

**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

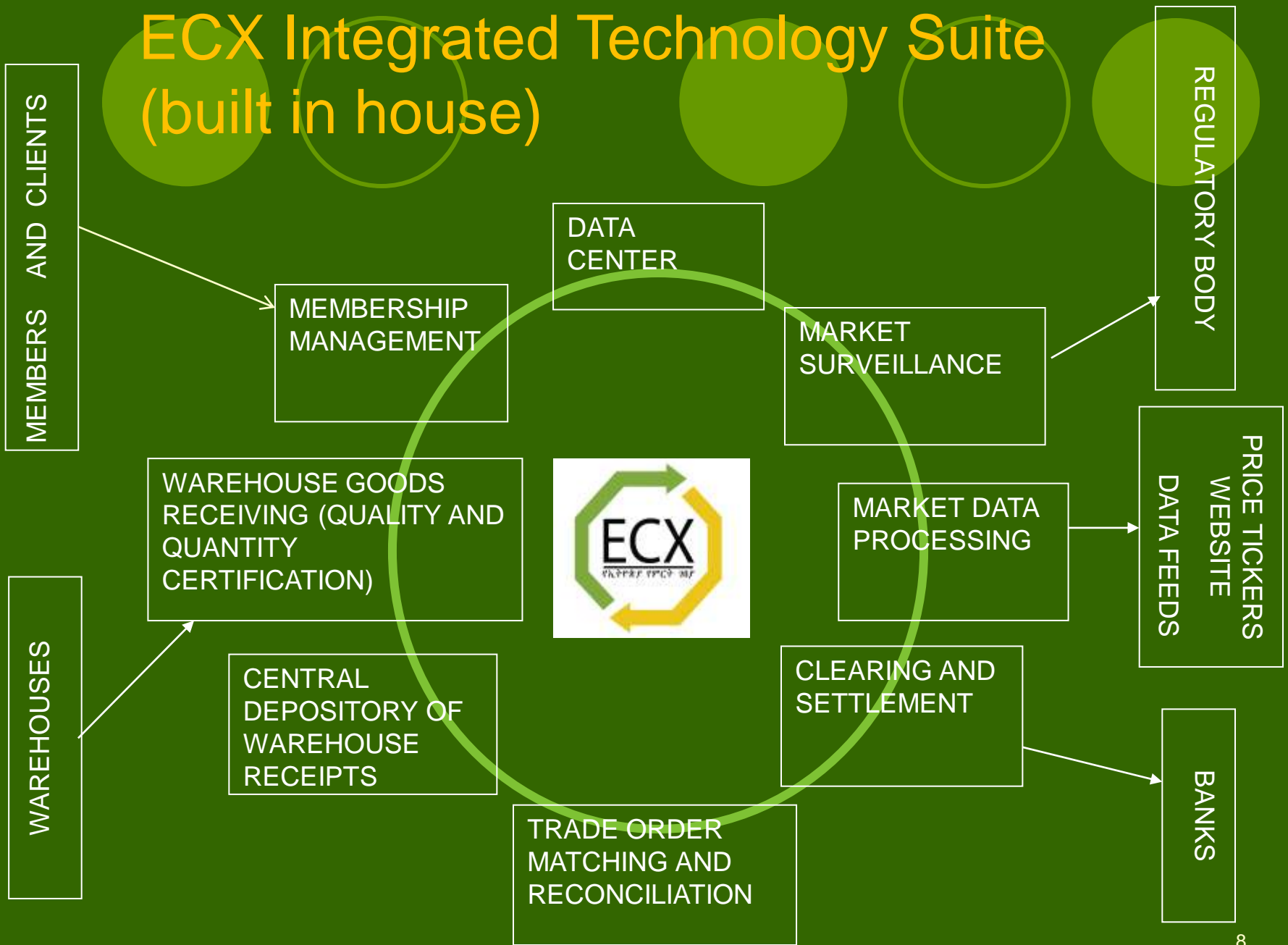
➔ Turning commodity into ASSET

# 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



8 regional coffee laboratories 32,437 visitors 10,200 member relations complaints addressed  
 4.5 million bags deposited 7 partner banks fully insured warehouses  
 69,350 trades 100 founding members 1000 member bank accounts 48,057 payment transfer  
 private-public Board of directors 4 commodities 0.01 percent delivery shortfall  
 39 standard trading contracts Sir Bob Geldof rings the trading bell 17 daily trading sessions  
 43 percent exporter membership 16 warehouse sites 47 Q coffee graders  
 256 unique coffee grade-origin combinations 10,200 member relations complaints addressed  
 5461 clients 2000 website visits a day  
 254 million Birr seat price 2000 website visits a day  
 254 unique coffee grade-origin combinations 2000 website visits a day  
 Featured on BBC Africa, Japan TV France ARTE, CNBC, Al-Jazeera  
 fully insured warehouses 2.4 million small farmers represented as members  
 348,400 trucks at warehouse 0.04 percent quality claims  
 120 million Birr daily settled 48,000 pay-in fund transfers  
 39 standard trading contracts  
**1000 days**  
 595 employees 8,230 people trained  
 256 unique coffee grade-origin combinations 8,230 people trained  
 120 pay-outs daily  
**1 billion USD**  
 595 employees 7 partner banks PBS documentary film 143 new members  
 120 million Birr daily settled 0.04 percent quality claims  
 47 Q coffee graders  
**0 default**  
 595 employees 7 partner banks PBS documentary film  
 120 pay-outs daily 120 pay-outs daily  
 228,616 lots traded  
 625 limited members 32,437 visitors  
 8,230 people trained 8 regional coffee laboratories Sir Bob Geldof rings the trading bell  
 16 warehouse sites 205,200 electronic warehouse receipts transmitted  
 595 employees 0.01 percent delivery shortfall  
 0.04 percent quality claims private-public Board of Director 120 pay-outs daily  
 43 percent exporter membership 256 unique coffee grade-origin combinations  
 31 electronic price displays  
 2.4 million small farmers represented as members 205,200 electronic warehouse receipts transmitted  
 100 founding members  
 PBS documentary film 2000 website visits a day 48,000 pay-in fund transfers  
 48,057 payment transfer 39 standard trading contracts 4.5 million bags deposited 228,616 lots traded  
 Featured on BBC Africa, Japan TV France ARTE, CNBC, Al-Jazeera

# 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<sup>nd</sup> 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



Symbol	Yr	WH	Price	Ch
WHSS3	03	HU	2065	-5
WHSS3	03	MT	2070	0
WHSS4	03	GN	2100	30
WHSS4	03	MT	2070	0
WHSS3	03	BU	2070	50
WHSS3	03	NK	2030	10
WHSS4	03	NK	2020	0



# 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

