



ECA



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Capacity-Building Workshop for the Ethiopian Securities Exchange (ESX)

Concept Note

Background

Capital markets development is one of the key elements of the Government of Ethiopia (GoE)'s Home-Grown Economic Reform Program and 10-Year Development Plan (2021-2031). In line with this commitment, the Capital Markets Proclamation (No. 1248/2021) was adopted by the House of Peoples Representatives in June 2021, which included the establishment of the Ethiopian Securities Exchange (ESX), the first securities exchange in Ethiopia. With the support of FSD Africa, a dedicated Project Office ("ESX Project Office") has been established under Ethiopian Investment Holdings (EIH) to formulate the overarching pre-implementation operational strategy and successful launch of ESX.

ESX will be a key part of a broader ecosystem of institutions, markets, and participants that make up a functioning Ethiopian capital market ecosystem. Putting in place a successful securities exchange heavily depends on the involvement and participation of market participants including issuers, investors, intermediaries/service providers, and policy makers. The lack of a formal securities exchange has significantly hindered the development of the wider capital market ecosystem and access to increased liquidity. Currently there are no market intermediaries such as investment banks and stockbrokers that are traditionally found in other markets across the region, despite Ethiopia possessing one of the largest economies in all of Africa coupled with a sizable population of over 120 million.

As the development of these market intermediaries in Ethiopia is at its early stage, ESX is required to play a leading role in the development of the securities market including market awareness raising, increase investors' appetite, build market attractiveness to issuers, build capacity of capital market participants, and in educating the general public.

The United Nations Economic Commission for Africa (ECA) has been assisting the ESX Project Office in strategy formulation, capacity-building, and market development. ECA, Ethiopian Investment Holdings, ESX Project Office, FSD Africa, with technical support from Ethiopian Capital Market Authority, and financial support from Bill & Melinda Gates Foundation, are organizing this Capacity-Building Workshop for both public and private sectors, with a particular emphasis on potential issuers and investors on the thematic areas of 1) money market; 2) fixed income market; 3) equity market; and 4) policymaking and market development.

The Capacity-Building Workshop will have dedicated sessions for different audience, including:

- potential issuers from both public and private sectors
- potential investors, with a focus on institutional investors

- policymakers and regulators

Objectives

The objectives of the workshop are:

- to strengthen the capacity of key market participants for the forthcoming securities exchange
- to prepare potential issuers and investors for the launch of ESX's portfolio of instruments
- to introduce ESX to key policy-making institutions and regulators in Ethiopia for their support in the development of a vibrant capital market
- to understand the needs and challenges of market players in Ethiopia
- to receive feedbacks from the stakeholders to better prepare the launch of the ESX

Date and Venue

This workshop will be held on 6th (Thu) and 7th (Fri), July 2023, at Sholla 1 & 2, 1F, Radisson Blu Hotel Addis Ababa, each day for different group of participants. Invited participants can also join the workshop virtually. The registration link for both in-person and virtual participation is:

<https://us06web.zoom.us/meeting/register/tZEuceuupzIuHdNQh6EWTL1wm1DbeRP8ht8x#/registration>

Contact

For inquiries, please contact:

Mr. Sheng Zhao
Economic Affairs Officer
ECA
sheng.zhao@un.org

Mr. Michael Habte
Project Manager
ESX Project Office
michael.habte@esxproject.com