

ETHIOPIA

Extreme poverty rates (defined in notes) fell significantly in the early 2000s then slowed to the latest estimates in 2010. An estimated 40% of the population is among the poorest 20% of people worldwide.

- ODA disbursements are the largest inflow and account for almost 40% of total international inflows
- Government spending is among the lowest in the world; indirect taxes account for half of all public revenue
- Ethiopia is one of the 10 largest recipients of ODA, almost a third of which is loans and equity investments

Overview

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

44.3
million

WHAT RESOURCES ARE
AVAILABLE?

Domestic public

US\$6bn

International

US\$9.1bn

HOW MUCH DOES THE
GOVERNMENT SPEND
PER PERSON?

PPP\$206

See Notes

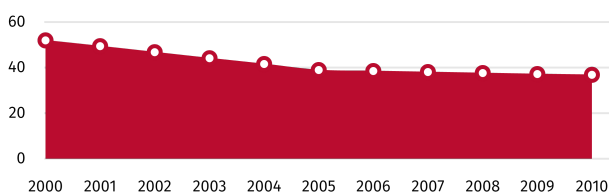
HOW DEEP IS POVERTY?

10%

Depth of poverty

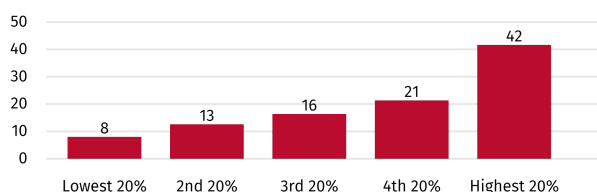
Extreme poverty rates fell significantly in the early 2000s then slowed to latest estimates in 2010

2000-2014, % of population living on under \$1.25 per day



The richest 20% of Ethiopia's population has five times the income of the poorest 20%

2014, share of income of bottom 20% of population

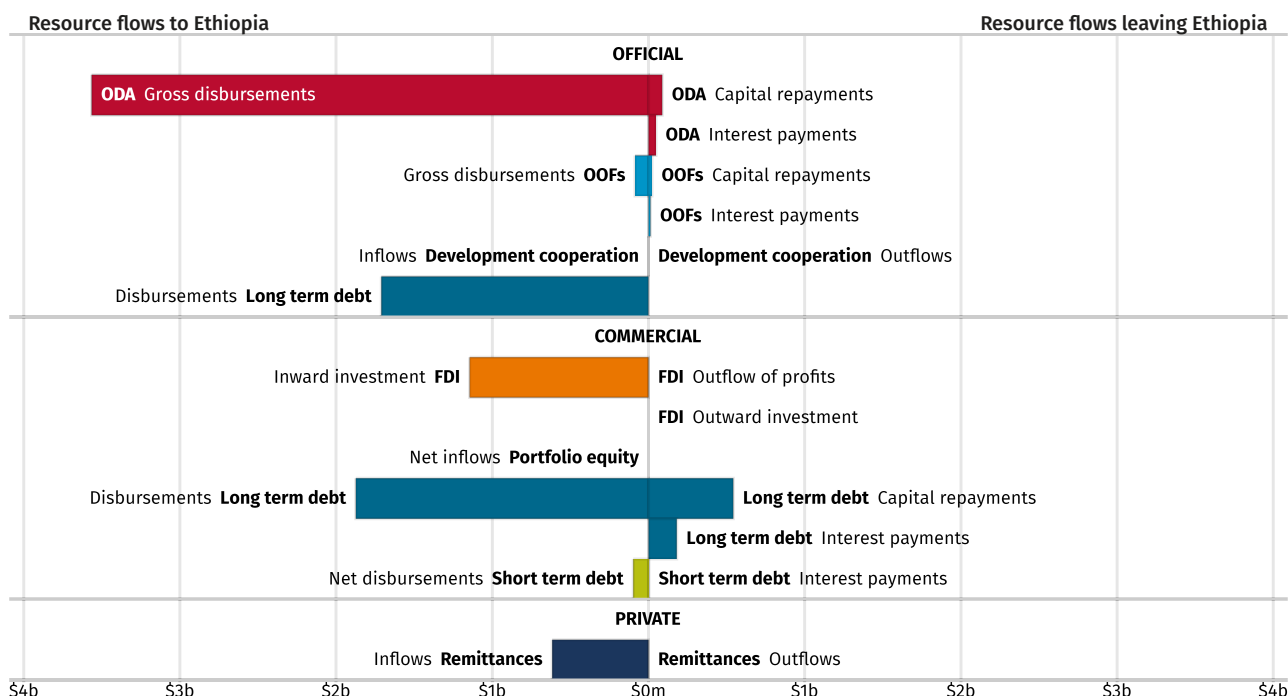


Average GDP per capita: **US\$541** (2014)

Resource flows to and from Ethiopia

ODA and long-term lending are the largest international resource flows to Ethiopia

2014, international resource inflows and outflows (US\$ billions, constant 2012 prices)



Notes: We define extreme poverty as measured using the \$1.25 (PPP 2005) 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. Data for illicit financing and trade mispricing is from 2013. 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 \$1.25 a day poverty line. '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 2014. Across countries in sub-Saharan Africa the richest 20% of the population have 10 times the income of the poorest 20% on average. Acronyms: ODA: official development assistance.

Government finance

Indirect taxes account for over half of government revenue in Ethiopia, whereas grants account for 8% of the total. Financing accounts for 15% of the resource bundle, with domestic and international (concessional and non-concessional) sources used. The government estimates 63% of its total expenditure is focused on poverty reduction.

8% of domestic revenue comes from grants while tax revenue accounts for 79% of the total

2013, latest year of actual revenue (US\$ billions, constant 2012 prices)

Total Revenue and grants 100% of total US\$7.1bn	Grants 8% of total US\$0.6bn	Project Grants 6% of total US\$0.4bn	
	revenue 92% of total US\$6.5bn	Non-Tax Revenue 13% of total US\$0.9bn	
		Tax Revenue 79% of total US\$5.6bn	Indirect Taxes 51% of total US\$3.6bn
			Direct Taxes 28% of total US\$2bn

Concessional loans are the main constituent of external finance

2013, latest year of actual financing (US\$ billions, constant 2012 prices)

Financing 100% of total US\$1.2bn	Net Domestic Finance 54% of total US\$0.7bn		
	Net External Finance 46% of total US\$0.6bn	Loans 50% of total US\$0.6bn	Project Loans 33% of total US\$0.4bn
			Protection of Basic Services PBS 16% of total US\$0.2bn

More than 50% of spending is capital expenditure

2013, latest year of actual expenditure (US\$ billions, constant 2012 prices)

Total Expenditure 100% of total US\$8.3bn	Capital Expenditure 53% of total US\$4.4bn	External Project Loans 2% of total US\$0.4bn	
		External Project Grants 5% of total US\$0.4bn	
		Domestically financed 43% of total US\$3.6bn	
	Recurrent Expenditure 47% of total US\$3.9bn	Poverty Reducing Expenditure 19% of total US\$1.6bn	
		Other Recurrent 21% of total US\$1.8bn	

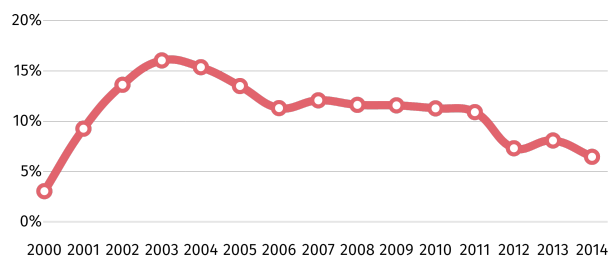
Notes: Year of data refers to the 2015 fiscal year running from July 2014 to June 2015. The pink boxes represent negative values, typically showing repayments of loans under financing. Poverty-reducing expenditure is defined by the Ethiopian government and encompasses all spending on health, agriculture, roads and food security. 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 more details.

ODA

Gross ODA to Ethiopia totalled US\$3.6 billion in 2014, down 10% from 2013. This includes US\$1.1 billion in loans and equity investments, primarily from IDA, which provides the most ODA to Ethiopia. A further US\$955 million is cash grants, largely from the UK and the EU, while 19% is mixed project aid (a mixture of cash and aid in-kind). Five sectors receive over 70% of ODA. Health receives the most, at 24% of total receipts; agriculture and food security receives 14%; infrastructure; humanitarian assistance and education each receive between 11% and 12%. The US provides the largest amounts to three of these sectors: health, agriculture and food security, and humanitarian assistance.

ODA as a percentage of GDP has almost halved since 2009, from 12.4% to 6.4%

Gross ODA % of GDP

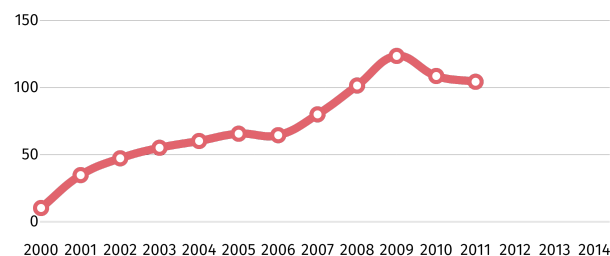


Total ODA as a % of GDP

Total ODA (excl-non-transfer) % of GDP

ODA per poor person almost quadrupled between 2000 and 2009, and remains above US\$100

ODA per person living under \$1.25 a day



Total ODA as a % of GDP

Total ODA (excl-non-transfer) % of GDP

Cash (loan/equity) and cash grants account for more than half of aid to Ethiopia

2014, gross disbursements

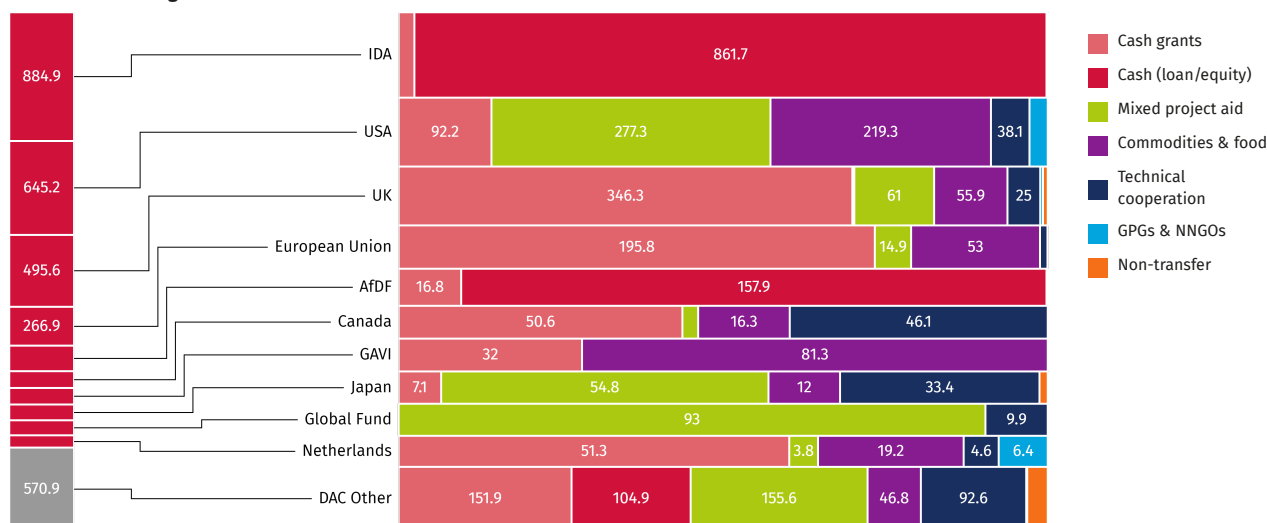


Note: GPGs, global public goods; NGOs, Northern non-governmental organisations.

Aid from IDA is mostly in loans and equity, while aid from the UK is mostly in the form of grants

2014, US\$ millions, gross disbursements

Aid from the ten largest donors



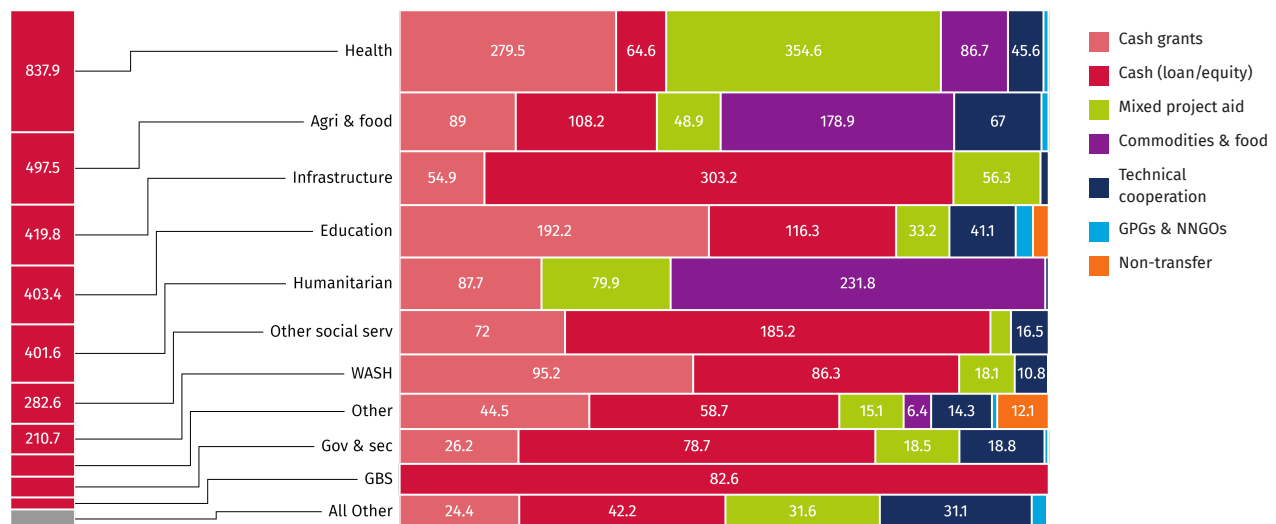
Note: ODA is equivalent to 0.64% of GDP in all developing countries and 2.6% in sub-Saharan Africa in 2014. Acronyms: IDA: International Development Association.

What is aid spent on?

76% of ODA to health, the largest sector, is mixed project aid and grants

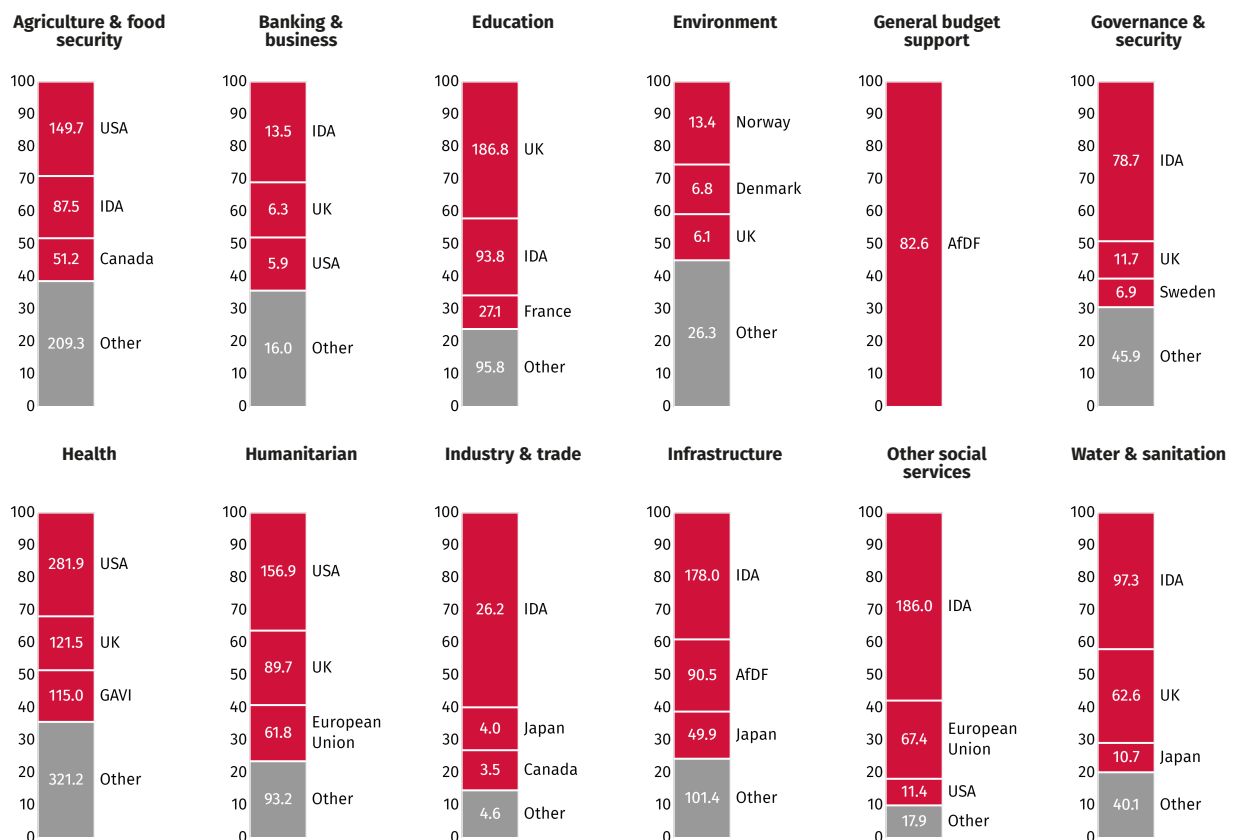
2014, US\$ millions, gross disbursements

Total aid by sector



The US provides the most to the largest two sectors: health and agriculture & food security; IDA provides over 40% of infrastructure ODA

2014, gross ODA, % of total (US\$ 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 United Nations Conference on Trade and Development (FDI), IMF article IV publications (domestic revenue and expenditure), Global Financial Integrity (illicit financing and trade mispricing). 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 2012 prices. 'Other' sector aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. Acronyms: FDI: foreign direct investment; IMF: International Monetary Fund; OECD: Organisation for Economic Co-operation and Development; OOFs: other official flows.