



TERMS OF REFERENCE

CALL FOR PROPOSALS

DEVELOPMENT OF A REGULATORY FRAMEWORK FOR RATING AGENCIES AND OTHER OPINION PROVIDERS IN TANZANIA

1. Introduction

The Africa Regulatory Support Programme II (ARSP II), led by FSD Africa, is designed to strengthen the policy and regulatory environment for mobilising green and sustainable finance across Africa. The programme focuses on three key areas: supporting regulatory reforms to promote green and sustainable finance instruments, enhancing sustainability reporting through the development of ESG frameworks and adoption of IFRS S1 and S2 standards, and improving the supervision of investment funds through regulatory analyses and the use of regtech/suptech solutions. Knowledge sharing and advocacy are integral to ARSP II, ensuring lessons learned are disseminated to drive broader improvements in capital market regulatory frameworks across the continent.

In Tanzania, ARSP II will support the Capital Markets and Securities Authority (CMSA) in developing a regulatory framework for oversight of rating agencies and other opinion providers, such as bond certifiers, reviewers and second-party opinion providers, etc, which are critical to thematic instrument/bond issuances. This initiative will establish mandatory standards for these providers, enhancing market transparency and investor confidence amid growing corporate bond issuances and other innovative instruments in Tanzania.

2. Background

This is a joint effort between FSD Africa and the CMSA.

2.1 Financial Sector Deepening Africa (FSD Africa)

FSD Africa is a specialist development agency established in 2012 by the UK Government working to make finance work for Africa's future. We work on the ground in over 30 African countries to mobilise "green plus" finance that will power economic and social development while delivering environmental gains and building Africa's resilience. We work on policy and regulatory reform, capacity strengthening and improving financial infrastructure, and addressing systemic challenges in Africa's financial markets to spark large-scale and long-term change.

FSD Africa believes that investing in building a financial system that is transparent, stable and accessible creates the conditions for a fair and sustainable future where inequality is reduced, corruption is tackled, and where individuals, businesses and governments alike can prepare for future challenges, from climate change to political instability.

From FSD Africa's headquarters in Nairobi, its team of financial sector experts works alongside governments, business leaders, regulators, and policymakers to design and build ambitious programmes that make financial markets work better for everyone. Depending on the project, FSD Africa can provide a combination of grants, investment capital, market insights, or technical assistance to ensure it achieves its objectives.

FSD Africa's work focuses on where the need is greatest and where it believes the potential for impact is the most significant. It has a specific mandate to invest in breakthrough, innovative ideas that can have a transformative impact. By sharing risk with its partners, FSD Africa is able to address more difficult,



persistent, or higher-risk challenges in more unstable or fragile geographies than traditional development finance organisations.

More details about FSD Africa are available here - www.fsdafrica.org.

2.2 The Capital Market and Securities Authority (CMSA)

The Capital Markets and Securities Authority (CMSA) is a regulator for the securities industry in Tanzania. It 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. The Authority discharges this role by formulating principles for the guidance of the industry, protection of investors' interests and integrity of the securities market against any abuses; licensing and regulating stock exchanges, dealers, brokers and their representatives and investment advisors; advising the Government on policies and all matters relating to the securities industry; and creating the necessary environment for the orderly growth and development of the capital market. More details about **Capital Market and Securities Authority** are available here - <https://www.cmsa.go.tz/>

3. Objectives and Scope

3.1 Objective

The general objective is to develop a comprehensive regulatory framework for recognising, regulating, and overseeing credit rating agencies and other opinion providers, including bond certifiers, reviewers, second-party opinion (SPO) providers, and other entities involved in evaluating and facilitating thematic bond issuances in Tanzania.

The specific objectives of the regulatory framework are to:

- Establish minimum requirements, including methodologies, criteria, standards, and principles, for evaluating thematic bonds to ensure consistency, credibility, and alignment with global best practices.
- Set qualifications, competencies, and ethical standards for professionals involved in thematic bond evaluations, such as credit rating providers, certifiers, reviewers and second-party opinion providers, to enhance trust and professionalism in the market.
- Develop mechanisms for recognising, periodic reviewing, and de-recognising credit rating agencies, capital market product certifiers, reviewers, and SPO providers to ensure ongoing compliance with regulatory requirements.
- Incorporate lessons from developed markets by benchmarking regulatory approaches, oversight mechanisms, and risk management practices for opinion providers in thematic bond markets.
- Strengthen CMSA's regulatory framework as a tool for monitoring and mitigating risks associated with issuing thematic capital market products, ensuring market stability and investor protection.
- Promote orderly, fair, transparent, and efficient processes for issuing thematic bonds by fostering accountability and integrity among data service providers.



- Encourage innovation and growth in the thematic bonds market while maintaining robust oversight to align with Tanzania's broader sustainable development and capital market goals.

3.2 Scope

The assignment involves developing a comprehensive regulatory framework for recognising and supervising credit rating agencies and other opinion data service providers, including credit rating agencies, bond certifiers, reviewers, second-party opinion (SPO) providers, and other entities involved in thematic bond evaluations. CMSA and FSD Africa will jointly coordinate the process, which will be carried out by a technical working group comprising members from various stakeholders.

The scope of work will be undertaken in two main phases:

Phase 1: Regulatory Landscape Analysis and Jurisdictional Review

(a) Conduct a detailed desk review to:

- i. Analyse the existing regulatory frameworks governing capital markets in Tanzania to identify gaps, challenges, and opportunities in regulating opinion providers, including credit rating agencies, product certifiers, reviewers, and second-party opinion providers.
- ii. Benchmark global practices in key jurisdictions, including Malaysia, Singapore, the European Union, India, Japan, the United States, and other comparable frontier and emerging markets to identify successful regulatory models, lessons learned, and challenges encountered in the regulation and oversight of thematic bond-related data service providers.

Phase 2: Framework Development and Contextualization for Tanzania

- (b) Based on the findings of Phase 1, determine the most appropriate regulatory framework for Tanzania, such as regulations, guidelines, disclosure requirements, or codes of conduct, etc., tailored to the Tanzanian thematic instruments market's needs.
- (c) Draft the regulatory framework and associated instruments for opinion providers' recognition, operation, and oversight in thematic bonds.
- (d) Solicit and incorporate stakeholder feedback through consultations and engagements to refine the draft regulatory framework and instruments.
- (e) Present the finalised regulatory framework and instruments to relevant authorities, including the Ministry of Finance, for review, approval, and publication.



3.3 Key Stakeholder List

Developing a regulatory framework for data service providers in the thematic bond ecosystem will involve close collaboration and consultations among key stakeholders, including previous issuers and transaction advisers, who will contribute their expertise. CMSA will coordinate the process, with support from public and private sector partners, to ensure a robust, well-informed framework.

Below is a tabular summary of the key stakeholders and their anticipated role:

Name of stakeholder	Role
Capital Markets and Securities Authority	Coordinate the development of a regulatory framework for the various opinion providers' categories
Ministry of Finance	To facilitate the establishment of the policy and legal framework that supports the operations of the various opinion providers in the thematic bond ecosystem
Office of the Attorney General	Assist in drafting regulations for recognition and operations of the various data service providers' categories
Bank of Tanzania	To provide technical input and share experience from the banking industry perspective
Dar es Salaam Stock Exchange	To provide technical input in the development of a regulatory framework
Tanzania Stock Exchange Brokers Association (TSEBA)	To provide technical input in the development of a regulatory framework
FSD Africa	To provide technical and financial support in building capacity and development of regulatory framework of the opinion providers in the thematic bond ecosystem
Previous Issuer in the Tanzanian market	To gain insights into the role of data service providers, including second-party opinion providers, in thematic bond issuances
Transaction advisers	To explore the significance of rating agencies, certifiers, reviewers, second-party opinion providers, and other opinion providers in ensuring high-quality thematic bond issuances



3 Timelines and Deliverables

The Consultant is expected to execute the following deliverables within the timelines as tabulated below:

	Key Deliverables	Timelines
A	An inception meeting report detailing the proposed methodology and approach, project plan, documents to be reviewed, and stakeholders to be interviewed	One (1) week after signing of the contract
B	Draft Regulatory Landscape Analysis and Jurisdictional Review	Five (5) weeks after signing of the contract
C	Final Regulatory Landscape Analysis and Jurisdictional Review/report having considered the partners' input	Eight (8) weeks after signing of the contract
D	Draft regulatory framework as determined from the jurisdictional review and appropriateness assessment.	Fourteen (14) weeks after signing of the contract
E	Stakeholder engagements (virtual) on the draft presented to receive their feedback.	Sixteen (16) weeks after signing of the contract
F	Collate and incorporate the feedback received into the updated draft regulatory framework	Twenty (20) weeks after signing of the contract
G	Submission of the final draft regulatory framework to CMSA & FSD Africa	Twenty-one (21) weeks after signing of the contract
H	In-person presentation to the CMSA in a technical workshop and other key private and public sector stakeholders in the Tanzanian financial markets space. Refer to the aforementioned list of stakeholders	Twenty-two (22) weeks after signing of the contract
I	Submission of a project closure report highlighting key issues raised, and lessons learnt.	Twenty-four (24) weeks after signing of the contract

5. Invitation to Tender

FSD Africa is inviting proposals from suitably qualified Consultant (s).

Your proposal should contain:

- CV of the Consultant (s) not exceeding 3 pages.
- A summary of your experience in providing the kind of technical support called for in these Terms of Reference



- A description of your understanding of the role of the selected Consultant (s) as outlined in the Terms of Reference and how you intend to fulfil the services within the suggested timeline.
- Samples of other work to demonstrate capacity to carry out the assignment.
- An estimated budget for both professional fees and reimbursable expenses-Refer to Annex 1

Submitted proposals should not exceed 10 pages (excluding annexures). The review will be based on the main proposal. This should be sent by email to FSD Africa at bids@fsdafrica.org by **1200hrs, (East Africa Time), on 04 March 2025** under a subject line reading **‘Call for Proposals: ‘Development of a Regulatory Framework for Rating Agencies & other opinion providers in Tanzania.’**

Applications received after the deadline will not be considered.

6. Basis of award

FSD Africa will award a contract to the consultant (firm or individual) based on the following criteria:

Mandatory requirements	
Relevant educational background with at least seven years of relevant experience and expertise in sustainable finance, capital markets, issuance of thematic capital market instruments or a related field is required	
Demonstrated familiarity and experience in developing capital markets regulatory frameworks from an emerging or frontier market perspective and with a good understanding of African capital and financial markets	
Demonstrated capacity to engage intensively with this assignment to conclude the work within the stipulated timelines	
Firms/individuals must have experience in managing and executing complex projects involving multiple stakeholders, including government officials, against tight deadlines	
Ability to support in-person stakeholder engagements and final launch events in Tanzania.	
A track record in delivering similar regulatory development projects in other jurisdictions in emerging markets.	

Assessment criteria		Weighting (%)
Experience	The firm/individual shall demonstrate the ability and experience to deliver in the assignment outlined in this Terms of Reference (evidenced by previous similar assignments including previously developed regulatory frameworks, client references, etc.	25%
Skills and qualification	The lead consultant shall have the relevant educational background with at least seven years of relevant experience and expertise in sustainable finance, capital markets, issuance of thematic capital market instruments or a related field required	25%
	Provide a demonstrable good understanding of developing capital markets regulatory frameworks from an emerging or frontier market	



Assessment criteria		Weighting (%)
	perspective and with a good understanding of African capital and financial markets.	
Methodology	Consultants must demonstrate a clear and concise understanding/interpretation of the task set out in the TORs.	20%
Most economically advantageous.	<p>Fee basis and total costs will be computed as follows:</p> <p style="text-align: center;">FS = 30% x LB/BP where:</p> <p>FS = is the financial score LB = is the lowest bid quoted BP = is the bid of the proposal under consideration.</p> <p>The lowest bid quoted will be allocated the maximum score of 30%.</p> <p>Fee quoted must be inclusive of applicable withholding tax</p>	30%
Total		100%

7. Contact

Questions or comments regarding these terms of reference should be directed to bids@fsdafrica.org and received no later than 1200 hrs (East Africa Time) on **21 February 2025**. Responses and clarifications will be provided by 1700 hrs (East Africa Time) on **25 February 2025** through the same advertisement channels.

8. Applicable Taxes

As per Kenya's tax law, FSD Africa will pay the Consultant after withholding the appropriate taxes at the applicable rate between Kenya and the Consultant's country of tax residence, considering any tax treaties in force. The Consultant is responsible for keeping themselves apprised of these applicable taxes. The table below, however, guides the applicable rates as per tax regimes.

Country	WHT Rate
Kenya	5%
United Kingdom	12.5%
Canada	15%
Germany	15%
India	10%
Non-resident rate for citizens of EAC member countries (member countries attached)	15%
All other countries	20%



Annex 1: Proposed Fee Schedule

Costs should be shown separately in the format set out below. Fees proposed by tenderers should be inclusive of all taxes.

Consultancy fees*	Days	Fee USD/GBP	Total USD/GBP
xx			
xx			
Total remuneration			0.00
Reimbursement costs**	Unit	Cost USD/GBP	Total USD/GBP
xx			
xx			
Total reimbursement cost			0.00
Total proposed costs			0.00
<i>*Fees incl of all taxes</i>			
<i>**Expenses to be reimbursed on actual costs as per FSD Africa's travel policy</i>			