds to the needs for jobs and good service delivery of its

² <https://www.worldbank.org/en/news/press-release/2021/03/03/maintaining-tanzanias-lower-middle-income-status-postcovid-19-will-depend-on-strengthening-resilience>

fast growing, young population. Closely related is the President’s priority to put Tanzania on the map as an investment destination and improve the business environment to encourage private-sector led growth. **Implementing this vision and unlocking Tanzania’s potential requires an enabling environment with good fiscal governance and financial markets that work for Tanzanians, especially women, the youth and the poor.**

Tanzania’s National Development Vision 2025 and Five Year Development Plan 2020/2021 – 2025-2026 (FYDP III) makes explicit reference to the need for reliable and increased financing, good public governance and access to finance. It points to the country’s revenue potential through broadening the tax base, using e-government solutions and using nontraditional and innovative sources of finance in order to increase the number of formalised SMEs. However, most SMEs, which are the main potential for increasing the tax base, face challenges in accessing formal finance with a financial sector dominated by banks and limited access to long-term finance.

According to its strategic plan for the financial years 2018/19-2022/23, the Capital Market and Securities Authority (CMSA) has a vision *“to be a professional regulator of capital markets that meet international standards of inclusion and investor protection”*. Its priority objective *“is centred on development of deep, diversified and inclusive capital markets in Tanzania. Complementary to this objective are the objectives for enhancement of the capacity of the CMSA to deliver its mandate and increased application of technology, as they support achievement of the overall objective”*.

A recent TAIEX assessment mission found that the capital markets in Tanzania are underdeveloped; the financial market is dominated by the banking sector; the banking sector may not efficiently meet the needs of market players and the supply of capital at each stage of development of the companies; no or very low liquidity in DSE; limited amount of products in the market (bonds, equity and investment funds); institutional investors are not active.

3.2 Ongoing reforms:

This twinning grant will be implemented as part of the “Finance for Growth” (F4G) programme. As described in point 3.3, Finance for Growth includes a component on “budget support – private finance”, which supports the implementation of the **Financial Sector Development Master Plan 2019/2020 – 2029/2030**.

According to the IMF country report (August 2022)³, the governance of the financial sector has a positive track record with relative financial stability. It has made solid progress in increasing access to finance, and recently a gradual reduction in interest rate spreads and nonperforming loans.

A significant financial sector reform program has been undertaken following the 2018 Financial Sector Assessment Program, including expanding and improving the quality of data collection and undertaking system stress testing. The Bank of Tanzania (BoT) has also merged small, undercapitalised banks (IMF country report, August 2022).

Examples of ongoing and planned key legislative reforms include:

- **Financial Sector Development Master Plan (FSDMP) 2019/20 – 2029/30** was formulated with a vision of creating a stable, sound, efficient and inclusive financial sector that contributes to the development of Tanzania’s economy. It is implemented and coordinated through five working groups which meet regularly and, among others, report on the progress in the implementation of the plan. These groups are: i) banking,

³ <https://www.imf.org/en/Publications/CR/Issues/2022/08/05/United-Republic-of-Tanzania-Request-For-a-40-MonthArrangement-Under-The-Extended-Credit-521867>

ii) capital markets and securities, iii) insurance, iv) social security and, v) microfinance. An action plan was developed for each of these sub-sections and approved by the Ministry of Finance in May 2021. The document is also the main policy that guides the EU's budget support, which is part of the same action (F4G) as this project.

- **Microfinance Act of 2018**, which sets the framework for governing the sector, and the 2015 **National Payment Systems Act**, which paved the way for greatly reducing transaction costs. An instant payment system is being rolled out. It will improve interoperability among payment providers, reduce cost, and promote the digitisation of cash. Whereas the introduction of a government levy on mobile and digital transactions in 2021 posed a challenge for the financial sector, the levy was subsequently reduced. Gender-sensitive policies have to address barriers to women's financial/digital inclusion (e.g. access to mobile, financial products adapted). Financial inclusion plans and frameworks should include specific orientations to reach groups living in vulnerable situations (women, young people, and people living with disabilities).
- **Tanzania Finance Act 2022**. The new Finance Act, effective as of the 1 July 2022, seeks to impose and alter certain taxes, duties, levies, fees and to amend certain written laws relating to the collection and management of public revenues. The main focus of the Act are: i) ensure the regulation of the digital markets, including taxation; ii) to promote special strategic investments by providing the minister in charge with finance and with more power to grant exemptions from income for such investments. Overall it has widened the scope of the Finance Minister's powers and therefore is expected to assist in fast-tracking implementation of investments and harmonise the provisions of the Investment Act and the Income Tax Act.
- **SMEs Finance Strategy**. The government has developed the National SMEs Financing Strategy (2022/23 – 2027/28) to respond to the key challenges facing SMEs which include but are not limited to; i) the high cost of funding, ii) limited availability of acceptable collaterals, iii) an unfavourable business enabling environment, iv) a poor business working environment, v) limited availability of appropriate financial products and services, vi) limited outreach of financial services providers, vii) a low level of financial education and awareness, viii) inadequate management skills and insufficient skilled manpower and, ix) ineffective coordination of SMEs financing ecosystem and the policy, legal and regulatory framework.

Furthermore, the strategy will address other areas including lending infrastructure, policy and legal framework, alternative financing mechanism, business enabling environment, financial literacy, innovation and technology adoption and coordination. The final draft of the strategy was prepared in consultation with main stakeholders during 2022, including Ministry of Industry, Trade and Investment, Bank of Tanzania, Capital Markets and Securities Authority, Tanzania Banking Association, Tanzania Association of Microfinance Institutions etc. It planned to be approved during the year 2023.

3.3 *Linked activities:*

European Union

- A) **Finance for Growth Action** - this Twinning is part of the Finance for Growth Action, which also includes the following components and results. These components will be addressed during the policy dialogue with the government (budget support – private

finance) in order to promote the necessary reforms needed to enable Tanzanian capital markets to work better, as well as improving accountability and introducing greater public / private consultations.

1: Public Finance

- 1.1 Improved budget credibility and expenditure management for effective service delivery (induced output)
- 1.2 Increased effectiveness, efficiency and fairness of tax administration and tax policy, and improved framework for the issuance of green bonds (induced output)
- 1.3 Statistics and data science courses at higher learning institutes respond better to market needs, including those of financial institutions

2: Private finance

- 2.1 Improved policies and regulatory reforms of financial market systems developed and implemented
- 2.2 Innovation in financial products and services tailored to underserved MSMEs and individuals, with a specific focus on women and youth, and market infrastructure developed to reduce financial transaction costs and enhance financial inclusion;
- 2.3 Capital market stakeholders facilitate the intermediation of long-term funds, including green and innovative finance.

3: Accountability and Inclusive Dialogue

- 3.1 Strengthened capacity of government institutions to tackle corruption and serious organised crimes
- 3.2 Increased opportunities for public participation and public debate on financial governance issues given to domestic accountability actors (rights holders), with a focus on women and youth, and increased capacity to hold duty bearers accountable
- 3.3 Enhance the quality, structure and organisation of Public-Private Dialogue and private sector consultations.

B) Regional initiative to support African Central Banks through capacity building.

Managed by the European Commission Headquarters (INPTA), this programme will provide capacity building to a number of Central Banks in Africa, including Tanzania. The areas of focus will include current challenges in central banking and banking supervision such as governance and strategic planning, financial stability, monetary policy implementation, reserve management, fintech, green and sustainable finance, cybersecurity, anti-money laundering/combating financing of terrorism, financial literacy and inclusion, and digitalisation. The Tanzania Central Bank was already selected as beneficiary of this programme; capacity building to Bank of Tanzania is expected to be provided by Central Bank of Italy and the Central Bank of Germany - Bundesbank.

International Monetary Fund

A new **Extended Credit Facility** arrangement for about USD 1 046.4 million was announced by IMF in August 2022. The 40-month financing package will assist the economic recovery and address the spill-overs from Russia's invasion of Ukraine, help preserve macroeconomic stability, and support structural reforms toward sustainable and inclusive growth, drawing on the government's priorities. Reforms will focus on strengthening fiscal space for much needed social spending and high yield public investment, resuming and advancing the authorities'

structural reform agenda and strengthening financial deepening and stability, according to the staff report published in August 2022. A recent IMF mission (February 2023) reached a staff level agreement for an additional disbursement of about USD 151 million, bringing the total IMF financial support under the arrangement to about USD 302.7 million.

Development Policy Operation (DPO) on inclusive and resilient growth in Tanzania. The main objective is to implement a program of policy and institutional reforms that promote growth and sustainable poverty reduction. It contains two pillars:

- *Pillar 1 on improving business conditions for private sector-driven recovery & growth* - in particular accelerating productive investments, leveraging digital technologies and strengthening financial intermediation efficiency and improving climate finance access;
- *Pillar 2 on strengthening public sector efficiency and transparency* - strengthening public investment management, improving public procurement (Zanzibar), arrears management, and debt transparency, strengthening oversight.

3.4 List of applicable Union acquis/standards/norms:

The EU's sustainable finance framework (including but not limited to the EU taxonomy and recently agreed EU Green Bond Standard Regulation) will be adapted to the country's realities. The action will be prepared in cooperation with the INTPA's Sustainable Finance Unit, which has already been in direct contact with CMSA, including a face-to-face meeting during the EU Tanzania Business Forum (23–24 February 2023).

The recent business forum was a significant success, confirmed by attendance of more than 1 100 participants and 2 300 viewers who followed online. B2B: close to 500 meetings via Brella, 260 took place during the 2 days and the platform is open until end of this year. Engagement on the B2B platform exceeded expectations: normally participation around 20% but for this event was 58%. There was a high level attendance from government, with the opening done by the Vice President of Tanzania and the closing by President of Zanzibar.

3.5 Components and results per component

Component 1 - Strengthen institutional capacity and governance of the Capital Markets and Securities Authority in the area of decision making, implementation, accountability, transparency, reporting, administration, supervision, market surveillance, including use of IT tools, and communication.

The purpose of this component is to support upgrading the work of Tanzanian authority through expert advice and on the job training, workshops, study trips etc. on developing internal management and working procedures that will improve the organisation's efficiency and prepare it for handling an increased volume and more diverse trading of securities. The following results are expected to be achieved:

Result 1.1 – Accountability, transparency and reporting within the CMSA are improved.

Capacity building will address the following sub-topics in order to achieve this result:

- Support the development and implementation of clear and transparent procedures for management of securities.
- Guide the automating of internal business processes and services provided, by identifying and recommending technological tools and innovations in the sector.
- Help identify and select IT tools for paperless document management.

- Guide the establishment of an online capital market professional certification program.
- Help define clear deadlines for implementation of the measures and regular reporting requirement to the Government (e.g. once per year).
- Support identification of IT tools for online reporting by market intermediaries.

Result 1.2 – Supervision and market surveillance capacities and procedures are improved.

Capacity building for to achieve this result will focus on the following topics:

- Help define IT tools to create online licencing procedures and upgrade market surveillance system; preparation of manuals for supervisors to carry out their functions.
- Help define required ICT systems data and statistics management capabilities.
- Assist with developing supervisory framework for public unlisted companies.
- Help establishing supervisory tools for new market infrastructure, products and services.
- Developing a Framework for the valuation of securities.
- Develop procedures for supervision and monitoring of thematic capital market products and sustainability issues.

Result 1.3 – Risk Management and investors’ protection rights are improved

This result will focus on providing training on the following topics:

- Anti-money laundering (AML) and fighting terrorist financing issues, transparency, preparations of manuals, forecasting, analytical work, technological tools and etc..
- Risk management practices including post trade risk management and cyber vulnerabilities.
- Risk management capabilities for market intermediaries.
- Support assessment of anti-corruption framework in order to identify the legal and regulatory gaps that may create conditions for corruption, to act dishonestly, unjustly, nontransparently, and non-objectively.

Component 2 - Strengthen the capacities of the Ministry of Finance and Planning, the Capital Markets and Securities Authority, Bank of Tanzania, and other relevant Public Institutions on policy making and regulatory reforms to enhancement of capital markets, including in the areas of: investors’ rights; thematic and innovative capital market products; digital finance; fintech regulations; sustainable finance etc.

The component will encompass on the job training in examining legislation with the view to assessing whether there are barriers to deployment of capital markets instruments.

Result 2.1 – The Tanzania regulatory framework impacting capital markets and securities trading is assessed with the expert’s support and improvements are proposed.

Possible areas for assisting revision /new regulations include:

- Taxation and business activities in order to identify remaining barriers for national and foreign investors;
- Investment legislation with the view to ascertain potential restrictions for national and international institutional investors to issue and invest into financial products, including innovative financial products;

- Regulation of pension funds and evaluate the possibility for allowing them to invest into broader scope of products or to invest bigger part of their assets into equity etc.
- Protection of payment and securities settlement system and of collateral transactions, establishment and functioning of clearinghouses
- New legislative acts for innovative investing, such as crowdfunding, green bonds, fintech etc.
- Support to developing a national taxonomy for sustainable activities;
- Price calculation mechanism in DSE (Dar Stock Exchange) and evaluate possibility to change it to allow bigger fluctuation of prices in DSE etc.

Result 2.2 – The skills and capacities of the Tanzanian stakeholders on capital markets and securities developing policies and regulations that promote sustainable increase of trading securities in the countries are improved.

In line with the result 2.1, this result will focus on design and delivery of a series of tailored and contextualised workshops for skills development of staff working within the CMSA, Dar Stock Exchange, the Ministry of Finance and Planning, the Bank of Tanzania and other stakeholders involved in development of policies and regulations stimulating the use of trading securities. The workshops should create an in-depth understanding of basic requirements for a regulatory framework conducive to securities trading and of the best international practices on securities development and trading.

Component 3 Support the Capital Markets Authority (CMSA) to develop a comprehensive action plan to be approved by the government, including:

Result 3.1 – A Sustainable Finance Strategy drafted with expert’s guidance.

The strategy will promote a favourable public policy and legal environment, guide the application of principles of sustainability in public sector, pipeline of sustainable infrastructure projects financed by PPP, establishing green bonds issue plan, introducing a system of corporate sustainability reporting, and raising awareness of sustainable finance etc.

Result 3.2 – A Fintech Strategy drafted with expert’s guidance.

The purpose of the strategy is to; i) promote favourable public policy and legal environment; ii) ensure the supply of capital at each stage of development; iii) stimulate demand for financial technology products and services and; iv) professional labour supply etc.

Result 3.3 – A Literacy Action Plan drafted with the expert’s guidance.

The plan will focus on increasing children's financial and tax literacy, incorporating this topic into the formal educational programs and coordinating the informal educational activities; deepen adults financial knowledge and improve financial behaviour, encouraging savings for the future; increase adults population's understanding of benefits of taxes paid; coordinate financial literacy activities among institutions; develop plans for awareness and education of population on opportunities available through participating in capital markets, carry out monitoring and evaluation of results and etc..

Component 4 Design a plan for promoting innovation and venture capital investment.

This component aims to improve the knowledge and understanding of the local capital markets stakeholders, in particular CMSA staff, on promoting investments in innovation and start-ups.

Result 4.1 – Newcomer Programme designed with the expert’s guidance and assistance for its deployment provided.

The focus will be on assisting local stakeholders, in particular capital markets staff in devising a Newcomers programme to be hosted by the CMSA. It will engage other institutions (e.g. Ministry of Finance and Planning, Bank of Tanzania, Ministry of Information, Communication and Information Technology, Ministry of Education and Vocational Training, Tanzania Communication and Regulatory Authority, Tanzania Revenue Authority, Business Registration and Licensing Agency (BRELA) and others) that are responsible for oversight and supervision of businesses, in particular highly innovative businesses such as fintechs. The Newcomer Programme could serve as a single point of contact for innovative businesses wishing to develop their ideas into a business. The primary tasks could be to assist in consulting new market players on legal/regulatory matters and assessing feasibility of various business models.

Result 4.2 – Venture capital fund structure consolidated with the expert’s support.

The CMSA is currently working on setting up a venture capital fund. The fund will be set-up on the basis of PPP principles where part of the initial capital will be provided by the government (i.e. through channelling of budget support funds). The government participation may be structured as first loss to attract further participation from private investors; the proceeds may be used to invest into MSMEs, fintechs and sectors that are defined as priority ones for the country. The venture capital fund, together with partners-private investors, would provide investments and financial advice.

The following indicative actions shall be implemented:

- Review the main documents regulating the functioning of the fund are prepared and approved by all stakeholders involved
- Advise on the most appropriate managing structure of the fund.
- Assist with the roll-out the fund.

3.6 Means/input from the EU Member State Partner Administration(s)*:

The project will be implemented in the form of a twinning contract between the beneficiary country and EU Member State(s) with the EU Delegation signing the twinning grant agreement on behalf of the Government of the United Republic of Tanzania. The implementation of the project requires one Project Leader (PL) with responsibility for the overall coordination of project activities, one Resident Twinning Adviser (RTA) to manage implementation of project activities, four Component Leaders (CLs) and a pool of short-term experts (STEs) within the limits of the budget. It is essential that the team has a sufficiently broad expertise to cover all areas included in the project description.

Proposals submitted by Member States shall be concise and focused on the strategy and methodology and an indicative timetable underpinning this, the administrative model suggested, the quality of the expertise to be mobilised and clearly show the administrative structure and capacity of the Member State entity/ies. Proposals shall be detailed enough to respond adequately to the twinning fiche, but are not expected to contain a fully elaborated project. They shall contain enough details about the strategy and methodology and indicate the sequencing and mention key activities during the implementation of the project to ensure the achievement of overall and specific objectives and mandatory results/outputs.

The interested Member State(s) shall include in their proposal the CVs of the designated Project Leader (PL) and the Resident Twinning Advisor (RTA), as well as the CVs of the potentially designated Component Leaders (CLs).

The twinning project will be implemented through close co-operation between the partners aiming to achieve the mandatory results in a sustainable manner.

The set of proposed activities will be further developed with the twinning partners when drafting the initial work plan and successive rolling work plans every three months, keeping in mind that the final list of activities will be decided in cooperation with the twinning partners.

3.6.1 Profile and tasks of the PL:

The Member State Project Leader is expected to be an official or / shall be a staff member (official) or assimilated agent with a sufficient seniority to ensure an operational dialogue at political level, lead the implementation of the project and mobilise the necessary expertise. The minimum requirements for the PL's profile are:

*Qualifications, experience and skills **required**:*

- At least a Master's degree or equivalent in a field related to this project (i.e. finance / economics etc.) **or** alternatively, a Bachelor's degree or equivalent in a field relevant to this project **and** additional 3 years' of relevant experience in the field of this project (i.e. in addition to that required in the next point below);
- At least 3 years of specific experience in public administrations in the area relevant to this project (i.e. as staff of a capital markets authority or of ministry of finance), as part of the overall professional experience;
- Has a proven contractual relation to a public administration or mandated body (see Twinning Manual section 4.1.4.2);
- Very good command of English equivalent to C1 level⁴, both orally and written;
- Computer literacy.

*The following experience and skills will be considered **assets**:*

- Knowledge of EU legislation regarding the capital markets and trading of securities;
- Comparative knowledge of national experiences;
- Previous experience of working within the African region;
- Experience in managing, or assisting in the management of, at least one twinning project in the financial sector.

The PL will implement the following tasks: (see section 4.1.3 of the twinning guidelines).

- Together with the beneficiary country's PL, overall coordination, guidance and monitoring of the project preparation and implementation;
- Preparing the project progress report with the support of the RTA;
- Ensuring timely and effective achievement of the project results;
- Coordination of deployment of short-term experts;
- Ensure efficient use of the project resources and inputs;
- She/he will, together with the beneficiary country's PL, be responsible for the modification of the project work plan as deemed necessary during the life-time of the project;
- Co-chairing the project Steering Committee with the beneficiary country's Project Leader;
- Communicate with the beneficiaries and the EUD;

⁴ Please refer to website <https://www.coe.int/en/web/common-european-framework-reference-languages/table-1-cefr-3.3-common-reference-levels-global-scale>. Level C1 is the second highest level of proficiency and is stated as: "Can understand a wide range of demanding, longer texts, and recognise implicit meaning. Can express him/herself fluently and spontaneously without much obvious searching for expressions. Can use language flexibly and effectively for social, academic and professional purposes. Can produce clear, well-structured, detailed text on complex subjects, showing controlled use of organisational patterns, connectors and cohesive devices."

- Responsible for interim and final reports together with the beneficiary country's PL;
- Participation in communication and visibility activities is expected;
- Ensure compliance with EU Twinning manual.

3.6.2 Profile and tasks of the RTA:

The RTA will reside in Tanzania for the duration of the project and will work at Capital Markets and Securities Authority premises in Dar es Salaam, under the supervision of the Member State and beneficiary Project Leader. She/he shall be an EU Member State official or assimilated agent (see section 4.1.6 of the Twinning Manual). However, the Contracting Authority is prepared to allow a certain flexibility in the working arrangement as detailed below, on the understanding that this does not affect the implementation of the project. Any such arrangements must be agreed by the Beneficiary and the EU.

*Qualifications, experience and skills **required**:*

- At least Bachelor degree or equivalent in economics, finance or other relevant fields or, in the absence of Bachelor's degree, 3 years of professional experience in public administration in the area of the project (i.e. additional to that required in the next point below);
- At least 5 years of relevant professional experience in a public administration in the finance sector;
- At least 3 years of relevant professional experience in the technical areas associated with components 1 and/or 2 (as highlighted in section 3.4 "components and results"), as part of the overall professional experience;
- Has a proven contractual relation to a public administration or mandated body (see Twinning manual section 4.1.4.2);
- Very good command of English equivalent of C1⁴, both spoken and written;
- Computer literacy;
- Good inter-personal, communication and facilitation, training, presentation, networking, negotiation, analytical and organisational skills, and the ability to work effectively in a multicultural/multinational environment with consideration of different stakeholders' interests.

*The following experience and skills will be considered **assets**:*

- Previous experience in international projects, including in the African region, and/or as RTA or equivalent;
- Good knowledge of relevant EU legislative and institutional arrangements;
- Experience in organising and conducting trainings;
- Experience in the field of capital markets in developing countries.

The RTA is expected to implement the following tasks:

- Draft the work plan in close cooperation with all relevant actors and based on the expected results of the project;
- Organise and plan the project activities both technically and administratively, supervise the overall project implementation and coordination of all activities, as well as conduct the project administration;
- Guide the team members and coordination of their activities according with the defined work plans, for ensuing timely delivery of the project outputs;

- Provide technical input to the project whenever needed and provision of advice in his/her field of expertise;
- Provide technical input to the overall Finance for Growth Programme and provision of advice in his/her field of expertise;
- Together with the MS Project Leader, organise and supervise the short and medium-term experts' works;
- Prepare regular project monitoring meetings / briefings;
- Ensure the coordination with the other activities under the EU Finance for Growth Programme;
- Participating and contribute to the Steering Committee of EU Finance for Growth Programme, which includes, further to the Twinning project, Budget Support operations and a Contribution Agreement with an UN Agency;
- Assist the PL in preparing the project progress reports.

Possible flexible working arrangements

Twinning is based on the principle that the RTA is expected to perform his/her tasks in person in the Partner country. The RTA's presence is a key feature of Twinning and is important for smooth implementation of the projects on the ground. The RTA cannot delegate this responsibility for coordination in the Partner country to the RTA counterpart.

Considering that the working regime of the RTA is closely linked to his/her entitlements in the Member State, implementing partners may agree on a limited number of teleworking days for the RTA if he/she has this entitlement as per his/her relations with their home administration.

Any proposed teleworking should be justified by the needs of the project and agreed with the beneficiary and the contracting authority. In the interest of contractual clarity and legal certainty, any teleworking days for the RTA should be stipulated in the proposal and in the contract and their number should be strictly limited. It also must be clear that during teleworking days, the RTA will work full-time on the project and be available for daily online discussions with the beneficiary as required.

3.4.3. Profile and tasks of Component Leaders

The Component Leaders (CL) are experts from the EU Member state responsible for a specific component / in the twining project. Depending on the qualification, one expert could be the Project leader for one or two components.

*Qualifications, experience and skills **required:***

- At least Bachelor degree or equivalent in management, public administration, economics, finance, accounting or other relevant fields or, in the absence of Bachelor's degree, 3 years of additional professional experience in public administration in the area of the project (i.e. additional to that required in the next point below);
- At least 5 years of relevant professional experience in a public administration;
- At least 3 years of relevant professional experience on the topic of the specific component they will be in charge of, as part of the overall professional experience;
- Very good command of English equivalent to C1 level, both orally and written⁴;
- Good inter-personal, communication and facilitation.

*The following experience and skills will be considered **assets**:*

- Experience with EU-funded twinning projects.

3.6.4 Profile and tasks of other short-term experts:

The short-term experts (STEs) will provide expertise related to the specific technical tasks. They will be identified by PL/RTA in the course of the project designing and implementation, and will be agreed with the Beneficiary administration and the EU Task Manager, prior to contracting.

The short-term experts shall have:

*Qualifications, experience and skills **required**:*

- At least Bachelor's degree or equivalent in management, public administration, economics, law, accounting or other field related to the assignment or in the absence of Bachelor's degree, an additional 3 years of professional experience in public administration (i.e. in addition to that required in the next point below);
- At least 3 year of specific experience in their respective field;
- Very good command of English, equivalent of level C1⁴, both spoken and written;
- Good communication skills

*The following experience and skills will be considered **assets**:*

- Experience in international projects, particularly in Africa, related to capital markets reforms.

4. Budget

The maximum EU contribution to the twinning contract is € 2 000 000.

5. Implementation Arrangements

5.1 Implementing Agency responsible for tendering, contracting and accounting:

Delegation of the European Union to the United Republic of Tanzania and East Africa Community
1st floor Umoja House
Hamburg Avenue,
Dar Es Salaam, Tanzania
Phone: (+255) 22 216 4500

Contact person

Alessandro Pisani
Programme Manager
E-mail: alessandro.pisani@eeas.europa.eu

5.2 Institutional framework

The Twinning project will support mainly one beneficiary organisation, the Capital Markets and Securities Authority Tanzania (CMSA) that will ensure effective and efficient implementation of the project and achievement of results. To a large extent, Ministry of Finance, to which CMSA reports, will be involved in and benefit from the project. Other government bodies or private sector bodies may benefit from this project, to the extent that they are involved in working with and promoting capital markets and securities.

5.3 Counterparts in the Beneficiary administration:

5.3.1 Contact person:

Director, Research, Policy and Planning, Capital Markets and Securities Authority.

Mr. Alfred Mkombo

Phone: (+255) 222 114 959

Email: Alfred.Mkombo@CMSA.GO.TZ

5.3.2 PL counterpart

Deputy Permanent Secretary-Economic Management

Ministry of Finance and Planning

Mr. Elijah Mwandumba

Treasury Square Building|18 Jakaya Kikwete Rd

P.O. Box 2802

40468 Dodoma, Tanzania

Mobile: (+255) 753 210 316;

Email: elijah.mwandumba@hazina.go.tz

5.3.3 RTA counterpart

Chief Executive Officer, Capital Markets and Securities Authority.

Capital Markets and Securities Authority

Mr. Nicodemus Mkama

P O Box 75713 Dar es Salaam, Tanzania

Email: Nicodemus.Mkama@CMSA.GO.TZ

6. Duration of the project

The initial duration will be 24 months.

7. Management and reporting

7.1 Language

The official language of the project is the one used as contract language under the instrument (English). All formal communications regarding the project, including interim and final reports, shall be produced in the language of the contract.

7.2 Project Steering Committee

A project steering committee (PSC) shall oversee the implementation of the project. The main duties of the PSC include verification of the progress and achievements via-à-vis the mandatory results/outputs chain (from mandatory results/outputs per component to impact), ensuring good coordination among the actors, finalising the interim reports and discuss the updated work plan. Other details concerning the establishment and functioning of the PSC are described in the Twinning Manual.

7.3 Reporting

All reports shall have a narrative section and a financial section. They shall include as a minimum the information detailed in section 5.5.2 (interim reports) and 5.5.3 (final report) of the Twinning Manual. Reports need to go beyond activities and inputs. Two types of reports are foreseen in the framework of Twining: interim quarterly reports and final report. An interim quarterly report shall be presented for discussion at each meeting of the PSC. The narrative part shall primarily take stock

of the progress and achievements via-à-vis the mandatory results and provide precise recommendations and corrective measures to be decided by in order to ensure the further progress.

8. Sustainability

The main objective of the twinning grant is to ensure that the delivery capacity of the Tanzanian Government in the field of capital markets will be improved in a sustainable manner at the end of the project. The Capital Markets and Securities Authority is fully committed to ensuring a longterm impact of the activities of this twinning. The expected combined impact of this project will bring about significant improvement in the quality of management of capital markets, which in turn, is expected to attract additional funds. After project completion, the key staff within the organisation is expected to be able to work independently. Through the budget support dialogue the EU delegation will continue promoting the project with the Ministry of Finance and other government stakeholders in order to obtain full public long term commitment to promotion of capital markets in Tanzania.

The achieved results of project activities will have a multiplier effect on a national scale. New policy directions, regulations and working practices will be proposed by the project, with regular consultation of the private sector. Two tools which will be created by CMSA with the expert's support – the Newcomers Programme and the Venture Capital Fund – and one regulatory framework – for green bonds – are expected to stay operational and produce results long after the end of the project.

The participatory, ownership and empowerment approach will ensure that the project beneficiaries will continue to sustain their activities beyond the project duration. The main beneficiary – the CMSA – has participated fully and taken full ownership in all activities implemented with TAIEX support.

9. Crosscutting issues

The project will directly address environment and climate change issues by developing the framework to attract green investments. One of the main activities will be promote sustainable investments through the development of a national taxonomy (classification of what is “green” investment) based on the EU’s own green taxonomy. This is expected to attract the first green investments; the budget support component of the Finance for Growth will seek to stimulate the issuing of the first national green bonds in Tanzania.

The activities of the project will also promote innovation through the Newcomers Programme; this is expected to impact directly the youth, which are often the main drivers of innovation, in particular in digital innovation, promoting start-ups and young entrepreneurs.

10. Conditionality and sequencing

There are no preconditions defined for this twinning project.

11. Indicators for performance measurement

Please see Annex 1: the Simplified Logical Framework Matrix

12. Facilities available

The Capital Markets and Securities Authority / Ministry of Finance and Planning (NAO) will host the Member State experts in their premises. The EU MS experts will be provided with office space, security related arrangements and facilities for training, seminars, conferences. Purchase of notebooks/laptops, including necessary software, for the project staff shall be budgeted in the project

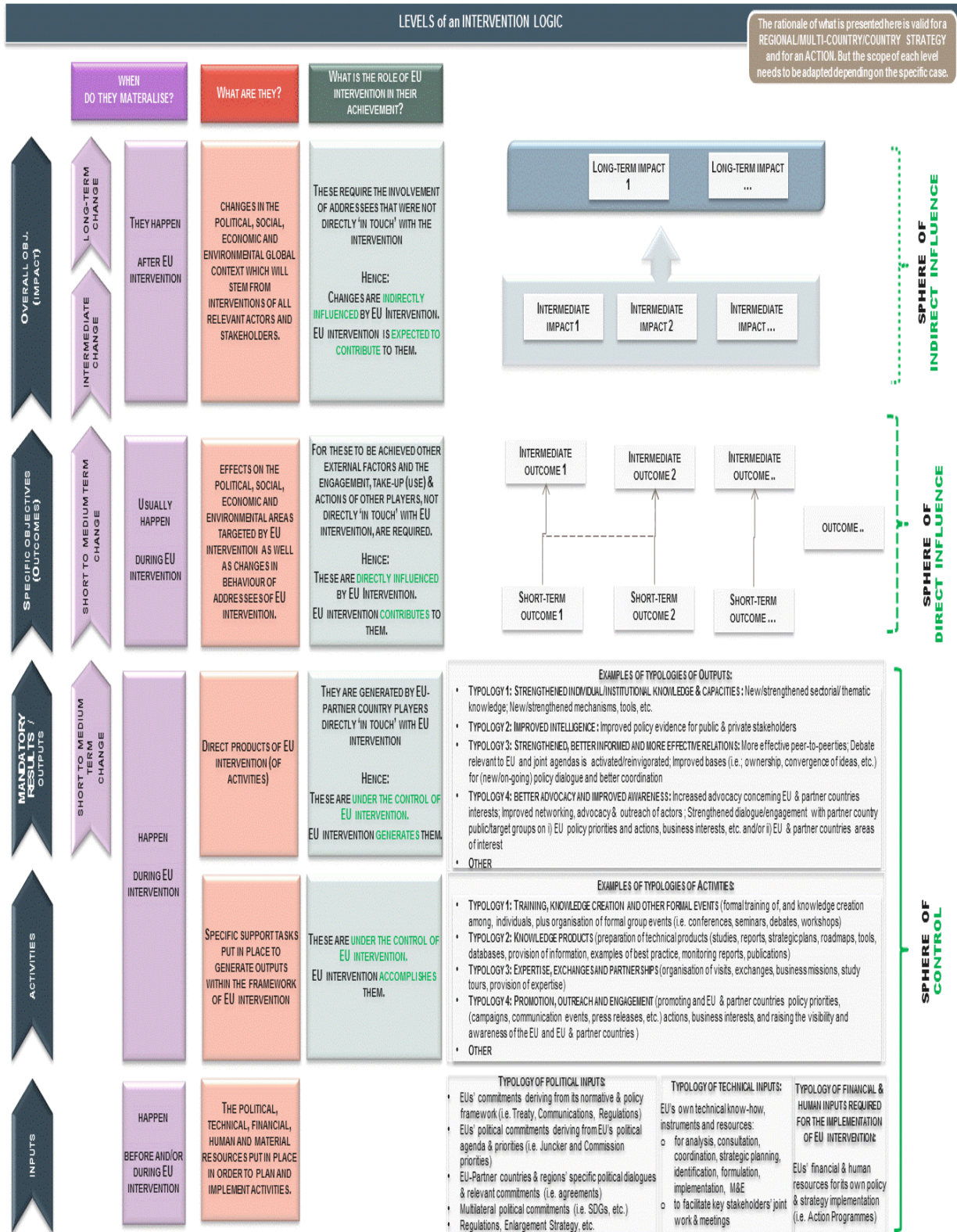
to ensure daily interactions in office and while teleworking within the global ceiling of EUR 20 000 foreseen for the purchase of goods (see Annex A7 section 3.8 of the Twinning manual). Goods purchased with project funds become the property of the Beneficiary at the end of the project provided a handover certificate is signed by both PLs and the items are registered in the asset register of the Beneficiary.

It should be noted that the RTA should have regular missions between Dodoma, the administrative capital of Tanzania where the Ministry of Finance and Planning is based, and Dar Es Salam, the former administrative capital where the, CMSA, the EUD and other public institutions are still based; these costs for the RTA and for the Short-Term experts will be covered by the Twinning budget.

APPENDICES TO TWINNING FICHE

1. The simplified logical framework matrix as per Twinning Manual Annex C1a
2. List of relevant regulations and policies
3. CMSA's strategic action plan for the next five years
4. Sector assessment reports (TAIEX study report)

ANNEX C1a: Levels of an intervention logic



Appendix C1a : Simplified Logical Framework

	Description	Baseline (unit of measure)	Indicators (with relevant baseline and target data)	Sources of verification	Risks	Assumptions (external to project)
Overall Objective	Enhance financial market systems to increase access to finance.					

<p>Specific (Project) Objective(s)</p>	<p>Support capital market stakeholders to facilitate the intermediation of long-term funds, including green and innovative finance.</p>	<p>Increase in the volume of funds raised and invested locally in the market supervised by capital markets authority, including through innovative financial products</p>	<p>Double the current volumes of securities, presented below: Equity market – domestic market capitalization – TZS 10.28 trillion; Total market capitalization – TZS 15.68 trillion; Bond market – Government bonds – TZS 16.94 trillion; Corporate bonds – TZS 154.80 billion; Collective investment schemes – TZS 1.22 trillion.</p>	<p>Reports and other data published by the Dar Stock Exchange on its website. CMSA internal documents and publications</p>	<p>Delay in adoption of new legal acts Insufficient adequate staff to be trained</p>	<p>GoT committed to stimulate investments and use of capital markets in Tanzania.</p>
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<p>Mandatory results/outputs by components</p>	<p>Component 1 - Strengthen institutional capacity and governance of the Capital Markets and Securities Authority in the area of decision making, implementation, accountability, transparency, reporting, administration, supervision, market surveillance, including use of IT tools, and communication</p>
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	Result 1.1 Accountability, transparency and reporting within the CMSA are improved	Number of new procedures for accountability, transparency and reporting in place Number of study visits organised Number of staff trained on this topic	CMSA Communication Strategy developed At least two (2) CMSA business processes automated At least two (2) study visits organised At least fifteen (15) staff trained on the topic	CMSA internal documentation system Twinning's annual implementation reports	Insufficient CMSA staff to be trained on the new procedures	GoT committed to stimulate investments and use of capital markets in Tanzania and approve new staff hiring EU – GoT continuous public dialogue under the budget support to ensure transfer of funds to CMSA
	Result 1.2 Supervision and market surveillance capacities and procedures are improved	Number of new supervision and market surveillance procedures in place Number of staff trained on this topic	Online reporting module for market intermediaries developed Market surveillance system upgraded At least fifteen (15) CMSA staff trained on new surveillance system	CMSA internal documentation system Twinning annual implementation reports	Insufficient CMSA staff to be trained on the new procedures	GoT committed to stimulate investments and use of capital markets in Tanzania and approve new staff hiring

	Result 1.3 Risk Management and investors' protection rights are improved	Number of new legal acts on this topic drafted / adopted Number of new procedures / new tools in place Number of staff trained	Assessment on post trade risk and cyber vulnerabilities in the capital markets conducted Manuals for monitoring of AML and financing of terrorism in capital markets reviewed All (about 30) CMSA technical staff and representatives from capital market stakeholders trained on AML issues	Assessment Report CMSA internal documentation system Twinning annual implementation reports	Lack of adequate ICT equipment to perform the training within CMSA	GoT committed to stimulate investments and use of capital markets in Tanzania and transfer required funds EU continuous dialogue with GoT to ensure transfer of funds
Mandatory results/outputs by components	Component 2 – Strengthen capacities of the Ministry of Finance and Planning, Capital Markets and Securities Authority, Bank of Tanzania, and other relevant Public Institutions on policy making and regulatory reforms to enhancement of capital markets including in the areas of: investors' rights; thematic and innovative capital market products; digital finance; fintech regulations; sustainable finance etc.					

	Result 2.1. The Tanzania regulatory framework impacting capital markets and securities trading is assessed with the expert's support and improvements are proposed	Review and recommendations report Number of study visits and workshops organised Number of institutions participating in the trainings	Assessment report on Tanzanian regulatory framework drafted At least one (1) study visits and two (2) workshops conducted Tanzania national taxonomy on sustainability products in place	Government's Gazette Twinning annual implementation reports	Delays in the adoption of new legal acts Limited capacity within the GoT authorities involved Trained staff not committed to work on the improvements proposed	GoT committed to stimulate investments and use of capital markets in Tanzania
	Result 2.2 - The skills and capacities of the Tanzanian stakeholders on capital markets and securities developing policies and regulations that promote sustainable increase of trading securities in the countries are improved	Number of staff trained on this topic Number of study visits organised Increased understanding of securities markets by Government staff	At least thirty (30) representatives from capital market stakeholders trained on this topic At least three (3) study visits conducted	Twinning annual implementation reports Monitoring and Evaluation reports	Unsuited staff selected for workshops and study visits	GoT committed to stimulate investments and use of capital markets in Tanzania
Mandatory results/outputs by components	Component 3 – Support the Capital Markets Authority (CSMA) to develop a comprehensive Action Plan to be approved by the government					

	Result 3.1 A Sustainable Finance Strategy drafted with expert's guidance	Sustainable finance strategies drafted	Baseline: 0 Target: 1	Document available in electronic format	Limited capacity within CMSA to work on this strategy	GoT and CMSA committed to promote investments and use of capital markets
	Result 3.2 A Fintech Strategy drafted with expert's guidance	Fintechs strategy drafted	Baseline: 0 Target: 1	Document available in electronic format	Limited capacity within CMSA to work on this strategy	GoT and CMSA committed to promote investments in Fintechs
	Result 3.3 A Literacy action plan drafted with the expert's guidance	Literacy action plans drafted	Baseline: 0 Target: 1	Document available in electronic format	n/a	CMSA committed to promote financial literacy
Mandatory results/outputs by components	Component 4 – Design a plan for promotion of innovation and venture capital investments					
	Result 4.1 Newcomer Programme designed with the expert's guidance and assistance for its deployment provided	Documentation on the Newcomers programme drafted and approved by CMSA	At least three (3) staff trained on this topic	Twinning annual implementation reports	Limited staff availability within CMSA to be trained on the topic	CMSA committed to promote startups and fitechs

	Result 4.2 Venture capital fund structure consolidated with the expert's support.	<p>Number of workshops delivered with the experts' support</p> <p>Number of institutional and private sector participants trained</p> <p>Number of documents on the structure and functioning of the VC reviewed</p>	<p>At least one (1) workshop organised</p> <p>At least thirty (30) participants from all institutions involved</p> <p>At least five (5) documents revised with experts' support</p>	Twinning annual implementation reports	<p>Delay in the setting up of the VC Fund by the beneficiary</p> <p>Weak GoT involvement</p>	<p>GoT committed to stimulate investments and use of capital markets in Tanzania, including venture capital</p> <p>Eu-GoT continuous public dialogue under the budget support</p>
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