

ETHIOPIA

Extreme poverty rates (defined in notes) in Ethiopia have fallen significantly since 2010 but remain above 20% by 2013 estimates. The distribution of income remains uneven with the poorest 20% of the population holding 8% of the total.

- Ethiopia receives a range of international financing, a third of which is ODA and over a fifth FDI
- Government spending per person is among the lowest globally; indirect taxes make up just under half of domestic public revenue
- While cash is the main modality, Ethiopia receives 22% of ODA in the form of commodities and food

Overview

HOW MANY OF THE
POOREST 20% OF
PEOPLE GLOBALLY LIVE
IN ETHIOPIA?

40.5m

WHAT RESOURCES
ARE AVAILABLE?

Domestic public

US\$9.3bn

International

US\$10.2bn

HOW MUCH DOES THE
GOVERNMENT SPEND
PER PERSON?

PPP\$336

See Notes

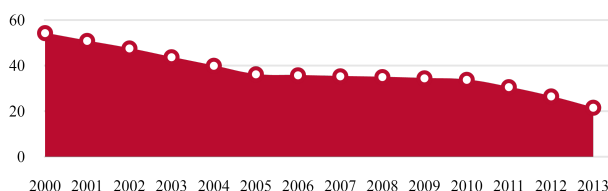
HOW DEEP IS
POVERTY?

6%

Depth of poverty

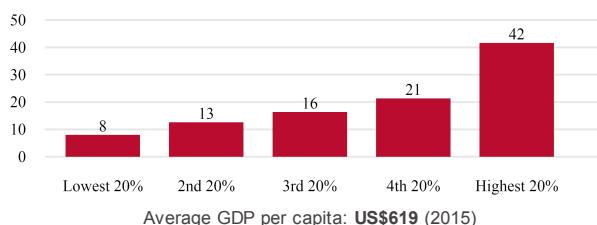
Poverty rates, although decreasing, remain high at 22% (2013 data)

% of population living on under \$1.90 per day



The poorest 20% of the population holds 8% of total income

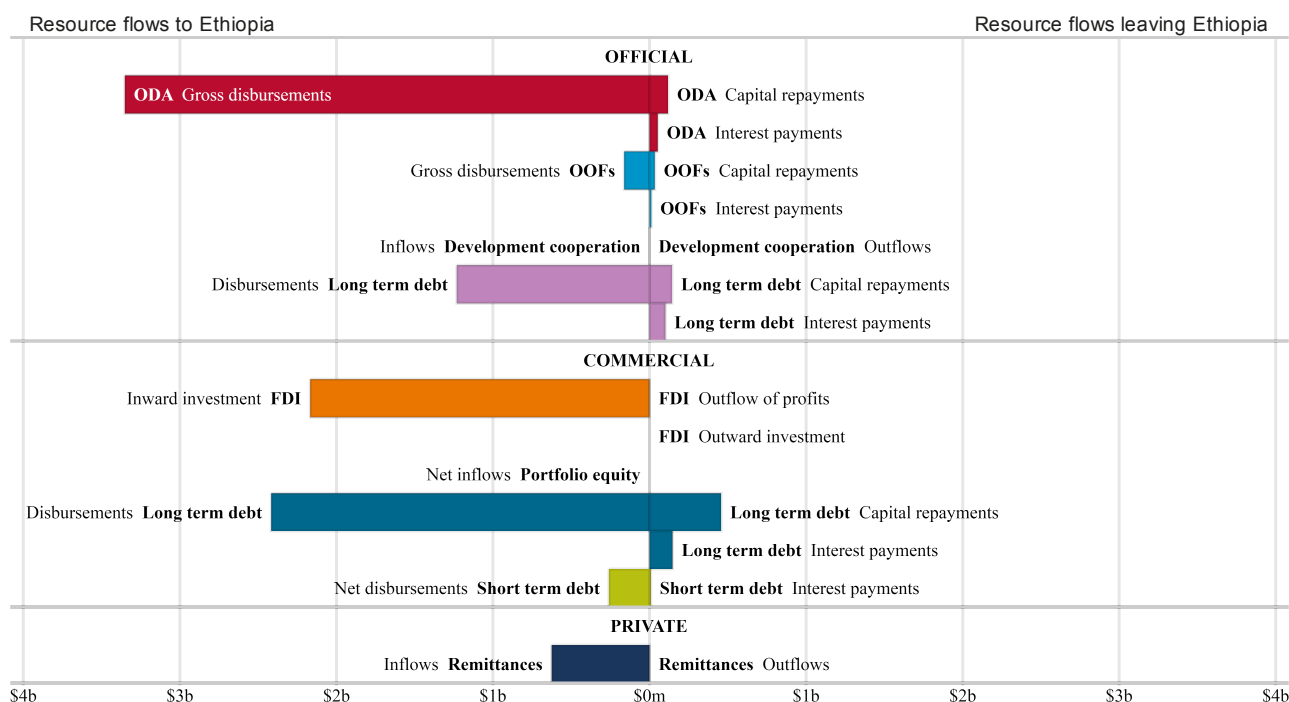
2010, share of income by quintile of population



Resource flows to and from Ethiopia

ODA volumes were unchanged in 2015 and continue to be the largest source of international financing

2015, international resource inflows and outflows (US\$ billions, constant 2015 prices)



Notes: We define extreme poverty as measured using the 2011 PPP\$1.90 extreme poverty line. Purchasing power parity (PPP) prices are the rate at which a country's currency would have to be converted into that of another country to buy the same amount of goods and services in each country. PPPs are constructed by comparing the cost of a common basket of goods in different countries. Depth of poverty is a measure of the average gap in incomes for people living below the poverty line spread across the population of the whole country, expressed as a percentage of the PPP\$1.90 a day poverty line. Poverty data in the overview boxes is for the year 2013. 'Domestic public resources available' refers to the total non-grant revenue either collected or projected to be collected by the government in the financial year 2015. Data on 'international resources available' also refers to the year 2015. Data on government spending per person is expressed in 2015 PPP\$, as estimated by the IMF, and refers to the year 2015 or most recent year prior. Acronyms: GDP: gross domestic product; FDI: foreign direct investment; IMF: International Monetary Fund; ODA: official development assistance.

Government finance

Indirect taxes account for almost half of total revenue mobilisation in Ethiopia, while grants account for 6%. Financing makes up for 15% of the total public resource mix, with both domestic and international markets used. Almost 50% of government spending is on capital expenditure, financed primarily through domestic means.

6% of domestic revenue comes from grants while tax revenue accounts for 78% of the total

2016, latest year of actual revenue (US\$ billions, constant 2015 prices)

Total Revenue And Grants 100% of total US\$14bn	Grants 6% of total US\$786m	Project Grants 5% of total US\$726m	
	Revenue 94% of total US\$13bn	Tax Revenue 78% of total US\$11bn	Direct Taxes 30% of total US\$4bn
		Non-Tax Revenue 16% of total US\$2bn	Indirect Taxes 48% of total US\$7bn

Concessional loans are the main constituent of external finance

2016, latest year of actual financing (US\$ billions, constant 2015 prices)

Financing 100% of total US\$2bn	Net Domestic Finance 49% of total US\$1bn	External Finance 51% of total US\$1bn	
	Net External Finance 51% of total US\$1bn	Loans 55% of total US\$1bn	Protection Of Basic Services Pbs 13% of total US\$309m
			Project Loans 42% of total US\$1bn

Over 50% of recurrent and capital spending is estimated to target poverty reduction.

2016, latest year of actual expenditure (US\$ billions, constant 2015 prices)

Total Expenditure 100% of total US\$16bn	Capital Expenditure 47% of total US\$8bn	Domestically Financed 36% of total US\$6bn		
		External Project Loans 6% of total US\$1bn		
	Recurrent Expenditure 53% of total US\$9bn	Poverty Reducing Expenditure 25% of total US\$4bn		
		Other Recurrent 22% of total US\$4bn		

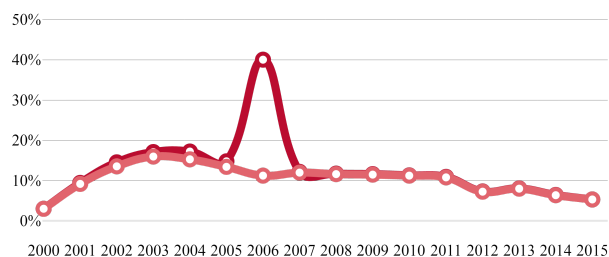
Notes: Year of data refers to the fiscal year 2016 running from July to June. The pink boxes represent negative values, typically showing repayments of loans under financing. Some labels have been omitted from these visualisations; for these, and those that are too small to read, please refer to the online country profile page on the Development Data Hub. For the specific source information see here: <https://github.com/devinit/digital-platform/blob/master/user-data/domestic/csv/domestic-sources.csv>

ODA

Gross ODA to Ethiopia totalled US\$3.4 billion in 2015, approximately the same as levels in 2014. This includes US\$969 million in loans and equity investments (primarily from IDA), US\$745 million in commodities and food and US\$720 million in mixed project aid (a mixture of cash and aid in kind). The largest three donors to Ethiopia are the US, IDA and the UK; accounting for over half of total ODA to Ethiopia. Five sectors receive over three-quarters of total ODA. Health receives the most, at 23% of total receipts; humanitarian assistance and agriculture and food security are both at 16%; infrastructure is at 11% and other social services is at 9%. The US provides the most to the largest three sectors.

ODA relative to GDP has been decreasing since 2013, reaching 5.5% in 2015

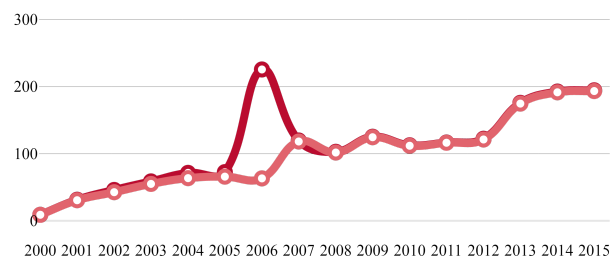
Gross ODA % of GDP



■ Total ODA as a % of GDP ■ Total ODA (excl-non-transfer) % of GDP

ODA per poor person has increased 20-fold between 2000 and 2015

ODA per person living under \$1.90 a day



■ Total ODA per poor person ■ Total ODA (excl-non-transfer) per poor person

Cash loans and equity is the main form of ODA to Ethiopia, followed by commodities and food

2015, gross disbursements

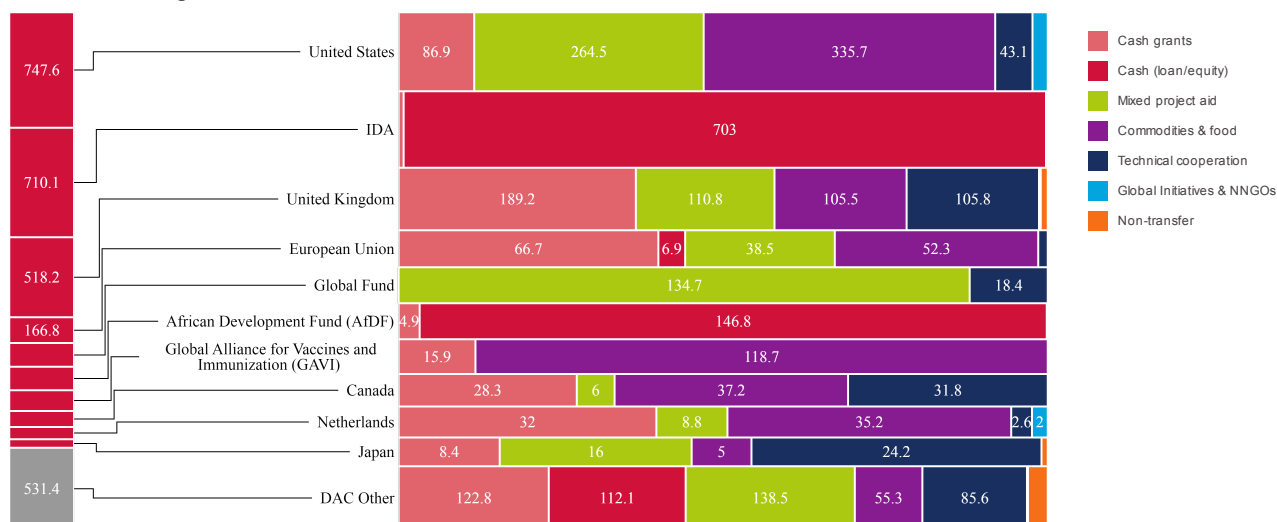


Note: NNGOs, Northern non-governmental organisations.

The US delivers 45% of its aid as commodities and food; IDA provides 99% of its aid as loans and equity

2015, US\$ millions, gross disbursements

Aid from the ten largest donors



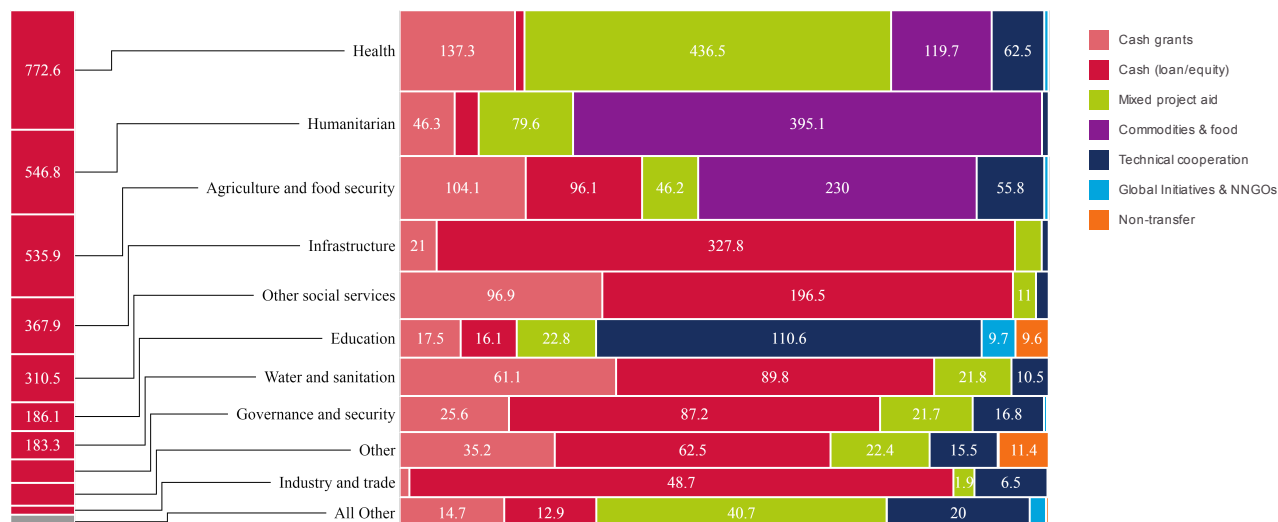
Note: ODA is equivalent to 0.48% of GDP in all developing countries and 2.8% in sub-Saharan Africa in 2015. ODA per capita is equivalent to US\$44 in sub-Saharan Africa. Acronyms: IDA: International Development Association; NNGOs: northern non-governmental organisations; UK: United Kingdom; US: United States.

What is aid spent on?

Over half of all ODA to the health sector is reported as mixed project aid (US\$436 million)

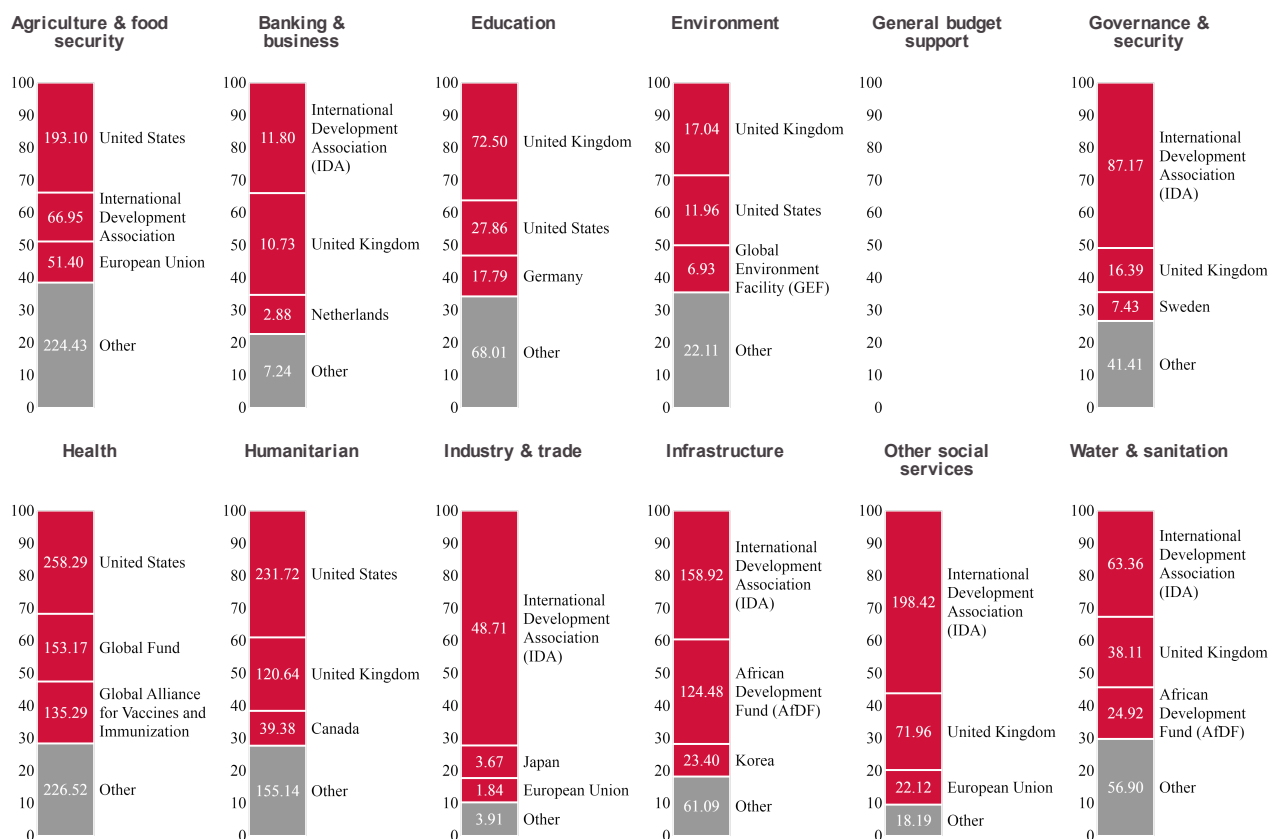
2015, US\$ millions, gross disbursements

Total aid by sector



The US provides most ODA in three sectors: agriculture and food security, health and humanitarian

2015, gross ODA, % of total (US\$ millions disbursements in columns)



Notes: Data is from the OECD Development Assistance Committee (ODA and other official flows data), the World Bank (long-term debt, remittances, gross national income (GNI) and poverty), the UN Conference on Trade and Development (FDI), IMF article IV publications (domestic revenue and expenditure). Other official flows (OOFs) are typically loans that are either not sufficiently concessional to count as ODA, or are mainly in support of commercial objectives, such as donor exports. All data in US\$ is in 2015 prices. 'Other' sector aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. Acronyms: OECD: Organisation for Economic Co-operation and Development; OOFs: other official flows.