

# NEWSLETTER

FSDE Vol. 1 Edition 3 February – March 2024

## New Academy to Develop Ethiopia's Capital Markets

FSD Ethiopia and the Ethiopian Securities Exchange (ESX) have launched a program to establish a securities exchange academy. The primary goal is to create the ESX Academy, which will focus on investor education, capacity building, and financial literacy in Ethiopia. The academy aims to support ESX's market development efforts, including investor education, capacity building for potential issuers, and product/service development. FSD will provide financial assistance to ESX through a grant secured from the UK FCDO to establish the academy, which will offer structured training content for diverse stakeholders.



## TOP NEWS

- **FSD Ethiopia, Partners Enhance Financial Market Skills through Capacity Building Initiatives**
- **BimaLab Ethiopia Program Concludes with Recognition of Top Innovators at Demo Day**
- **Women's Financial Inclusion in Focus at FSD Ethiopia Event**



# Project Spotlight

## FSD Ethiopia, Partners Enhance Financial Market Skills through Capacity Building Initiatives

FSD Ethiopia organized a series of capacity building workshop and trainings in collaboration with partners. These workshops, held in February and March, were focused on key areas such as development of pension fund investment strategy, journalistic reporting on capital markets, and a masterclass on understanding credit rating methodologies.

The first workshop, held from February 14 to 16, 2024, was part of the capacity building exercise for the development of Pension Fund Investment Strategy.

In partnership with the Ministry of Finance, FSD Ethiopia brought together employees of the Public Servants' Social Security Administration, Private Organizations Employees' Social Security Administration, Ministry of Finance, and the National Bank of Ethiopia for a training on investment strategy for pension funds.

The three-day event was aimed at enhancing the participants' knowledge and skills in managing pension fund investments effectively, ensuring the long-term financial security of retirees.





## The first workshop, held from February 14 to 16, 2024, was part of the capacity building exercise for the development of Pension Fund Investment Strategy.

Continuing its commitment to promoting awareness and understanding of the financial sector, FSD Ethiopia also organized a training program for journalists on capital market reporting and coverage.

The program was conducted in collaboration with the Ethiopian Capital Market Authority and the Ethiopian Securities Exchange, commenced on February 28, 2024 and ended the next day.

Journalists participating in the training received valuable insights and knowledge into Ethiopia's capital market, enabling them to report accurately and effectively on financial matters.

Another capacity building workshop was also held in March 2023.

FSD Ethiopia, in partnership with the Ethiopian Capital Market Authority, Ethiopian Securities Exchange, and the United Nations Economic Commission for Africa (UNECA), launched a two-day masterclass on understanding Credit Ratings.

The workshop, delivered by Augusto & Co., a credit rating agency, took place on March 7 and 8, 2024.

Participants gained comprehensive knowledge and practical skills in understanding credit rating methodologies and their application within the Ethiopian context.

This initiative was aimed at laying the foundation for the establishment of credit rating ecosystem in the country and facilitate informed decision-making for investors and financial institutions. ■





# BimaLab Ethiopia Program Concludes with Recognition of Top Innovators at Demo Day

The BimaLab Ethiopia Program reached its conclusion with a Demo Day on March 7, 2024.

The program, which is a collaborative effort between FSD Ethiopia, FSD Africa, Tellistic Technologies, and Iceaddis, gathered key stakeholders, industry experts, and investors to witness solutions developed by the participating cohort members.

Highlighting the event was the announcement of the winners, who demonstrated outstanding innovation, impact, and growth potential within the Insurtech sector.

Ekub, Lersha, Hulucare, and CICO were celebrated as the top performers of the first BimaLab Ethiopia cohort, earning accolades for their remarkable achievements.

In recognition of their accomplishments, each winner will receive a cash prize of USD 10,000 to further advance and scale their innovative solutions. All cohorts that participated received a certificate for the successful completion of the programme.

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The support and recognition provided by the BimaLab Ethiopia Program is hoped to contribute to the growth of the Insurtech landscape in Ethiopia. Funded by the Bill and Melinda Gates Foundation, the BimaLab Ethiopia Program has been attempting to bring innovation and positive change within the insurance sector since its inception.

Offering participants invaluable mentorship, training, and resources, the program has empowered cohorts to develop and refine their Insurtech solutions, addressing the evolving needs of the market.

The National Bank of Ethiopia has played a crucial role in supporting the program, recognizing the significance of fostering innovation within the insurance sector. Through its collaboration with FSD Ethiopia and other partners, it has helped create an enabling environment for the growth and development of participating startups and corporates.

The Demo Day provided an opportunity for cohort members to showcase their solutions to an engaged audience of investors, industry experts, and stakeholders.

The event featured informative panel discussions, inspiring keynote addresses, and networking sessions, fostering collaboration within the vibrant Insurtech community. ■



# Women's Financial Inclusion in Focus at FSD Ethiopia Event

Policymakers, financial leaders, and technology firms gathered at the Hyatt Regency Hotel in Addis Ababa on March 7th to discuss barriers and opportunities around women's financial inclusion in Africa.

The event, convened by FSD Ethiopia in collaboration with FinEquity Africa, was focused on the latest findings from FSDE's 7th annual Knowledge Series.

A new study presented at the event revealed significant challenges women in Ethiopia face in accessing financial services.

The research found a lack of women in leadership positions at digital finance provider institutions and in policymaking roles. It also identified barriers impacting women's financial inclusion, including unreliable payment systems and networks, as well as biases that view men as the primary customers.

**A new study presented at the event revealed significant challenges women in Ethiopia face in accessing financial services.**

Limited digital literacy and an absence of tailored financial products for women were additional highlights from the study. Insights from the study provided context on Ethiopia's status regarding financial inclusion and empowerment for women compared to other African nations.

Panel discussions engaged Ethiopia's financial institutions, telebirr, NGOs, and international organizations on the state of women's participation in digital finance and tailored programs.

Challenges discussed included limited access to credit, an absence of products designed for women's needs, high unemployment among women, and inadequate identification systems. The event provided a platform to explore strategies for overcoming these barriers and enhancing women's utilization of financial services going forward. ■

# New Academy to Develop Ethiopia's Capital Markets

FSD Ethiopia and the Ethiopian Securities Exchange (ESX) have initiated a new program to establish a securities exchange academy. The program aims to set up a new academy for securities professionals with a focus on investor education, capacity building, and financial literacy and inclusion in Ethiopia.

The primary objective of this initiative is to establish the ESX Academy, which will recognize ESX's pivotal role in Ethiopia's developing Capital Markets ecosystem alongside the Ethiopian Capital Market Authority (ECMA).

As ESX enters a market where foundational elements are still evolving, the academy will assist ESX's market development activities including investor education, capacity building for potential issuers, and product/service development to promote ESX's growth.

The creation of the ESX Academy, which will offer structured and accessible training content is aimed at supporting ESX's strategic market development and business goals.

**With a grant secured from the UK FCDO, FSD will provide financial assistance to ESX in establishing an academy dedicated to ongoing education and capacity building for diverse stakeholders.**

Under its financial market pillar and with a grant secured from the UK FCDO, FSD will provide financial assistance to ESX in establishing an academy dedicated to ongoing education and capacity building for diverse stakeholders. ■



# Partner Spotlight

## Insurance Firms and Banks Boost Holdings on Ethiopia Securities Exchange

Several financial institutions have made subscriptions for the shares of the Ethiopian Securities Exchange (ESX) as interest continues to expand.

United Insurance Company announced a subscription of shares worth 30 million birr. This followed an earlier commitment by Zemen Bank, which was the first non-state insurance provider to purchase equities, obtaining a stake valued at 20 million birr.

Meanwhile, various banks have also subscribed to buy shares of the exchange.

Zemen Insurance was the first institution to publicly invest in the ESX, completing a 47.5 million birr share buyout.

Hibret Bank committed 50 million birr in one transaction. Awash Bank committed for a deal securing it a 7.7 percent stake for 70 million birr, at that time surpassing the allocations of Zemen Bank, Siinqee Bank and Global Bank.

Siinqee Bank followed shortly after, making a 50 million birr investment in the ESX. Global Bank also announced an allocation of 50 million birr to the exchange around the same time. ■



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shares of the exchange.**



**The programme is seeking 25 early- to growth-stage startups working in insurtech**

# **BimaLab Africa Accelerator Programme Opens Applications for 2024 Cohort**

The BimaLab Africa Accelerator Programme, run by FSD Africa in partnership with Swiss Re Foundation, FSD Network and various insurance regulators in Africa, starts reviewing applications for its 2024 cohort. The accelerator aims to support insurtech innovators across the continent.

The programme is seeking 25 early- to growth-stage startups working in insurtech from various countries in Africa. The selected startups will undergo a five-month acceleration phase providing structured mentorship, funding opportunities, and networking support.

BimaLab Africa has had success with previous cohorts. The previous phases supported 63 startups, facilitated USD10 million in funding, and helped reach over three million new customers.

Swiss Re Foundation's continued backing will allow the accelerator to deepen its impact in bridging Africa's large protection gaps.

The initiative looks to enable startups in developing innovative insurance solutions that expand access across the continent. Less than three percent of Africa's GDP is driven by insurance, which is below the world average of seven percent.

Innovative solutions have much potential to change this picture and enhance financial inclusion by providing access to unserved and underserved customers. Recognizing this, BimaLab is designed to drive greater financial inclusion through customized risk products. ■





# Making the Financial Sector Work for Women

## Country Update

### National Bank of Ethiopia Launches NEWFin Initiative

The National Bank of Ethiopia has launched the Network of Ethiopia's Women in Finance (NEWFin) initiative. The program aims to address the gender imbalance in leadership positions within Ethiopia's financial sector.

NEWFin seeks to empower more women to take on key roles and help drive gender equality as well as economic growth. Currently, female representation is low both on the consumer side using financial services and the supply side working within financial institutions.

Acknowledging various barriers facing women, NEWFin's mission is to equip them with tools and opportunities to succeed. The network will facilitate mentoring, coaching and better work-life balance. This aims to challenge norms holding women back from reaching their full potential as leaders.

The World Bank Group has signaled its support for Ethiopia's evolving financial sector.

Through targeted initiatives like NEWFin, NBE aims to significantly reduce the gender imbalance within Ethiopia's financial sector, helping to address the underrepresentation of women by tapping into Ethiopia's pool of talented females.

While financial access gaps between genders exist in Ethiopia, disparities are also present within the leadership of the country's financial institutions. Ongoing research from the Global Index of Leadership shows that although 26 of Ethiopia's 30 commercial banks have at least one woman on their board, females only occupy around 15 percent of board member roles. Similarly, the data available for 27 banks indicates that on average, only 12.5 percent of senior management positions are held by women - half the target of 25 percent set by the National Bank of Ethiopia. ■