

CONGRATULATIONS.....

To Ethiopia, whose proposed debt reduction was approved today by the Boards of the World Bank and the IMF. This would provide about \$1.3 billion (in net present value) of debt stock reduction, plus about \$700 million (again NPV) in additional debt stock reduction because of exogenous shocks that have affected in ways deemed fundamental to economic prospects. Parts of this debt reduction is from the Bank and the IMF, and part will have to come from Paris Club and other agencies, so the job still needs to be completed ..

But at last, Ethiopia managed to past the Boards of the WB and IMF, and wt flying colors -- there was no vote against, and one abstention only. The completion of these operations would bring the debt to export ratio to 150 percent (for 2002-03), thereby creating some headroom for future ODA loans and IDA lending .. but clearly, debt sustainability will have to be a top concern from now on..

It is difficult to thank all those involved in making the debt reduction a reality -- but clearly, the unwavering support from the many friends of Ethiopia among the bilaterals made all the difference. Also, and in retrospect, the determined actions of the Ethiopian Government, whose resolve in adjusting to nasty shocks without recourse to new borrowings was a key factor in this important success.

See you in Addis soon, think we should throw a big party
Ishac

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