

# ETHIOPIA



**Population:** 67.8 million

**Life expectancy at birth:** 41

**Adult illiteracy rate:** 58%

**Adult HIV/AIDS prevalence rate:** 6.6%

**31% of population lives below the national poverty line**

**Telephones per 1,000 people:** 6

**Personal computers per 1,000 people:** 1.5

**Present value of debt (US\$):** \$ 4 billion

**Debt Service (% of exports of goods and services):** 9.7%

Source: World Development Indicators, 2004

## Status of Debt in Ethiopia

- In April 2004 Ethiopia became the 13<sup>th</sup> country to complete the steps required by the enhanced HIPC initiative. To reach completion, Ethiopia complied with structural and social reforms particularly targeted at health and education.
- On April 20, 2004, Ethiopia received an additional US\$700 million in "topping up" debt relief, funds given to countries that have experienced severe shocks to their economies. In Ethiopia's case the shocks have been falling prices for coffee, its main export, and a devastating drought in 2003 that decreased agricultural production. In addition, Ethiopia's debts have been valued using the low current international interest rate, making the debt more expensive, while Ethiopia's export revenue has decreased with the falling value of the U.S. dollar.
- Max Lawson, a policy adviser to Oxfam, said that even with the topping-up relief Ethiopia received, "it still will not have a sustainable debt level as it is currently defined until 2020." However, Ethiopia will continue to pay 5% of its government revenue in debt service, or US\$116.7 million until the Millennium Development Goal deadline in 2015, and US\$217.9 million a year afterward.
- Meles Zenawi, Ethiopia's prime minister, criticized the unwillingness of developed nations to enact in their own countries the trade reforms they require of impoverished nations. "There is a quite a bit of hypocrisy by the west," he said. "Obviously agricultural subsidies need to be dealt with because they hurt our farm exports."

Sources: "Doing Nothing for Ethiopia," Jubilee Research report; "Ethiopian leader attacks west's failure to give aid," The Guardian, Feb. 2003; World Development Indicators database, April 2004; Human Development Report 2001

## United States Developmental Assistance:

2002 Actual: \$105.792 million

2003 Actual: \$405.736 million

2004 Current: \$132.219 million

2005 Request: \$85.350 million

Source: Program Summary tables, USAID

