

**The Federal Democratic Republic of Ethiopia: Request for Disbursement Under the Rapid-Access Component of the Exogenous Shocks Facility—Staff Report; Staff Statement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for The Federal Democratic Republic of Ethiopia**

In the context of Request for Disbursement Under the Rapid-Access Component of the Exogenous Shocks Facility, the following documents have been released and are included in this package:

- The staff report for Request for Disbursement Under the Rapid-Access Component of the Exogenous Shocks Facility, prepared by a staff team of the IMF, following discussions that ended on December 11, 2008, with the officials of The Federal Democratic Republic of Ethiopia on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on January 7, 2009. The views expressed in the staff report are those of the staff team and do not necessarily reflect the views of the Executive Board of the IMF.
- A staff statement of January 23, 2009 updating information on recent developments.
- A Press Release summarizing the views of the Executive Board as expressed during its January 23, 2009 discussion of the staff report that approved the disbursement.
- A statement by the Executive Director for The Federal Democratic Republic of Ethiopia.

The document listed below has been or will be separately released.

Letter of Intent sent to the IMF by the authorities of The Federal Democratic Republic of Ethiopia\*  
\*Also included in Staff Report

The policy of publication of staff reports and other documents allows for the deletion of market-sensitive information.

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INTERNATIONAL MONETARY FUND

THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

**Request for Disbursement Under the Rapid-Access Component of the  
Exogenous Shocks Facility**

(In consultation with the Finance, Fiscal Affairs, Legal, Monetary and Capital Markets,  
Strategy, Policy, and Review, and Statistics Departments)

Approved by Saul Lizondo and Tessa van der Willigen

January 7, 2009

**Context:** High global oil, fertilizer, and food prices have contributed to very low international reserves at a time when the economy faces intensified risks from the global economic slowdown. Additional external financing could help smooth the adjustment process and mitigate risks to poverty reduction gains in recent years.

**Request for support under the Exogenous Shocks Facility (ESF):** The authorities are requesting the rapid-access component of the ESF (SDR 33.425 million, 25 percent of quota) to help the economy adjust to the exogenous shocks. The full amount would become available upon Board approval.

**Discussions:** Discussions were held in Addis Ababa December 2–11, 2008. The mission met with Prime Minister Meles Zenawi, Minister of Finance and Economic Development Sufian Ahmed, Central Bank Governor Teklewold Atnafu, other senior officials, and representatives of the donor community. The mission team comprised Messrs. Corker (head), Honda, Zhan (all AFR), and Thomas (SPR). Mr. Plant and Mr. Singh, resident representative designate (both AFR), joined the concluding sessions. The mission collaborated closely with the World Bank and African Development Bank missions in Addis Ababa, as well as local representatives from the donor community.

**IMF relations:** The last PRGF arrangement (SDR 100.28 million) expired on October 31, 2004. Ethiopia reached the completion point under the enhanced HIPC Initiative in April 2004, and received further debt relief under the Multilateral Debt Relief Initiative in January 2006. In November 2006, the authorities requested closer engagement with the Fund and since then staff visits have been held between annual Article IV consultation missions. The Board concluded the 2008 Article IV Consultation on July 14, 2008. Ethiopia is still under the Article XIV regime and maintains several exchange restrictions that are inconsistent with Article VIII.

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