

## ICF Financial Markets Projects



### The Challenge:

Economic growth often depends on access to resources and financial markets offer great alternative funding mechanisms to both the public and private sectors. Africa is no stranger to financial markets – the African Securities Exchanges Association has a membership of 24 securities exchanges from across the continent. However, two main obstacles hinder the exploitation of these financial markets. One, the ability of these markets to provide funding opportunities in an innovative and dynamic manner; Two, the lack of knowledge and skills by the private and

public sectors to exploit these opportunities. Likewise, limited infrastructure make it difficult for commodity markets to offer a wide range of services and make it necessary for traders to be physically present at the trading floor. This reduces the potential of commodity markets to contribute to the growth of the agriculture sector and the economy in general. As a result, the transformative potential of financial markets remains dormant.

### The Solution:

Strengthening the capacities of African financial markets can be done in a quick and inexpensive way. This includes widening geographical coverage, increasing the scope of services offered, and strengthening training capacities of stock, security and commodity exchanges. Promoting financial awareness and literacy of current and potential investors to ensure their participation is key and can be done in an inclusive and innovative manner. ICF intervention in the financial market sector helps to strengthen the capacity of these markets, foster investor participation and encourage knowledge sharing across the continent.

### The Impact:

Robust financial markets can have a great impact on Africa. They can provide the capital that the private sector, especially small investors, needs to grow and expand their enterprises. Likewise, they can provide government with the financial resources it needs to implement development plans. In short, financial markets can play an important part in unlocking Africa's potential.

## The Projects:

- As of March 2016, ICF had 5 completed and ongoing projects in 3 countries and 2 special initiatives in the financial sector with a total funding commitment of US\$ 4.22m.

Project Name	Expected Results
Ethiopia – Commodity Exchange	<ul style="list-style-type: none"> <li>• Introduced electronic trading system at ECX</li> <li>• Increased capacity of ECX to facilitate the trading of numerous commodities and to process transactions from 200 per day to 100,000 per hour</li> <li>• Contributed to time savings of 11 hours for traders;</li> <li>• Improved understanding and participation in the commodity trading system in Ethiopia</li> </ul>
Tunisia – Stock Exchange Capacity Building	<ul style="list-style-type: none"> <li>• Increased IPO registration from 2 in 2012 to 12 in 2013</li> <li>• Increased stock literacy and gained over 5000 participants through online stock market simulation games</li> <li>• Trained over 200 stakeholders including financial market professionals and journalists</li> <li>• Entered into agreements to share its knowledge and training materials with stock exchanges in Cameroon, Morocco, and the West African Monetary Union's stock exchange</li> </ul>
Seychelles – Financial and Regulatory Capacity Support	<ul style="list-style-type: none"> <li>• Revise, reform and amend financial legislations, including Financial Institutions Act, Central Securities Depository Act, Securities Act, Collateral Registry Act, National Payments Systems Act, Mutual Hedge Fund Act, Insurance Act, and Credit Reporting Act.</li> <li>• Modernize and harmonize the Companies Act to accommodate the country's domestic and international investments as well as trade and financial needs.</li> <li>• Establish a new National Payment System Framework</li> <li>• Strengthen and build the capacity of professionals in the Central Bank of Seychelles and the Financial Services Authority</li> </ul>

## The Future:

ICF continues to engage in the financial market sector and demand for new projects in this area remains high. As ICF moves towards its Phase II status, particular attention will be paid to financial market project interlinkages with other priority areas such as SME development.