



THE REMARKS OF MR. OSCAR N. ONYEMA OON, PRESIDENT OF THE AFRICAN SECURITIES EXCHANGES ASSOCIATION (ASEA) DURING THE CEREMONY TO SIGN THE ASEA-AfDB MEMORANDUM OF UNDERSTANDING

Dr. Adesina Akinwumi, the President of the African Development Bank (AfDB),
Executive Committee Members of the African Securities Exchanges Association (ASEA),
Mr. Stefan Nalletamby, Director, Financial Sector Development, AfDB
Mrs. Stella Kilonzo, Chief, Financial Markets Division, AfDB
Distinguished guests,

Ladies and gentlemen:

I am delighted and honored to be here with you on this occasion, to sign the Memorandum of Understanding (MoU) between the African Securities Exchanges Association (ASEA) and the African Development Bank (AfDB). This alliance marks the beginning of many projects and initiatives that will be undertaken by the two Institutions towards deepening the African Capital Markets.

Founded in 1993, ASEA has continuously championed vibrant discussions and debates with industry captains with the focus of strengthening African Exchanges so as to better serve the needs of African economies and transform the continent's future. Likewise, the AfDB a regional multilateral development institution established in 1963 has been at the forefront of mobilizing resources for Africa's economic and social development.

According to the African Economic Outlook (AEO) 2016 report, the average growth of African economies weakened slightly in 2015 to 3.6%; down from 3.7% in 2014. Excluding Libya, where oil production remained volatile, Africa's overall growth reached 3.7% in 2015, down from 4.2% in 2014. The AEO macroeconomic outlook for Africa's economy assumes a gradual strengthening of the world economy and a slow recovery of commodity prices. Against this international backdrop Africa's average economic growth is expected to remain moderate in 2016 at 3.7%.

Nonetheless, ASEA is taking an extra step forward towards realizing Africa's "Promise" by partnering with the AfDB in a collaboration that could see the continent reach its full potential.

In this regards, the just concluded Building African Financial Market (BAFM) Seminar hosted by the Nigerian Stock Exchange in April 2016, sought to address factors affecting liquidity in the continent. The Seminar themed; "Addressing liquidity concerns in African Capital Markets"

served as a crucible of dialogue and sharing of ideas on Africa's quest for a more vibrant Capital Market.

The ongoing global economic headwinds and other market evidence point out that liquidity in the stock markets appears increasingly brittle with African Markets particularly suffering from lack of breadth, depth and resilience. Financial markets are a key source for financing business growth and government spending as well as providing important access for investors to invest and earn returns. Thus, liquidity is a vital aspect in facilitating the proficient allocation of African economic resources.

This MoU signed here today between the AfDB and ASEA will provide us with a formalized approach to working more closely together, which will allow us to reach our common goal of developing the African Financial Markets through joint programs intended to

- i) Develop the financial markets infrastructure;
- ii) Facilitate introduction of new products in the market;
- iii) Improve market liquidity and market participation;
- iv) Collaborate on research/information sharing; and
- v) Build capacity among many other projects.

The African Exchanges Linkage Project (AELP) is one of such programs between the Bank and ASEA that is purposely designed to inject capital in the continent's financial market. This initial joint program will address the lack of liquidity and enhance information sharing in the African Capital Markets. The Project will be executed in two phases; first by linking four pilot Exchanges – the Nigerian Stock Exchange, the Casablanca Stock Exchange, Nairobi Securities Exchanges and the Johannesburg Stock Exchange. Eventually, the linkage project will be made available to other Member Exchanges of the Association.

African Capital Markets have a crucial role to play if the continent's economic growth rate is expected to notch up and the Linkage Project comes at an opportune time. If harnessed effectively, the AELP will open access for trading and information sharing amongst the linked markets, supporting innovation and the creation of suitable products and instruments. The linkages will afford issuers access to deeper pools of capital and a wider community of investors and analysts.

I am confident that through continued efforts and commitment, we will be able to achieve more for our two Institutions. I take this opportunity to assure you that ASEA will work relentlessly to provide successful and fruitful implementation of this agreement.

Last but not least, I would like to express my sincere gratitude to everyone whose dedication and efforts have led to the finalization of this MoU. In particular I applaud Mr. Stefan Nalletamby

and Mrs. Stella Kilonzo together with the entire Financial Sector Development Department, staff members of the four (4) pilot Exchanges and my fellow AELP Principals. Your insights and hard work have brought us this far.

Thank you,