



Two Years of Dr. Samia in Office Marks Remarkable Strides in the Capital Market Frontiers

Her Excellency Dr. Samia Suluhu Hassan, President of the United Republic of Tanzania has set legacy of exemplary performance in the capital market frontiers in her two years period in the office. Commenting on the significant performance attained, the Chief Executive Officer of the Capital Markets and Securities Authority (CMSA), Nicodemus Mkama highlights that, the notable achievements were a result of conducive policy, regulatory and operational environment provided and supported by the Sixth Phase Government under the noble leadership of Her Excellency Dr. Samia. Mr. Mkama also highlighted that, economic diplomacy and international relations being pursued by Her Excellency Samia have attracted more participation of local and foreign investors in Tanzanian capital markets, thus resulting into the following key achievements:

- Total value of investment in the capital markets increased by 18.3 percent to reach TZS 35.3 trillion as at 28th February 2023 from TZS 29.9 trillion as at 28th February 2021;
- Combined trading turnover of equities and bonds increased by 40.1 percent to TZS 6.4 trillion from TZS 4.6 trillion recorded in the corresponding previous period;
- The trading turnover of Bonds also increased by 83.2 percent to TZS 6.1 trillion from TZS 3.4 trillion recorded in the corresponding previous period; and
- Net Asset Value of Collective Investment Schemes increased by 155.28 percent to TZS 1.42 trillion from TZS 557.28 billion recorded in the corresponding previous period.

The Tanzanian capital market is among the top five performing markets in Africa. CMSA, the regulator for capital market in Tanzania has been at the fore in undertaking initiatives that has positioned the financial markets and capital markets in particular at higher heights in driving economic development and growth in the country. During the two years period of Her Excellency Samia in the office, the CMSA has implemented initiatives that have opened new market frontiers including development of thematic and innovative capital market products and services; promotion of technology-enabled financial service distribution channels; increasing the number of certified market professionals recognized internationally; and enhancement of financial literacy and public awareness in the capital markets.

Mr. Mkama added that, during the two years period, the World Bank Report on assessment of movement of capital under the East African Common Market Scorecard raised the score for Tanzania by 157 percent from 7 out of 20 to 18 out of 20. The assessment placed Tanzania in the second position in the EAC region, reflecting significant strides in the capital markets on the free movement of capital. Currently, there are no restrictions in the flow of capital in equity, corporate bond and collective investment schemes operated in capital markets.

With regard to thematic products and services, Mr. Mkama explains that the CMSA is driving efforts on development of Environmental, Social and Governance (ESG) capital market products, including social bonds, ethical sharia compliant sukuk bonds, green bonds and blue bonds. To this end, the market has witnessed a welcoming response, whereby the following were achieved:

- The Social Bond dubbed "NMB Jasiri bond" which raised TZS 74.2 billion, a success rate of 297 percent. The Jasiri Bond is the first social bond issued in Tanzania and in Sub-Saharan Africa. The bond is listed on the Dar es Salaam Stock Exchange (DSE) and cross listed on the Luxembourg Stock Exchange (LuxSE). The funds raised from the bond are utilised to finance women-led or women-owned SMEs or businesses whose products and services have positive impact to women;
- The Ethical Sharia Compliant Sukuk Bond dubbed "KCB Fursa Sukuk" which raised TZS 11 billion, a success rate of 110 percent. The Fursa Sukuk became the first Sharia Compliant Sukuk Bond issued to the public and listed on (DSE). The funds raised from the bond are utilised to finance small and medium sized Sharia compliant businesses;
- The Medium Term Note (MTN) Programme worth TZS 300 billion to be issued in six tranches by National Bank of Commerce. The first tranche dubbed "NBC Twiga Bond" raised TZS 38.9 billion, a success rate of 130 percent. The fund raised is being used for lending to small and medium enterprises, retail and corporate institutions engaged in agribusiness and other economic activities;
- The Ethical Sharia Compliant Sukuk Bond, five issuances made by Imaan Finance Limited, all of which were oversubscribed. Total fund raised is TZS 24.03 billion, a success rate of 146 percent. The fund raised is being used to finance small and medium sized Sharia compliant businesses;
- The Ethical Sharia Compliant Sukuk Bond, issued by Amana Bank Limited. The Sukuk raised TZS 6.75 billion, a success rate of 135 percent. The fund raised is being used to finance small and medium sized Sharia compliant businesses;
- Collective Investment Scheme named "Faida Fund" operated by Watumishi Housing Investments (WHI). The Public Offer for Faida Fund raised TZS 12.95 billion, a success rate of 173 percent. The scheme provide opportunities to retail investors including youth and women to invest with a minimum amount of TZS 10,000 that are ultimately invested in government securities and corporate bonds listed on the stock exchange with a view of maximizing their returns using professional fund manager;
- Bond for development of Housing and Settlement issued by Tanzania Mortgage Refinance Company (TMRC), which raised TZS 8.89 billion, a success rate of 127 percent. The funds raised are used for wholesale lending to banks that issue mortgage loans to customers for development of housing and settlement sector.

Mr. Mkama further added that, in tapping opportunities of local and global sustainable finance the CMSA approved DSE Rules that facilitate listing and trading of sustainable equities, exchange traded funds, mutual funds, exchange traded notes, green bonds, blue bonds and ESG reporting. These developments have improved trading activities on the stock exchange and provide enabling environment for public and private sectors to raise funds for financing development activities. In addition, the development has enhanced usage of financial products and services, thus increasing liquidity in the capital market.

In pursuit of its role on protection of Minority Shareholders, the Government through CMSA reviewed the Capital Markets and Securities (CMS) Act, Cap 79 of the Laws of Tanzania, by including a provision for Protection of Minority Shareholders of listed companies under Section 134A of the Act. The amendment of the Act was passed by the Parliament of the United Republic of Tanzania as part of the Written Laws (Miscellaneous Amendments) (No.3) Act 2022. The amended Act enhances good corporate governance practices by providing opportunity for minority shareholders to have representation in the Board of Directors and participate in the decision making in the annual general meeting of public and listed companies.



**HER EXCELLENCY PRESIDENT DR. SAMIA SULUHU HASSAN
THE PRESIDENT OF THE UNITED REPUBLIC OF TANZANIA**



**NICODEMUS MKAMA,
CHIEF EXECUTIVE OFFICER, CAPITAL
MARKETS AND SECURITIES AUTHORITY**

Mr. Mkama also pointed out that during the two years period of Her Excellency Dr. Samia in the office, CMSA in collaboration with the United Nations Capital Development Fund (UNCDF) spearheaded initiatives for issuance of Municipal and Subnational bonds in Tanzania. The proceeds from issuance of the bonds will be used to finance commercially viable and bankable projects of Local Government Authorities (Cities, Municipals, Towns and Districts) and subnational entities including water and sewerage authorities. The initiatives are part of implementation of the Government's Alternative Project Financing (APF) Strategy launched by Honourable Dr. Mwigulu Nchemba, Minister for Finance and Planning of the United Republic of Tanzania. The initiatives have enabled Tanga Urban Water Supply and Sanitation Authority (Tanga-UWASA) to meet the prerequisite requirements that will result into issuance of the first Sub-National Water Infrastructure Green Revenue Bond in Tanzania. In the technology space, CMSA approved Sim Invest and Hisa Kiganjani which are

technology-enabled applications that facilitate subscriptions and trading of securities in the capital markets. The initiative has enhanced access and usage of capital market products and services to a wider segment of population in urban and rural areas, particularly retail investors in stock exchange trading and subscription for units of collective investment schemes. The CMSA is currently collaborating with stakeholders in development of a framework for operation and regulation of crowdfunding platforms. Crowdfunding broadly involves funding a project or venture by raising financial resources from a large number of people through use of electronic platforms. The endeavour promotes access to finance for start-ups, small and medium enterprises (SMEs).

As part of the initiatives to increase the number of certified market professionals recognized internationally, CMSA is collaborating with the Chartered Institute for Securities and Investment (CISI) of London, United Kingdom to conduct the Securities Industry Certification Courses (SICCs) in Tanzania. The objective of SICCs is to enhance the capacity of market professionals in keeping pace with developments in the global market space. Market professionals certified under the SICCs are globally recognized and eligible to apply for licenses to provide services in Tanzania, across the East African region and internationally. The number of certified market professionals recognized internationally increased by 49.2 percent to reach 737 during the period ended 28th February 2023 from 494 in the corresponding previous period. Similarly, the number of market intermediaries licensed by CMSA increased by 15.3 percent to reach 166 from 144 in the corresponding previous period.

In bolstering financial literacy and public awareness on the opportunities and benefits available in the capital markets, CMSA is implementing various programs, including tailor-made capital market campaigns; roadshows and exhibitions; participation in the World Investor Week; media programs; and Capital Markets Universities and Higher Learning Institutions Challenge (CMUHLIC). CMUHLIC is a competition for students in universities and higher learning institutions whose objective is to enhance financial inclusion and literacy by testing knowledge and understanding on issues related to capital markets. The Challenge has attracted over 70,133 participants during the period ending 28th February 2023, recording an increase of 43.7 percent compared to the participation of 48,662 recorded during the period ending 28th February 2021. Positive outcomes of the challenge include creation of over 10,000 actual investors in listed securities; development of the Young Investors Forum with more than 6,000 members, whose objective is to provide financial literacy and experiences for the youth in subscription and trading of shares.

In his concluding remarks, Mr. Mkama affirmed that Tanzanian Capital Market Sector is sound and resilient with increased participation of domestic and foreign investors and that the CMSA will continue to pursue initiatives that contribute to fuelling development of competitive economy for human development. Mr. Mkama wished Her Excellency President Dr. Samia Suluhu Hassan the grace of good health and success in her endeavours in bringing economic and social development and growth in the Country.