



A CALL TO ACTION

UNLOCK CAPITAL MARKETS TO
ADVANCE WOMEN'S ECONOMIC
PARTICIPATION & LEADERSHIP
ETHIOPIA

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AUGUST 2025

INTRODUCTION

Ethiopia ranks 118th out of 146 countries in women's economic participation, according to the [World Economic Forum's 2024 Gender Gap Report](#), and 87% of women's work is in the "informal" sector. Most women face systemic barriers that restrict their involvement in the workforce and entrepreneurship¹. Addressing these challenges is essential for promoting inclusive economic growth and fully utilizing the talents of half the population.

Capital markets present a strategic opportunity to address these challenges. According to the IFC's report on *The Role of Capital Markets in Low- and Middle-Income Countries*, capital market financing has grown faster than bank financing since the early 1990s. Although banks remain the primary providers of external finance for most firms, capital markets are emerging as a critical alternative, especially for companies seeking long-term investment². This growth offers an opportunity to address gender disparities, as capital markets can provide better access to finance for women-led businesses, which often face significant barriers in traditional banking systems.

The IFC report further highlights that as capital markets expand, access to finance has broadened to include smaller, younger, and more financially constrained firms. This highlights the potential for capital markets to address the financing needs of women-led businesses, which often fall into these categories.

In Ethiopia, the ongoing development of the capital market ecosystem presents a significant opportunity to enhance women's economic roles. By implementing gender-inclusive practices, tailored capacity-building work, and promoting targeted financial products, the capital market can drive meaningful change in women's participation and leadership.

Capital markets can increase financing for women-led businesses or businesses serving women by providing access to a greater range of equity and debt options for growth. Innovative sources of financing, such as crowdfunding and gender bonds, can provide alternative funding avenues

to help women realize their aspirations. Capital markets can also serve as an alternative saving mechanism for women who are also a huge saver and potential investors in the Financial Sector. Additionally, capital market players can promote financial and business education, ensuring women can understand and manage their finances and businesses.

This call to action, informed by the insights from the March 8th event, highlights the potential of Ethiopia's emerging financial markets in addressing the specific barriers limiting women's participation in capital markets. We identify key challenges and propose targeted recommendations for regulators, financial institutions, and other stakeholders. By implementing gender-inclusive policies, expanding financing options for women-led/owned businesses, strengthening women's leadership in the financial sector, and improving access to financial and digital enabler tools like national IDs, capital markets can become a powerful engine for women's economic empowerment (WEE)³. Through coordinated efforts, Ethiopia's capital market can unlock women's economic potential and promote inclusive growth.

BARRIERS LIMITING WOMEN'S PARTICIPATION IN CAPITAL MARKETS

1. Minimal financial sector leadership by women

A policy framework that addresses gender disparities in the capital market ecosystem is essential for empowering women and fostering inclusive economic growth. Despite women comprising half the population, gender gap in leadership is significantly high in the financial sector. As the ladder increases to senior levels, fewer women are represented, creating a leadership gap that undermines diversity in decision-making. However, raising women's voices, leadership, partic-

ipation, and representation are effective ways of advancing women's financial inclusion. This includes enhancing the capabilities of the current and next generation of women leaders. Evidence shows that increasing women's leadership helps build a sustainable and resilient financial system. It correlates with better financial institution performance and gender inclusivity. When women are in decision-making positions, more inclusive decisions are made, different voices are heard, and solutions are found. It reduces the gender gap in employment, promotion, and retention⁴.

Globally, in 2023, women held only 18% of C-suite roles, accounted for 30% of board members, and made up 22% of executives in companies valued at over \$2 billion. The "Gender Equality in Corporate Leadership Africa 2023" report highlights that, among 754 listed African companies, the Johannesburg Stock Exchange (JSE) leads with 32% of board seats held by women. The Rwanda Stock Exchange (RSE) and the Nairobi Securities Exchange (NSE) follow with 26% and 24%, respectively, while women hold an average of 21% of board seats across the region. The Botswana Stock Exchange (BSE) has the highest percentage of corporate boards chaired by women at 29%, followed by the JSE and NSE at 15%. Notably, RSE has the highest percentage of female CEOs (20%) among its listed companies, while Nigeria has the most female CEOs (10) among the top 100 firms.

In Ethiopia, recognizing the gender disparity in decision-making, the NBE Directive No. SBB/91/2024 stipulates that no single gender should dominate bank boards, ensuring that at least two female members are elected. Despite these regulations, progress has been slow, with only two women serving as CEOs in banks over the past

thirty years. Furthermore, the draft guideline on corporate governance for issuers of securities to the public states that a minimum of 30% of board members should be female, which would significantly contribute to increasing women's leadership in corporate settings. To further advance these efforts, regulatory organizations in Ethiopia should draw from the experiences of other countries' regulations that require listed companies to prioritize and target women's leadership at both the board and senior management levels.

The Ethiopian Capital Market Authority (ECMA) and the Ethiopian Securities Exchange (ESX) acknowledge these disparities and are actively promoting gender equity. Their organizational practices aim for equitable representation of women in staff and management roles. Notably, ECMA is led by a woman, underscoring its commitment to gender diversity. ESX, on the other hand, has more than 50% of Executive and Senior Management positions being led by Women.

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The need to include women leaders in the capital market is crucial, supported by ECMA's non-discriminatory regulations designed to promote gender equity. However, having principles and regulations is not enough; we must address existing biases and actively leverage available data.

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Hana Tehelku,

Director General of ECMA

To prepare women for managerial roles in investments and issuers, ECMA offers capacity-building training, including sessions on Environmental, Social, and Governance (ESG) principles. Additionally, the Financial Sector Deepening Ethiopia (FSDE), in collaboration with the International Finance Corporation (IFC), provides corporate governance training for potential female board members. These initiatives are vital for addressing gender gaps in leadership and enhancing women's participation in the capital market ecosystem.

2. Limited Financing for Women SMEs

In Ethiopia, female entrepreneurs face numerous challenges when establishing and expanding their businesses, despite advancements in gender equality and women's economic empowerment. One of the most significant challenges they encounter is access to funding. Research has demonstrated that women entrepreneurs receive substantially less capital compared to their male counterparts, which significantly hinders their ability to launch and grow their ventures.

Securing loans from formal lenders like commercial banks is a major challenge due to a lack of collateral. Moreover, they have limited managerial skills, networking channels, and information. Their low education penetration level for women could also contribute to widening the gender gap in accessing funds. The prevalence of a cultural bias exacerbates these challenges that view lending to women as too risky, based on the perception that women do not run businesses as effectively as men. Such biases arise from deeply entrenched social norms that prevent financial institutions from recognizing women entrepreneurs as a significant and viable market segment, despite evidence that women tend to have lower non-performing loan (NPL) rates and better repayment histories than their male counterparts. In line with this, research highlights that addressing these gaps within the capital market ecosystem could unlock an estimated \$700 billion global revenue opportunity.

Innovative financial products and digital solutions offer promising avenues to address these disparities. Expanding access to such tools can play a transformative role in closing the financing gap for women-led SMEs. For Example, as part of products, microfinance institutions can raise funds in capital markets specifically to invest in WMSME. However, women entrepreneurs often face challenges when preparing to access funding directly from capital markets, which can limit their participation. High initial costs—such as advisory fees and other related expenses—combined with substantial investment minimums, further inhibit

women's ability to benefit from the capital market ecosystem.

Rather than focusing solely on advocating for women-led/owned businesses to be listed, the emphasis should be on collaborating with banks and development institutions to raise funds specifically aimed at supporting women small and medium enterprises (WSMEs). This approach will create a more robust foundation for women entrepreneurs, helping them thrive and eventually reach the stage where they can seek listing on exchanges.

To support this initiative, FSDE, in collaboration with ESX, is developing investment schemes specifically for SMEs, including women-led/owned businesses, by utilizing crowdfunding platforms. Additionally, ECMA is working to increase women's participation as issuers and investors in the capital market, which is vital for integrating more women businesses. The authority is committed to developing investment products that benefit women, including gender bonds, and is planning to conduct a scoping study on their structural, regulatory, and benefit aspects. Moreover, ECMA is working to establish a dedicated unit for SMEs to provide targeted support. In line with this, the authority is working on an IPO clinic and establishing segments for women and youth to provide targeted support.

Yet, to fully harness the potential of women's economic contributions, it is equally important to address their underrepresentation as investors. A global study, Pathway to Inclusive Investment, on inclusive investment underscores the economic costs associated with the gender investment gap, revealing that greater participation by women in financial markets could lead to substantial increases in available capital for investment, benefiting the broader economy. If women invested at the same rate as men, it could result in an additional \$3.22 trillion available for investment and \$1.87 trillion more directed toward socially and environmentally responsible companies. This indicates the need to create a conducive investment environment that encourages and supports greater female participation, both as entrepreneurs and as investors.

3. Gender Gap in National ID Access and Use

In Ethiopia, the national ID system launched in 2024 aims to provide digital IDs to 90 million people, including refugees, ensuring that all legal residents have access to essential services and are included in the country's economic growth. As of February 2025, over 12 million people have been registered, with plans to reach 90 million registrations by 2027 and a target of 30 million by 2026.

National IDs represent a significant opportunity for low-income women to realize their full potential and are key to bridging the existing gender gap in political, social, and economic spheres. Ethiopia's Digital ID (Fayda) plays a crucial role in closing this gender gap by empowering women to access social protection payments, open bank accounts, secure loans, and fully participate in the economy.

Despite these advancements, gender gap persists in access to official IDs, with a 20-percentage-point difference between men and women, particularly in rural areas. Currently, women make up 40% of registrants, while men account for 60%. In terms of use of the ID, women have used as much authentication service as their registration parity. While progress is being made, achieving equal access remains an ongoing challenge. To reduce this disparity, the National ID program has implemented the following strategies:

- Conducted a gender gap assessment and identified contributing factors, such as social norms that associate access to legal documents with masculinity, leading to discrimination against women.

- Increased access points for registration by collaborating with stakeholders like Ethio Telecom. When current scale-up efforts materialise, National ID aims to establish approximately 4,600 registration centers, including in rural, remote, and peripheral areas. This initiative aims to make it easier for women to access these centers, thereby saving time and helping them balance formal and informal responsibilities.

- Enhanced accessibility and reduced exclusion due to bureaucratic hurdles by minimizing documentation requirements for registration, streamlining the process, and allowing for a minimum set of necessary documents.

- Designed women-only registration centers in collaboration with community-based organizations. However, the results did not meet expectations, and further studies are being conducted to understand the reasons behind this.

- Planned to establish a technical working group involving women-focused organizations and the Women's Affairs Office to provide technical assistance in addressing women's needs and sensitivities within the National ID (NID) framework.

- Enhanced interoperability with service providers in the public and private sphere is key to the usability of digital ID. NIDP shall ensure building an ecosystem around digital ID to enhance access to finance to women particularly enabling the development of services and products for micro-lending, ease of collateralization.

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A market that excludes financial access is not a true market. Therefore, the capital market must prioritize the development of women-friendly products and systems within the ecosystem to ensure inclusivity and equity

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Tilahun Esmael,
CEO, ESX

4. Gaps in women's access to capacity building

To create an inclusive capital market ecosystem, regulators and stakeholders must intentionally include women in human capacity development initiatives. This can be achieved by supporting women professionals in the ecosystem to offer advisory and other services. By prioritizing women's involvement in capacity-building efforts, the market can cultivate a more equitable environment—one where women are empowered not only as entrepreneurs and investors but also as service providers and decision-makers within the capital market landscape.

ESX, in collaboration with FSDE, has launched an academy - a digital learning platform aimed at enhancing understanding of the capital market. This initiative has reached between 15,000 and 20,000 learners, showcasing a significant opportunity for knowledge dissemination. However, there remains a gender gap in participation, indicating a need for targeted efforts to engage more women in these educational opportunities.

Building on this momentum, enhanced financial literacy remains a key avenue for empowerment, particularly for women entrepreneurs, by equipping them with the knowledge and skills needed to generate, manage, and grow their income. Recognizing this, ECMA has also been working to improve financial awareness by leveraging digital platforms such as Telegram. Through this initiative, it aims to reach seven million individuals with accessible information on the capital market, including its opportunities, mechanisms, and as-

sociated risks. Thus, collaboration is vital for this initiative to succeed.

CALL TO ACTION

To address these barriers and catalyze women's economic empowerment and leadership through capital markets, we call upon relevant stakeholders to implement the following interventions:

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By allowing for a minimal set of necessary documents, the NID aims to ensure that individuals, particularly women and marginalized groups, are not deterred from obtaining their IDs due to complex documentation barriers

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Gabriella Abraham

Legal and Policy Director,

National ID ethiopia

1. Demand-Side Interventions:

Empowering Women as Market Participants

Accelerate skill-building for women

➤ FSDE, ECMA, World Bank, and other stakeholder to introduce targeted capacity-building initiatives to equip women SMEs with the essential financial management skills, financial literacy and knowledge needed to expand their businesses.

➤ FSDE, ECMA, ESX, World Bank and WWB, to introduce targeted capacity-building initiatives to equip women with

the essential skills and knowledge needed to excel in managerial and leadership roles within the capital markets. These programs should include training on corporate governance and leadership development, mentorship opportunities that connect women with experienced professionals, and networking that facilitates connections between women in finance, investors, and industry leaders.

➤ Leverage digital platforms to reach a broader audience, ensuring that educational resources about capital markets and opportunities are accessible to all.

- Showcase success stories and emerging best practices through publications that highlight progress and lessons learned in advancing gender inclusion within the capital markets ecosystem.

Fayada to close the gender gap in the National ID System, especially in rural areas

- The Digital ID implementation process must be gender-responsive to ensure that women, particularly in rural areas, can easily register and utilize the ID system. Efforts are needed to close the existing gender registration gap, making collaboration with women-focused organizations essential to address the specific needs of women.
- Enhance public awareness campaigns to educate communities, including women, on the importance of National IDs, challenging social norms that impede their access to legal documentation.

2. Supply-Side Interventions:

Fostering Gender-Inclusive Capital Market Products and Services

Expand Equity and Debt Finance for Women SMEs and Businesses

FSDE, in collaboration with ECMA, ESX, and financial institutions, to develop financial products, specifically for women SMEs and entrepreneurs, such as microloans, gender bonds, crowdfunding platforms, and other related initiatives to enhance access to capital. This process must rely on thorough diagnostics, as the needs of SMEs vary significantly. A gender lens should be fully integrated into both the diagnostics and the design of these interventions.

- NBE and ECMA should develop clear regulatory frameworks and facilitate mechanisms for

Microfinance Institutions (MFIs) to access capital markets. This is crucial as MFIs are primary financiers for women businesses. Emphasis should be placed on enabling MFIs to access the capital market, for example, through issuing gender bonds or raising equity, to help bridge the financing gap.

- NBE, in collaboration with the Bankers Association and MFIs, should further explore and facilitate the establishment of an inter-MFI money market to further enhance financial access for women-owned/led businesses.
- Financial institutions should strengthen SME data systems by systematically incorporating gender-disaggregated data. This will enable them to better understand the financial behaviors, constraints, and needs of women entrepreneurs, informing the design of more responsive and inclusive long-term financing solutions while helping to de-risk lending portfolios.
- FSDE and financial institutions, including the Ethiopian Development Bank and other stakeholders, to create a program that incentivizes investors to support women-led businesses and gender-focused projects.
- FSDE to encourage and train institutional investors to integrate gender lens investing into their strategies—or at a minimum, to explicitly incorporate gender considerations within existing investment frameworks.
- FSDE and ECMA work on that IPO Clinic to allocate a dedicated portion of its services to women businesses and enterprises that promote gender equality or offer products that benefit women.
- FSDE to explore opportunities for guarantee schemes that mitigate perceived and actual risks in lending to women entrepreneurs, helping to encourage financial institutions to expand loan offerings to this segment.
- Leverage the Ministry of Labor and Social Affairs' national credit guarantee scheme to

specifically de-risk investments in women-owned businesses and women-focused capital market instruments. This expands the focus beyond traditional lending, supporting a strategy that promotes gender-responsive investment products and strengthens the ecosystem for women entrepreneurs.

➤ Development partners engaging women's advocacy groups to address cultural biases through awareness campaigns and gender-sensitive training for stakeholders in the capital markets ecosystem.

➤ Promote the collection and analysis of gender-disaggregated data in collaboration with FSDE, ECMA, and ESX, focusing on investors and capital market service providers.

3. Systems-Level Interventions:

Strengthening the Regulatory and Institutional Framework

ECMA & NBE to Strengthen Requirements for Women's Leadership

➤ A corporate governance standard is currently being developed by ECMA, which presents a timely opportunity to integrate gender considerations. ECMA should mandate a requirement for listed companies and securities issuers to have women represented on their boards.

➤ ECMA should require listed companies to disclose gender diversity metrics within their annual reports, including board composition and senior management representation, to enhance transparency and enable stakeholders to track progress.

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The efforts of ECMA and other government stakeholders cannot effectively reduce gender gaps in access to finance and investment opportunities without the support of all involved stakeholders in the ecosystem.

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Hana Tehelku,

Director General of ECMA

CONCLUSION

Ethiopia's capital markets hold significant potential to transform women's economic empowerment and leadership by implementing gender-inclusive policies and expanding access to financing. By addressing systemic barriers such as limited funding for women-led/owned businesses, leadership gaps, and challenges in obtaining national IDs, stakeholders can create a more equitable financial ecosystem. However, expanding financial access alone is not enough. Women's

participation as investors, advisors, entrepreneurs, and leaders must be bolstered through targeted capacity-building efforts, digital platforms, and regulatory incentives.

As Ethiopia modernizes its financial infrastructure, now is the critical moment to embed gender equality into the core of its financial market efforts. Institutions such as NBE, ECMA, ESX, FSDE, NID have been establishing the foundation. However, achieving success will require ongoing commitment, collaboration across sectors, and a cultural shift in attitudes and business practices. The collective actions proposed in this call to action can help create a more inclusive financial market, ensuring that women play a vital role in the country's economic future.

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