



REPUBLIC OF KENYA

**REMARKS FOR H.E. HON. WILLIAM RUTO, PHD.,  
C.G.H. PRESIDENT OF THE REPUBLIC OF KENYA  
AND COMMANDER-IN-CHIEF OF THE ARMED  
FORCES DURING THE 2023 ANNUAL ASEA  
CONFERENCE**

**NOVEMBER 23RD, 2023**

**NAIROBI**

**Mr. Thapelo Thseole, President, African Securities Exchanges Association;  
Representatives from stock Exchanges across the continent;  
Invited international speakers present here today;  
Members of the African Securities Exchanges Association;  
Domestic and international investors present;  
Members of the media;  
Distinguished guests;  
Ladies and Gentlemen;**

**Good morning,**

1. It gives me great pleasure to once again join capital market stakeholders across the continent at the 2023 African Securities Exchanges Association Annual Conference. Today, we celebrate 30 years of the Association. Kenya is proud to have been among the founders of this great body which has enhanced the level of knowledge share, cross-border trading and relationships on the continent.
2. We also meet to deliberate and focus our efforts on the future of financial markets in Africa recognizing their potential to unlock capital and accelerate economic and business growth across our continent.

**Ladies and Gentlemen,**

3. Stock exchanges play a significant role in mobilizing domestic resources and international capital critical to Africa's economic renaissance. If well harnessed, stock exchanges can be the engine that transforms Africa into a global economic powerhouse and financial center of the world.



4. Over the last few years, African stock exchanges have seen considerable growth bolstered by reforms undertaken by various countries. These reforms such as interest rates liberalization, removal of debt ceilings, enhancement of regulatory environments as well as restructuring and privatization of state-owned enterprises acted as a catalyst that saw growth in our markets over the last decade.
5. These reforms notwithstanding, the changing macro-economic dynamics have affected African stock exchanges, heavily weighing on their growth and impact. As we speak, African exchanges remain modest and their contribution to economic development continues to be marginal.
6. A majority of African stock exchanges face structural hurdles to growth struggling with liquidity and considerable minimal participation by retail investors.
7. The IPO landscape in Africa further confirms the challenges that our stock markets face. The pipeline for IPOs and further offerings in Africa has decreased significantly. With over 40 exchanges in the continent, we should be able to have at least five listings per day across the continent.
8. It is against this background that you meet to deliberate on how to solve legacy and emerging challenges facing stock markets in the continent and explore opportunities to reestablish the competitive edge of public resources markets as an avenue for raising capital in Africa.

**Ladies and Gentlemen,**



9. We all understand that the global economy has changed, Markets have become very uncertain and we therefore must work on enhancing the efficiency of the capital markets to make it more resilient to market dynamics.
10. On our part as Government, we have taken various steps to revitalize the Capital Markets, two months ago, I did assent to the privatization Bill into law heralding a paradigm shift in the process of executing privatization of public enterprises by infusing international best practices and more importantly cutting off unnecessary bureaucracies that made the privatization process grinding almost to a halt where only one transaction was closed over the last fifteen years.
11. I am pleased to hear all the recent developments within the African Markets facilitated by ASEA including, accelerating the growth and development of Africa's capital markets through various strategic initiatives aimed at creating unified and efficient capital markets across the African continent.
12. ASEA has championed the digitization of African stock exchanges, promoting the use of technology to enhance trading, settlement, and market information dissemination. This digital transformation has significantly improved market accessibility and transparency.
13. ASEA actively supports the issuance and trading of infrastructure and green bonds assets that are critical in mobilizing capital for infrastructure development projects in African countries. ASEA has also developed the African Exchanges Linkage Project (AELP) a trading infrastructure that aims to connect over 30 stockbrokers with the aim of promoting crossborder trading of



securities among member Exchanges, further enhancing market integration.

14. In this ever-evolving world of finance, where our markets are the lifeblood of our economies, our role in shaping the future is profound. The African capital markets, as a collective entity, play a vital role in fostering economic growth, development, and regional integration. I wish to take this opportunity to reflect on some key themes that are of paramount importance in the realm of capital markets, particularly in the context of our beautiful continent.

### **I. Liquidity of Capital Markets:**

- Liquidity is the lifeblood of any thriving capital market. It ensures that our investors have the confidence and flexibility to buy and sell securities with ease. It is essential for the efficient allocation of capital, which, in turn, drives economic growth. Liquidity not only attracts domestic investors but also foreign investors looking for attractive investment opportunities. It is our collective responsibility to ensure that our markets remain liquid, transparent, and efficient.
- The trends we see in today's capital markets indicate a growing demand for improved liquidity, driven by innovative trading platforms, more accessible market information, and the entrance of retail investors into the arena. Embracing these trends can be a catalyst for further market development.



## **II. Cross-Border Listing:**

- One of the most significant milestones in the African capital markets has been the emergence of cross-border listings. This not only increases the visibility of our markets but also facilitates access to a broader pool of investors. It is a testament to our growing integration and our ability to offer more diversified and appealing investment opportunities.
- Cross-border listings represent a trend that speaks to the need for market integration, harmonized regulations, and interoperability between exchanges. As we move forward, it is imperative that we continue to foster collaboration across borders to make these listings more seamless and attractive.

## **III. Benefits of Capital Markets to Economies:**

- Capital markets are a driving force behind economic development. They provide businesses with the means to raise capital for expansion, job creation, and innovation. Our entrepreneurs and innovators need the support and confidence that only a robust capital market can provide. As we look to the future, let us continue to work together to ensure that capital markets remain a catalyst for economic growth across Africa.
- The trends in this domain highlight the emergence of impact investing and the importance of financial inclusion. There's a growing recognition that our markets can be a force for good, not just in terms of returns, but in promoting social and economic well-being. This is an exciting shift in perspective, one that we should encourage and embrace.



#### **IV. ESG (Environmental, Social, and Governance):**

- Good governance is the foundation of any thriving capital market. Strong corporate governance practices enhance investor confidence and protect the interests of all stakeholders. Furthermore, the growing importance of Environmental, Social, and Governance (ESG) factors cannot be overstated. These considerations are not only important for ethical reasons but are becoming vital criteria for investment decisions. Let us continue to promote transparency, accountability, and responsible corporate citizenship across our markets.
- The trends in governance and ESG reflect a global shift towards more responsible investment practices. Investors, both institutional and individual, are increasingly conscious of the impact their investments have on the world. This trend presents an opportunity for African capital markets to position themselves as leaders in sustainable and responsible investing.

#### **V. Climate Finance:**

- In the face of a rapidly changing climate, it is our duty to channel resources towards sustainable and climate-resilient investments. The capital markets can be a force for good in this regard. By developing innovative financial products that support climate finance, we can contribute to a greener and more sustainable future. The time for action is now, and I urge all market participants to play their part in fostering climate-conscious investment.



- The trend of climate finance is not just a moral imperative but also an economic opportunity. As the world shifts towards more sustainable practices, investors and businesses will increasingly seek green investment opportunities. African capital markets have the potential to play a significant role in channelling funds into projects that combat climate change and promote environmental sustainability.

## **VI. Government Support for Market Growth:**

- In the context of all these trends, it is vital for governments to actively support the growth and development of capital markets. Governments can play a crucial role by implementing favourable policies, regulatory frameworks, and infrastructure to facilitate the expansion and integration of our markets. Initiatives such as tax incentives, simplified regulatory processes, and fostering financial literacy can significantly contribute to market growth.
- Furthermore, partnerships between governments and market participants, including exchanges and regulators, can lead to more effective market development. Supportive regulatory frameworks, investor protection, and innovative financing mechanisms are essential for the sustainability of our capital markets.
- As we discuss today's vital theme to, unlocking Africa's Stock Exchange Potential for Sustained Economic Development, I encourage all stakeholders in our capital markets to collaborate, innovate, and adhere to the highest standards of ethics and responsibility. Our future, and the prosperity of our great continent, depends on the health and vitality of our markets.





- Today I have recognized 10 companies joining the Unquoted Securities Market segment of the NSE also known as 'Soko Raisi'. This is a key development for the country noting that the growth of our economies will be funded by this segment of the economy. With the SME sector comprising of 80% of the formal economy, my Government will continue to support this key sector. I want to encourage companies to tap into the Capital Markets to power the growth of our economy.
- In conclusion, let me express my utmost confidence in the future of African capital markets. With our collective determination and the dedication of all those present here today, we can build markets that are transparent, efficient, and impactful, capable of driving economic growth and fostering sustainable development.
- I wish you all a successful and productive conference, and I look forward to witnessing the positive change and progress that will undoubtedly emerge from the exchanges and discussions that will take place here.

**Thank you, and may our capital markets continue to be the engines of growth and prosperity for Africa.**

