



CAPITAL MARKETS AND SECURITIES AUTHORITY

**CMSA FIVE YEAR STRATEGIC PLAN FOR THE
FINANCIAL YEARS 2018/19-2022/23**

JUNE, 2018

PREFACE

Statement of the Chairman

On behalf of the Members of the Capital Markets and Securities Authority (CMSA), I am pleased to present the CMSA Five Years Strategic Plan for 2018/2019 - 2022/2023 period. This Plan builds on successful implementation of previous Five Year Strategic Plan of the Authority that spanned from July 2013 to June 2018. I commend Management and Staff of the CMSA as well as all our close partners for the efforts they made in implementing the previous Strategic Plan.

The previous Strategic Plan that focused on creating financial sustainability to the CMSA. Having achieved that goal, the current Plan focuses on growing the market to increase capital markets inclusion and enhancing investor protection. The current Plan aims at making the CMSA a proactive Institution that promotes and develops efficient and sustainable capital markets and securities business in Tanzania while ensuring fair and equitable dealings.

The focus of the CMSA Strategic Plan is well aligned to national policy direction of transforming Tanzania to semi-industrialized middle-income income economy. Accordingly, the Plan seeks to adequately complement objectives of the Tanzania's Development Vision 2025. The Plan also addresses issues raised by the Ruling Party (CCM) Election Manifesto 2015-2020; the Second National Five Years Development Plan (FYDP II) 2016/17-2020/21; the National Policy for Industrialization; Global Sustainable Development Goals 2030; the speech by the President of the United Republic of Tanzania, His Excellency Dr. John Pombe Joseph Magufuli, when officially inaugurating the 11th Parliament of the United Republic of Tanzania in Dodoma on 20th November 2015; and Sectoral Policies and Strategies being undertaken by the fifth Phase Government of the United Republic of Tanzania. Strategic initiatives of the Plan are therefore devised in such a way as to underscore the importance of capital markets in the provision of long term finance for implementation of large scale developmental projects including infrastructure. I have no doubt that if capital markets are adequately embraced as a core means of domestic resources mobilization, they are capable of reducing poverty, creating wealth for Tanzanians and spurring economic development. This zeal requires universal understanding, appreciation and commitment to the use of capital markets by all sectors of the economy.

I understand that institutional and multi-sectoral collaborations remain critical to the realization of the vision projected in this Strategic Plan. Therefore, in implementing this Strategic Plan, the Authority will take special cognizance of the need for cordial relations with all its stakeholders by ensuring maximum transparency, integrity, and high standard of professionalism.

On behalf of the members of the Authority, Management and Staff of the CMSA, I would like to express my sincere appreciation to the Government of the United Republic of Tanzania through the Ministry of Finance and Planning for its continued support in developing the capital markets in the country. I also thank our development partners including the World Bank through Private Sector Competitiveness Project; the Financial Sector Deepening Africa (FSD Africa); the Financial Sector Deepening Trust Tanzania and the Bank of Tanzania for their continued financial support during the implementation of initiatives contained in the previous Strategic Plan. It is my hope that their spirit of supporting the development of capital markets in Tanzania will continue.

The Authority will continue to oversee the implementation of this Plan for the efficient, effective and timely realization of the desired goals in the Plan. The Authority remains agile to adapting changes that may be necessary as a result of domestic and international securities industry dynamics in the course of implementation of the Plan.

Dr. John K. Mduma

Board Chairman

Capital Markets and Securities Authority

Statement of the Chief Executive Officer

The CMSA Five Year Strategic Plan for the financial years 2018/19 to 2022/23 takes over from the previous Strategic Plan that covered a period of five years from 2013/14 to 2017/18, whose priority was to achieve CMSA's financial sustainability. Other strategic objectives implemented during the five years of the previous Strategic Plan included implementation of key legal developments; achieving compliance with IOSCO Standards for Securities Market Regulators; resolving market structure weaknesses; strengthening market intermediary environment; implementation of market development initiatives; improvement of institutional profile and restructuring of CMSA organization structure. The overall assessment indicated that the objectives were largely achieved.

Some of the strategic initiatives that were implemented as part the objectives contained in the previous Strategic Plan included, drafting of a National Capital Market Policy; drafting of the concept paper for the development of the National Capital Market Master Plan; strengthening of the market supervision and investigation function; increasing of the depth and breadth of the market; conducting public education and awareness programmes; enhancing financial inclusion and literacy; increasing number and competence of markets professionals by conducting Securities Industry Certification Courses; improving CMSA's institutional profile; enhancing CMSA's capacity in service delivery and establishment of commodity exchange. In supervising the markets, the CMSA continued to formulate principles for guidance of the market so as to protect investors' interest against any abuses; closely monitor the conduct of markets players and intermediaries; and promote transparency and fair-dealing by its licensees in the conduct of their business with customers.

Implementation of the fore-mentioned initiatives resulted in improved capital markets infrastructure and regulatory environment; increased number of capital markets products, listed companies, investors and market capitalization; trade volumes and liquidity. In addition, the CMSA made significant strides towards financial sustainability, as it was able to cover costs related to personnel emoluments and some of operational charges using market generated revenues.

The thrust of the current Strategic Plan is to grow the market and enhance investor protection. This is expected to be achieved largely through undertaking of market and professional development projects; conducting intensive public education and awareness programmes; improving the capacity of the CMSA to adequately deliver services; and increased application of technology. Other objectives in the strategic plan are strengthening the institutional and technical capability of market participants; ensuring a robust policy, legal and regulatory

framework for capital markets and commodity exchanges; and enhancing and maintaining corporate image of the CMSA.

Successful implementation of this Plan will facilitate appropriate utilization of opportunities to promote socio-economic development, raise ethical standards for all markets players and increase public trust towards the CMSA and Government in general. The Strategic Plan is also expected to provide opportunities for broader local ownership and expand long term financing opportunities to productive sectors that would in turn stimulate economic growth.

In recognition of efforts put in developing this Plan, I would like to extend my gratitude to the Members of the Authority, for their guidance; and Management and Staff of the CMSA, particularly staff from the Directorate of Research, Policy and Planning for their devotion in the preparation of this Plan. It is my sincere hope that the Plan will also serve as a catalyst in promoting commitment and participation of all stakeholders in the crusade of developing and maintaining fair, inclusive, efficient, transparent, innovative and sustainable capital and commodity markets which fuel economic growth.

Nicodemus D. Mkama
Chief Executive Officer
Capital Markets and Securities Authority

TABLE OF CONTENTS

| | |
|--|-------|
| TABLE OF CONTENTS..... | vi |
| LIST OF ABBREVIATIONS..... | ix |
| 1 Background | xiii |
| 2 Approach and Methodology..... | xiv |
| 3 The Situation Analysis | xiv |
| 4 Review of the Previous Strategic Plan..... | xv |
| 5 New Strategic Directions | xvi |
| 6 Monitoring and Evaluation Framework | xvii |
| 1 INTRODUCTION..... | xviii |
| 1.1 Evolution of Capital Markets Industry in Tanzania | xviii |
| 1.1.1 <i>The Capital Markets and Securities Authority</i> | xviii |
| 1.1.2 <i>The Dar es Salaam Stock Exchange</i> | xix |
| 1.1.3 <i>The Tanzania Mercantile Exchange</i> | xix |
| 1.2 Tanzanian Economic Performance..... | xix |
| 1.2.1 <i>Inflation</i> | xx |
| 1.2.2 <i>Exchange rates</i> | xx |
| 1.2.3 <i>Interest Rates</i> | xx |
| 1.2.4 <i>Capital Markets Performance</i> | xxi |
| 2 SITUATION ANALYSIS..... | xxiii |
| 2.1 Internal environment analysis | xxiii |
| 2.1.1 <i>Vision and Mission Statements and Core Values</i> | xxiii |
| 2.1.2 <i>Financial Resources</i> | xxiii |
| 2.1.3 <i>Human resources</i> | xxiv |
| 2.1.4 <i>Technological resources</i> | xxiv |
| 2.1.5 <i>Office Working Tools</i> | xxiv |
| 2.2 The SWOC Analysis..... | xxiv |
| 2.2.1 <i>Strengths</i> | xxiv |
| 2.2.2 <i>Weaknesses</i> | xxvi |
| 2.2.3 <i>Opportunities</i> | xxvi |

| | | |
|--------------------|--|--------|
| 2.2.4 | <i>Challenges</i> | xxviii |
| 2.3 | Stakeholder Analysis..... | 29 |
| 2.4 | Review of the Previous Strategic Plan..... | 35 |
| 2.5 | Key issues from the Situational Analysis..... | 48 |
| 2.6 | Priority Areas..... | 49 |
| CHAPTER THREE..... | | 50 |
| 3 | VISION, MISSION AND OBJECTIVES..... | 50 |
| 3.1 | Vision, Mission and Objectives..... | 50 |
| 3.1.1 | <i>Vision</i> | 50 |
| 3.1.2 | <i>Mission</i> | 50 |
| 3.1.3 | <i>Core Values</i> | 50 |
| 3.2 | Priority Objectives..... | 51 |
| 3.3 | Assumptions and Dependencies..... | 51 |
| 3.4 | Critical Success Factors..... | 51 |
| CHAPTER FOUR..... | | 52 |
| 4 | OBJECTIVES, STRATEGIES AND TARGETS..... | 52 |
| 4.1 | Objective One: Development of a Deep, Diversified and Inclusive Capital Market..... | 52 |
| 4.1.1 | <i>Facilitating Increase in the Number and Diversity of Capital Market Products and Services</i> 52 | |
| 4.1.2 | <i>Nurturing Private Equity Companies and Venture Capital Firms Utilizing the Enterprise Growth Market</i> | 55 |
| 4.1.3 | <i>Increasing Capital Markets Investor Base and Inclusion</i> | 55 |
| 4.2 | Objective Two: Strengthening the Capacity of the CMSA to Adequately Deliver its Mandate..... | 56 |
| 4.2.1 | <i>Implementing the Proposed Organization Structure</i> | 56 |
| 4.2.2 | <i>Creating a conducive Environment for Effective and Efficient Service Delivery</i> | 59 |
| 4.2.3 | <i>Enhancing Financial Sustainability of the CMSA</i> | 59 |
| 4.2.4 | <i>Strengthening Risk Management and Internal Controls within CMSA</i> | 60 |
| 4.3 | Objective Three: Increased Application of Technology..... | 61 |
| 4.3.1 | <i>Automation of CMSA Business Processes</i> | 61 |

| | | |
|-------------------|---|----|
| 4.3.2 | <i>Enhancing Continuity of CMSA Business Operations</i> | 62 |
| 4.4 | Objective Four: Strengthening the Institutional and Technical Capabilities of Capital Markets Participants..... | 63 |
| 4.4.1 | <i>Collaborating with Higher Learning Institutions in Building the Technical and Professional Capacity of Market Participants</i> | 64 |
| 4.4.2 | <i>Promoting Research, Innovation and Development</i> | 64 |
| 4.5 | Objective Five: Ensuring a Robust Policy, Legal and Regulatory Framework for Capital Markets and Commodity Exchanges | 65 |
| 4.5.1 | <i>Establishing a Framework for Ccoordination of National and Corporate Policies on Capital Markets</i> | 66 |
| 4.5.2 | <i>Facilitating the Passing of New Legislation</i> | 67 |
| 4.5.3 | <i>Strengthening the Capital Market Supervisory Environment</i> | 68 |
| 4.5.4 | <i>Enhancing Risk Management Systems in the Capital Markets</i> | 69 |
| 4.6 | Objective Six: Enhancing and Maintaining Corporate Image of the CMSA | 71 |
| 4.6.1 | <i>Developing the CMSA Communication Strategy</i> | 71 |
| 4.6.2 | <i>Strengthening Relations with Stakeholders</i> | 72 |
| CHAPTER FIVE..... | | 89 |
| 5 | RESULTS FRAMEWORK..... | 89 |
| 5.1 | Introduction..... | 89 |
| 5.2 | Monitoring and Evaluation Arrangements | 89 |
| 5.3 | Responsibilities in Monitoring and Evaluation..... | 89 |
| 5.4 | Strategic Plan Review..... | 90 |
| 5.5 | Proposed CMSA Organisation Structure | 94 |

LIST OF ABBREVIATIONS

| | |
|---------|---|
| AfDB | African Development Bank |
| BCM | Business Continuity Management |
| BOT | Bank of Tanzania |
| BSC | Balanced Score Card |
| CCP's | Central Counterpart Clearing House |
| CDS's | Central Depository Systems |
| CEO | Chief Executive Officer |
| CFT | Combating the Financing of Terrorism |
| CIS | Collective Investment Schemes |
| CISI | Chartered Institute for Securities and Investment |
| CMS Act | Capital Markets & Securities Act |
| CMSA | Capital Markets & Securities Authority |
| CMUHLIC | Capital Markets Universities and other Higher Learning Institutions Challenge |
| CPD | Continuous Professional Development |
| CSD | Central Securities Depository |
| CSDR | Central Securities Depository & Registry Company |
| CSFs | Critical Success Factors |
| DFID | Department for International Development |
| DLAE | Directorate of Legal Affairs and Enforcement |
| DRPP | Directorate of Research Policy and Planning |
| DSE | Dar es Salaam Stock Exchange |
| EAC | East African Community |
| EAMU | East Africa Monetary Union |
| EASRA's | East Africa Securities Regulatory Authority |

| | |
|--------|---|
| EATIH | East Africa Trade Investment Hub |
| EGM | Enterprise Growth Market |
| FINTEC | Financial Technologic |
| FSDA | Financial Sector Deepening Africa |
| FSDT | Financial Sectors Deepening Trust |
| FYDP | Five Year Development Plan |
| GDP | Gross Domestic Product |
| HCMIS | Human Capital Management Information System |
| HRMA | Human Resource Management Authority |
| ICT | Information and Communication Technology |
| IMF | International Monetary Fund |
| IODT | Institute of Directors Tanzania |
| IOSCO | International Organization of Securities Commission |
| IPO | Initial Public Offer |
| KYC | Know Your Customer |
| LDM | Local Data Management |
| M&E | Monitoring and Evaluation |
| MMoU | Multilateral Memorandum of Understanding |
| MOFP | Ministry of Finance and Planning |
| NACSAP | National Anti-Corruption Strategy Action Plan |
| NCD | Non Communicable Disease |
| NCMP | National Capital Markets Master Plan |
| NFIF | National Financial Inclusion Framework |
| NHIF | National Health Insurance Fund |
| OTC | Over-The-Counter |
| PO-PSM | President's Office – Public Service Management |

| | |
|-------|--|
| PSSF | Pension Social Security's Funds |
| PSSSF | Public Service Social Security Fund |
| RBSS | Risk Based Supervision System |
| REITs | Real Estate Investment Trust |
| SADC | Southern African Development Community |
| SIDP | Sustainable Industrial Development Policy for Tanzania |
| SMEs | Small and Medium Enterprises |
| SSRA | Social Security Regulatory Authority |
| SWOC | Strength, Weakness, Opportunity and Challenges |
| TCCIA | Tanzania Chamber of Commerce, Industry and Agriculture |
| TCDC | Tanzania Cooperative Development Commission |
| TCRA | Tanzania Communication Regulatory Authority |
| TDV | Tanzania Development Vision |
| TIB | Tanzania Investment Bank |
| TIRA | Tanzania Insurance Regulatory Authority |
| TMX | Tanzania Mercantile Exchange |
| TVCN | Tanzania Venture Capital Network |
| TZS | Tanzania shillings |
| USAID | United States Agency for International Development |
| USD | United States Dollar |
| WRRB | Warehouse Receipt Regulatory Board |

EXECUTIVE SUMMARY

1 Background

The Capital Markets and Securities Authority (CMSA) was established under the Capital Markets and Securities Act of 1994 for the purpose of promoting and facilitating the development of an orderly, fair and efficient capital markets and securities business in Tanzania. Section 10 (1) of the Act, empowers the Authority to promote and develop efficient and sustainable capital markets and securities business in Tanzania while ensuring fair and equitable dealings; formulate principles for the guidance of the industry, protection of investors' interests and integrity of the securities market against any abuses; License and regulate stock exchanges, dealers, brokers and their representatives and investment advisors; Advise the Government on policies and all matters relating to the securities industry and Create the necessary environment for the orderly growth and development of the capital market.

Notable progress has been made since the emergence of the capital in Tanzania in 1996 with the incorporation of the Dar es Salaam Stock Exchange (DSE) and listing of the first company Tanzania Oxygen Limited in 1998. Over the period, the market has grown to a point whereby at 30th June 2018 it was characterised with one stock exchange; 14 brokers; 30 investment advisors; 28 listed companies with a market capitalization of TZS 22,252.9 billion as well as seven Collective Investment Schemes and one commodity exchange. Similarly, the number of investors grew to 672,209 surpassing the target of the National Financial Inclusion Framework 2014 – 2016 of 2.5 percent of adult population who have invested in securities. In 2015, the Commodity Exchanges Act was enacted and a commodity exchange established for spot trading of commodities.

Implementation of the Strategic Plan for the years 2013/14-2017/18 came to an end on 30th June 2018 with notable success. The Plan managed to significantly achieve its core objective of attaining financial sustainability of the CMSA by moving away from dependency on Government subventions. Other key objectives in the Plan were to a large extent achieved. These objectives include implementation of key legal developments; achieving compliance with IOSCO Standards for Securities Market Regulators; resolving market structure weaknesses; strengthening market intermediary environment; implementation of market development initiatives; improvement of institutional profile and restructuring of CMSA Organisation. The initiatives that were either partially or not achieved related to issues that were outside the scope of the CMSA to implement and have been carried over to the next Strategic Plan. The key initiatives that have been carried over for completion in the next Strategic Plan include enactment of the new capital markets law; regulation of direct mobile access to financial markets (M-akiba); and framework for regulation of public unlisted companies.

Notwithstanding the strides that the Tanzanian capital markets industry has achieved, significant milestones are yet to be achieved in order to realize the vision of being a professional regulator of capital markets that meet international standards of inclusion and investor protection. Market statistics in terms of Institutional framework, products, services, depth and breadth call for formulation and implementation of strategic initiatives with renewed vigour in order to reach satisfactory levels. For example, the ratio of market capitalization to GDP was 20.5 percent indicating some lags from regional comparatives of 39.63 percent in Kenya and 57.8 percent in Mauritius. As a response to such apparent need, the CMSA has developed the Strategic Plan for the period from July 2018 to June 2023.

The Capital markets industry is central to the achievement of the Tanzania's Development Vision (TDV) 2025 which aspires to have Tanzania transformed into a middle income and semi industrialized nation by 2025. The Strategic Plan is also intended at highlighting initiatives through which capital markets will facilitate financing of industrialization drive as a means to ensure achievement of the Vision.

Furthermore, capital markets is expected to play a pivotal role in the implementation of the Short Term Priority program (phase I) of the Sustainable Industries Development Policy for Tanzania (SIDP) 2020, regarding restructuring of public industrial firms, whereas the private sector will be fully involved through the exercise of privatization. In this regard, the CMSA will seek to bridge the gap between the private and public sectors.

2 Approach and Methodology

In preparing this Strategic Plan the CMSA deployed a multistage iterative approach that began with collection of data and information from CMSA staff in various departments. Questionnaires were distributed to Heads of Directorates, Independent Departments and Sections to be filled in. In filling in the questionnaires, information was gathered from the staff in different directorates/departments/sections. The completed questionnaires were then used to prepare the first draft of the Plan. CMSA Management reviewed the draft Plan and constituted a technical team to improve the Draft Plan. The Draft Strategic Plan was then subjected to a team of experts and selected stakeholders for quality review. The revised Strategic Plan document was then circulated to a wider group of stakeholders for further comments after which it was tabled before the Authority for adoption and approval.

3 The Situation Analysis

A review of the strengths, weaknesses, opportunities and challenges (SWOC) indicates that despite a number of challenges a great potential exists for the development of the capital markets in Tanzania. The internal and external environment requires some improvements to adequately support the

implementation of the planned initiatives, including the legal framework; market infrastructure; relationship with development partners; and access to financial technology and innovation. The CMSA intends to address weaknesses related to lack of coordinated approach to capital markets; weak capital market intermediaries; limited number of products and capital market professionals.

On the other hand, the Strategic Plan seeks to tap into opportunities existing in the capital markets including the increasing number of construction projects; unreached masses of potential investors; legal reforms requiring mandatory public offers; regional and international cooperation; and unissued potential products while leveraging on the continuing political and economic stability of the country.

To successfully, achieve the intended objectives, the CMSA will need to address identified challenges including low level of capital markets awareness and literacy; low saving culture; constrained budget to support capital market development initiatives; and limited data sharing mechanism among financial sector players. Furthermore, the Authority seeks to increase the participation of local investors so as to minimise market sensitivity to foreign exchange fluctuations.

4 Review of the Previous Strategic Plan

The previous strategic plan was for the five year period from 2012/13-2017/18. The direction of the previous Strategic Plan was to achieve financial sustainability of the CMSA in order to reduce dependency on Government subventions. This objective was largely achieved as CMSA is financing its operations from market generated revenues. The CMSA has managed to substantially reduce external dependency. For the financial year ended 30th June 2017, 80 percent of the budget was financed from internally generated revenue. The CMSA still depends on Bank of Tanzania and other donors to finance its development projects. Other key objectives in the Previous Strategic Plan related to implementation of key legal developments; achieving compliance with IOSCO Standards for Securities Market Regulators; resolving market structure weaknesses; strengthening market intermediary environment; implementation of market development initiatives; improvement of institutional profile and restructuring of CMSA organization structure.

The overall performance rating of the previous Strategic Plan was *Largely Achieved* as more than half (61percent) of the 28 strategic initiatives were rated *Largely Achieved* and *Fully Achieved*. Three out of the 28 initiatives were rated *Not Achieved* which is equivalent to 10 percent. The remaining 29 percent of the strategic initiatives were rated *Partially Achieved*. The initiatives that were rated *Not Achieved* related to issues that were outside the scope of the CMSA to implement.

The main aspects that were not achieved or partially achieved have been carried over to the next Strategic Plan. The key initiatives that have been carried over for

completion in the next Strategic Plan include enactment of the new capital markets law; establishment of capital markets master plan; regulation of direct mobile access to financial markets (M-akiba); framework for regulation of public unlisted companies and construction of CMSA office building.

5 New Strategic Directions

Vision

To be a professional regulator of capital markets that meet international standards of inclusion and investor protection.

Mission

To create enabling environment for the development and maintenance of a fair, inclusive, efficient, transparent, innovative and sustainable capital and commodity markets which fuel economic growth.

Priority Objective

The overall objective of the Strategic Plan is centered 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. Therefore, to achieve the overall objective, the CMSA seeks to undertake on priority basis, the following strategic initiatives:

- (a) Facilitating increase in the number and diversity of capital market products and services through introduction of new capital market products and services.
- (b) Promoting growth of Capital Markets Investor Base and Inclusion through public awareness financial literacy programmes to increase level of participation;
- (c) Implementing the Proposed CMSA Organisation Structure to streamline misaligned positions in order to enhance efficiency and accountability;
- (d) Creating Conducive Environment for Effective and Efficient Delivery of Service through provision of adequate working tools and working environment;
- (e) Enhancing Financial Sustainability of the CMSA by ensuring availability adequate and reliable financial resource for implementing planned strategies and for contributing to the Government's Consolidated fund;
- (f) Automation of the business processes that are currently manually operated in order to enhance CMSA's ability to efficiently and effectively discharge its responsibilities.

6 Monitoring and Evaluation Framework

The framework constitutes a plan to systematically track the implementation of planned activities and regularly assess progress in order to identify any divergence and devise corrective measures in time to ensure that the Strategic Plan remains relevant at all times. Progress will be measured against specific targets and schedules included in the plan. This is followed by analyzing and reporting of information to various stakeholders. Progress reports will form part of the regular reporting to the Authority.

The Strategic Plan will be reviewed every two years to ensure that all the objectives remain relevant and feasible to unfolding circumstances so that it ultimately delivers the intended objectives of contributing to the stronger economic development. The review will be conducted internally by Management. External persons may be incorporated in the review should the Authority consider necessary.

CHAPTER ONE

1 INTRODUCTION

1.1 Evolution of Capital Markets Industry in Tanzania

In the mid 1980's the Government undertook a series of major economic liberalization reforms as part of a process of Structural Adjustment Programmes. Prior to such reforms, Tanzania had a centralized economy where all business enterprises were run by the state and the capital markets was virtually non-existent. The reforms paved way for a free market economy, changing the role of the Government to that of policy making; maintaining law and order; providing basic social services and creating conducive environment for economic growth. The policy and economic reforms culminated in financial sector reforms in the early 1990s that enabled private sector operators to participate in the financial sector. As part of recognition of the role of private sector, the Government earmarked about 380 public enterprises for privatization. Until the end of the year 2015, more than 50 percent of the targeted enterprises were privatized, 7 enterprises of which were privatized through the capital markets.

To support the reforms, the Government formulated policies and promulgated a number of legislation including the Capital Markets and Securities Act, 1994 that aimed among others, at:

- a) Creating the necessary environment for the orderly growth and development of the capital markets where members of the public or bodies corporate can offer or are offered securities respectively for investment purpose;
- b) Establishing an appropriate supervision mechanism to ensure investor protection through full disclosures of the nature of what is offered to them before they make a financial commitment, and that there exists a remedy or redress for loss incurred as a result of failure on the part of the issuer to make accurate disclosures; and
- c) Registering, licensing, authorizing or regulating market intermediaries with a view to maintaining proper standard of conduct and professionalism in securities industry.

The CMS Act is supplemented by various Regulations and Guidelines governing various aspects of capital markets.

1.1.1 The Capital Markets and Securities Authority

The CMSA was established under the Capital Markets and Securities Act of 1994 for the purpose of promoting and facilitating the development of an orderly, fair and efficient capital markets and securities business in Tanzania. Establishment of the CMSA was part of the Government's economic reforms agenda that included among others, liberalization of the financial sector and initiation of the privatization process. The CMSA became operational as an autonomous body in 1995. Functions, duties

and powers of the CMSA are provided in Section 10 (1) of the CMS Act, which include power to:-

- Promote and develop efficient and sustainable capital markets and securities business in Tanzania while ensuring fair and equitable dealings;
- Formulate principles for the guidance of the industry, protection of investors' interests and integrity of the securities market against any abuses;
- License and regulate stock exchanges, dealers, brokers and their representatives and investment advisors;
- Advise the Government on policies and all matters relating to the securities industry.
- Create the necessary environment for the orderly growth and development of the capital market;

1.1.2 The Dar es Salaam Stock Exchange

The DSE was incorporated in 1996 under the Companies Act (Cap. 212) as a private company limited by guarantee and was operating as a non-profit organization. It started operations in April 1998, when the first company, Tanzania Oxygen Limited was listed. The establishment of the DSE aimed at providing economic empowerment and wider participation of Tanzanians in the capital markets through share ownership. This was implemented through privatization of parastatals by issuing shares to the public and listing on the DSE. In 2016, through a process of demutualization, the DSE changed its status from private company limited by guarantee to public company limited by shares and listing on its board. The change aimed at improving corporate governance and performance.

1.1.3 The Tanzania Mercantile Exchange

The CMSA is mandated to develop, supervise and regulate the commodity exchange sector in Tanzania by the Commodity Exchanges Act 2015. The Act is supplemented by the Commodity Exchange Regulations, 2016. Tanzania Mercantile Exchange was incorporated under the Companies Act, 2002 and licensed by CMSA in 2016 to operate as a commodity exchange in Tanzania in accordance with the Commodity Exchanges Act 2015. Initial shareholders of the TMX are the Government of the United Republic of Tanzania through the Treasury Registrar; PSSF and TIB Development Bank Limited.

1.2 Tanzanian Economic Performance

The economy of Tanzania registered a robust growth rate averaging 6.7 percent between 2013 and 2018, which was the highest rate in the East African region and the third in Africa. This rate was a result of various programs undertaken by Government that were aimed at creating enabling business environment and conducive investment climate as well as strengthening public financial management.

Despite the strong economic performance, GDP growth rate is still lower than the target of 8 percent to 10 percent deemed in the Tanzania Development Vision 2025 as necessary to eradicate absolute poverty and place the country on a rightful path to realizing the national objective of achieving an average nominal income of USD 3000 per capita by 2025.

With the theme of “Nurturing Industrialization for Economic Transformation and Human Development”, the National Five Year Development Plan for the Financial Years 2016/17 – 2020/21 highlights the Fifth Phase Government’s intention to position investment in harnessing Tanzania’s natural endowment as a driving force for sustainable transformation of the country. The Plan outlines the need for scaling up the amount and quality of investments, with the private sector riding on the forefront. In his key note, the President of the United Republic of Tanzania, Dr. Joseph Pombe Magufuli stresses that his Government seeks to entice, and attract increasingly private sector investment flows in new and more productive economic activities. Accordingly, the Plan aspires to achieve the GDP growth rate of 10 percent by 2021 from 7.0 percent in 2015.

According to the Bank of Tanzania Monetary Policy Statement as of June 2018, the global economy is estimated to have grown by 3.8% in 2017. This compares favourably with 3.0% recorded in 2013, with much of the increase emanating from emerging markets and developing economies. Growth in sub-Saharan Africa was 2.8 percent, mainly affected by commodity prices and investment in infrastructure.

1.2.1 Inflation

Inflation in Tanzania remained at single digit for the past five years to June 2018. The development was mainly on account of increased food supply in the domestic and neighbouring markets, general slowdown in global commodity prices, particularly oil prices and implementation of constructional fiscal policy.

1.2.2 Exchange rates

The value of Tanzania shilling against the US dollar remained broadly stable for the past five years, consistent with liquidity condition in the economy and the improvement in the current account balance. In June 2018 the value of Tanzanian shilling against the US dollar remained fairly stable trading at an average of TZS 2,277.9 per US dollar, compared to TZS 1,610.4 per US dollar recorded in June 2013.

1.2.3 Interest Rates

The overall time deposit rate decreased to 8.35 percent in June 2018 from 8.79 percent registered in June 2013. Similarly, the overall Treasury bills rate decreased to 5.59 percent in June 2018 from 13.85 percent recorded in June 2013. The saving deposit rate increased to 2.09 percent in June 2018 from 3.05 percent in June 2013, while

overall lending rate increased to 15.44 percent in May 2018 from 17.34 percent in June 2013.

1.2.4 Capital Markets Performance

The stock markets are considered to be an important driver in the economy since they allow redistribution of financial resources among productive economic entities. They help governments and companies access necessary long term financial resources while availing households and other economic entities with a range of investment opportunities for their savings to make a profit.

Central to achievement of Vision 2025 is the development of financial sector, one key component of which is the capital markets industry. Capital Markets has experienced tremendous growth for the period of five years to 30th June 2018. While there remained one stock exchange, a commodity exchange was established and six commodity dealers licensed. Over the same period the number of licensed dealing members (Brokers) increased from 7 to 14 while that of investment advisers (including Fund Managers) increased from 20 to 30. Similarly, the number of licensed custodians of securities increased from five to six. In addition, the number of approved collective investment schemes reached nine having increased from seven at the beginning of the period. In November 2013, the Enterprise Growth Market (EGM) was established on the Dar es Salaam Stock Exchange to provide an alternative avenue for accessing long term capital by start-ups, small and medium size enterprises that cannot meet the issuing and listing requirements in the Main Investment Market Segment of the DSE bringing with it six nominated advisors.

The five year period to 30th June 2018 witnessed the growth in the number of companies listed on the DSE from 16 to 28. The growth was associated with an increase in total market capitalization to TZS 22,252.90 billion as at 30th June 2018, from TZS 14,057.92 billion recorded as at 30th June 2013, equivalent to 65.02% increase. Domestic market capitalization stood at TZS 10,992.75 billion as at the end of 30th June 2018, which is equal to 11.5 times the domestic market capitalization of TZS 3,865.63 billion recorded as at 30th June 2013.

Similarly the capitalization of the Government bonds increased from TZS 2,975.167 billion as at the end of June 2013 to TZS 9,178.995 billion as at the end of June 2018. The number of approved and issued corporate bonds increased from 11 at the beginning of the period to 15, an increase of four as at the end of the period, where four corporate bonds were outstanding. The capitalization of corporate bonds had increased to TZS 134.88 billion as at 30th June 2018, compared to TZS 88.47 billion recorded as at 30th June 2013. In addition, the capitalization of collective investment schemes increased to TZS 388.17 billion as at 30th June 2018 compared to TZS 138.14 billion as at 30th June 2013.

On the other hand, a series of market development initiatives that the CMSA undertook facilitated the increase number of investors in the capital markets to 672,209 as at the end of **June 2018** compared to 296,033 investors as at 30th June 2013, reflecting a an increase of 127 percent. This phenomenon contributed to the achievement of the target of the National Financial Inclusion Framework 2014 – 2016 of 2.5 percent of adult population who have invested in securities.

Notwithstanding the strides that the Tanzanian capital markets industry has achieved, there remains a significant room for growth in terms of Institutional framework, products, services, depth and breadth of the market. The ratio of market capitalization to GDP was 20.5 percent indicating some lags from regional comparatives of 39.63 percent in Kenya and 57.8 percent in Mauritius. Strategies contained in this Strategic Plan are therefore intended at addressing such apparent shortfalls.

CHAPTER TWO

2 SITUATION ANALYSIS

2.1 Internal environment analysis

An assessment of the internal institutional environment indicates that the Authority is yet to meet the resource that would enable it to adequately deliver its mandate. The resource gaps are evident in terms of financial, human, technological and other working tools. Therefore in this Plan, the CMSA shall endeavour to take measures that would bring about increase in internal resources so that the objectives of this Plan are fully met.

2.1.1 *Vision and Mission Statements and Core Values*

Preparation of the Strategic Plan also provides an opportunity for assessing the relevance of the organisation's vision and mission statements in the light of the current objectives and circumstances. The vision and mission statements of CMSA have been revised with a view to improving them and enhancing clarity.

The previous Vision Statement read, *"A professional independent regulator promoting capital and commodity markets development, financial literacy and investor protection"*. It has now been revised to read, *"To be a professional regulator of capital and commodity markets that meet international standards of inclusion and investor protection"*. The revision aimed at removing the word 'independent' because of the connotation it brings and bringing to visibility the word 'inclusion' which is also an outcome of capital market development initiatives including 'financial literacy'.

The Mission Statement has also been revised where the previous Mission Statement read, *"To design and implement purposeful measures which will enable the creation and development of sustainable financial markets that are efficient, transparent and which will fuel economic growth"*. It has been revised to read, *"To create enabling environment for the development and maintenance of a fair, inclusive, efficient, transparent, innovative and sustainable capital and commodity markets which fuel economic growth"*. The rationales for change include the need to: bring more clarity to what the CMSA actually does; bring to the fore the regulation of commodity exchange; and introduce the concept of innovation.

The current Strategic Plan has also introduced five core values in line with best practices. The core values are Professionalism; Innovation; Teamwork; Accountability and Diligence. The CMSA seeks to build an organisation culture around these core values.

2.1.2 *Financial Resources*

The CMSA has achieved some strides towards achieving financial sustainability. Currently, personnel emoluments and other operational charges are financed from market generated revenue. However, the level of financial sufficiency is still

inadequate as a significant portion of developmental activities is financed by external sources including support from Bank of Tanzania and other international development partners such as the World Bank, FSDT, FSD Africa etc. The Authority seeks to reduce this dependency in order to create stability in the implementation of planned activities. Furthermore, the CMSA needs to contribute to the Consolidated Fund of the Government annually.

2.1.3 Human resources

The CMSA is critically understaffed with only 53% of the required staff complement. Total headcount is 30 relative to the recommended number of 57 leaving out a staffing gap of 27 persons. There are a number of vacant positions with several positions held by individuals in the acting capacity. This is an urgent requirement if the CMSA is to fully achieve the objectives considered in this Strategic Plan.

2.1.4 Technological resources

The CMSA has been promoting technological innovations in the capital markets by promoting the use of mobile phone in the subscription for securities and supporting online trading at the Dar es Salaam Stock Exchanges. However, internally there is limited use of technology and innovation with the majority of processes handled manually. There is substantial use of paperwork which is costly and prone to loss of data. With mushrooming of innovations in the technology products, the CMSA needs adapt itself to the use of technology through automation in service delivery in order to remain relevant.

2.1.5 Office Working Tools

Coping with the demands of a modern securities regulator requires acquisition of adequate working tools including computers in all its forms – servers, desktops and laptops, data storage and backup facilities; camera and recorders; printers and scanners; projectors etc. While the number of desktop computers were in place, the number of laptops is not adequate. Use of personal laptops poses the risk of data loss and loss of confidentiality.

2.2 The SWOC Analysis

The SWOC Analysis of the capital markets industry is elaborated as follows:-

2.2.1 Strengths

- i) Existence of the Legal and Regulatory framework that promote and facilitate the development of an orderly, fair and efficient capital market and securities businesses. The Capital Market and Securities Act of 1994 has made possible the development, monitoring, supervision and regulation of securities businesses. In addition, the Commodity Exchange Act of 2015, the Companies Act Cap 212, and the Anti- Money Laundering Act 2006 facilitated the supervision of capital market operations.

- ii) Presence of market infrastructures with competence and professional capabilities. The market has stock exchange (DSE) which acts as a secondary market for trading of securities. The DSE has robust systems where stock brokers trade through an online platform and securities are deposited and settled electronically by the Central Securities Depository. The CSD is interfaced with the Bank of Tanzania's CSD and securities transactions are settled in Bank of Tanzania's money. The DSE has created a second tier window – the Enterprise Growth Market segment which acts as an alternative market to the Main Investment Market Segment. In addition, the commodity Exchange (TMX) is aimed at providing transparency in commodity transactions and ensuring effective price discovery.
- iii) Presence of market professionals who act as intermediaries between investors and issuers of securities. These professionals include Investment Advisors, Nominated Advisors, Fund Managers, Custodians, Dealers of Securities, Brokers, Bond Traders, legal advisors and Reporting Accountants.
- iv) Good relationship with development partners such as World Bank, African Development Bank, DFID, International Finance Corporation, Financial Sector Deepening Africa and Financial Sector Deepening Trust Tanzania who provide both technical and financial support. Furthermore, there exist other collaborative arrangements with international organizations such as the Chartered Institute for Securities and Investment.
- v) Adoption of technological advances and innovation. Tanzanian capital market has deployed technological advances whereby, online surveillance of trading platforms by the CMSA; online trading by brokers and dealers; and investors can participate in the primary and secondary capital market through the use of mobile phones. The use of mobile phones has enabled achieving the goal of proximity to capital markets services thereby promoting financial inclusion.
- vi) Operationalisation of the CMSA Clients Service Charter that specifies clear roadmaps with time-framed deliverables. This reassures professional intermediaries and issuers of securities certainty in planning for their product launches more accurately.
- vii) Existence of well documented frameworks for REITS and other CIS; corporate and Government infrastructure bonds; municipal bonds; and other products, as the CMSA, has already identified and documented the required law reforms for clearing impediments that were hindering their operationalization.
- viii) Existence of good collaboration with universities and higher learning institutions in undertaking various market development initiatives including training, research and development.

2.2.2 Weaknesses

- i) Lack of framework that would provide guidance to all stakeholders for coordinated approach to the use of capital markets in raising long term capital for financing projects.
- ii) Inadequate number of strong capital markets intermediaries in terms of capacity and capital base. This has led to loss of opportunities that could be tapped through both, raising capital and undertaking investments of large scale within the country, the region and at international level.
- iii) Few number of capital markets products and services leading to illiquidity and limited growth of the market.

2.2.3 Opportunities

- i) Tanzania being a developing country has potential for undertaking substantial development projects such as infrastructure that require long term financing. Such potential would require raising of funds through issuance of infrastructure bonds, municipal bonds, corporate bonds and Real Estate Investment Trusts for supporting industrialization.
- ii) With an estimated population of more than 50 million, Tanzania has a significant room for increasing the number of investors in the capital markets. The potential increases further with the opening up of the regional blocks of East African Community and the SADC.
- iii) Tanzania is one of the most politically and economically stable countries in the region. This provides it with a competitive advantage over its peers in attracting portfolio investments.
- iv) Recent amendments to telecoms, mining and foreign investors' legislations have created room for developments of the Tanzanian capital markets. Amendment of section 26 of the Electronic and Postal Communications Act requires telecoms to offer 25 percent of their shares to the public and subsequent listing on the DSE. Similarly, amendment of the Mining (Minimum Shareholding and Public Offering) Regulations, 2016 requires all holders of Special Mining Licenses to offer at least 30 percent of their shares to the public and subsequently list on the DSE. Amendment of Capital Markets (Foreign Investors) Regulations, 2014 lifted restrictions of foreign investors from participating in capital markets.
- v) Tanzania is a member of regional and international standard setting bodies for capital markets including the International Organization of Securities Commissions, East African Securities Regulatory Authorities, Committee of Insurance Securities and Non-Banking Financial Authorities and Eastern and Southern Africa Anti Money Laundering Group which promotes universal

standards and cooperation. Such standards can be used to effectively protect investors, reduce systemic risk, develop and foster common trading systems, cross border investments and enhance regional capital markets growth and development.

- vi) Recent development in technology such as mobile phones and internet access provides opportunities for promotion of capital markets to a wider population more efficiently. Tanzania is second leading country in use of mobile phones in East Africa after Kenya with a penetration rate of 78i percent. This gives it an edge in the potential for using technology to develop the capital markets.
- vii) The government has provided a number of fiscal incentives to issuers of securities and investors in capital markets. These include reduction of corporate tax rates for listed companies from 30 percent to 25 percent for the first three years after listing. Expenses related to initial public offers are tax deductible while listed securities also traded free of withholding tax on capital gain and dividend. These incentives can be used to attract more participants in the capital markets.
- viii) Government's decision to shift capital city to Dodoma entails an opportunity for using capital markets in the development of the capital city through infrastructure projects and creating room for more market expansion.
- ix) Tanzania has a huge potential for launching more capital market products as a number of capital market products that have not been utilized including derivatives, index linked securities, hedge funds and other hybrid capital market products.
- x) Tanzania has resource-rich environment which is also considered as the hub of the East Africa Region with huge potential in infrastructure financing, mining, telecommunication and agribusinesses. Furthermore, there is a potential for the companies that have cross listed from foreign Exchanges like London (both MIMS AND AIMS) and Toronto (AIMS) to do their primary listing in Tanzania because the underlying assets are in Tanzania thereby positioning CMSA in competitively vis-à-vis other regulators in the Region.
- xi) Government plans to launch Eurobonds will attract foreign issuers and/or participants in securities issuances to tap the country's enormous resources.
- xii) Launching of the Tanzania Mercantile Exchange alongside the DSE is expected to move Tanzania's capital markets competitively ahead of its neighbours who have either only the stock exchange (e.g. Kenya and Uganda) or a commodity exchange only (e.g. Ethiopia).

- xiii) There is a significant critical mass of high net worth individuals who are currently operating unlisted companies that would benefit from large debt issuances nationally or across the Region or moves toward listing.

2.2.4 *Challenges*

- i) Low level of capital markets awareness and financial literacy by business community and the public in general. This has slowed down implementation of various capital markets development initiatives.
- ii) Constrained budget to support capital markets development initiatives leading to a slow pace in growth of the industry. Consequently, there is significant reliance on donor funding for Capital Markets development projects.
- iii) Low saving culture amongst Tanzanians leading to low level of participation in capital markets investments and ultimately low investor base.
- iv) Inadequate incentives to issuers of securities and absence of incentives to some products such as REITs which results in inability to attract more issuers and investors.
- v) Potential for capital loss arising from currency fluctuations leading to low level of participation of foreign investors
- vi) There is limited data sharing mechanism among institutions resulting from limited level of automation in data collection and dissemination.
- vii) Lack of an active middle class of investors that leads to illiquid markets and securities being priced significantly below the market's potential. This can be solved through cross-border issuance of fixed income securities, leveraging on Tanzania's rich resource base.

2.3 Stakeholder Analysis

Below is a matrix that provides a summarized analysis of the CMSA's stakeholders' expectations from the services of the Authority and the potential consequences that may result from failure to meet the expectations. Through implementation of this Strategic Plan, the CMSA seeks to meet and exceed stakeholders expectations.

Table I: Analysis of Stakeholder Expectations

| STAKEHOLDER | SERVICE/PRODUCT OFFERED | EXPECTATIONS | POTENTIAL IMPACT IF EXPECTATION IS NOT MET | RANKING |
|--|---|--|--|--|
| Business Community, Investors and Issuers | <ul style="list-style-type: none"> ▪ Regulatory framework, practices and standards for the guidance of the securities industry and protection of investors interests; ▪ Infrastructure, services and products that addresses the needs of issuers and investors | <ul style="list-style-type: none"> ▪ Transparent, efficient and sustainable capital markets as well as fair and equitable dealings in securities; ▪ Principles for the guidance of the industry and protection of investors in Tanzania; ▪ Efficient and effective regulation and supervision of securities and commodity markets; ▪ Conducive environment for issuance and listing of securities and commodities contracts. | <ul style="list-style-type: none"> ▪ Market manipulation and malpractices ▪ No guidance for industry in issuance and trading of securities. ▪ Loss of investors ▪ Increased complaints ▪ Resort to other means of raising capital that may hinder growth of the capital markets | <ul style="list-style-type: none"> ▪ HIGH |
| Market Intermediaries | <ul style="list-style-type: none"> ▪ Issuance of licenses ▪ Policies, regulations, Circulars and Guidelines ▪ Professional Training ▪ Supervision ▪ Complaint handling ▪ Enforcement actions | <ul style="list-style-type: none"> ▪ Predictable and fair level playing field in capital market regime; ▪ Efficient and effective implementation of legal and regulatory framework; ▪ Transparent, fair and efficient licensing process; ▪ Good governance, transparency and accountability; ▪ Timely review of the Legislation and | <ul style="list-style-type: none"> ▪ Unlicensed market intermediaries ▪ Fraud and unfair market practices ▪ Lack of professional conduct and knowledge. ▪ Lack of investor | <ul style="list-style-type: none"> ▪ HIGH |

| STAKEHOLDER | SERVICE/PRODUCT OFFERED | EXPECTATIONS | POTENTIAL IMPACT IF EXPECTATION IS NOT MET | RANKING |
|--|---|---|---|--|
| | | <ul style="list-style-type: none"> Guidelines; ▪ Assurance of a level playing field for all market participants; ▪ Fair and timely investigations and hearing of malpractices. | <ul style="list-style-type: none"> confidence in the capital markets | |
| The Government / Ministry of Finance and Planning | <ul style="list-style-type: none"> ▪ Professional advice relating to securities and commodity markets ▪ Capital markets data and information ▪ Quarterly financial reports ▪ Budgets and Annual reports to the Ministry | <ul style="list-style-type: none"> ▪ Effective policies in all matters relating to capital and commodity markets; ▪ Efficient and sustainable capital and commodity markets as well as fair and equitable dealings in securities and commodities; ▪ Principles for guidance of the industry and protection of investors; ▪ Efficient and effective regulation and supervision of the securities and commodity markets; ▪ Timely and accurate financial reports; ▪ Proper financial management; ▪ Proper management and utilization of Government resources; ▪ Good governance, transparency and accountability of the CMSA; ▪ Conducive environment for issuance and listing of Government Securities. | <ul style="list-style-type: none"> ▪ Ad hoc decisions ▪ Qualified audit opinion ▪ Multiplicity of regulations/fragmented regulations ▪ High regulatory/compliance costs | <ul style="list-style-type: none"> ▪ HIGH |
| Bank of Tanzania | <ul style="list-style-type: none"> ▪ Capital markets data and information ▪ Supervision of the listing and trading of government Securities. ▪ Management and | <ul style="list-style-type: none"> ▪ Timely, accurate and accessible capital market data and information. ▪ Proper management and utilization of support of financial resources from the Bank; ▪ Clean audited financial statements of the CMSA; | <ul style="list-style-type: none"> ▪ Lack of capital markets data and information; ▪ Improper utilization of financial support ▪ Unsupervised listing and trading of | <ul style="list-style-type: none"> ▪ HIGH |

| STAKEHOLDER | SERVICE/PRODUCT OFFERED | EXPECTATIONS | POTENTIAL IMPACT IF EXPECTATION IS NOT MET | RANKING |
|---|---|--|--|--|
| | <ul style="list-style-type: none"> utilization of financial support from the Bank; Market performance report | <ul style="list-style-type: none"> Sustainable capital and commodity markets; Conducive environment for issuance and listing of government Securities. | <ul style="list-style-type: none"> Government securities Qualified audit opinion Unstable financial sector | |
| Domestic Counterpart Regulatory Bodies | <ul style="list-style-type: none"> Securities markets information and data Assistance on inspections and investigations | <ul style="list-style-type: none"> Active participation in domestic counterpart regulators meetings / fora; Cooperation in handling cross cutting issues, supervisory information sharing, supervision of financial institutions, Effective coordination and dissemination of information. | <ul style="list-style-type: none"> Lack of data and information on capital and commodities markets Failure of the industry to share information and data. | <ul style="list-style-type: none"> HIGH |
| Law Enforcement Agencies and Financial Intelligence Unit (FIU) | <ul style="list-style-type: none"> Regulatory and enforcement function Sharing of data and information | <ul style="list-style-type: none"> Assistance by providing timely and relevant information for the investigation and supervision of securities industry malpractices; Effective Participation in Committees formed to address issues relating to financial crimes like operation of Pyramid Scheme, Anti Money Laundering (AML) and CFT etc; Capacity building of staff of Law Enforcement Agencies to handle securities industry related crimes. | <ul style="list-style-type: none"> Failure to prosecute perpetrators of malpractices Fragmented enforcement function Failure of the industry to comply with AML and CFT reporting | <ul style="list-style-type: none"> HIGH |
| Academic / Research Institutions | <ul style="list-style-type: none"> Capital markets data Research Consultancies Capacity building | <ul style="list-style-type: none"> Timely, accurate and accessible capital market data and information; Employment opportunities; Research and consultancy opportunities Presentations on securities markets; Practical attachment for students. | <ul style="list-style-type: none"> Inadequate research, consultancy and practical attachment opportunities Poor dissemination of securities markets information and data. Inadequate securities markets knowledge | <ul style="list-style-type: none"> MODERATE |

| STAKEHOLDER | SERVICE/PRODUCT OFFERED | EXPECTATIONS | POTENTIAL IMPACT IF EXPECTATION IS NOT MET | RANKING |
|---------------------------------------|--|---|---|--|
| | | | and experience | |
| Parliamentary Committees | <ul style="list-style-type: none"> ▪ Performance reports ▪ Financial reports | <ul style="list-style-type: none"> ▪ Robust capital and commodity market policies; ▪ Timely and accurate financial reports; ▪ Clean audited financial statements; ▪ Proper financial management; ▪ Proper management and utilization of Government resources; ▪ Good governance, transparency and accountability; | <ul style="list-style-type: none"> ▪ Political embarrassment ▪ Administrative actions /penalties | <ul style="list-style-type: none"> ▪ HIGH |
| Controller and Auditor General | <ul style="list-style-type: none"> ▪ Financial reports | <ul style="list-style-type: none"> ▪ Assurance of compliance with the Public Finance Act, CAP 348, Public Procurement Act, CAP 410 and other related laws and their regulations ; ▪ Timely submission of the CMSA financial statements for audit ▪ Timely response to CAG’s audit queries; ▪ Sound and efficient public asset management ▪ Adherence to international standards and best practices governing capital markets | <ul style="list-style-type: none"> ▪ Qualification of financial statements due to non-compliance ▪ Non adherence to international standards and best practices in capital markets | <ul style="list-style-type: none"> ▪ HIGH |
| CMSA Employees | <ul style="list-style-type: none"> ▪ Payments of remunerations ▪ Incentives and rewarding scheme ▪ Training and career development ▪ Working tools, equipment and facilities | <ul style="list-style-type: none"> ▪ Accurate, attractive and timely payment of remunerations; ▪ Proper employment record keeping, timely remittance of pay deductions and employer’s contributions to the respective social security funds; ▪ Transparent and fair training and implementation of career development plans; ▪ Conducive working environment, adequate | <ul style="list-style-type: none"> ▪ Loss of staff morale ▪ Poor performance ▪ Complaints, go slow and industrial action ▪ Penalties from non-compliance with labour laws ▪ Employee turn over | <ul style="list-style-type: none"> ▪ HIGH |

| STAKEHOLDER | SERVICE/PRODUCT OFFERED | EXPECTATIONS | POTENTIAL IMPACT IF EXPECTATION IS NOT MET | RANKING |
|---|--|--|--|--|
| | <ul style="list-style-type: none"> ▪ Counselling, coaching and mentoring ▪ Information on scheme of service, standing orders, service regulations and establishment matters ▪ Job descriptions, confirmation and promotions | <ul style="list-style-type: none"> working tools and equipment; ▪ Fair and transparent performance appraisal, rewards and sanction system; ▪ Social interaction; and ▪ Professional and supportive managerial styles. | | |
| Development Partners | <ul style="list-style-type: none"> ▪ Financial management reports ▪ Projects proposal | <ul style="list-style-type: none"> ▪ Efficient use of donor funds ▪ Accountability over resources ▪ Service delivery in line with expectations ▪ Practical demonstration of good corporate governance practice | <ul style="list-style-type: none"> ▪ Decrease in external assistance ▪ Decrease trust and confidence ▪ Increased budget deficit ▪ Failure to implement development projects | <ul style="list-style-type: none"> ▪ HIGH |
| Regional and international capital market bodies | <ul style="list-style-type: none"> ▪ Cooperation and sharing of capital markets data, experience, information inspections and investigations | <ul style="list-style-type: none"> ▪ Active participation in meetings / Committees / fora; ▪ Compliance with IOSCO Principles of Securities Regulations; ▪ Good governance, transparency and accountability; ▪ Cooperation, harmonization and domestication of securities laws and practices ▪ Integration of markets and capital market infrastructures in the Region; ▪ Information sharing with regional and international securities regulators; | <ul style="list-style-type: none"> ▪ Ineffective cross-border investigation and supervision ▪ Non-compliance with IOSCO principles ▪ Non-compliance with regional and common market protocols ▪ Uninformed capital markets ▪ Adverse effect on cross boarder investment | <ul style="list-style-type: none"> ▪ HIGH |

| STAKEHOLDER | SERVICE/PRODUCT OFFERED | EXPECTATIONS | POTENTIAL IMPACT IF EXPECTATION IS NOT MET | RANKING |
|-----------------------|--|---|--|--|
| | | <ul style="list-style-type: none"> ▪ Assistance and cooperation in investigation of securities industry's offence. | <ul style="list-style-type: none"> ▪ Decreased investor market confidence | |
| General Public | <ul style="list-style-type: none"> ▪ Public education ▪ Complaint handling ▪ Product, employment and investment opportunities ▪ Market information and reports | <ul style="list-style-type: none"> ▪ Quality customer service; ▪ Transparency in recruiting CMSA's staff; ▪ Timely dissemination of capital market data and information; ▪ Effective complaint resolution; ▪ Proper use of public resources; ▪ Public education on capital markets issues; ▪ Effective and efficient service delivery; ▪ Effective supervision of capital and commodity markets | <ul style="list-style-type: none"> ▪ Low level of public participation in the capital markets ▪ Loss of reputation ▪ Resort to alternative investment avenues and illegal practices ▪ Not well informed public about the Capital Markets investment opportunities and avenues for raising funds. | <ul style="list-style-type: none"> ▪ HIGH |

2.4 Review of the Previous Strategic Plan

The previous strategic plan was for the five year period from 2012/13-2017/18. The direction of the previous Strategic Plan was to achieve financial sustainability of the CMSA in order to reduce dependency on Government subventions. Other key objectives in the Previous Strategic Plan related to implementation of key legal developments; achieving compliance with IOSCO Standards for Securities Market Regulators; resolving market structure weaknesses; strengthening market intermediary environment; implementation of market development initiatives; improvement of institutional profile and restructuring of CMSA Organisation.

A self-assessment of the status of implementation of the previous strategic plan was made on a scale of five levels: Achieved (80-100 percent); Largely Achieved (60%-80 percent); Partially Achieved (40-60 percent); Initiated (20-40 percent) and Not Achieved (0-20 percent).

Table II: Summary of Objectives Achieved in the Previous Strategic Plan

| Num. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|------------------------------------|--|--|--|--|
| CMSA FINANCIAL INDEPENDENCE | | | | |
| 1 | Achieve CMSA Financial Sustainability | <ul style="list-style-type: none"> • 100% of operational expenses to be covered by self-financed revenues by June 2017 • New CMSA fees table | <ul style="list-style-type: none"> • The CMSA has managed to substantially reduce external dependency. For the financial year ended 30th June 2017, 80 percent of the budget is financed from internally generated revenue. • The new fee structure is in place and applied. | <ul style="list-style-type: none"> • Achieved |
| 2 | Alternative financing options for the CMSA | <ul style="list-style-type: none"> • Financing for a building project • First Rental revenue by Year 4, Q4 • First delivery of enhanced Training program for 3rd parties | <ul style="list-style-type: none"> • Following the decision of the Government to shift to Dodoma, it was decided that the construction of the office building in Dar es Salaam be suspended until further policy directives from the Government are issued. • CMSA enhanced its training program for 3rd parties by entering into | <ul style="list-style-type: none"> • Partially Achieved |

| Num. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|------------------------|---|--|---|---|
| | | | <p>collaborative arrangement with the Chartered Institute for Securities & Investment (CISI) for training and certification of securities market professionals.</p> <ul style="list-style-type: none"> Managed to secure some donor funding from the World Bank for the operationalization of the Commodity Exchange project; Financial Sector Deepening Africa (FSDA) and Financial Sector Deepening Tanzania (FSDT) for development of the Enterprise Growth Market. | |
| NATIONAL POLICY | | | | |
| 3 | National Capital Markets Master Plan (NCMP) | <ul style="list-style-type: none"> NCMP Committee set up Sign off 1st NCMP Annual NCMP reports | <ul style="list-style-type: none"> Initiatives are at advanced stage for the establishment of the Financial Sector Master Plan, to which the CMSA is part. The Financial Sector Master Plan is coordinated at the level of the Ministry of Finance and Planning. A Capital Markets Policy has also been drafted to which an implementation strategy will be appended. The initiative has brought on the surface the capital markets agenda as a cornerstone towards | <ul style="list-style-type: none"> Initiated |

| Num. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|-------------------------------|--------------------------------|---|---|--|
| | | | financing of the national industrialization drive in the country. | |
| 4 | EAC Integration Policy | <ul style="list-style-type: none"> • Impact assessment • Policy & Roadmap issued • Legal framework updated | <ul style="list-style-type: none"> • A study was carried out by the USAID East Africa Trade and Investment Hub. This study serves to achieve the objective that was intended in undertaking the planned impact assessment. • EAC Integration Policy is yet to be issued. However, CMSA is actively involved in the formulation of the EAC draft policies towards achieving full integration and establishment of the East Africa Monetary Union. • The legal framework has been updated by incorporating various Council Directives promulgated at the level of East Africa Community. • EASRA's 44th Consultative Committee meeting agreed to a collaborative framework for which cross border IPOs as well as the licensing of regional market players will be undertaken. | <ul style="list-style-type: none"> • Largely achieved |
| LEGAL & REGULATORY | | | | |
| 5 | IOSCO Standards for Securities | <ul style="list-style-type: none"> • Annual update on compliance progress to the | <ul style="list-style-type: none"> • Regular reports to the Authority have included a section on | <ul style="list-style-type: none"> • Largely achieved |

| Num. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|------|--|--|---|--|
| | Market Regulation | Board | the results of the self-assessment of compliance with the IOSCO Principles. | |
| 6 | IOSCO Standards for Regulation of FMs (CSDs) | <ul style="list-style-type: none"> • Legal & regulatory framework • CSD licences issues performed • Obtain CSD Rating | <ul style="list-style-type: none"> • Implemented the project for separation of CSD from the Operations of the DSE and establishment of an independent CSD Company. The new Central Securities Depository and Registry Company Ltd was established as a subsidiary of DSE Plc and is now fully operational. • The CSD is yet to be rated. | <ul style="list-style-type: none"> • Largely achieved |
| 7 | Implement Key Legal Developments | <ul style="list-style-type: none"> • Pass new CMS Act • Enhancing clarity of roles in prospectus approval and listing between CMSA and DSE | <ul style="list-style-type: none"> • The Commodity Exchanges Act was passed by the Parliament in 2015. The draft CMS bill was held pending finalization of sections relating to clearing and settlement. • The authority for listing rests with the DSE after obtaining CMSA approval of the prospectus. Following demutualization of the Dar es Salam Stock Exchange the oversight of the DSE as a listed company shifted to the CMSA. | <ul style="list-style-type: none"> • Largely achieved |
| 8 | Resolve market structure weaknesses | <ul style="list-style-type: none"> • Price Reporting for all trades to DSE • Creation of a Single National CSD | <ul style="list-style-type: none"> • To eliminate the need for having to report prices to DSE on all OTC trades of | <ul style="list-style-type: none"> • Achieved |

| Num. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|------|----------------------|--|--|--|
| | | <ul style="list-style-type: none"> • Clarification on the legal and regulatory position of the BOT CSD • Formal permission for Banks and Fund Managers to become LDMs (either directly or via acquisition) • Concentration of price formation and trade reporting for on-exchange and OTC markets • Formalisation in law / regulations / rules that the DSE CSD is the location of final legal title for all securities Admitted to Trading • Standardisation of settlement dates and continuous effort to eliminate financial risk from the clearing and settlement process • Minimise the current settlement risks • Consider the role of registrars in an efficient market structure | <p>Government bonds, the CMSA initiated efforts to advocate that all trades be conducted through the exchange.</p> <ul style="list-style-type: none"> • Instead of creating a single National CSD, an online interface was established linking the DSE CSD to the BOT CSD. • All commercial banks that were previously trading in bonds OTC were duly licensed as bond trading LDMs; • The linkage of DSE and BOT CSDs has enabled the reporting of price information from the OTC trades. • The legal provision on CSDs in new CMS Act provides for the finality of ownership of securities admitted to trading on the exchanges. • Settlement dates were revised and shortened where now they are T+3 for equities and T+1 for bonds. • The settlement risk was minimized by the use of Bank of Tanzania money in settlement of securities transactions. | |

| Nu m. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|----------|--|---|--|--|
| | | | <ul style="list-style-type: none"> The registrar's role was reflected in the new CMS Act in line with the EAC directives. | |
| 9 | Strengthen Market Intermediary Environment | <ul style="list-style-type: none"> Implementation of surveillance system Update LDM conduct of business Update capital adequacy requirements | <ul style="list-style-type: none"> CMSA has installed the real-time surveillance system that will capture events and transactions carried out at DSE. At the time of the review, testing of the system was being carried out. Conduct of business regulations have been updated to improve provisions on conflict of interest, expand the scope of application to all market intermediaries and adopt EAC directives. CMSA adopted the EASRA agreed capital adequacy requirements. In addition, financial resources guidelines have been drafted to ensure that all market intermediaries maintain the required amount of resources commensurate to level of business they undertake. | <ul style="list-style-type: none"> Achieved |
| 10 | Formalise Market Consultation Process | <ul style="list-style-type: none"> Go-live with new consultation process | <ul style="list-style-type: none"> CMSA has put in place a Client Service Charter which provides among others, a formal mechanism for public consultation. In addition, a provision has been included in the new Capital Markets Act compelling CMSA | <ul style="list-style-type: none"> Achieved |

| Num. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|------|--|--|--|--|
| | | | to consult stakeholders on the legislation proposals. | |
| 11 | Fund Manager Licensing & Training | <ul style="list-style-type: none"> Licensing regime in place | <ul style="list-style-type: none"> The fund management licensing regime was developed through a separate fund management regulations that guide on the licensing requirements and other operational and supervisory aspects of fund managers. So far CMSA has licensed eight (8) Investment Advisors (Fund Management category) and 14 representatives' Licenses for Fund Management Companies. | <ul style="list-style-type: none"> Achieved |
| 12 | Achieve Mutual Recognition of Regulators | <ul style="list-style-type: none"> Bi-lateral recognition in place for at least 4 key markets outside EAC | <ul style="list-style-type: none"> CMSA was able to sign bilateral MOUs with four Markets outside the EAC, which are Angola, Mauritius, Nigeria and Morocco. | <ul style="list-style-type: none"> Achieved |
| 13 | Review CIS Regulations | <ul style="list-style-type: none"> Updated CIS regulations Approve 1st CIS listing | <ul style="list-style-type: none"> CIS regulations were reviewed as part of the overall review of the CMS Act. The regulations will be issued after the passing of the new CMS Act. TCCIA Investment Company Ltd and National Investment Company Ltd which are CIS investment companies have been listed on the DSE. | <ul style="list-style-type: none"> Largely Achieved |

| Nu m. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|-------|--|--|---|--|
| 14 | Strengthen REITS Regulation | <ul style="list-style-type: none"> • Updated REIT regulations • Approve 1st REIT listing | <ul style="list-style-type: none"> • The updating of the REIT regulations was conducted during the overall review of the CMS Act and are expected to be issued after passing the new Act. • Watumishi Housing Company Limited (WHCL) was approved and currently has applied for approval to operate as open ended REIT scheme. | <ul style="list-style-type: none"> • Largely Achieved |
| 15 | Regulation of Direct Mobile Access to Financial Markets (Makiba) | <ul style="list-style-type: none"> • Obtain funding for Makiba project in 2013 • Start Makiba project in 2013 • Makiba feasibility & design signed-off • Makiba Vendor and System Operator selected • Go-live with 1st instrument and nationwide marketing by Q2 2015 | <ul style="list-style-type: none"> • The study for the Makiba project was financed by the World Bank under its Financial Sector Competitiveness Project and report produced. • Funding proposal for progression of the project was submitted to FSDT for consideration. • Processes for the setting up of the project management unit and the acquisition of the system will commence immediately when the funding is available. | <ul style="list-style-type: none"> • Partially Achieved |
| 16 | Regulation of public, unlisted Companies | <ul style="list-style-type: none"> • Updated guidelines for corporate bond issuance | <ul style="list-style-type: none"> • Corporate bond issuance guidelines were reviewed and draft guidelines produced. The Draft guidelines are expected to be circulated for stakeholders' comments. The EAC | <ul style="list-style-type: none"> • Largely Achieved |

| Nu m. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|----------|--|---|--|--|
| | | | Council Directives on Fixed Income Securities were domesticated to guide on corporate bond issuance in the region. | |
| 17 | Relax Foreign Investment Rules | <ul style="list-style-type: none"> • Relax CMSA's controls in 2013 • Advocate & achieve other relaxations • Approve 1st foreign issuer listing | <ul style="list-style-type: none"> • The amendments to the Capital Markets Foreign Investors Regulations (2014) were effected in the Government Notice No. 338 published on 19/09/2014 to allow participation of foreigners in the equity market. • There are 7 cross listed companies at the Dar es Salaam Stock Exchange. | <ul style="list-style-type: none"> • Achieved |
| 18 | Implementation & Regulation of Commodity Exchanges | <ul style="list-style-type: none"> • Agreed market design • Obtain further funding • Select Vendors & Market Operator(s) • Final Regulatory framework • Employ CMSA supervisors • Licence & Go-Live | <ul style="list-style-type: none"> • Tanzania Mercantile Exchange has been established and licensed by the CMSA. The Board, Personnel, Office Premises and the Trading Floor are in place. • Government through the Treasury Registrar; PSSSF and TIB Development Bank Limited have injected TZS 4.5 billion as capital towards operationalization of the Exchange. • The Commodity Exchanges Act 2015, Commodity Exchanges Regulations and Trading Rules have been put in place. • The Exchange and traders have been | <ul style="list-style-type: none"> • Achieved |

| Num. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|---------------------------|---|---|--|--|
| | | | <p>licensed.</p> <ul style="list-style-type: none"> The Exchange is in the process of preparations for commencement of first trade. | |
| 19 | Regulation for Securitisation | <ul style="list-style-type: none"> Issue enhanced regulations | <ul style="list-style-type: none"> Regulations are planned to be issued as part of the set of regulations issued along with the new Capital Markets Act. | <ul style="list-style-type: none"> Initiated |
| MARKET DEVELOPMENT | | | | |
| 20 | Improve CMSA's Retail and Institutional Profile | <ul style="list-style-type: none"> Announcements at least every 6 months Annual marketing & PR report to the Board | <ul style="list-style-type: none"> Announcements and press conferences were conducted every after major event. CMSA has been participating in exhibitions annually. PR report is part of the quarterly monitoring and evaluation reports submitted to the Board. | <ul style="list-style-type: none"> Largely Achieved |
| 21 | List Telecoms and Natural Resource Companies | <ul style="list-style-type: none"> Establish CMSA as the listing authority in this area Issue listing regulations Approve 1st natural resource company listing | <ul style="list-style-type: none"> One Telecom Company Vodacom Tanzania Ltd was listed in August 2017 as part of implementation of the legal requirement under the Electronic and Postal Communication Act 2010 amendments that requires all application telecoms to issue 25% of their shares to the public and list on the DSE. Others in listing process. One exploration company SWALA Oil & Gas (Tanzania) Plc issued its shares and listed on the DSE in 2015. | <ul style="list-style-type: none"> Partially Achieved |

| Nu m. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|-------|--|--|---|--|
| 22 | Develop Regulations for New Products & Members | Develop and pass regulations for: <ul style="list-style-type: none"> • Exchange traded products • Cross-border settlement • Depository receipts • Concentration rule • CSDs • Sharia compliant products • Derivatives | <ul style="list-style-type: none"> • The issuance of regulations for new product and members was held pending the finalization of the new CMS Act which is expected to be completed within the financial year 2018/19 | <ul style="list-style-type: none"> • Not Achieved |
| 23 | Encourage & Licence Credit Rating Agencies | <ul style="list-style-type: none"> • Licence 1st international credit rating agency | <ul style="list-style-type: none"> • No application for credit rating agency has been received. • Regulations to guide on licensing and operational requirements for Credit Rating Agencies have been developed. | <ul style="list-style-type: none"> • Not Achieved |
| 24 | Promote Tax Incentives | <ul style="list-style-type: none"> • Include CMSA on NCMP task force for tax • Advocate & achieve all targeted tax changes | <ul style="list-style-type: none"> • Advocacy for tax incentives is made as part of the review of the CMS Act | <ul style="list-style-type: none"> • Not Achieved |
| 25 | Improve Financial Inclusion & Literacy | <ul style="list-style-type: none"> • Implement "3 pillar" Makiba literacy approach | <ul style="list-style-type: none"> • CMSA is finalizing operationalization of Makiba • CMSA conducts the CMSA Universities and Higher Learning Institutions Challenge all over the country • Through Maximalipo investors have been able to use their mobile phones to | <ul style="list-style-type: none"> • Largely Achieved |

| Num. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|--------------------------|-------------------------------------|--|---|--|
| | | | participate in IPOs. • CMSA has conducted seminars to different social groups including Members of Parliament. | |
| CMSA ORGANISATION | | | | |
| 26 | Re-structure CMSA Organisation | <ul style="list-style-type: none"> • Make changes in the organisational structure • Obtain additional staff to deliver the 5 year strategy • Expand CMSA for commodities market supervision | <ul style="list-style-type: none"> • The organisation structure has been implemented and is awaiting final approval of the Government. • Some 14 additional staff were recruited to fill vacant positions. However, shortage of staff is still a critical issue. • No additional employees were recruited to enhance supervision of commodity exchanges. | <ul style="list-style-type: none"> • Achieved |
| 27 | Management of Strategic Initiatives | <ul style="list-style-type: none"> • Set up and staff the CMSA Strategic Management Unit (SMU) | <ul style="list-style-type: none"> • Strategy management unit has not been set up due to financial constraints. Directorate of Research, Policy and Planning continued to coordinate the implementation of the Strategic Plan. | <ul style="list-style-type: none"> • Largely Achieved |
| 28 | Enhance CMSA Professional Training | <ul style="list-style-type: none"> • Implement and report progress on the professional training plan | <ul style="list-style-type: none"> • Progress on professional training is reported as part of the M&E report submitted to the Board on quarterly basis. • Professional training | <ul style="list-style-type: none"> • Achieved |

| Nu m. | Strategic Initiative | Key Performance Indicator | Achievements | Achievement Score (AC, LA, PA, IN, NA) |
|-------|----------------------|---------------------------|--|--|
| | | | enhanced through collaboration with the Chartered Institute for Securities and Investments London, UK. | |

Table III: Summary of Scores from the Previous Strategic Plan

| | Achieved | Largely Achieved | Partially Achieved | Initiated | Not Achieved |
|---------------------|------------|------------------|--------------------|-----------|--------------|
| No of initiatives | 10 | 10 | 3 | 2 | 3 |
| Percentage to total | 36 percent | 36 percent | 11 percent | 7 percent | 11 percent |

The previous strategic plan was for the five year period from 2012/13-2017/18. The direction of the previous Strategic Plan was to achieve financial sustainability of the CMSA in order to reduce dependency on Government subventions. This objective was largely achieved as CMSA is financing most of its operational costs from market generated revenues. The CMSA has managed to substantially reduce external dependency. For the financial year ended 30th June 2017, about 80 percent of the budget was financed from internally generated revenue. The CMSA still depends on Bank of Tanzania and other donors to finance its development projects. Other key objectives in the Previous Strategic Plan related to implementation of key legal developments; achieving compliance with IOSCO Standards for Securities Market Regulators; resolving market structure weaknesses; strengthening market intermediary environment; implementation of market development initiatives; improvement of institutional profile and restructuring of CMSA Organisation.

The overall performance of the previous Strategic Plan was Largely Achieved as more than 70 percent of the 28 strategic initiatives were in the categories of Largely Achieved and Achieved. Three out of the 28 initiatives were not achieved which is equivalent to 10 percent. The initiatives that were not achieved related to issues that were outside the scope of the CMSA to implement.

The critical aspects that were not achieved or partially achieved have been carried over to the next Strategic Plan. The key initiatives that have been carried over for completion in the next Strategic Plan include enactment of the new capital markets law; establishment of capital markets master plan; regulation of direct mobile access to financial markets (M-akiba); framework for regulation of public unlisted companies.

2.5 Key issues from the Situational Analysis

A number of key issues are deducible from the situational analysis and that are considered to constitute building blocks to the preparation of this Strategic Plan. The situational analysis highlights a number of issues that need to be addressed. On the other hand, it indicates that the potentials exist for successfully addressing all the highlighted issues. The key issues highlighted are:

- There is inadequate understanding among policy makers and key stakeholders on the role of capital markets in economic development, the consequences of which is uncoordinated approach to the use of capital markets in the economy. This calls for a coordinated approach to using capital markets for developmental projects through creation of policy framework.
- It is also evident from the analysis that the legal and regulatory framework for capital markets in Tanzania needs to be updated so as to take into account developments in technology and best practices domestically and internationally.
- Despite the increase in size, the growth rate of Tanzanian capital markets is still inadequate. There is a need to design and implement strategies for the growth of the market.
- There is limited awareness and knowledge of the public about the capital markets and the opportunities it offers to issuers and investors. There is therefore a great need for increasing efforts for creating the necessary awareness and education on opportunities available through participating in capital markets;
- There is limited number and capacity of capital market intermediaries in structuring large scale products and projects. There is therefore a need to enhancing the capacity of capital market professionals through training and supervisory standards.
- The institutional capacity of the CMSA in terms of financial, human and technological resources is also limited. To be able to adequately promote the development of a robust, fair and equitable capital market, the CMSA needs to be equipped with sufficient resource base.
- The situational analysis highlights further that the potential exists for addressing the highlighted issues. This is demonstrated by the strong macroeconomic performance, supportive policy and regulatory framework; as well as trends in technology and demographics.

2.6 Priority Areas

From the key issues identified above, priority will be given to strategic initiatives targeted at growing the market in terms of number and diversity of capital market products as well as the number of investors. However, strengthening the resource base of the CMSA is a prerequisite to attainment of the market growth objectives. Consequently, initiatives intended for the enhancement of the CMSA resource base will also form part of the priority objectives in this Strategic Plan.

CHAPTER THREE

3 VISION, MISSION AND OBJECTIVES

3.1 Vision, Mission and Objectives

3.1.1 *Vision*

To be a professional regulator of capital and commodity markets that meet international standards of inclusion and investor protection.

3.1.2 *Mission*

To create enabling environment for the development and maintenance of a fair, inclusive, efficient, transparent, innovative and sustainable capital and commodity markets which fuel economic growth.

3.1.3 *Core Values*

In its endeavor to accomplish its mission and realize the vision, the CMSA will be guided by its core values of:

- i) ***Professionalism*** –The Authority is committed to upholding high standards of professionalism in all our undertakings in order to maintain integrity of the capital markets industry.
- ii) ***Innovation*** – the Authority shall position innovation at the fore by encouraging and promoting new ways of doing business to employees, market intermediaries and all key stakeholders.
- iii) ***Teamwork*** – the CMSA seeks to inculcate a culture of collaboration among its employees, leveraging on synergies as they work towards a common organizational goals.
- iv) ***Accountability*** - The CMSA shall strives to promote personal responsibility at all levels of the organization, the outcome of which is its commitment to reliably deliver services that meets expectations of its stakeholders.
- v) ***Diligence*** – creating an attitude of hard work, perseverance, work ethics, commitment, drive, passion, sense of urgency, effort and resourcefulness in our people is at the forefront of Authority.

3.2 Priority Objectives

The overall objective of the Strategic Plan is centered at development of deep, diversified and inclusive capital markets in Tanzania. To achieve the objective, the CMSA seeks to undertake on priority basis, strategic initiatives aimed at facilitating increase in the number and diversity of capital market products; promoting growth in the market investor base through intensive public education and awareness programmes; and improving the capacity of the CMSA to deliver its mandate through increased staff headcount and capacity as well as creating a conducive environment for effective and efficient service delivery through financial sustainability and increased application of technology.

3.3 Assumptions and Dependencies

Assumptions are the assertions under which the Strategic Plan has been prepared. Dependencies are third party units or entities whose performance shall influence the success of the Strategic plan. Dependencies and assumptions are provided under each of the planned strategic initiatives.

3.4 Critical Success Factors

These are the factors which have to be met in order for the strategic plan to be realized. Specific critical success factors are provided under each of the strategic initiative. Consideration will need to be given by Management on these factors at each implementation reporting date so that none of the factors may be overlooked.

The general critical success factors for the Strategic Plan include prevalence of good market dynamics both globally, regionally and domestically; introduction, launching and issuance of new products; increased level of support and cooperation from key stakeholders and availability of adequate resources both human, financial and technological. The success of the strategic initiatives will also depend on Management commitment to implement the planned initiatives.

CHAPTER FOUR

4 OBJECTIVES, STRATEGIES AND TARGETS

The following are the objectives of the Strategic Plan and their related initiatives that the CMSA intends to undertake for the next five years.

4.1 Objective One: Development of a Deep, Diversified and Inclusive Capital Market

The Tanzanian capital markets are still relatively small, illiquid with a limited range of listed products, mainly: equities, corporate bonds and Government bonds. This phenomenon is a result of interaction of factors that hinder the growth in both the supply of and demand for securities in the market. It is therefore important to strengthen the depth and breadth of the capital markets by increasing its viability and attractiveness through supply of more securities on one hand and increasing the number of investing participants on the other consequently raising liquidity. The CMSA seeks to undertake three initiatives that are aimed at developing the market, namely increasing the breadth and depth of the market; enhancing the investor base and enhancing the capacity of market professionals.

4.1.1 *Facilitating Increase in the Number and Diversity of Capital Market Products and Services*

The Tanzanian capital market is currently populated with a narrow base of capital markets products dominated mainly by equities with an insignificant volume of corporate bonds and collective investment schemes. Achieving this objective will require promotion and facilitation of new business lines and allowing other categories of products to the market place, in particular: Municipal Bonds; Infrastructure Bonds; Insurance-linked Securities; Diaspora Bonds; Sharia Compliant Products; Derivatives; Exchange Traded Funds (ETFs) and Exchange Traded Products (ETPs); Real Estate Investment Trusts - REITs; and Products Tailored for Special groups including women and the youth.

Municipal Bonds

The rationale for this initiative is to provide avenue for municipal councils and other local government authorities to finance their capital expenditure projects such as construction of highways, bridges, hospitals, schools through capital markets. The use of capital markets will relieve the Government from the burden of using taxes to finance projects that are potentially revenue generating.

M-Akiba retail bonds

The objective for operationalization of M-Akiba retail bonds is to increase uptake and usage of capital market products through the use of mobile phones thereby increasing the level of financial inclusion in line with the National Financial Inclusion Framework 2018-2022. The focus of the initiative is on the rural, financially excluded and unbanked communities that

currently have little or no access to the formal financial system but are using mobile money wallets, mainly for payments and receipts. With the current mobile phone penetration rate in Tanzania, M-akiba bonds have significant potential for raising the level of inclusion.

Government Infrastructure Bonds

With the Tanzania's Development Vision (TDV) 2025 which aspires to have Tanzania transformed into a middle income and semi industrialized nation by 2025, the demand for infrastructure financing is expected to increase significantly. The needs for financing Government industrialization are not expected to be adequately met only by government revenues which compete with needs arising from provision of social services. The total cost of implementing the 10 Flagship Projects earmarked by the Tanzania Five Year Development Plan II to 2021 was estimated at TZS 107 Trillion, out of which the contribution of the private sector was TZS 48 Trillion, distributed to an average of TZS 9.6 Trillion per annum. Issuance of Government Infrastructure bonds will facilitate the realization of these aspirations. In this respect CMSA seeks to implement the Sustainable Development Goal (SDG) number nine (9) of the United Nations which aims at building a Sustainable Future of Infrastructure which considers three aspects namely Building resilient infrastructure; promoting inclusive and sustainable industrialization; and fostering innovation.

Insurance Linked Securities

According to the Tanzania National Insurance Policy 2014, recent discoveries of 55 trillion cubic feet of natural gas in Tanzania call for an evolving insurance industry capable of insuring the risks of pollution and other catastrophes. For insurance companies to be able to cover such huge risks, external sources of financing is inevitable. Potential exists for companies jointly raising funds from capital markets through insurance linked securities to underwrite excessive risks arising from projects in oil and gas sector, thereby curtailing capital outflows in the form of premiums to reinsurance companies abroad.

Exchange Traded Funds (ETFs) and Exchange Traded Products (ETPs)

The rationale for establishment of Exchange Traded Funds and Exchange Traded Products is to provide investors with transparency which results into price discovery, exit mechanism, thereby providing liquidity in the capital markets. Given the market conditions, it is expected that intermediaries will consider listing and trading domestic and international ETFs as there is a severe shortage of supply of securities in Tanzania. ETFs would help to resolve this issue. Offering ETFs would also increase the chance to earn more revenues for the DSE as well as demonstrate pro-activity, innovation and leadership (domestically and internationally). Furthermore, given Tanzania is developing oil, gas, minerals, it could be a part of an international commodities ETF.

Derivative Products

Derivative products whether in the form of financial derivatives or commodities derivatives play a vital role in enhancing liquidity of the capital markets through price discovery, risk management, increased market efficiency and reduction in transaction costs. Futures market prices depend on a continuous flow of information from around the world

and require a high degree of transparency. A broad range of factors such as climatic conditions, political situations, debt default, refugee displacement, land reclamation and environmental health impact supply and demand of assets (commodities in particular), and ultimately the current and future prices of the underlying asset on which the derivative contract is based. This kind of information and the way people absorb it constantly changes the price of a commodity. This process is known as price discovery. Derivatives market helps in risk management through the use of hedging and speculation. Hedging is a strategy for reducing the risk in holding a market position while speculation referred to taking a position in the way the markets will move. Derivative products help to create efficiency by helping investors gain exposure to the index without the expense of purchasing all the underlying assets. On the other hand, derivatives as a form of insurance or risk management, help to lower the cost of trading because of reduced risk.

Real Estate Investment Trusts

Huge potential exists in the real property sector as the country demand for housing is increasingly high particularly with the decision of the Government to shift to Dodoma Capital City; establishment of new administrative regions and districts; construction of new schools, hospitals and health centres. All these need residential and office buildings. Furthermore, housing companies such as the National Housing Corporation face substantial needs for finance but often times end up securing bank loans which are usually associated with high cost of borrowing. The existing gap can be sealed through issuance of REITS which would eventually be listed on the Stock Exchange. Currently, there is only one REIT, managed by Watumishi Housing Company Limited.

Sharia Compliant Capital Products

The proportion of Muslims in Tanzania is estimated at 35%ⁱⁱ of the country's population. This implies that sharia compliant capital market products are likely to attract a significant proportion of investors from the faithful segment. Therefore the CMSA seeks to undertake initiatives aimed at facilitating the introduction and launching of sharia compliant capital market products in Tanzania.

Products Tailored for Special Groups

All strategic initiatives contained in this Plan have to ultimately result in the overall country objective of economic empowerment and facilitating public ownership of economic means, as enshrined in the CCM Election Manifesto. To achieve this, the Strategic Plan has to ensure that no citizen or groups of citizens are excluded. The most vulnerable groups to capital market exclusion are women and the youth. The CMSA shall endeavor to promote designing and introduction of capital market products that are tailored to the needs of special groups including women, youth and the disabled.

4.1.2 *Nurturing Private Equity Companies and Venture Capital Firms Utilizing the Enterprise Growth Market*

Part of the barriers against many of the startup companies utilizing the EGM to raise capital is lack of appropriate financial management skills and governance framework in their entities. The presence of venture capitalists and angel investors would help in facilitating development of such qualities. However, venture capitalists and angel investors are attracted to invest in companies with clear exit routes. The EGM is better suited to provide such exit route. The CMSA intends to enter into collaborative arrangement with the Tanzania Venture Capital Network (TVCN) in promoting the nurturing of start-up companies for graduation into the EGM market at later stages.

4.1.3 *Increasing Capital Markets Investor Base and Inclusion*

As at 30th June 2018, the total number of investors was 672,209 out of whom 531,605 were investors in equities and 140,604 investors in collective investment schemes. This level of participation is considered to be inadequate when compared to the Tanzanian adult population of 27.8^m million. The CMSA seeks to grow the number of investors in the capital markets from the current 672,209 to at least one million over the next five years. Despite some notable strides that the capital markets industry has made, the level of inclusion as measured by the number of capital markets investors is still inadequate. The Authority aims at conducting capital market development initiatives aimed at growing the number of investors to at least one million which is an increase of 67% over the next five years.

The National Financial Inclusion Framework 2018-2022

The CMSA seeks to achieve this through implementation of the Capital Markets Inclusion Framework which is enshrined in the National Financial Inclusion Framework 2018-2022. The framework aims at addressing key deliverables including addressability, uptake, usage and satisfaction of users of securities industry products and services. Implementation of the framework requires strategic alliances with other stakeholders including the Government and its institutions; professional associations; academia as well as development partners.

Public Awareness Programmes

The Authority also seeks to strengthen capital markets awareness programmes including the Capital Markets Universities and Other Higher Learning Institutions challenge (CMUHLIC) and Capital Markets Education Program to tertiary colleges and other special groups. As a long term financial education and literacy strategy the CMSA seeks to impart knowledge and awareness to young generations who are considered to be future market players. This is to be achieved by encouraging students to undertake professional courses on securities and investment while they are still pursuing their university studies. The intention is to reach to targeted audiences through various means including printing of education and awareness materials and articles in magazines, newspapers and the CMSA

website; participating in crowd pulling events; conducting road shows, conducting seminars and public lectures; and conducting radio and television programs. Additionally, the Authority seeks to conduct annually capital markets investors' week across the EAC and in accordance with the IOSCO World's investors' week to provide an interaction platform for capital markets stakeholders and investors.

Promote Capital Markets Participation in Zanzibar

The level of participation of Zanzibar in Capital markets is relatively very low. There is only one market intermediary who is based in Zanzibar with the main branch in Dar es Salaam. There limited level of capital markets inclusion in all of its dimensions including number of products, investors, market intermediaries and capital market professionals. In collaboration with the Government of Zanzibar, the CMSA seeks to promote the level of capital markets investment in Zanzibar through facilitating issuance of capital markets products and services as well as raising the public awareness and thereby increasing the level of capital markets inclusion.

4.2 Objective Two: Strengthening the Capacity of the CMSA to Adequately Deliver its Mandate

The ability of the CMSA to deliver its services and meet the objectives highlighted in this Strategic Plan depends on the quantity and quality of resources at its disposal, including but not limited to human, financial and technological resources. The CMSA seeks to enhance its ability to deliver services to its stakeholders by implementing the following initiatives:

The CMSA seeks to enhance its institutional capacity to keep pace with demands of the capital market. To achieve this objective, focus will be made on strengthening human resource capacity, financial sustainability and internal systems and processes. The Authority will therefore endeavor to attract, groom, retain and motivate an optimal number of staff with highest quality to adequately discharge its responsibilities. In addition, the Authority will seek to reorganize and automate its internal processes to enhance efficiency.

4.2.1 *Implementing the Proposed Organization Structure*

Preparation of a strategic plan provides an opportunity for review of adequacy and relevance of all aspects of an organization including its governance structure. The CMSA organization structure was thoroughly revised during the preparation of the previous Strategic Plan and subsequently reviewed by officials from the Office of the Treasury Registrar, the Ministry of Finance and Planning and forwarded to the PO-PSM (Utumishi) on 24 March 2017 for approval.

In this Strategic Plan the CMSA seeks to fully implement the proposed organization structure as submitted to the PO-PSM. The CMSA implemented all organization structure

proposals that were contained in the Previous Strategic Plan as recommended by the Consultant except for realignment of job titles and reporting lines. These include the title for Director of Market Supervision and Market Development which needs to be changed to Director of Market Supervision and reflecting the role of market development in the Directorate of Research, Policy and Planning. The implemented proposals include reorganization of Authority committees and introduction of the position of Director for Corporate Services. Implementation of the proposed organization structure entails achievement of two implementation goals, namely reorganizing misaligned positions and recruitment to fill in vacant positions.

Reorganization of Misaligned Positions

The title for the Directorate of Market Supervision & Market Development to be changed to Directorate of Market Supervision and Investigation; The proposal is meant to separate between supervision function and market development function in order to enhance efficiency; The title of Directorate of Research, Policy and Planning to be Changed to Directorate of Research, Planning and Market Development The change is aimed at aligning with the proposed organization structure.

Recruitment to fill Vacant Positions

Full achievement of objectives under this Strategic Plan depends to a large extent on placement of the right number appropriate staffing in terms of numbers and skills. The CMSA is critically understaffed with only 53% of the required staff complement. Comparison of the required staffing needs relative to the actual number of present staff indicates a shortage of 27 persons as shown in the table below. This is an urgent requirement if the CMSA is to achieve the objectives considered in this Strategic Plan.

Table IV: Staffing Needs Analysis

| Dep'tment | CEOs Office | DRPP | Market Sup | DLAE | HRMA | Finance | ICT | Int. Audit | Total |
|--------------------------|-------------|------|------------|------|------|---------|-----|------------|-------|
| Current Headcount | 3 | 4 | 5 | 5 | 10 | 2 | 1 | 0 | 30 |
| Staff needs | 4 | 10 | 13 | 7 | 13 | 4 | 4 | 2 | 57 |
| Gap | 1 | 6 | 8 | 2 | 3 | 2 | 3 | 2 | 27 |
| Directors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Managers | 0 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 9 |
| Officers | 1 | 4 | 6 | 1 | 2 | 1 | 2 | 1 | 18 |
| Gap | 1 | 6 | 8 | 2 | 3 | 2 | 3 | 2 | 27 |

Key: DRPP – Directorate of Research, Policy and Planning; Market Sup-Market Supervision; DLAE- Directorate of Legal Affairs and Enforcement; HRMA – Human Resources and Administration; ICT-Information and Communication Technology; Int. Audit – Internal Audit.

Note: CEOs Office is supported by Public Relations and Procurement. Three managers are performing dual functions - acting in the capacity of directors and at the same time attending to their normal capacities. Furthermore, some of the functions have staff in the highest cadre and the lowest cadre leaving a substantial gap in between. This impairs the efficiency and may lead to substandard quality of work. The breakdown of the staffing needs and cost estimates for the five year period are shown in Appendices 5.2 and 5.3 respectively. Projected staff requirements in five years' time are as elaborated in **Appendix II**.

Training and Development of Staff

Capital markets constitute one of the most dynamic industries in the financial sector. A number of products are evolving with high application of technology. This requires recruitment and retention of staff with high skills level. In this regard, training and development of staff will be a critical component. CMSA seeks to equip its staff with new and relevant skills by exposing them to training opportunities locally and internationally. Opportunities for attachment to advanced markets will also be explored.

Review of Staff Regulations and Scheme of Service

CMSA Scheme of Service was reviewed and approved by the Treasury Registrar in the financial year 2015/16 and is due for the next review in the year 2018/19. Staff Regulations and CMSA Incentive Package were reviewed in May 2017 and submitted to the Treasury Registrar for onward submission to the PO-PSM and Good Governance for approval. Financial Regulations were last reviewed in 2008 and are now due for review. It is important that all the guiding documents are reviewed in line with the current circumstances and the requirements of the new Strategic Plan.

Improving Health Services and Reducing HIV/AIDS infection

The major effects of the HIV/AIDS and Non Communicable Diseases (NCDs) are reduction of human resource through deaths, low productivity associated with unhealthy staff, loss of funds spent to support infected employees to maintain their health in terms of treatment, medication and diet. In recognition of these problems, the Government issued directives¹ to all public service institutions to develop and implement work place interventions on HIV/ AIDS and NCDs. In fulfilment of this directive, the CMSA shall continue with efforts to provide for the wellbeing of its staff through contract with the National Health Insurance Fund (NHIF) to finance medical support to staff, spouse and four dependants which focuses mainly on prevention as well as provision of care and support services. It

will also facilitate internal seminars to its staff aimed at creating the necessary awareness on health matters including HIV/AIDS and NCDs.

4.2.2 Creating a conducive Environment for Effective and Efficient Service Delivery

To ensure an optimal utilization of the human resource, an environment has to be remodeled in such a way as to facilitate employees to make productive use of all their office hours. Tools have to be in place to incentivize the staff to work.

Acquisition of Adequate Working Tools

Working tools including computers, furniture and other office equipment are an important factor in creating conducive working environment. Some of the office equipment and furniture that are currently in use have been in place for long period of time and therefore will require to be replaced. Working tools will also be required to accommodate the additional staff to be recruited.

Shifting CMSA Office to Dodoma

As a Government directive, all government ministries, agencies and institutions are required to shift to Dodoma, the capital city. CMSA being a government institution is obliged to ensure compliance with the directive. To meet an urgent need to comply with the Government directive to shift to Dodoma necessitated the CMSA to rent an office space. An office space measuring 140.78 square meters has been acquired, and is due for partitioning and furnishing. Acquisition of an office has to be followed by appropriate staffing. The number, functions and category of staff to be transferred to Dodoma Office will be determined by the Authority after an advice from Management.

4.2.3 Enhancing Financial Sustainability of the CMSA

The CMSA has achieved some strides towards achieving financial sustainability. Currently, personnel emoluments and other operational charges are financed from market generated revenue. However, the level of financial sufficiency is still inadequate as a significant portion of developmental activities is financed by external sources including support from Bank of Tanzania and other international development partners such as the World Bank, FSDT, FDS Africa etc. The Authority seeks to reduce this dependency in order to create stability in the implementation of planned activities. Furthermore, the CMSA needs to contribute to the Consolidated Fund of the Government annually. To meet these challenges, the CMSA intends to deploy a number of initiatives including putting emphasis on market development activities that are likely to result in increased market activities hence market generated activities; reviewing of the CMSA fee structure with streamlining fee rates; increased donor engagement and tighter management of budgets with a view to curtailing less important expenditure.

Enhancing Market Generated Revenue

It is expected that market generated revenue will be enhanced by conducting on priority basis market development activities that have greater potential for increasing generation of market related revenue. Examples include operationalization of municipal bonds and implementation of M-akiba bonds. This initiative will be coupled by streamlining of the CMSA fee structure.

Advocating for Increased Donor Support on Developmental Initiatives

The Strategic Plan has highlighted a substantial number of initiatives that the Authority intends to implement. Implementation of such initiatives requires correspondingly more resources in terms of both human capital and financing. The Authority seeks to advocate for more donor funding from development partners to finance all the developmental initiatives identified in this Plan.

4.2.4 *Strengthening Risk Management and Internal Controls within CMSA*

Attainment of the desired objectives as enshrined in this Strategic Plan requires presence of adequate risk management and internal control systems.

Risk Management Function

Risk management is a continuous, forward-looking process that is an important part of business and technical management processes. Risk management should address issues that could endanger achievement of critical objectives. A continuous risk management approach is applied to effectively anticipate and mitigate the risks that have critical impact on the Authority. Effective risk management includes early and aggressive risk identification through the collaboration and involvement of relevant stakeholders. Strong leadership across all relevant stakeholders is needed to establish an environment for the free and open disclosure and discussion of risk. The purpose of risk management is to identify potential problems before they occur so that risk-handling activities may be planned and invoked as needed at the CMSA in order to mitigate adverse impacts on achieving CMSA's objectives. While aspects of risk management inherently exist in the business processes, there is no formal establishment that is in charge of risk management. The risk management function will provide an on-going internal risk management for the CMSA as well as external market risk management and mitigation. Therefore, the CMSA seeks to secure approval of the Government to consider establishing a risk management function within its structure.

Risk Based Internal Audit

On the other hand, existence adequate internal control system is an important ingredient in the realization of the corporate objectives. One of the key components of internal controls is the internal audit function. Internal audit is part of an organisation's internal control system that seeks to provide the Authority with assurance on the existence and adequacy

of internal controls, risk management systems and corporate governance. To improve the effectiveness of this part of internal systems, the CMSA seeks to introduce a risk based internal audit methodology. This initiative is expected to increase efficiency and effectiveness of internal audit function in order to minimize costs by allocating internal audit resources to areas with significant risks and adopt widely accepted best practice.

4.3 Objective Three: Increased Application of Technology

Advancement in technology compels organizations to innovate and adapt their way of doing business to developments in technology. Many organizations in both public and private sectors have automated their business processes, significantly reduced paperwork and adopted their capabilities to leverage on opportunities available in the use of social media etc.

4.3.1 *Automation of CMSA Business Processes*

In the current digital /information age, the competitiveness of an institution will be gauged by among other things, the pace at which it leverages on technology in facilitating its service delivery. With an endless series of innovations in the technology products, the CMSA must adapt itself to the use of technology through automation in service delivery in order to remain relevant.

In recognition of the enormous potential accruing from technology, emphasis will be made on automation of processes within the Authority. The automation initiatives within the Authority ranges from the internal process that involves installation of systems such as ERP to market supervision through development of Risk Based Supervision systems as well as expert market surveillance systems. The majority of CMSA's business processes are still manual. Such processes range from license application and processing; filling of financial returns from market intermediaries and listed companies; application for various corporate approvals; management of human resource information; file management and documentation; generation of management information such as budgeting; management of customer complaints etc

Online system for licensing of market intermediaries

To simplify and organize licensing requirements in digital form to enable automatic evaluation and processing so as to enhance efficiency and reduce costs associated with issuing and renewing licenses.

Installation and Enhancement of the RBSS and Expert Market Surveillance Systems

Surveillance for trading activities at DSE is done through a Market Watch System of the DSE, which has limited data manipulation capabilities such as market replay and report processing. Such capabilities can be achieved through installation of Expert Market Surveillance Systems. Installation of the Expert Market Surveillance System commenced in

the financial year 2017/18 and at the time of writing this SP, the process was at advanced stage. On the other hand, migration of supervisory practices to risk-based necessitates acquisition of a system for generating reports related to risk based supervision so as to bring efficiency in analysing market data.

Establishing Mobile and Internet Based Supervisory Platforms

Submission of information both regulatory and complaints to CMSA is done by physical documents, the process which is cumbersome and inefficient. Most investors and whistle-blowers find it hard to share their grievances and information in absence of a simple and transparent platform. There is a reputational risk associated with unavailability of such a mechanism where issues concerning capital markets may be shared to the Authority so that action may be taken to resolve them. Similarly, regulatory information submitted and keyed in manually is prone to errors and delays. Establishment of online platforms would address these shortcomings.

Acquisition of Human Capital Management Information System

CMSA human resource management operations are on manual system. Staff data and records are maintained manually e.g. staff leave, promotions, performance appraisals etc. With the manual system, information custody and retrieval is not effective and prone to errors. Introduction of HCMIS will facilitate effective staff record keeping and efficient information retrieval.

Automation of Accounting Systems

A robust financial accounting management system that connects key accounting related functions such as the payroll, accounts payables, accounts receivables, cash management, property plant and equipment, management accounting and financial reporting is key to the achievement of CMSA's objectives.

Installation of Electronic Staff Attendance Register

Acquisition of an electronic staff attendance register is important for ensuring maximum availability of staff at their workstations and for provision of data on the performance of each staff member. This is also a key component in staff performance appraisal.

4.3.2 *Enhancing Continuity of CMSA Business Operations*

Business continuity management (BCM) is a critical aspect in mitigating operational risk of business disruptions emanating from various factors. It is a requirement that organizations should have mechanisms for ensuring business continuity not only in private sector, but more importantly in the public sector. The CMSA seeks to review its BCM arrangements with a view to creating the necessary preparedness for eventualities that could lead to business disruptions and thereby minimizing their impact in terms of loss of assets and life.

Finalization of the CMSA ICT Security and Business Continuity Policies and Plan

The ICT security policy guides Management and employees on proper use of ICT assets and ensures information security. The CMSA ICT Security Policy is in draft form. The same will need to be reviewed in line with recent developments in technology and be presented to the Authority for approval.

Strengthening CMSA Disaster Recovery Site; Data Backup, File and System for Effective Recovery

A Disaster Recovery Site is an important component in ensuring a successful business continuity management. Currently, CMSA has no DR site following lapse of the reciprocal arrangement with SSRA. Establishment of an office in Dodoma is expected to facilitate the setting up of a reciprocal disaster recovery arrangement between Dodoma and Dar es Salaam offices.

Establishing Wide-Area Network Linkage with the CMSA Office in Dodoma

To facilitate internal office communication with minimal costs it is important to establish an intranet communication between the two offices.

4.4 Objective Four: Strengthening the Institutional and Technical Capabilities of Capital Markets Participants

In order to ensure that the capital market infrastructure can comfortably absorb the demanding nature of large scale projects, there is a need for strengthening the institutional and technical capabilities within the infrastructure. This is due to the current developments in the sector brought by the developments in the market place both locally and internationally. Other issues related to developments in the market infrastructure are the worldwide FINTEC developments including the developments in the use of internet, mobile phones and alternative trading systems or multilateral trading facility technologies in the trading of securities. Further, there are significant developments in the Financial Markets Sector such as the introduction of products related to non-sovereign currencies or crypto currencies brought about by the block chain technology and the introduction of automatic trading facilities such as the High Frequency Trading.

The technical expertise and the institutions within the various components of the capital market infrastructure require purposeful measures to address the gaps and create the capacity to undertake the large scale projects within the country, the East African Region and at international level. The level of Institutional Technical Skills in the capital markets is essential drive towards delivery of quality of products and services.

4.4.1 Collaborating with Higher Learning Institutions in Building the Technical and Professional Capacity of Market Participants

In order to the to realize the vision enshrined in this Strategic Plan efforts must be directed towards increasing the number of market professionals and developing their capacity to be able to undertake large scale and complex projects. The CMSA seeks to achieve this through implementing a number of goals including establishing a centre for collaborative arrangement with higher learning institutions in training of capital market and finance professionals and implementing a program for continuous professional development (CPD).

Capital Markets Professional Training Centre

The CMSA intends to establish a capital markets professional training centre to provide an avenue for conducting securities industry certification courses to market players so as to increase their competency and their number in the market. The Centre will be used for conducting the examination organized by the Chartered Institute for Securities & Investment (CISI).

Continuous Professional Development

The CMSA seeks to leverage on the CISI technical capabilities to establish the CPD program for all market professionals expected to practice in Tanzania. This is intended at promoting and maintaining the skills and competency of market professionals with a view to keeping them abreast of global developments in the capital markets.

4.4.2 Promoting Research, Innovation and Development

The CMSA recognizes research, innovation and products development as essential components towards growth, outreach and sustainability of capital markets sector. As an integral part of the capital markets system, these components provide necessary ingredients for broadening, widening and deepening of the sector. Capital markets require credible information in order to keep abreast with new technologies and developments.

In Tanzania, the number of published research papers on capital market issues is on the lower side relative to counterparties in South Africa, Mauritius, Ghana and Kenya. This is attributed to small number of institutions and professionals engaged in research and development; low public awareness, inadequate capital markets data; inadequate skills as well as limited funding for conducting research. There is therefore a need to establish a framework for coordination, conduct and management of research and innovation in the capital markets.

Establishing a Framework for Coordination and Management of Research and Innovation

The rationale for establishing the said framework is to ensure effective coordination of capital markets research and managing dissemination and sharing of research findings to the public. The framework will provide mechanism for preparation and preservation of capital markets data. The Research and Policy unit under the CMSA will be responsible for preparation and implementation of the framework and will be involved in coordination of capacity building programs and collaborative arrangements with research and academic institutions.

The capacity of CMSA staff, market professionals and other stakeholders to conduct research in capital markets is limited. As a result the number of published research papers on capital market issues is on the lower side relative to counterparties in South Africa, Mauritius, Ghana and Kenya. Therefore, there is a need to increase the level of skills in conducting research in the capital markets for CMSA staff, policy makers and other stakeholders.

Establishing a One Stop Statistical Unit for Management of Capital Market Information

Capital markets data and statistics are fragmented with no one-stop centre that serves as a ultimate source of capital markets information in Tanzania. The CMSA seeks to streamline the collection and dissemination of capital markets information by establishing a statistical unit within the CMSA that will be responsible for dissemination of all kinds of information related to capital markets in Tanzania.

4.5 Objective Five: Ensuring a Robust Policy, Legal and Regulatory Framework for Capital Markets and Commodity Exchanges

The legal and regulatory framework for the capital markets and commodity exchanges is comprised of the Capital Markets and Securities Act, 1994 [Act No. 5 of 1995] and the Commodity Exchanges Act, 2015. The Commodity Exchanges Act is a new law and has not been tested. The CMS Act was amended in 1997 by the Capital Markets and Securities (Amendment) Act, 1997 [Act No. 4 of 1997], to among others, introduce provisions regarding the authorization and operationalization of Collective Investment Schemes, provisions for the regulation of Public Offers of Securities and provisions relating to Securities Advertisements. The Act was again amended in 2010 to enable CMSA comply with IOSCO MMOU on information sharing and assistance on investigation.

The key challenge has been legal and regulatory gaps relating to aspects of compliance with international standards for the regulation of the capital markets as well as implementation of the EAC Common Market protocol. A self-assessment for compliance with IOSCO principles conducted in 2009 indicated the need for giving the CMSA greater independence; removing powers of the Minister to hear appeals; empowering CMSA to make regulations; allocating adequate seed capital or fixed budget to CMSA; Strengthening CMSA's supervisory practices to ensure adequate enforcement of its regulations by putting

in place administrative measures; recognizing Risk-Based Supervision; paving the way for regional offers and setting out the necessary regional disclosure from issuers of securities; addressing weaknesses such as the absence of clear guidance on valuation of securities and disclosures on valuation to be made to the CMSA; permitting foreign licensed CISs to market in Tanzania without separate permit; addressing counterparty risks existing due to lack of central counter parties; and addressing capital requirements in relation to risks assumed by dealers.

On the other hand, compliance with EAC Common Market Protocol, requires legislative changes involving removal of provisions that hinder the implementation of the EAC Common Market Protocol in the Tanzanian capital market. The major changes required include harmonization of the Licensing requirements and Certification Programmes; removal of restrictions on eligibility of market operations to only nationals or companies owned by nationals; allowing access to capital markets to all the East Africans; harmonizing definitions of terms used in the capital markets legislation; Creating a framework for cross border issuance and listing in the EAC capital markets; removing restrictions on cross border investments; allowing issuers including collective investment schemes incorporated in any partner state to collect and invest capital/funds within the region; harmonizing conduct of business requirements for East African Capital Markets intermediaries; harmonizing continuous reporting and disclosure guidelines; harmonizing Investor Compensation Arrangements in EAC Partner States; developing a legal framework that would permit CSDs independence from Stock Exchanges; and enhancing cooperation among EAC capital markets regulators.

4.5.1 *Establishing a Framework for Ccoordination of National and Corporate Policies on Capital Markets*

Major milestones have been achieved since the undertaking of financial sector reforms and emergence of capital markets in 1990s. Nevertheless, there has been a limited pace of growth of the sector owing to a number of factors including limited linkages between interrelated sub-sectors such as capital markets, banking, insurance and social security. To address these challenges, necessitates having a framework for coordination of policies at both national and corporate levels.

Facilitating Preparation of the National Capital Markets Policy

The National Capital Markets Policy has been drafted incorporating input and expert advice from the Ministry of Finance and Planning, the Planning Commission and other key stakeholders. The draft National Capital Markets Policy is due for by members of the Authority and a wider group of stakeholders. The Draft Policy also needs to be appended with implementation Strategies. The CMSA therefore seeks to continue facilitating the preparation of the National Capital Markets Policy and drafting of the Policy Implementation Strategies.

Coordinating the Preparation and Review of Corporate Policies within CMSA

Every activity that the CMSA undertakes must be aligned to implementation of specific policy requirement. National capital markets policies must be funneled to corporate policies which are ultimately interpreted down to implementable corporate strategies. The policy funneling mechanism has to be coordinated at a central point that would ensure congruence of policy goals. The CMSA therefore seeks to establish a framework for preparation and coordination of all corporate policies.

4.5.2 *Facilitating the Passing of New Legislation*

To address legal and regulatory gaps identified in the self-assessments, the CMSA seeks to progress the passing of a new CMS Act and Regulations.

Facilitating Preparation of the New Capital Markets Act

The New Capital Markets Act is expected to result in improved provisions relating to investor protection; licensing of various institutions/intermediaries and introduction of new categories of intermediaries i.e. central counter parties, securities depositories and clearing houses/agencies, credit rating agencies and investment houses; Improved provisions governing approvals of various products in the capital markets; access to foreign intermediaries in the intermediation of the securities trading and recognition of licenses granted by foreign securities regulators upon complying with specific requirements; creation of environment for appropriate supervision of intermediaries including foreign intermediaries that will operate in Tanzania based on their home licenses; conferment of regulation making powers to the Authority subject to full consultation with stakeholders; creation of an open and competitive system of appointment of the Chairman, Board of Directors and the CEO; accommodating East Africa integration issues particularly application of important EAC decisions.

Facilitating Preparation of Subsidiary Legislations Including Regulations for New Products

This arises from the need to address new developments in the market in terms of products, players and other matters relating to capital markets necessitating taking action by way of promulgation of regulations, rules, guidelines or circulars by CMSA from time to time with a view to having a robust legal framework that accommodates changes and challenges.

The various outputs expected from this initiative include Regulations on clearing houses and CDSs risk methodologies that complies with IOSCO objective and principles; regulations on municipal bonds; Regulations on the Central Securities Depositories; Rules/regulations for derivative products, securitization, credit rating and venture capital funds; Risk based capital adequacy requirements and qualification of market intermediaries taking into account EAC regional initiatives and the EAC Common Market

Protocol implications; Rules /regulations on market development fund as well as stock borrowing and lending.

4.5.3 Strengthening the Capital Market Supervisory Environment

To have in place adequate regulatory framework and sufficient capacity to supervise capital markets sector in its entirety. The supervisory environment constitutes stock exchanges, commodity exchanges, Central Securities Depositories, market intermediaries, listed companies, Collective Investment Schemes and market professionals. The CMSA seeks to strengthen its supervisory framework so as to eliminate gaps and weakness in the oversight provided to some of the supervised entities.

Developing a Supervisory Framework for Public Unlisted Companies

The initiative entails consideration of the rights of investors in public unlisted companies. Shareholders in public unlisted companies need to have adequate mechanisms for price discovery and the right for entry and exit. It is therefore important to widen the scope of supervision to enhance protection of public interest through protection of investors in the public unlisted companies. The key challenges in public unlisted companies are inadequate risk management structures and lack of transparency and clearly or properly defined corporate governance structures. Investors in public unlisted companies are left to the mercy of those charged with stewardship responsibilities thus leaving the sector less attractive to both local and foreign investors.

Establishing Supervisory Systems and Tools for New Infrastructure, Products and Services

Rapid changes in product development and technological advancement have made it difficult to cope with the pace of innovation thus new products and services come ahead of supervisory systems. New products and services can find it hard to achieve success due to restrictions brought by a narrow scope in the regulatory environment. CMSA intends to develop supervisory tools and systems to cater for the newly issued products and services in the capital markets, such as crypto currencies and other fintech products.

The Commodity Exchanges Act 2015, Commodity Exchanges Regulations and Trading Rules have been put in place while the Exchange and traders have been licensed. Tanzania Mercantile Exchange has been established and licensed by the CMSA. The Board, Personnel, Office Premises and the Trading Floor are in place. Government through the Treasury Registrar; PSSF and TIB Development Bank Limited have injected TZS 4.5 billion as capital towards operationalization of the Exchange. The Exchange is in the process of preparations for commencement of first trade. Thus there is a need to ensure that supervision system including supervision manuals, methodologies, surveillance systems and inspection programmes are in place.

Enhancing Administration of Fit and Proper Testing Framework

There is a challenge in the administration of fit and proper test to market participants due to absence of guidelines on the matter. Furthermore, there are challenges related to valuation of shares prior and post IPO attributed to absence of general principles for determination of properness or adequacy of the valuation undertaken.

Developing a Framework for Valuation of Securities

There is a need for establishing a framework that provides mechanism for valuation of shares for companies whose prices remain stagnant for long periods of time. There is therefore a need for CMSA to develop guidelines for share valuation with respect to regulatory requirements and ensure enhancement of fit and proper standards for persons participating in capital markets.

4.5.4 *Enhancing Risk Management Systems in the Capital Markets*

Increased use of technology presents risks and opportunities, which could result in erosion or enhancement of value. Introduction of Enterprise Risk Management lets financial firms deal effectively with uncertainties and the associated risks and opportunities. The ability to price risk appropriately differentiates a successful player from the rest of the crowd.

Launching Risk Based Supervision

Risk-based supervision (RBS) entails moving away from a more rigid rules-based (prudential-based) style of supervision to one more flexible and reliant on the supervisor's discretion and professional judgment. It provides supervisors with flexibility to focus on areas exhibiting material current and potential risks. Activities posing the highest risk receive most scrutiny. Supervisory attention thus remains properly focused on intermediaries exhibiting serious weaknesses or adverse trends.

Enhancing Cyber Security in the Capital Markets

Technology is skyrocketing, so is cybercrime activities in financial markets. There is a need for supervision framework that can absorb shock brought by the high pace of technological advancement. Financial markets have been attracting both FINTEC development and Cybercrime. Technological advancements have been often associated with loopholes allowing for possibility of cybercrime which result to post-mortem measures to bridge gaps in FINTEC once cybercrime has been committed. A robust supervision system makes it possible for prompt response to address issues of cyber security in Capital markets. The CMSA intends to institute enhanced security measures to mitigate the risk of cybercrime from attacking the Tanzania capital markets.

Establishing a Crisis Management Framework

Typically markets all over the world only react to a crisis as demonstrated by Basle II.5/III and previous examples around the globe. In Tanzania there are no banks operating as brokers and the existing broking community is not well capitalised, which exposes the market to potential risk. Furthermore, apart from a small investor compensation scheme for broker malpractice (Fidelity Fund), there is no other post-trade risk management measure such as guarantee funds or broker / custodian failure procedures.

Existence of crisis management framework that complies with IOSCO guidelines on crisis management and readily responsive to both existing and pending risks in the Capital Markets and the Economy in general is of vital importance. The issues to be addressed by the framework include those seen as contributing to the development of, and in some cases exacerbating, the crisis such as disclosure related to asset-backed securities, unregulated market segments and financial products, the regulation of short selling and hedge funds oversight.

The initiative for establishment of a Crisis Management Framework was proposed at EAC regional level through EASRA. At the time of writing the Strategic Plan, CMSA had commenced preparation of the Crisis Management Framework.

Developing a Framework for Post Trade Risk Management

The reason for establishment of post-trade risk management systems is to monitor, manage and to make financial provision for broker, bank or custodian default or bankruptcy without causing serious losses or systemic risks in the Tanzanian securities market. Currently the equities market trade and settlement process requires pre-validation of securities sales and investors must pre-fund their cash accounts with brokers before a securities purchase. There is no intra-day trading on purchases of securities. Equities settlement is conducted on T+3 and the CSDR acts as the central registry. For Government bond trades, which consists mainly of pre-agreed trades direct between institutional counterparties is cleared and settled via the DSE system in T+1, with interface to the BOT Registry. There is a Fidelity Fund which compensates investors for problems caused by brokers, but this is not intended to offer a post-trade risk management function.

CMSA aims at instituting a framework for management of post-trade risk which shall consider adoption of a number of risk management measures including Trading limits for brokers or individual transactions; Securities on hold for the defaulting broker; Cash collateral from the defaulting broker; Bank guarantees from defaulting broker; Sale proceeds from brokers securities collateral; Broker contribution to guarantee fund; General guarantee fund resources; Guarantee fund insurance; CDS guarantee fund reserves; and Mark-to-market margining for broker's open net settlement positions

4.6 Objective Six: Enhancing and Maintaining Corporate Image of the CMSA

The CMSA maintains the integrity of the securities industry as per the requirements of the law and through enhanced service delivery to uphold the CMSA institutional and retail profile. In discharging its operational responsibilities and in fulfilment of its mandate, which is to regulate, supervise and develop sustainable capital markets complying with international best practice, CMSA seeks to ensure that its institutional profile reflects its status as a capital markets regulator in the country conforming to its vision and mission statements as well as its strategic priorities,.

Given the level of the development of the capital markets in the country CMSA is not widely known outside their immediate stakeholders, the retail public and some policy makers, consequently the need to promoting the securities industry which requires aggressive publicity and harmonious relationships with various stakeholders and the general public.

4.6.1 *Developing the CMSA Communication Strategy*

In order to raise the corporate image of the CMSA amongst key stakeholders and the general public it is important to devise a comprehensive Communication Strategy. It is important to provide a platform for the easy and efficient communication, where stakeholders and the general public can interact in order to improve the objectivity, quality and stakeholder support of capital market developments whilst also contributing to market education by implementing a transparent formal consultation process. The CMSA seeks to develop a Communication Strategy that will spell out among others, initiatives for management of the media and the required standards for the CMSA website.

Developing Comprehensive Media Strategy

The media in all its forms need to have a proper understanding of CMSA's roles and responsibilities, the importance of the sub sector in the economy so that they may be able to portray a positive image in their reporting. To achieve this, CMSA seeks to implement a number of initiatives for close engagement with the media through seminars, news coverage, interviews and publications.

Maintaining Strong Communication Platforms

A strong corporate image requires maintenance of strong communication platforms including the website, portals, logos, corporate colours and brands. As an important element for enhancement of a corporate image, the CMSA website needs to be enhanced. CMSA seeks to facelift its website by rebranding and ensuring its regular and timely update of the website to international standards and in conformity with the public institution website standards. The objective is to make the CMSA website sufficiently informative and user friendly.

4.6.2 *Strengthening Relations with Stakeholders*

A strong corporate image is also a result of close and positive engagement with key stakeholders. Regular consultations and awareness of the roles of the CMSA helps to shape stakeholder expectations. The process would also help the CMSA to better understand stakeholders' needs and expectations thereby devise mechanisms for meeting the expectations and raising corporate image. It is a continuous and iterative process of consultations that oscillates between improvement and feedback. This is well achieved through implementation of commitments made in Clients Service Charter as well as creation and maintenance of positive strategic alliances. In undertaking these initiatives, the CMSA will endeavour to ensure high level of transparency in all of its dealings as part of its support to the Government's efforts to fight corruption and other malpractices as enshrined in the National Anti-Corruption Strategy and Action Plan (NACSAP).

Review of the CMSA's Clients Service Charter

The CMSA has the duty of maintaining the integrity of the securities industry through enhanced service delivery to uphold the CMSA's vision, mission and strategic priorities. Regular review of the Clients Service Charter is an important process which enables establishment of service level standards, complaints handling mechanisms, roles, rights and obligations of the stakeholders which are critical in maintenance of efficient and effective service delivery. CMSA's Clients Service Charter as one of the instruments that will enable raising and measuring of service delivery standards in order to improve the profile of CMSA's in discharging its roles and responsibilities.

Strengthening Domestic, Regional and International Cooperation

The CMSA shall strive to strengthen and maintain cooperation among different capital market stakeholders including other regulators and development partners domestically, regionally and internationally. It is important establish mutual recognition agreements with other regulators as they help in getting access to best standards and practices, expertise, benchmarking and assistance in the supervision of cross border entities and transactions.

Provision of Secretariat Services to EASRA Meetings

Furthermore, CMSA assumed the role of permanent secretariat for the East Africa Securities Regulatory Authorities to among other functions to coordinate and provide secretarial services to their forums. The main objectives of EASRA are information sharing among the members; mutual assistance and cooperation between members; and advancing the integration of the East African capital markets. Under the memorandum signed by the regulators, EASRA is mandated to: develop common capital market strategies; harmonize capital market laws and structures; foster regional capital markets development; facilitate cross-border investments; develop market infrastructure; Develop policy proposals for

capital markets incentives; develop proposals for the alleviation of impediments; and develop a common/ similar trading system(s).

Table V: Summary of Strategic Objectives, Initiatives and Implementation Targets, Responsibilities and Key Performance Indicators

| SN | Strategic Objective | Strategic initiatives | Key implementation Targets | Responsible Party | Key Performance Indicators (KPIs) |
|----|--|--|--|-------------------|---|
| 1 | <i>Development of a Deep, Diversified and Inclusive Capital Market</i> | Facilitating increase in the number and diversity of capital market products and services | a. Facilitating the Operationalization of Municipal bonds | DRPP | Issued & Listed municipal bonds |
| | | | b. Coordinating Implementation of the M-Akiba Retail Bonds project; | DRPP | M-akiba bonds issued |
| | | | c. Promoting the development of Government Infrastructure Bonds | DRPP | Infrastructure bonds issued & listed |
| | | | d. Facilitating the designing and development of insurance-linked securities | DRPP | Insurance linked securities issued |
| | | | e. Facilitating the trading of Derivative Products | DRPP | derivative product traded |
| | | | f. Facilitating development of Sharia Compliant Capital Market Products | DRPP | Sharia compliant products launched |
| | | | g. Facilitating development of Products Tailored for Special Groups | DRPP | Products issued for special groups |
| | | | h. Establishing a programme for nurturing private equity companies and venture capital firms utilizing the Enterprise Growth Market | DRPP | PE & VC firms exiting through EGM |
| | | | i. Establishing collaborative arrangements with key property industry players for developing and trading of Real Estate Investment Trusts; | DRPP | REIT issued and listed |
| | | Promoting growth of Capital Markets Investor Base and | a. To implement the National Financial Inclusion Framework 2018 – 2022 that focuses on: public awareness programmes; product development; | MPR | Increase in number of capital markets investors |

| SN | Strategic Objective | Strategic initiatives | Key implementation Targets | Responsible Party | Key Performance Indicators (KPIs) | |
|----|--|---|---|--|---|---|
| | | Inclusion | innovation and infrastructure development and legal and regulatory framework reviews. | | | |
| | | | b. Conducting Public Awareness Programmes | MPR | Number of persons reached by programmes | |
| | | | c. Promoting Capital Markets Participation in Zanzibar | DRPP | Increase in number of investors in Zanzibar | |
| 2 | <i>Strengthening the Capability of the CMSA to Deliver its Mandate</i> | Implementing the Proposed Organisation Structure | a. Reorganizing Misaligned Staff Positions | DCS | Aligned Organization structure | |
| | | | | b. Recruitment to Fill Vacant Positions | DCS | Vacant posts filled in |
| | | | | c. Training & Development of CMSA Staff | DCS | Training Programme implemented |
| | | | | d. Review of Staff Regulations and Scheme of Service | DCS | Up to date CMSA Staff regulations & scheme of service |
| | | | | e. Improving Health Services and Reducing HIV/AIDS infection | DCS | Staff Health Improvement Programme in place |
| | | | Creating Conducive Environment for Effective and Efficient Delivery of Service | a. Acquisition of Adequate Working Tools | DCS | All staff have working tools |
| | | | | b. Establishing CMSA Office in Dodoma | DCS | Operational CMSA Dodoma Office |
| | | | Enhancing Financial Sustainability of the CMSA | a. Enhancing Market Generated Revenues | MF | Increase in market generated revenue |
| | | | | b. Advocating for Donor Support on | | Increase in donor funded |

| SN | Strategic Objective | Strategic initiatives | Key implementation Targets | Responsible Party | Key Performance Indicators (KPIs) |
|----|--|--|--|------------------------------------|--|
| | | | Developmental Initiatives | | projects |
| | | Strengthening Risk Management and Internal Controls | a. Establishing a Risk Management Function | MIA | Operational risk management function |
| | | | b. Introducing Risk Based Internal Audit | MIA | Risk based internal audit |
| 3 | <i>Increased Application of Technology</i> | Automation of CMSA Business Processes | a. Installation of a system for online licensing | DLAE | Online licensing system |
| | | | b. Installation and enhancement of the RBSS & Expert Market Surveillance Systems (EMSS) | DMSMD | RBSS & EMSS in place |
| | | | c. Installation of mobile and internet based supervisory platforms | DMSMD | Mobile and internet based supervisory platforms in place |
| | | | d. Acquisition of Human Capital Management Information System (HCMIS) | DCS | HCMIS in place |
| | | | e. Installation of Electronic Staff Attendance Register | DCS | Electronic Staff Attendance register installed |
| | | Enhancing Continuity of CMSA Business Operations | a. Finalizing CMSA ICT Security and Business Continuity (BC) Policies and Plan | MIT | ICT Security & BC Policies & Plan in place |
| | | | b. Strengthening CMSA Disaster Recovery Site, Data Backup File and System for Effective Recovery | MIT | Adequately equipped DR site in place |
| | | | c. Establishing a Wide-Area Network Linkage with CMSA Office in Dodoma | MIT | Connectivity with CMSA Dodoma office |
| | | 4 | <i>Strengthening the</i> | Collaborating with Higher Learning | a. Establishing a Capital Markets Professional Training Centre |

| SN | Strategic Objective | Strategic initiatives | Key implementation Targets | Responsible Party | Key Performance Indicators (KPIs) |
|--|--|---|---|---|--|
| | <i>Institutional and Technical Capabilities of Capital Markets Participants</i> | Institutions in Building the Technical and professional capacity of market participants | b. Implementing a Continuous Professional Development Framework for Capital Markets Professionals | DRPP | Training Centre Operational CPD Framework |
| | | Promoting Research, Innovation and Product development | a. Establishing a framework for Coordination and Management of Research & Innovation | DRPP | Framework for coordination of Research & Innovation |
| | | | b. Instituting a one-stop Statistical Unit for Management and Dissemination Capital Markets Information | DRPP | Capital Markets Statistical unit in place |
| | | 5 | <i>Ensuring a robust Policy, Legal and Regulatory Framework for Capital Markets and Commodity Exchanges</i> | Establishing a Framework for Coordination of National and Corporate Policies on capital markets | a. Facilitating Preparation of the National Capital Markets Policy |
| b. Coordinating the preparation and review of corporate policies within CMSA | DRPP | | | | Corporate policies in place |
| Facilitating Passing of New Legislation | a. Facilitating Preparation of the New Capital Markets Act | | | DLAE | New Capital Markets Act |
| | b. Facilitating Preparation of Subsidiary Legislation Including Regulations for New Products | | | DLAE | Subsidiary legislations issued and gazetted |
| Strengthening Capital Markets Supervisory Environment | a. Developing Supervisory Framework for Public Unlisted Companies | | | DMSMD | Framework for supervision of public unlisted companies in place |

| SN | Strategic Objective | Strategic initiatives | Key implementation Targets | Responsible Party | Key Performance Indicators (KPIs) |
|----|---|--|--|-------------------|--|
| | | | b. Establishing Supervisory Tools for new market infrastructure, products and services | DMSMD | Supervisory tools for new market infrastructure & product in place |
| | | | c. Enhancing the Framework for Administration of Fit and Proper Tests | DMSMD | Streamlined fit & proper test framework |
| | | | d. Developing a Framework for Valuation of Securities | DMSMD | Framework for valuation of securities in place |
| | | Enhancing the Risk Management Systems within Capital Markets | a. Implementing Risk Based Supervision | DMSMD | Risk based supervision implemented |
| | | | b. Enhancing Cyber Security in Capital Markets | DMSMD | Robust Cyber security |
| | | | c. Establishing a Crisis Management Framework | DMSMD | Crisis Management Framework in place |
| | | | d. Developing a Framework for Post Trade Risk Management | DMSMD | Framework of post trade risk management in place |
| 6 | <i>Enhancement and Maintenance of Corporate Image of the CMSA</i> | Developing CMSA Communication Strategy | a. Developing Comprehensive Media Strategy | MPR | Media strategy in place Positive publicity of the CMSA |
| | | | b. Maintaining Communication Platforms | MPR | Well designed, up-to-date and user-friendly communication platforms in place |
| | | Strengthening Relations with | a. Review of CMSA's Client Service Charter | MPR | Revised Client's Service Charter |

| SN | Strategic Objective | Strategic initiatives | Key implementation Targets | Responsible Party | Key Performance Indicators (KPIs) |
|----|---------------------|-----------------------|---|-------------------|-----------------------------------|
| | | Stakeholders | b. Strengthening Domestic, Regional and International Cooperation | MPR | Increased joint activities |
| | | | c. Provision of Secretariat Services to EASRA Meetings | MPR | Secretariat services undertaken |

Table VI: Targets, Critical Success Factors and Implementation period

| Code | Key implementation Targets | Target | Critical Success Factors | Implementation Period (YE 30 th June) | | | | |
|-------|---|--|---|--|------|------|------|------|
| | | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| 1.1.a | Facilitating the Operationalization of Municipal bonds | 2 municipal bonds issued annually | <ul style="list-style-type: none"> • Government buy-in • Technical capabilities in LGAs and intermediaries | | | | | |
| 1.1.b | Coordinating Implementation of the M-Akiba Retail Bonds project; | M-akiba bonds issued by 30 th June 2020 | <ul style="list-style-type: none"> • Technical capacity to all parties • Availability of sufficient liquidity • Service continuity | | | | | |
| 1.1.c | Promoting the development of Government Infrastructure Bonds | Infrastructure bonds issued by 30 th June 2021 | <ul style="list-style-type: none"> • Government buy-in • Adequate Technical capacity | | | | | |
| 1.1.d | Facilitating the designing and development of insurance-linked securities | Insurance linked securities issued by 30 th June 2020 | <ul style="list-style-type: none"> • Institutional Collaborations • Adequate Technical capacity | | | | | |
| 1.1.e | Facilitating the trading of Derivative Products | 2 derivative products issued by 30 th June 2021 | <ul style="list-style-type: none"> • Adequate Technical capacity • Infrastructural adequacy • Investor awareness | | | | | |

| Code | Key implementation Targets | Target | Critical Success Factors | Implementation Period (YE 30 th June) | | | | |
|-------|--|---|---|--|------|------|------|------|
| | | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| | | | and understanding | | | | | |
| 1.1.f | Facilitating development of Sharia Compliant Capital Market Products | 1 sharia compliant product launched | <ul style="list-style-type: none"> • Adequate Technical capacity • Infrastructural adequacy • Investor awareness and understanding | | | | | |
| 1.1.g | Facilitating development of Products Tailored for Special Groups | 1 tailored product issued | <ul style="list-style-type: none"> • Adequate Technical capacity • Investor awareness and understanding | | | | | |
| 1.1.h | Establishing a programme for nurturing private equity companies and venture capital firms utilizing the Enterprise Growth Market | 50 companies registered by 30 th June 2023 | <ul style="list-style-type: none"> • Willingness of PE & VC firms to the programme • Collaborative engagements | | | | | |
| 1.1.i | Establishing collaborative arrangements with key property industry players for developing and trading of Real Estate Investment Trusts; | 2 REITs issued and listed by 30 th June 2023 | <ul style="list-style-type: none"> • Adequate Technical capacity | | | | | |
| 1.2.a | To implement the National Financial Inclusion Framework 2018 – 2022 that focuses on: public awareness programmes; product development; innovation and infrastructure development and legal and | Meeting the NFIF targets | <ul style="list-style-type: none"> • Adequate financial resources • Adequate human | | | | | |

| Code | Key implementation Targets | Target | Critical Success Factors | Implementation Period (YE 30 th June) | | | | |
|-------|---|--|---|--|------|------|------|------|
| | | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| | regulatory framework reviews | | resources | | | | | |
| 1.2.b | Conducting Public Awareness Programmes | Four programmes per annum | <ul style="list-style-type: none"> • Availability of adequate financial and human resources | | | | | |
| 1.2.c | Promoting Capital Markets Participation in Zanzibar | <p>One new capital market issuer</p> <p>10,000 investors from Zanzibar</p> | <ul style="list-style-type: none"> • Adequate financial resources • Adequate human resources • Cooperation from stakeholders | | | | | |
| 2.1.a | Reorganizing Misaligned Staff Positions | 30 th June 2019 | <ul style="list-style-type: none"> • Management Commitment | | | | | |
| 2.1.b | Recruitment to Fill Vacant Positions | As per recruitment plan | <ul style="list-style-type: none"> • Government approvals • Availability of financial resources | | | | | |
| 2.1.c | Training and Development to CMSA staff | As par training programme | <ul style="list-style-type: none"> • Availability of financial resources • Government travel permits | | | | | |
| 2.1.d | Review of Staff Regulations and Scheme of Service | 30 th June 2020 | <ul style="list-style-type: none"> • Management commitment | | | | | |

| Code | Key implementation Targets | Target | Critical Success Factors | Implementation Period (YE 30 th June) | | | | |
|-------|---|---|---|--|------|------|------|------|
| | | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| 2.1.e | Improving Health Services and Reducing HIV/AIDS infection | At least two seminars per annum | <ul style="list-style-type: none"> Management Commitment | | | | | |
| 2.2.a | Acquisition of Adequate Working Tools | 30 th June 2019 | <ul style="list-style-type: none"> Availability of financial resources | | | | | |
| 2.2.b | Establishing CMSA Office in Dodoma | 30 th June 2019 | <ul style="list-style-type: none"> Availability of financial resources | | | | | |
| 2.3.a | Enhancing Market Generated Revenues | CMSA budget met through market generated revenues | <ul style="list-style-type: none"> Management commitment Conducive economic conditions | | | | | |
| 2.3.b | Advocating for Donor Support on Developmental Initiatives | All projects implemented as planned | <ul style="list-style-type: none"> Availability of willing donors | | | | | |
| 2.4.a | Establishing a Risk Management Function | 30 th June 2023 | <ul style="list-style-type: none"> Availability of financial resources Government approvals | | | | | |
| 2.4.b | Introducing Risk Based Internal Audit | 30 th June 2023 | <ul style="list-style-type: none"> Establishment of risk management function | | | | | |
| 3.1.a | Installation of a system for online licensing | 30 th June 2020 | <ul style="list-style-type: none"> Availability of financial resources | | | | | |
| 3.1.b | Installation and enhancement of the RBSS & Expert Market Surveillance Systems | 30 th June 2019 | <ul style="list-style-type: none"> Adequate Technical capacity of staff | | | | | |

| Code | Key implementation Targets | Target | Critical Success Factors | Implementation Period (YE 30 th June) | | | | |
|-------|---|----------------------------|---|--|------|------|------|------|
| | | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| | (EMSS) | | <ul style="list-style-type: none"> • Availability of financial resources | | | | | |
| 3.1.c | Installation of mobile and internet based supervisory platforms | 30 th June 2021 | <ul style="list-style-type: none"> • Adequate Technical capacity of staff • Availability of financial resources | | | | | |
| 3.1.d | Acquisition of Human Capital Management Information System (HCMIS) | 30 th June 2022 | <ul style="list-style-type: none"> • Adequate Technical capacity of staff • Availability of financial resources | | | | | |
| 3.1.e | Installation of Electronic Staff Attendance Register | 30 th June 2020 | <ul style="list-style-type: none"> • Adequate Technical capacity of staff • Availability of financial resources | | | | | |
| 3.2.a | Finalizing CMSA ICT Security and Business Continuity (BC) Policies and Plan | 30 th June 2019 | <ul style="list-style-type: none"> • Adequate Technical capacity of staff • Availability of financial resources | | | | | |
| 3.2.b | Strengthening CMSA Disaster Recovery Site, Data Backup File and System for Effective Recovery | 30 th June 2020 | <ul style="list-style-type: none"> • Adequate Technical capacity of staff • Availability of financial resources | | | | | |

| Code | Key implementation Targets | Target | Critical Success Factors | Implementation Period (YE 30 th June) | | | | |
|-------|--|----------------------------|--|--|------|------|------|------|
| | | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| 3.2.c | Establishing a Wide-Area Network Linkage with CMSA Office in Dodoma | 30 th June 2021 | <ul style="list-style-type: none"> Adequate Technical capacity of staff Availability of financial resources | | | | | |
| 4.1.a | Establishing a Capital Markets Professional Training Centre | 30 th June 2019 | <ul style="list-style-type: none"> Availability of financial resources Collaboration with higher learning institutions | | | | | |
| 4.1.b | Implementing a Continuous Professional Development Framework for Capital Markets Professionals | 30 th June 2019 | <ul style="list-style-type: none"> Management commitment Adequate Technical capability | | | | | |
| 4.2.a | Establishing a framework for Coordination and Management of Research & Innovation | 30 th June 2021 | <ul style="list-style-type: none"> Management commitment Engagement of academic and research institutions in the capital markets research and dissemination of results | | | | | |
| 4.2.b | Instituting a one-stop Statistical Unit for Management and Dissemination Capital Markets Information | 30 th June 2020 | <ul style="list-style-type: none"> Availability of financial and human resources | | | | | |

| Code | Key implementation Targets | Target | Critical Success Factors | Implementation Period (YE 30 th June) | | | | |
|-------|---|----------------------------|---|--|------|------|------|------|
| | | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| 5.1.a | Facilitating Preparation of the National Capital Markets Policy | 30 th June 2019 | <ul style="list-style-type: none"> • Availability of financial resources • Government support | | | | | |
| 5.1.b | Coordinating the preparation and review of corporate policies within CMSA | 30 th June 2021 | <ul style="list-style-type: none"> • Management commitment | | | | | |
| 5.2.a | Facilitating Preparation of the New Capital Markets Act | 30 th June 2019 | <ul style="list-style-type: none"> • Government support • Support of the Parliament | | | | | |
| 5.2.b | Facilitating Preparation of Subsidiary Legislation Including Regulations for New Products | 30 th June 2020 | <ul style="list-style-type: none"> • Government Support | | | | | |
| 5.3.a | Developing Supervisory Framework for Public Unlisted Companies | 30 th June 2020 | <ul style="list-style-type: none"> • Technical capacity • Availability of human resource | | | | | |
| 5.3.b | Establishing Supervisory Tools for new market infrastructure, products and services | 30 th June 2022 | <ul style="list-style-type: none"> • Availability of human resource | | | | | |
| 5.3.c | Enhancing the Framework for Administration of Fit and Proper Tests | 30 th June 2020 | <ul style="list-style-type: none"> • Availability of human resource | | | | | |
| 5.3.d | Developing a Framework for Valuation of Securities | 30 th June 2022 | <ul style="list-style-type: none"> • Availability of human resource • Technical capabilities | | | | | |

| Code | Key implementation Targets | Target | Critical Success Factors | Implementation Period (YE 30 th June) | | | | |
|-------|--|----------------------------|--|--|------|------|------|------|
| | | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| 5.4.a | Implementing Risk Based Supervision | 30 th June 2019 | <ul style="list-style-type: none"> Adequate Technical capabilities | | | | | |
| 5.4.b | Enhancing Cyber Security in Capital Markets | 30 th June 2021 | <ul style="list-style-type: none"> Adequate Technical capacity | | | | | |
| 5.4.c | Establishing a Crisis Management Framework | 30 th June 2019 | <ul style="list-style-type: none"> Adequate Technical capacity | | | | | |
| 5.4.d | Developing a Framework for Post Trade Risk Management | 30 th June 2020 | <ul style="list-style-type: none"> Adequate Technical capacity to participants Management Commitment to implement post trade risk management | | | | | |
| 6.1.a | Developing Comprehensive Media Strategy | 30 th June 2019 | <ul style="list-style-type: none"> Technical capabilities Availability of adequate human resource | | | | | |
| 6.1.b | Maintaining Communication Platforms | 30 th June 2021 | <ul style="list-style-type: none"> Availability of financial resources | | | | | |
| 6.2.a | Review of CMSA's Client Service Charter | 30 th June 2021 | <ul style="list-style-type: none"> Availability of adequate human resource | | | | | |
| 6.2.b | Strengthening Domestic, Regional and International Cooperation | Continuously | <ul style="list-style-type: none"> Availability of adequate human | | | | | |

| Code | Key implementation Targets | Target | Critical Success Factors | Implementation Period (YE 30 th June) | | | | |
|-------|---|--------------|---|--|------|------|------|------|
| | | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| | | | resource | | | | | |
| 6.2.c | Provision of Secretariat Services to EASRA Meetings | Continuously | <ul style="list-style-type: none"> Availability of adequate human resource | | | | | |

Note: It is important to note that the scheduling of timeframes for implementation of the strategic objectives and initiatives was carried out based on their potential impact on the growth of the market through increased financial inclusion; the length of the payback period; relevance to demographic profiles in terms of economic and geographic reach and the opportunity cost for lack of implementation.

CHAPTER FIVE

5 RESULTS FRAMEWORK

5.1 Introduction

In order for the Strategic Plan to deliver the desired objectives, it is critically important to institute a monitoring and evaluation framework. The framework constitutes a plan to systematically track the implementation of planned activities and regularly assess progress. Progress is measured against specific targets and schedules included in the plan. This is followed by analyzing and reporting of information to various stakeholders. The framework helps to identify any divergence and devise corrective measures in time to ensure that the Strategic Plan remains relevant at all times.

5.2 Monitoring and Evaluation Arrangements

The CMSA will make use of the performance management system that ensures that operational activities are derived from the strategic objectives. It is intended that the Balanced Score Card (BSC) methodology will be used in management of performance. The BSC methodology helps in setting strategic milestones; establishing indicators for measuring the achievement of each strategic milestone; links reward to performance measures; and a feedback for strategy review and learning.

To be successful, a Monitoring and Evaluation framework must ensure that the strategic plan translates to work by cascading downwards to the lowest levels so that every member of staff understands their roles and is actively involved in the implementation of the plan. Detailed annual work plans with clear performance indicators and responsibilities will be developed before the beginning of each year.

Elaborate data and information collection templates and procedures will be developed to measure performance as per the indicators for reporting to Management. The reports will describe actions taken by the responsible department/unit in implementing the strategic initiatives, achievements, challenges as well as recommendations for the way forward. Quarterly Management Meetings will be conducted to review reports on the implementation of the strategic plan. Management will ultimately produce reports as part of the quarterly reporting to the Authority.

5.3 Responsibilities in Monitoring and Evaluation

The Directorate of Research, Policy and Planning is responsible for coordinating the preparation, implementation monitoring and evaluation of the strategic plan. However, each directorate responsible in implementing the strategic initiatives shall report to the Management meeting on quarterly basis before reporting to the Authority for appropriate actions. This will act as a follow up mechanism to ensure that all directorates implement actions in line with the strategic objectives. The M&E framework will be designed in such a

way as to ensure that individual staff performance objectives are linked to the overall directorate objectives and ultimately to the strategic objectives.

5.4 Strategic Plan Review

The Strategic Plan will be reviewed annually to ensure that it all the objectives remain relevant and feasible to unfolding circumstances so that it ultimately delivers the intended objectives of contributing to the stronger economic development. A comprehensive review shall be made at the end of the third financial year and at the end of the Strategic Plan so as to form the basis for developing the next Strategic Plan.

Table VII: Staffing Requirement and Recruitment Plan

| Directorate | Department/Section | Staff Category | Yr1 | Yr 2 | Yr 3 | Yr4 | Yr5 |
|---|-------------------------------------|----------------|-----|------|------|-----|-----|
| Office of the Chief Executive Officer | | CEO | | | | | |
| | Public Relations | Managers | | | | | |
| | | Officers | | 1 | | | |
| | Procurement | Managers | | | | | |
| Officers | | | | | | | |
| Directorate of Market Devpt, Research & Policy | | Directors | | | | | |
| | Market Devpt, Policy & Planning | Managers | 1 | | | | |
| | | Officers | 1 | | 1 | | |
| | Research & Professional Development | Managers | | 1 | | | |
| Officers | | | 1 | | 1 | | |
| Directorate Market Supervision & Investigation | | Directors | | | | | |
| | Corporate & Market Surveillance | Managers | | 1 | | | |
| | | Officers | | 1 | | 1 | |
| | Market Intermediaries and Funds | Managers | | 1 | | | |
| Officers | | 1 | 1 | 1 | | 1 | |
| Directorate of Legal Affairs & Enforcement | | Directors | | | | | |
| | Manager Licensing & Enforcement | Managers | | | | | |
| | | Officers | | | | | |
| | Legislation, & Board Matters | Managers | | | | | 1 |
| Officers | | | | | 1 | | |
| Directorate of Corporate Services | | Directors | | | | | |
| | Human Resources & Administration | Managers | | | | | 1 |
| | | Officers | | 1 | | | |
| | | Support Staff | 1 | | | | |
| Finance | Managers | 1 | | | | | |
| | Officers | | | | 1 | | |

| | | | | | | | |
|-------------------------------------|-----|-----------|-----------|----------|----------|----------|----------|
| | ICT | Managers | | 1 | | | |
| | | Officers | 1 | | 1 | | |
| Department of Internal Audit | | Directors | | | | | |
| | | Managers | 1 | | | | |
| | | Officers | | | 1 | | |
| Total | | | 27 | 7 | 9 | 4 | 4 |

Assumptions:

The above analytical table assumes that:

- All staff currently in the acting capacity will be confirmed in their positions;
- Business operations of the Authority will continue to grow as anticipated in the projections;
- Government employment permits will be granted;
- Expected number of staff in five years' time is current 30 + new 27 = 57.
- Detailed breakdown of the vacant positions to be filled and the associated costs

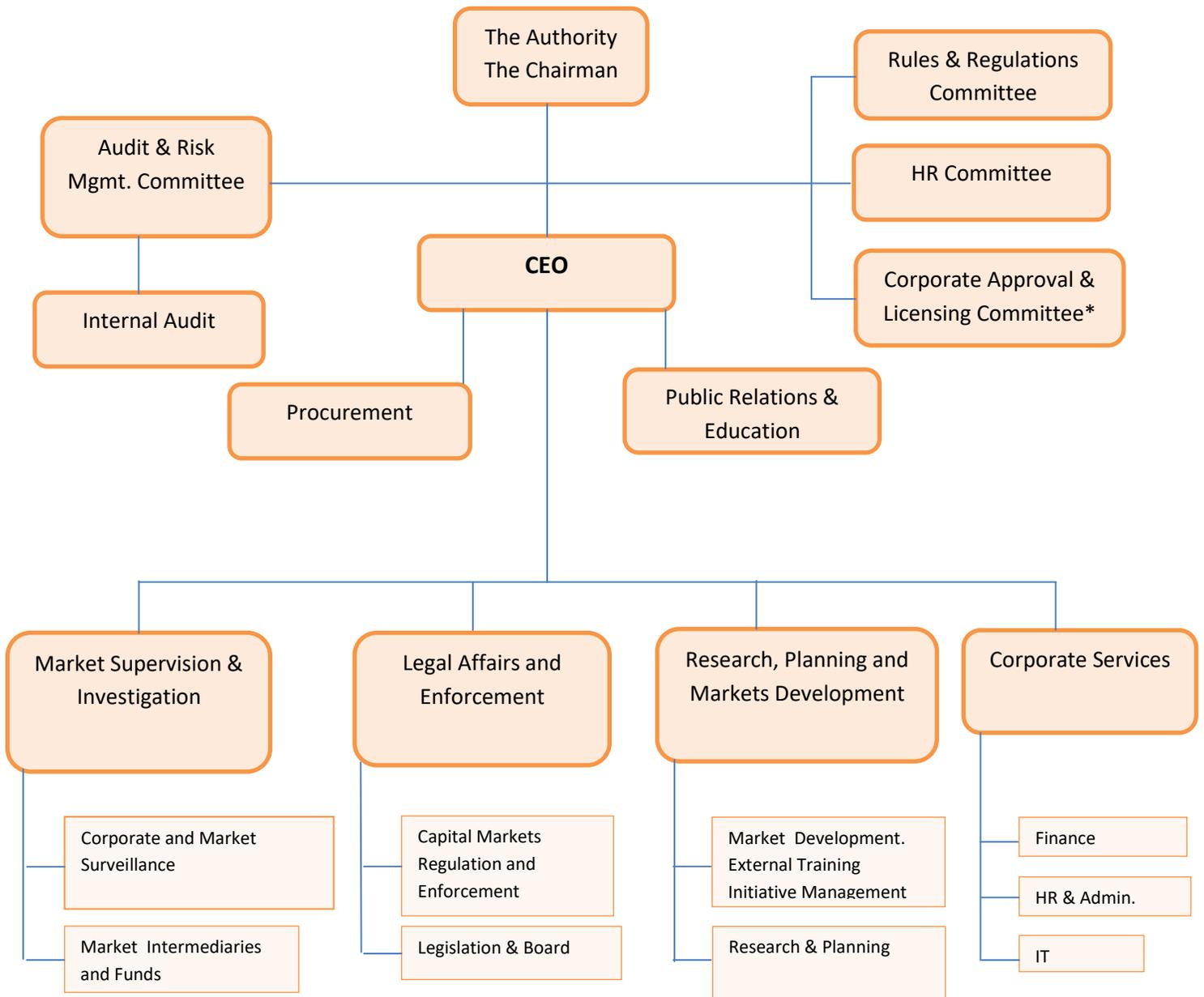
Table VIII: Proposed Changes to the Organization Structure and Staffing

| SN | Proposed Position | Previous Position | Existing/New Recruitment | Rationale |
|----|--|---|--------------------------|---|
| 1 | Director of Market Supervision & Investigation | Director of Market Supervision & Market Development | Existing (Acting) | It is proposed that the title be changed to align with the actual functions of the Directorate. The proposal is meant to separate the supervision and investigation function from the Development function. |
| 2 | Director of, Research, Planning & Market Development | Director of Research, Policy & Planning | Existing (Acting) | The proposal is meant to bring to the fore the legal mandate of the Authority to develop the market. This is also in-line with the proposition of the previous Strategic Plan. |
| 3 | Director of Finance and Administration | Director of Corporate Services | Existing (acting) | The proposal is meant to remove the confusion of the role of the incumbent from those of legal services. |
| 4 | Manager Legislation & | Manager Legal Affairs | Existing, but (vacant) | The title to be changed to reflect more clearly the roles of the person. It is proposed to be |

| SN | Proposed Position | Previous Position | Existing/New Recruitment | Rationale |
|----|---|---------------------------------|--------------------------|---|
| | Board Matters | | | recruited in the year 2021/22 when the Authority is financially better off. |
| 5 | Manager Regulation & Enforcement | Manager Licensing & Enforcement | Existing (seconded) | The change is meant to reflect a broader role of regulation rather than a narrower scope of licensing. |
| 6 | Manager Corporate & Market Surveillance | Manager Market Supervision | Existing | As the market grows there is a need for managers to focus on one area to create efficiency and control. Recruitment is expected to be made in 2019/2020 |
| 7 | Manager Market Intermediaries & Funds | None | New | The change is meant to provide more efficiency with the increased institutional scope of the capital market, by focusing on intermediaries and funds. The proposition is also in-line with what was proposed in the previous SP. Recruitment is proposed to be made in the year 2019/20 |
| 8 | Manager Market and Professional Development | Manager Market Development | Existing (Vacant) | Title to be changed to reflect the actual roles of the incumbent. The position is currently vacant and needs to be filled up immediately as the strategic priority of the Plan is to grow the market. |
| 9 | Manager Research and Planning | Manager Research & Policy | Existing (Vacant) | Title needs to be changed to reflect the actual roles of the incumbent, where the Planning aspect is brought to the fore. The position is expected to be filled up in 2019/20 |
| 10 | Manager Information Communication | Manager Information Technology | Existing (vacant) | There is need to perfect the title to reflect the complete roles of the candidate as including communication. The Authority |

| SN | Proposed Position | Previous Position | Existing/New Recruitment | Rationale |
|----|-------------------|-------------------|--------------------------|---|
| | Technology | | | needs to recruit a Manager on ICT in order to adequately implement the strategic objective of increased application of technology through automation. |

5.5 Proposed CMSA Organisation Structure



ⁱ www.tanzaniainvest.com

ⁱⁱ <https://www.worldatlas.com/articles/religious-beliefs-in-tanzania.htm>

ⁱⁱⁱ Finscope Survey 2017