ETHIOPIA IS OPEN FOR BUSINESS
The ECX Journey
Our dream

- To build a world class institution signaling Ethiopia’s entry into a modern global market
- To achieve the “New Ethiopia”, embodying passion, innovation, professionalism, and excellence
The Idea

- An Ethiopian Exchange for Ethiopia
  (global learning but tailored to country context)
  - Spot and futures
  - Open outcry and online trading
  - Small actor oriented
  - Holistic and integrated operational scope: from quality certification to warehouse receipting to trading to market data to clearing and settlement
The Core Value Proposition: Integrity

Integrity of Product

zero default market

Integrity of Transaction  Integrity of Actor
In essence:

To revolutionize Ethiopian agriculture through a dynamic, efficient, and orderly marketing system that serves all

⇒ Turning commodity into ASSET
The Design

- Membership based and Rules based
- Electronic Warehouse Receipts in warehouses located in rural areas
- Trading on the basis of standard trading contracts
- Market data (real time to rural electronic boards, mobile telephones, web)
- T+1 Clearing and Settlement with 8 partner banks
- Compliance monitoring
- Market surveillance
ECX Integrated Technology Suite (built in house)
ECX….1000 Days Journey
1000 days

1 billion USD

0 default
Where We are Today: Growth with Excellence

- **Members**: 450 Members, 7400 clients, 12% farmer cooperative unions - 2.4 million small farmers reached

- **Trading**: per year: 595,000 tons of commodities (coffee, sesame seed, pea beans, maize); US$ 1.4 billion trade value; 109,500 transactions

- **Warehousing**: 16 delivery sites; 4.7 million bags/year graded, handled, stored, and delivered
Where We are Today contd

- **Clearing**: per year: 14,228 Pay-in transactions from buyers and 25,796 Pay-out transactions to sellers/year, settled by 11 am next day

- **Market data**: Real and discrete time, push and pull technology:
  - Prices transmitted in 2 seconds to 31 rural tickers
  - Website - 2000 hits/day, 2\textsuperscript{nd} most visited after SAFEX);
  - IVR (call-in price update): 44,000 call-ins/day
  - SMS (mobile push out): 156,000 subscribers
Performance

- Zero Payment or Delivery Default
- Zero Trading Order Error
- Zero System Down
ECX EXCELS AGAIN!
The First Organization in Africa to Receive International 2011 CIO Award

CIO
CIO 100
HONOREE
2011
The ECX of Tomorrow

- Warehouse Receipt Financing (with IFC)
- Further reach to farmers: capacity building →
  - Understanding of grades and information system
  - Basic capacity to screen quality and quality
  - Capacity to aggregate output at primary level
- Forwards and Futures contracts
- Electronic trading
- Third party Warehouse Operators
- ECX Institute (training and advisory)
Signs of Transformation

- Better signals, better quality (tripling of volume of top quality (specialty grade) coffee in 1 year)
- Market transparency ➔ empowerment of small actors
- From informal to formal private sector: accounting, tax reporting, business legitimacy, firm consolidation
- Trust and confidence between private and public
- Reaching big buyers: WFP purchases only through ECX
Signs of Transformation cont’d

- Impetus to invest in agro-processing and exports
- Links to commercial agriculture
- Regional spillovers: 13 African country visits to observe our model and learn, set up of African association
- Links to Reuters and Bloomberg: putting Ethiopia on the global commodity map
And finally....Hope in What Ethiopia Can Achieve