

NEWSLETTER

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Ethiopia Calls on Global Investors at London Investment Summit, AFSIC 2023

In a bid to attract global investors, Ethiopia made a resounding call at Africa Financial Services Investment Conference 2023 (AFSIC), urging stakeholders to explore the country's untapped potential. The Ethiopian delegation, led by Semereta Sewasew, State Minister of Finance for Economic Cooperation, and Lelisa Neme, Commissioner of the Ethiopian Investment Commission, attended the AFSIC conference alongside representatives from the Capital Markets Authority, Ethiopian Securities Exchange, and Ethiopian Investment Holdings.



Ethiopians Honoured for Disruptive Ideas in Insurance, Healthcare

Ethiopian entrepreneurs, Kacha and Saglan Wajee, have gained recognition for their groundbreaking ideas at the BimaLab Africa 2023 summit, which focuses on expanding insurance access and transforming healthcare in Ethiopia. Supported by FSD Ethiopia, FSD Africa, and other partners, the BimaLab Africa accelerator program aims to foster innovation in the insurtech sector across Africa. Kacha, as the first private mobile money provider in Ethiopia, received acclaim for their embedded digital insurance concept, while Saglan Wajee aims to make healthcare more affordable. Orbit, another participant, was acknowledged for its efforts to improve healthcare outcomes by providing accurate patient information.

TOP NEWS

- BimaLab Ethiopia Enters Critical Phase
- Ethiopia Begins Planning for Treasury Single Account System Reform
- Ethiopia's Tailored Financial Inclusion Frameworks Approach the Finish Line





Successful applicants will gain entry into the program.

BimaLab Ethiopia Enters Critical Phase:

Evaluating Game-Changing Insurance Concepts

BimaLab Ethiopia, an insurtech accelerator program aimed at transforming the insurance sector, is moving forward with its review process. With the financial support of the Bill and Melinda Gates Foundation, the program seeks to nurture ventures that have the potential to bring about significant change in the industry.

Led by FSD Ethiopia in collaboration with FSD Africa and Tellistic Technology Services, BimaLab Ethiopia is targeted to accelerate 15 insurtechs dedicated to reaching underserved individuals, households, and businesses. These ventures will develop risk solutions and resilience-building products in sectors like education, health, agriculture, livelihood, and finance, with the goal of enhancing accessibility and affordability.

In addition to providing support and mentorship, BimaLab Ethiopia will reward the top winners with monetary prizes. This incentive aims to motivate and incentivize the selected ventures to achieve their goals and drive innovation within the insurance industry.

The program also welcomes insurtech innovators across all sectors who can improve the efficiency of existing insurance operations for established companies. By prioritizing value creation for consumers and enhancing the overall insurance experience, BimaLab Ethiopia aims to foster a more customer-centric approach in the industry.

FSD Africa offers a simplified application process through the Innovation Ecosystem Platform, which serves as a gateway to the program. Successful applicants will gain entry into the program and benefit from BimaLab's global network, facilitating growth opportunities and connections.

The program also brings together various stakeholders, including innovators, investors, corporate partners, and regulators, to create an enabling environment for collaboration and strategic partnerships.

Entrepreneurs and insurtech innovators submitted their proposals before the deadline to seize the opportunity for support, mentorship, and the chance to win monetary prizes. ■

Ethiopia's Tailored Financial Inclusion Frameworks Approach the Finish Line

Months of Preparation and Consultation Culminate in the Closing Stages of Regional Frameworks

Ethiopia's ambitious endeavour to enhance financial inclusion by adopting a region-specific approach is making significant progress.

Following months of preparation and extensive consultations, the National Bank of Ethiopia, in collaboration with FSD Ethiopia with a financial support of the Bill and Melinda Gates Foundation, is putting the final touches on region-specific frameworks to bridge financial inclusion gaps across the country.

The forthcoming Regional Financial Inclusion Frameworks, developed in alignment with the National Financial Inclusion Strategy that was adopted in 2021, are poised to address the unique challenges faced by individual regions.

The frameworks have been crafted, considering factors such as population density, infrastructure availability, economic activity, and income levels to ensure targeted and effective financial inclusion initiatives.

Throughout the preparation process, the National Bank of Ethiopia and FSD Ethiopia have worked closely to gather input and insights from key stakeholders. The consultations have involved policymakers, regulators, market actors, and representatives from each region to ensure that the strategies reflect the specific needs and aspirations of local communities.

The Regional Financial Inclusion Frameworks, which have undergone a thorough development process, will provide comprehensive and actionable roadmaps for expanding financial access in each region. These frameworks encompass detailed analyses of regional financial inclusion challenges, mapping of key stakeholders and ongoing initiatives, and practical recommendations tailored to the unique circumstances of each area.

The preparation of the Regional Financial Inclusion Frameworks has spanned several months, with a collaborative and iterative approach to ensure inclusivity and effectiveness.

The process involved gathering data, conducting research, and engaging in extensive consultations with regional stakeholders to identify the most pressing financial inclusion barriers and opportunities.

The draft Regional Financial Inclusion Frameworks are in the final stage of review and fine-tuning. The strategies are being optimized with the final touches to ensure that they are well-aligned with the specific needs and aspirations of each region.

The culmination of this extensive preparation signifies a significant milestone in Ethiopia's journey toward a more inclusive financial system. By tailoring strategies to the unique characteristics of each region, the National Bank of Ethiopia aims to level the playing field and create equitable opportunities for financial access and economic growth across the country.

The frameworks are poised to address the unique challenges faced by individual regions.



Nigerian Stock Exchange Lends Expertise at Ethiopian Exchange's Rulebook Event

The Nigerian Stock Exchange (NGX), commissioned by FSD Ethiopia to assist in the development of the Ethiopian Securities Exchange rulebook, shared invaluable insights earlier this month at a comprehensive four-day workshop for the Ethiopian Securities Exchange focused on developing the key rulebook that governs the nation's emerging capital markets.

The experts from the Nigerian Stock Exchange traveled to Addis Ababa from October 2nd to 5th to provide in-depth technical guidance on international best practices for securities rules and regulatory structures to their counterparts at ESX.

FSD Ethiopia has partnered with ESX to organize the workshop and develop the complete rulebook, with generous financial support from the UK Foreign, Commonwealth, and Development Office (FCDO).

Over the multiple sessions concluding on October 5th, the visiting Nigerian experts engaged ESX staff on all core elements of sustainable exchange governance. Participants received detailed instructions on setting appropriate listing standards for public companies, outlining standardized protocols for orderly securities trading, and designing robust frameworks for ongoing supervision, compliance monitoring, and enforcement of the eventual rules.

The intensive workshop series aimed to fully equip Ethiopia's securities regulators with the specialized regulatory expertise needed as they finalize the crucial rulebook that will govern the structure and proper functioning of the market and its various participants.



ESX is now closer to finalizing its rulebook blueprint.

In attendance to during stakeholder consultation were representatives from Ethiopia's largest private banks, leading legal professionals, as well as executives from major state-owned enterprises. Their diverse perspectives and experiences were actively sought to help ensure the ESX can appropriately craft a rulebook that have broad input and buy-in from all stakeholders.

Tilahun Kassahun, Senior Director at the ESX, emphasized the immense value provided by the highly knowledgeable delegation from Nigeria – a regional leader in African capital markets.

With this enhanced regulatory guidance, the ESX is now closer to finalizing its rulebook blueprint and establishing the proper legal foundation required for an orderly and compliant launch of Ethiopia's startup stock exchange.

Once operational, the exchange seeks to efficiently channel investment and help accelerate the nation's ongoing economic development. ■



Ethiopia Begins Planning for Treasury Single Account System Reform

The Ministry of Finance held a kick-off meeting at its premises on October 25, 2023 to plan the implementation of a Treasury Single Account (TSA) system across the Ethiopian government. State Minister of Finance Eyob Tekalign opened the half-day meeting.

Representatives from entities including the National Bank of Ethiopia, Commercial Bank of Ethiopia, and the Finance Ministry attended. FSD Ethiopia, collaborating with the MoF on the project, also participated.

State Minister Eyob, while addressing attendees, recognized the challenges and opportunities of transition and thanked partners for their early cooperation.

The meeting provided an overview of establishing a TSA to consolidate all government revenue, receipts and expenditures into a centralized bank account managed by the MoF. This aims to improve budget management efficiency and transparency in cash flows and oversight.

Attendees discussed international best practices and lessons learned from other nations. Implementation timelines, change management, technology needs and capacity building were also debated.

FSD Ethiopia had already outlined the technical assistance the organization can offer through UK Foreign, Commonwealth, and Development Office (FCDO) funding, including advice, training, IT solutions procurement and piloting the TSA model.

Its representatives said the TSA's implementation will optimize the use of tax revenue for Ethiopia's development through increased accountability, transparency and efficiency. The inaugural meeting commenced work on the fiscal reform. ■

Ethiopia Calls on Global Investors at London Investment Summit, AFSIC 2023



Lelisa Neme, Ethiopian Investment Commissioner, Presents Lucrative Investment Opportunities and Reforms

In a bid to attract global investors, Ethiopia made a resounding call at Africa Financial Services Investment Conference 2023 (AFSIC), urging stakeholders to explore the country's untapped potential.

The Ethiopian delegation, led by Semereta Sewasew, State Minister of Finance for Economic Cooperation, and Lelisa Neme, Commissioner of the Ethiopian Investment Commission, attended the AFSIC conference alongside representatives from the Capital Markets Authority, Ethiopian Securities Exchange, and Ethiopian Investment Holdings.

Under the theme "Ethiopia: the New Frontier Market - Opening Doors and Creating Opportunities," the delegation actively engaged in discussions and presentations related to investment, capital market development, financing, and other pertinent topics throughout the AFSIC conference, which took place from October 9 to October 11, 2023.

Lelise, Ethiopia's Investment Commissioner, delivered a compelling presentation at the AFSIC – Investing in Africa 2023 conference, shedding light on a range of lucrative investment opportunities and highlighting strategic reforms in critical sectors.

During Lelisa Neme's presentation, she emphasized Ethiopia's commitment to creating a favorable investment climate and highlighted the strategic reforms that simplify business processes and stimulate market-driven growth.

The Commissioner outlined a variety of critical areas open for public-private partnerships, showcasing promising investment opportunities that align with Ethiopia's development goals.

The Affordable Housing Development Project, the Indode Station Port Logistics Development Project, the Oncology Project, and the Ayesha III Wind Power Project were among the key areas identified by Lelise as lucrative investment prospects.

With an aim to foster sustainable economic growth, Ethiopia identified key areas open for public-private partnerships (PPP). Lelise emphasized the country's commitment to creating a favorable investment climate, stating, "Ethiopia presents an array of promising opportunities for global investors, supported by strategic reforms that simplify business processes and stimulate market-driven growth."

Among the critical areas identified was the Affordable Housing Development Project, a multi-billion-dollar initiative aimed at addressing the housing needs of Addis Ababa's low- and middle-income population. Implemented through a public-private partnership, the project is set to benefit an estimated 400,000 individuals, while providing investors with long-term prospects in sustainable urban development.

Infrastructure development emerged as a focal point, with Ethiopia unveiling the Indode Station Port Logistics Development Project. This ambitious endeavor, valued at two billion dollars, seeks to establish a crucial trade gateway connecting the port of Djibouti through the Addis Ababa Djibouti Railway. The project offers a multitude of investment potential, encompassing road-railway transportation, urban delivery, integrated storage, cold chain logistics, and comprehensive service areas.

Ethiopia identified key areas open for public-private partnerships.

Another critical investment opportunity highlighted was the Oncology Project, which aims to address the inadequate cancer treatment infrastructure in Ethiopia. With an initial investment of USD 25 million and an annual operating expense of USD 16 million, the project seeks to establish a state-of-the-art cancer diagnostics and treatment service. Lelise stressed the significance of this endeavor, stating that it would reduce the need for patients to seek treatment abroad, while offering investors an opportunity to contribute to the healthcare sector.

Renewable energy also took center stage, as Ethiopia presented the Ayesha III Wind Power Project. With a budget of USD 235 million, the project aims to generate 150 MW of electricity through a wind farm covering vast expanses of land. Lelise highlighted the project's potential in contributing to sustainable energy generation and unlocking economic growth.

In conjunction with these investment opportunities, Ethiopia showcased its commitment to capital market development with the introduction of the Ethiopian Securities Exchange (ESX). With its doors open to both domestic and foreign private-sector investors, the ESX aims to become Ethiopia's first modern and organized securities exchange. Lelise expressed enthusiasm, noting that "the ESX offers a platform for investment exposure to key macro strategic initiatives in Ethiopia." ■



Country Update

Council of Ministers Approves Personal Data Protection Proclamation

It Lays the Groundwork for the Ethiopian Personal Data Protection Commission

In a major development for privacy rights in Ethiopia's digital landscape, the Council of Ministers has granted approval to the Personal Data Protection Proclamation.

Approved on October 27, 2023, the decision paves the way for the establishment of the Ethiopian Personal Data Protection Commission, a regulatory body tasked with overseeing the protection of personal data and ensuring responsible data management practices.

However, before it can take effect, the draft proclamation awaits ratification by the Parliament.

The Personal Data Protection draft proclamation represents a comprehensive legal framework designed to uphold privacy as a fundamental right while fostering the growth of a robust digital economy.

The draft aims to provide clarity and establish a shared understanding among stakeholders. It grants individuals greater control over their personal data, empowering them with specific rights such as the ability to access, rectify, and erase their personal information.

To ensure responsible data handling, the draft proclamation outlines the responsibilities of entities that control and process personal data. It also addresses various aspects of data processing, including collection, storage, organization, retrieval, use, disclosure, and destruction of personal data. It emphasizes the importance of obtaining informed consent from data subjects and establishes clear conditions for lawful data processing, ensuring that personal data is used for specific and legitimate purposes.

The draft also recognizes the global nature of data flows and acknowledges the jurisdiction of foreign countries and international organizations in cross-border data transfers. The legislation encourages international cooperation and alignment with global data protection standards.

If the Personal Data Protection Proclamation wins the approval of the parliament, the groundwork has been laid for the establishment of the Ethiopian Personal Data Protection Commission.

Once established, the commission will assume the role of the regulatory authority responsible for monitoring compliance with data protection provisions. It will conduct investigations, issue guidelines, and enforce penalties for non-compliance, ensuring the protection of data subjects' rights and the fulfillment of obligations by data controllers and processors. ■

National Bank of Ethiopia Revises Mobile Money Regulations



The National Bank of Ethiopia (NBE) has issued a revised Payment Instrument Issuer Directive aimed at creating a more enabling regulatory framework for mobile money providers in Ethiopia. The new directive seeks to promote competition and innovation in the mobile money space.

Some of the key changes introduced in the revised directive include raising the daily electronic account balance limit from Birr 30,000 to 75,000 and introducing a new daily aggregate transaction limit of Birr 150,000 for mobile money accounts.

The new limits are expected to keep up with market developments. Certain transactions like

utility payments, taxes, airline tickets, fuel and bulk payments will be exempted from these daily transaction limits. The directive also allows mobile money service providers to offer additional financial services such as capital market products. It enables commercial banks to establish subsidiaries focused on providing mobile money services.

The NBE aims to build a modern, secure and competitive digital payments ecosystem through such regulatory reforms. The ultimate objective is creating an efficient financial system with universal access to diverse financial services, powering economic growth and improving living standards. ■

Partner Spotlight

Ethiopian Securities Exchange Appoints Tilahun Kassahun as Founding CEO

- ***Inaugural Board of Directors Appointed***
- ***Investment Holdings, Subsidiaries Lay Foundation for ESX as Founding Members***

Tilahun Kassahun has been selected as the founding CEO of the Ethiopian Securities Exchange (ESX) as the organization prepares for launch.

The appointment was approved at a recent board meeting chaired by Helaway Tadesse. The board expressed confidence that Kassahun's expertise will pave the way for ESX's success.

Tilahun takes the reins during a period when ESX poised to become the first formalized securities exchange in Ethiopia's history. It was officially established last month with the backing of government investment firm Ethiopian Investment Holdings and other shareholders.

Regulated as a self-regulatory organization under national capital markets laws, ESX aims to help build out the country's financial infrastructure and channels for companies and investors. The exchange recognizes the important role it can play in fostering sustainable economic growth.

A veteran of the financial sector, Tilahun arrives well-equipped for the undertaking. Most recently, he served as project manager guiding ESX's establishment phase. Prior to that, he advised the private sector at the International Finance Corporation for over six years.



Tilahun holds a doctorate focused on international economic law and brings experience from roles at Haramaya University and Addis Ababa University.

With a vision to launch the securities exchange in 2024, Ethiopia is making impressive strides towards enhancing its financial landscape. As part of this endeavor, EIH and its subsidiaries proudly announced the signing of a memorandum of Association (MoA), solidifying their role as founding members of the ESX Share Company.

"We are thrilled to announce the official signing of the ESX Share Company establishment document (MoA) on October 3, 2023, among EIH and its four subsidiaries," expressed the Exchange in a statement resonating with enthusiasm.

The MoA was signed by industry powerhouses Ethiopian Shipping and Logistics, Ethio Telecom, Ethiopian Insurance Corporation, and Berhan Ena Selam Printing Enterprise, affirming their commitment to the ESX Share Company.

Simultaneously, the ESX unveiled the composition of its inaugural board of directors, ushering in a new era of leadership. Helaway Tadesse was chosen as the chairman to steer the ESX towards unprecedented success.



Inaugural Board of Directors Appointed

Joining Tadesse are EIH's Deputy CEO Yasim Wohabrabi, Eleni Gabremadhin, former CEO of the Ethiopian Commodity Exchange, Fekadu Petros, a renowned legal expert, Hinjat Shamil, a senior advisor at the Ministry of Finance, Tewodros Mekonnen, an economist, and Zemedeneh Nigatu, an investment advisor, all of whom bring valuable expertise and diverse perspectives to the table.

The formation of this board marks a pivotal milestone in the ESX's journey to becoming a

fully operational securities exchange. With the groundwork laid, the Exchange now prepares to extend an invitation to other investors to subscribe to its vision. A roadshow held in May and October 2023 showcased the immense potential and garnered interest from prospective investors eager to participate in this transformative endeavour.

To ensure balanced and inclusive ownership and governance, 75% of ESX's shares will be available for investors, while the government will retain the remaining 25% through EIH. This approach aims to foster broad participation and accountability in the ESX's operations. ■

Ethiopian Entrepreneurs Receive Acclaim for Disruptive Ideas at BimaLab Africa 2023



Kacha, Saglan Wajee and Orbit Health, ventures at the forefront of the BimaLab Africa 2023 summit, have been honored for their impactful propositions in expanding insurance access and revolutionizing healthcare in Ethiopia.

The participation of the ventures, along with another two cohorts, and their subsequent recognition at the prestigious BimaLab awards were made possible through the support of FSD Ethiopia, in collaboration with FSD Africa and other partners.

The summit, which took place on November 15, 2023, marked the end of the 2023 BimaLab Africa Insurtech Accelerator Programme, aimed at fostering innovative insurtech solutions across Africa.

Supported by FSD Africa, the UK Foreign, Commonwealth and Development Office (FCDO), and powered by SwissRe, and FSD Ethiopia, the BimaLab Africa accelerator

program brought together regulators, industry players, and key stakeholders to shape the future of insurtech in the region.

The program implementation was entrusted to Tellistic, a leading organization driving innovation in the financial sector. Insurtech ventures from various African countries participated in the program, which included capacity building sessions, networking opportunities, and the opportunity to scale their ideas into investable ventures.

Kacha, as the first private mobile money provider in Ethiopia, along with its partner, Saglan, emerged as one of the winners, securing a prestigious USD 20,000 prize for their exceptional concept: embedded digital insurance.

Their solution aims to enhance insurance accessibility and affordability, revolutionizing the landscape of financial services in Ethiopia.



By seamlessly integrating insurance into everyday transactions, Kacha's embedded digital insurance opens doors for previously underserved individuals to obtain crucial coverage.

Additionally, Kacha's partnership with Saglan holds immense potential. Together, they aim to address the lack of access to media services and make healthcare more affordable.

Their joint vision is to establish a dedicated health insurance company with the ambitious goal of acquiring one million customers by 2030 and reaching ten million customers by 2035.

In addition to Kacha's recognition, Orbit, another participant in the accelerator program, has also been acknowledged for its transformative efforts.

Orbit's solution focuses on tackling critical healthcare challenges in Ethiopia, including limited access to quality healthcare, prenatal care, childbirth, postpartum care, and the risk of complications arising from delayed diagnosis and treatment.

By providing accurate and accessible patient information, Orbit aims to empower healthcare providers to make informed decisions and deliver timely interventions. This approach aims to significantly improve healthcare outcomes and bridge existing gaps in healthcare delivery across the country.

Kacha and Saglan Wajee Awarded 20,000 USD by BimaLab Africa for a potential insurtech idea

Currently, Orbit estimates the business-to-business (B2B) market to be around USD 10 million. However, with the integration of micro-insurance offerings in the business-to-consumer (B2C) market, Orbit envisions exponential growth. Within the next five years, Orbit estimates that the market potential will reach an impressive USD 1.8 billion. ■