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## JOINT STATEMENT TO THE PRESS

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### IFC and Ethiopia Commodity Exchange to Increase Lending for Agricultural Producers

**Addis Ababa, Ethiopia, June 12, 2009**—IFC, a member of the World Bank Group, and the Ethiopia Commodity Exchange (ECX) announced today they will work together to increase loans to Ethiopia's agricultural producers, which contribute half of the country's economic output and the majority of its exports revenues and employment.

IFC and ECX will work together over the next two years to design financial instruments and advocate for any required regulatory and legal changes so that banks can accept warehouse receipts as collateral for loans. ECX issues the receipts, which guarantee the quality, quantity, and security of produce, to agricultural producers who deposit their commodities in its warehouses. IFC and ECX will also work together to increase the capacity of banks to extend loans based on warehouse receipts.

"The Ethiopia Commodity Exchange has successfully promoted many regulatory changes so that agricultural producers can use warehouse receipts to receive bank loans," said Dr. Eleni Gabre-Mahdhin, Chief Executive Officer of ECX. "IFC's global experience and expertise designing financial instruments will be a valuable asset to help further promote lending to an important sector of Ethiopia's economy."

Agriculture accounts for about half of GDP, 60 percent of exports, and 80 percent of Ethiopia's employment. But farmers and producers have difficulty accessing finance due to the type and level of collateral that banks require.

"Promoting agribusiness is an important focus of IFC's mission to support the private sector and promote economic development in Ethiopia," said Aliou Maiga, IFC Resident Representative in Ethiopia. "Working with the Ethiopia Commodity Exchange will enable IFC increase access to finance for agricultural producers in Ethiopia, an important driving force of the economy."

IFC opened a new office in Ethiopia in November 2008. Its strategy in Ethiopia focuses on proactively developing new investment projects, supporting public-private partnerships that promote economic growth, and mobilizing direct investments to key sectors of the economy, including agribusiness, financial services, health and education, infrastructure, manufacturing, and tourism.

**About Ethiopia Commodity Exchange (ECX)**

The Ethiopia Commodity Exchange is a marketplace where buyers and sellers come together to trade, assured of quality, delivery, and payment. ECX assures all commodity market players the security they need in the market through providing a secure and reliable end-to-end system for handling, grading, and storing commodities, matching offers and bids for commodity transactions, and a risk-free payment and goods delivery system to settle transactions, while serving all fairly and efficiently.

Established by a proclamation passed by the Ethiopia Parliament in June 2007, ECX is authorized to trade in both spot and futures contracts, initially starting with spot contracts for immediate delivery. ECX launched live trading on April 24, 2008. It currently offers standardized trading contracts in coffee, white and mixed maize, hard and soft wheat, processed and unprocessed pea beans, and sesame by origin (Humera, Gonder, and Wollega). For more information visit [www.ecx.com.et](http://www.ecx.com.et).

**About IFC**

IFC, a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. We foster sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments. Our new investments totaled \$16.2 billion in fiscal 2008, a 34 percent increase over the previous year. For more information, visit [www.ifc.org](http://www.ifc.org).