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The Federal Democratic Republic of Ethiopia—Enhanced Initiative for Heavily Indebted Poor Countries—Completion Point Document

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THE INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

Enhanced Initiative for Heavily Indebted Poor Countries
Completion Point Document

Prepared by the Staffs of the International Monetary Fund and
the International Development Association

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April 2, 2004

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EXECUTIVE SUMMARY

This paper assesses Ethiopia's progress under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative) and seeks approval of the Boards for the completion point under the initiative.

With the resumption of sound macroeconomic management and structural reforms, and after completion of an interim poverty reduction strategy, the Executive Boards of IDA and the IMF agreed in November 2001 that Ethiopia had met the conditions for the decision point under the HIPC Initiative framework, and defined the conditions for reaching the floating completion point. Based on end-2000/01 data, the debt sustainability analysis at the decision point indicated that debt relief of US$1.3 billion in net present value (NPV) terms was required under the enhanced HIPC Initiative, to lower the NPV of debt-to-exports ratio to 150 percent.

In the opinion of the staffs of IDA and the IMF, Ethiopia has made sufficient progress to reach the completion point under the HIPC Initiative. Ethiopia has prepared and satisfactorily implemented for a year a poverty reduction strategy paper (PRSP), and maintained a sound track record of macroeconomic management. This performance was achieved despite Ethiopia having been adversely affected by a severe drought and continued decline in coffee export prices. Progress with structural reforms has continued, and Ethiopia has achieved all the floating completion point triggers except those on public expenditure management, agriculture, and education. The government has made satisfactory progress on the remaining triggers, which justifies its request for waivers to reach the completion point.

At the decision point, a hump in the NPV of debt-to-exports profile above the HIPC threshold of 150 percent was projected. The ratio was expected to reach 174 percent by end-2002/03 and to remain above 150 percent until mid-2008.

In November 2003, the staffs of the IMF and IDA, together with the authorities, updated the debt sustainability analysis (DSA) based on end-2002/03 data and projections. In line with the framework of the HIPC Initiative, the NPV of debt at the completion point was recalculated using prevailing exchange and discount rates. Updating the DSA led to the conclusion that debt relief currently committed under the HIPC Initiative will leave Ethiopia with a debt hump for a prolonged period of time. The full delivery of HIPC Initiative assistance results in a NPV of debt-to-exports ratio at end-2002/03 of 246 percent (218 percent taking into account additional bilateral relief). The ratio after additional bilateral relief peaks at 269 percent in 2005/06, stays above 200 percent until 2013/14, and exceeds the 150 percent threshold until 2020/21.

New borrowing between the decision and completion points was 9 percent (US$96 million in nominal terms) lower than projected at the decision point, including IDA lending which fell short of the decision point projections by US$98 million. Three-year average exports were 2 percent higher than projected at the decision point, despite the impact of the drought and lower-than-expected coffee prices. This was due to higher-than-projected exports of services

and goods other than coffee, and the government's timely actions to promote exports in the face of shocks.

Lower-than-projected new borrowing and higher-than-projected exports imply that the NPV of debt-to-exports ratio at the completion point based on discount and exchange rates at the decision point would have been 173 percent instead of 174 percent that was projected at the decision point. The deterioration in the NPV ratio at the completion point, compared with the decision point estimate, is therefore entirely the result of changes in discount and exchange rates.

The staffs recommend that Directors conclude that Ethiopia has met the conditions for reaching the floating completion point. In view of the NPV of debt-to-exports ratio being above the HIPC threshold, due to exogenous factors that led to a fundamental change in the economic circumstances of the country, the staffs further recommend that in line with the framework of the HIPC Initiative, exceptional additional assistance (or "topping-up") be granted in order to lower Ethiopia's NPV of debt-to-exports ratio at end-2002/03 to 150 percent.

I. Introduction

1. **In November 2001, the Executive Boards of the International Development Association (IDA) and the International Monetary Fund (IMF) agreed that Ethiopia had met the conditions for reaching the decision point under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative)**, and defined a set of conditions for Ethiopia to reach the completion point.[1] This paper discusses Ethiopia's progress in fulfilling these conditions and proposes the Boards' approval of the completion point, including waivers of three completion point triggers, and a topping-up of assistance under the Initiative.

2. **At the decision point, debt relief required under the enhanced HIPC Initiative to lower the net present value (NPV) of debt-to-exports ratio to 150 percent was estimated at US$1, 275 million in NPV terms.** This debt relief reduced the NPV of debt after the full use of traditional debt-relief mechanisms at end-2000/01 by 47.2 percent. The Boards of the IMF and IDA also agreed to deliver interim debt relief until Ethiopia reached the completion point. The IMF approved interim debt relief of SDR 10.3 million in nominal terms for the period November 2001-February 2004. IDA provided interim relief of US$59.6 million in nominal terms until end-February 2004. Ethiopia has also benefited from interim assistance granted by the African Development Bank (AfDB), the OPEC Fund for International Development (OPEC Fund), the European Union (EU), and Paris Club creditors. Total interim HIPC Initiative assistance to Ethiopia amounted to US$50 million in 2001/02[2] and US$62 million in 2002/03.

3. The paper is organized as follows: Section II assesses Ethiopia's performance in meeting the requirements for reaching the completion point under the enhanced HIPC Initiative, as set out in the decision point document; Section III reviews the status of creditor participation and the delivery of debt relief to Ethiopia under the enhanced HIPC Initiative, updates the debt sustainability analysis (DSA), and provides an analysis of the sensitivity of the debt indicators to changes in macroeconomic variables. In view of the fact that the ratio of NPV of debt to exports exceeds the HIPC Initiative threshold, Section IV discusses the case for topping up enhanced HIPC Initiative assistance. Sections V and VI present conclusions and issues for discussion.

II. Assessment of Requirements for Reaching the Completion Point

4. **Ethiopia has made satisfactory progress on the implementation of the triggers for reaching the floating completion point.** To reach the completion point under the enhanced HIPC Initiative, Ethiopia agreed to (i) complete and implement for one year a fully participatory poverty reduction strategy paper (PRSP); (ii) maintain macroeconomic stability; and (iii) implement key structural reforms and social measures monitored under the Initiative and outlined at the decision point. The staffs assess the implementation of the PRSP as well

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[1] See www.imf.org, Ethiopia - HIPC Decision Point Document for the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative (10/15/01), and IDA/R2001-0168 (11/06/01).

[2] The Ethiopian fiscal year runs from July 8 to July 7 of the following year.

as maintenance of macroeconomic stability to be satisfactory. The fifth review under the IMF's PRGF arrangement was completed on February 27, 2004. Concerning key structural reforms and social measures, all but three requirements have been met by January 2004. Satisfactory progress had been made with respect to the remaining conditions on public expenditure management, agriculture, and education (Box 1).

A. Implementation of the Poverty Reduction Strategy

5. **The government prepared a full PRSP through a participatory process unprecedented in the country's history**. Ethiopia's PRSP—the Sustainable Development and Poverty Reduction Program (SDPRP)—was approved by the government in July 2002.[3] The poverty reduction strategy set out ambitious medium and long-term targets, consistent with the Millennium Development Goals (MDGs), including a reduction of income poverty from 44 percent in 1999/2000 to 40 percent in 2004/05.[4] The strategy focuses on promoting growth of the agriculture and rural sectors, and on improving the investment climate. The joint staff assessment (JSA) concluded that the policies contained in the SDPRP should result in substantial progress in Ethiopia's fight against poverty, although it also identified some key gaps in the strategy.[5]

6. **The government implemented the PRSP satisfactorily during 2002/03.**[6] The government of Ethiopia prepared the annual progress report (APR) for the SDPRP in December 2003. The government's capacity to address the gaps identified in the original strategy was undermined when Ethiopia was hit by the worst drought the country has faced since 1984/85.[7] Moreover, capacity constraints in 2002/03 within the government and civil society organizations have limited formal consultations during implementation. Nevertheless, the government has made credible efforts to implement the SDPRP, and the PRSP process has firmly taken root and is expected to continue well beyond the HIPC Initiative completion point. There is strong ownership of the SDPRP, which has become the government's organizing framework for policies and programs. Donors have taken steps, through a local donor assistance group (DAG), to align their assistance in support of the SDPRP. The Executive Boards of IDA and the IMF, based on a JSA, concluded that Ethiopia's efforts towards implementation of its PRSP provided sufficient evidence of its continuing commitment to poverty reduction and provided a credible framework for IDA and IMF concessional assistance.

7. **Poverty-targeted expenditure in Ethiopia increased substantially between the decision and the completion points (see table below)**. In the two fiscal years since end-

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[3] Ethiopia – Poverty Reduction Strategy Paper (8/28/02) and IDA/SecM2002-0471 (9/19/02).
[4] Refers to head count measure. Social and demographic indicators are presented in Table 1.
[5] www.imf.org , Ethiopia – Joint Staff Assessment of the Poverty Reduction Strategy Paper (8/27/02) and IDA/ SecM2002-0471 (9/19/02).
[6] See IMF Country Report No. 04/37 (2/12/04), IMF Country Report No. 04/59 (3/11/04), and IDA/SecM2004-0025 (1 /22/04).
[7] In 2003, 13 million people relied on food aid, compared with about 5 million people in a normal crop year.

2000/01, poverty-targeted spending has increased by US$259 million (3.3 percent of GDP), substantially more than HIPC relief, thanks to the resumption of donor assistance and a reduction in military spending.

Ethiopia: Increase in Poverty-Targeted Spending and HIPC Debt Relief Since the Decision Point
(In millions of U.S. dollars, unless otherwise indicated)

	2001/02 Act.	2002/03 Est.	Total
Increase in poverty-targeted spending	138	121	259
(in percent of GDP)	2.8	0.5	3.3
(in percent of total spending)	6.7	5.1	11.8
Current poverty-targeted spending	44	67	111
Agriculture & natural resources	5	6	11
Roads	2	2	5
Education	31	58	89
Health	6	1	7
Capital poverty-targeted spending	94	54	148
HIPC debt relief	50	62	112
(in percent of GDP)	0.8	0.9	1.7
(in percent of total spending)	2.4	2.6	5.0

Source: Ethiopian authorities

B. Macroeconomic Stability[8]

8. **Since the decision point in November 2001, the economy has been adversely affected by a severe drought and worsening terms of trade (Table 2 and Figure 1).** Real GDP declined by 3.8 percent in 2002/03 following modest growth in 2001/02, compared with the projected increase of 7 percent at the decision point. The drought in 2001/02-2002/03 was the most severe since 1984/85, with cereal production declining by 6 percent in 2001/02 and 26 percent in 2002/03. As a result of food shortages, inflation accelerated to 15 percent in 2002/03 from negative 7 percent in 2001/02, although core inflation remained stable at around 3 percent, consistent with core inflation projected at the decision point. The external current account deficit (including official transfers) remained around 5 percent of GDP on average (excluding official transfers, the deficit remained at around 13 percent of GDP), compared with around 6 percent projected at the decision point. While merchandise export receipts were less than projected at the decision point due largely to falling coffee prices, exports of nonfactor services and other commodities, including gold and other agricultural goods, grew strongly.

9. **The government has pursued prudent fiscal and monetary policies at a difficult time.** The overall fiscal deficit (including grants) remained at around 9 percent of GDP

[8] For more details, see IMF Country Report No. 03/272 (9/11/2003) and IMF Country Report No. 04/65 (3/18/2004).

during 2001/02-2002/03, compared with around 7½ percent projected at the decision point. The government introduced the value-added tax (VAT) in January 2003 and has continued to improve tax administration and collection. In spite of these efforts, total tax revenues declined in percent of GDP in 2002/03, as a result of drought-related weak economic activity. The government has followed a cautious expenditure management policy in response to revenue shortfalls, while making every effort to increase poverty-targeted spending. As a result, poverty-related spending is estimated to have increased strongly from 12 percent of GDP in 2000/01 to about 15 percent in 2002/03. Monetary and exchange rate policies have remained geared to achieving inflation and international reserve targets despite the severe drought, and the government continued to allow greater market determination of the exchange rate. To a large extent, food import requirements were met by a good response by donors, thereby alleviating the pressure on the balance of payments.

10. **Ethiopia's performance under the PRGF-supported program has been satisfactory despite exogenous shocks (Table 3).** All the quantitative performance criteria under the program through end-September 2003 were observed with one exception.[9] All but one[10] of the structural performance criteria and benchmarks have also been met. All the reviews under the PRGF arrangement have been concluded on time, except the fourth review, which was concluded in August 2003 following a postponement of six months, due to a delay in completing a financial audit of the Commercial Bank of Ethiopia (CBE). Ethiopia has established its minimum six-month track record of successful policy implementation under the PRGF-supported program by concluding the fifth review in February 2004.

C. Key Policy Reforms and Floating Completion Point Conditions

11. **Ethiopia has made satisfactory progress in implementing the triggers for reaching the floating completion point (Box 1).** Progress made with structural and social sector reforms beyond these pre-requisites is documented in the first APR of the PRSP and assessed in the accompanying JSA.[11]

12. **Structural reform measures related to public expenditure management have progressed satisfactorily despite delays, and tax and financial sector reforms have been implemented.** The ongoing and unprecedented decentralization initiative has caused a delay in implementing reforms on public expenditure management. Nonetheless, monetary and fiscal accounts for 2001/02 and 2002/03 were reconciled by end-December 2003, following technical assistance from the IMF, and federal and regional budgets for 2002/03 and 2003/04—including all extra-budgetary funds and accounts—were consolidated in November 2003. The consolidation of the federal and regional budgets, however, was not

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[9] A performance criteria for end-September 2001 on the ceiling on net domestic assets of the National Bank of Ethiopia for the second review under the PRGF arrangement, for which a waiver was approved.

[10] A structural benchmark for end-September 2002 on reducing nonperforming loans of the CBE by Br 0.8 billion (from Br 3.9 billion at end-December 2001).

[11] See also the President's Report for the Poverty Reduction Support Credit (PRSC1), IDAR2003-0009.

completed at the beginning of the fiscal year 2002/03 as was envisaged as part of the trigger agreed at the decision point, and a waiver is therefore being requested. The **value-added tax (VAT),** with a flat rate of 15 percent, was introduced in January 2003, with the support of technical assistance from the IMF.

13. On **financial sector reform**, the government (i) signed a performance contract with the management of the CBE in June 2002 to ensure that it is operated effectively on a commercial basis; (ii) adopted and fully implemented a new provisioning directive in line with international best practices on January 1, 2004; (iii) allowed private banks to enter into management contracts with foreign institutions; and (iv) adopted and commenced implementation of a detailed financial restructuring plan for the CBE in November 2003.[12]

14. **Satisfactory progress was made on the implementation of the agriculture trigger. The trigger required implementing an agreed action plan that aimed at improving fertilizer input market competitiveness, and that included monitorable indicators, with half yearly assessment reports beginning in December 2002.** Action to reform the fertilizer market was put on hold in 2002/03, whilst the government responded to the severe drought with emergency assistance. As a result of the delay in formulating the action plan, half yearly reports have not yet been produced, and a waiver for the agreed trigger is being requested. Since fertilizer policy reforms have recommenced following the emergency, the staffs consider that satisfactory progress has been made toward meeting this trigger.

15. **Satisfactory progress has been made toward meeting the education triggers.** The national average female gross enrollment rose to 51.2 percent in 2001/02, exceeding the target of 50 percent. While a government survey estimates that the repetition rate fell to 6.8 percent in 2002/03, full census data are not yet available to verify this outcome with certainty, and hence a waiver is being requested regarding the trigger on the repetition rate. The repetition rate was 9.7 percent in 2001/02. If deemed true, the sharp drop in 2002/03 would have been made possible through a combination of measures implemented by the government, which have greatly reduced repetition rates in grades 1-3. A challenge for the future will be to reduce repetition rates in higher grades whilst maintaining standards in student achievement. More generally, satisfactory progress has been made in education sector outcomes, with the primary completion rate having risen from 25 percent in 1999/2000 to 34 percent in 2002/03.

16. **Performance under the health and HIV/AIDS triggers exceeded the requirement.** DPT3 vaccination coverage exceeded the targeted rate of 50 percent by 2002, whilst utilization of health outreach facilities met the targeted rate of 30 percent in 2002. Condom distribution increased by 15 million during 2000/01-2002/03, compared with the targeted increase of 12 million.

17. **Other structural reforms in areas related to the HIPC Initiative completion point triggers have also progressed.** On public expenditure management, in particular the

[12] See para. 20 of the Letter of Intent (Appendix I) of IMF Country Report No. 04/65 (3/18/2004).

tracking of poverty-targeted spending, it has proved to be more difficult to obtain reporting in a timely and comprehensive manner from regions and districts (*woredas*), due to an unprecedented level of ongoing decentralization and capacity constraints. To strengthen public expenditure management and to better track poverty-targeted expenditures, the government has launched an Expenditure Management and Control Program with the support of IDA and other donors.[13] A Ministry of Capacity Building has been established, and capacity-building efforts have intensified, in particular at the local government level. Tax administration has been further strengthened through the establishment and strengthening of the large taxpayer unit, computerization of VAT and tax identification numbers, enhanced collection of tax arrears, and streamlining customs clearances. On financial sector reform, a restructuring of the Development Bank of Ethiopia (DBE) was implemented, and shares of the Construction and Business Bank (CBB) will soon be offered for sale. However, the financial sector remains dominated by the CBE, and is still closed to foreign financial institutions. Regarding agriculture, the government has prepared a food security strategy, focusing on increased food production, strengthened safety nets, and voluntary resettlement. The envisaged measures should also reduce the vulnerability of agricultural output.

18. **Furthermore, progress has been made in structural reforms in areas unrelated to the completion point triggers.** In private sector development, the government has continued to improve the investment climate and promote foreign and domestic investment, through, inter alia, a revision of the Investment Code to ease investment and business licensing requirements, land-leasing reform, promoting market competition by adopting a new Competition Policy, and enhancing the public-private sector dialogue. In total, 230 public entities have been privatized through end-2002/03, although the privatization program has slowed down recently due to delays in auditing and a lack of large investors. Civil service reform has progressed in the context of ongoing decentralization through measures to improve public service delivery, including the training of civil servants, the streamlining of the administrative processes, and the introduction of a grievance system.

19. **The staffs consider that the government has made satisfactory progress toward meeting the completion point triggers, which justifies its request for three waivers to reach the completion point.** On the agriculture trigger, action was delayed by the emergency response to the drought. A comprehensive action plan for improving fertilizer input market competitiveness and efficiency has now been agreed with IDA and its implementation has commenced. Regarding the trigger on the consolidation of federal and regional budgets, in order to facilitate the consolidation of the federal and regional budgets for 2004/05 prior to the start of the fiscal year, the government has already notified the regions of the regional transfer for 2004/05. On the trigger on the repetition rate at the primary school level, although initial indications suggest satisfactory progress, the staffs cannot verify in the absence of full census data whether the trigger has been met, and

[13] The program is composed of eight pillars of reforms: (i) public expenditure program; (ii) financial legal framework; (iii) budget reform; (iv) accounting reform; (v) cash management reform; (vi) financial information systems; (vii) internal audit project; and (viii) external audit project. For more detail, see Chapter V of the APR (IMF Country Report No. 04/37 (2/12/2004) and IDA/SecM2004-0025 (1/22/04)).

therefore support a request for a waiver. Nonetheless, with the female gross enrollment rate and the primary completion rate having increased significantly, the staff consider that the overall progress in the education sector is satisfactory.

III. Delivery of Debt Relief and Longer-Term Debt Sustainability

A. Updated Data Reconciliation for the Decision Point[14]

20. **There is no need to revise HIPC Initiative assistance agreed at the decision point on account of information on the debt stock arising from the reconciliation.** In updating the DSA, the staffs and the authorities reviewed debt stock calculations based on new statements received from creditors. The decision point DSA data for the overall debt stock outstanding as of end-2000/01 was substantially confirmed. Minor revisions to bilateral debt resulted in a **marginal net decrease** of the overall NPV of debt after traditional debt relief by less than 1 percent (US$1.5 million). Given the very marginal net revision to the calculated NPV of debt, the staffs have not changed their assessment of the required debt relief at decision point, or the ensuing common reduction factor.

B. Status of Creditor Participation[15]

Multilateral creditors

21. **Debt relief from multilateral creditors under the enhanced HIPC Initiative, as estimated in the decision point document, amounted to US$764 million in NPV terms (or 60 percent of total debt relief).** Interim assistance has been granted by IDA, the IMF, the AfDB, the OPEC Fund, and the EU. Debt relief from IDA amounts to US$463 million in NPV terms. It is delivered through a reduction of the debt service falling due on disbursed and outstanding credits to IDA during the interim period, and following the completion point for a total period of 18 years (Table 6). Debt relief from the IMF amounts to SDR 26.9 million in NPV terms, which is delivered through grants from the PRGF-HIPC Trust to Ethiopia's Umbrella Account. These resources, plus accrued interest, have covered about 34 percent of the payments falling due to the IMF over the period of 2001/02-2002/03 and will cover about 32 percent of Ethiopia's obligations to the Fund over the 2003/04-2009/10 period[16] (Table 7). Satisfactory financing assurances have been obtained from the main multilateral creditors, committing a total assistance of US$757 million in NPV terms. The authorities are seeking comparable assurances of full delivery from the remaining two multilateral creditors: the OPEC Fund, which has ratified an initial agreement for partial delivery of HIPC Initiative assistance to Ethiopia, and the Arab Bank for Economic Development in Africa (BADEA), which has already agreed in principle to participate in the HIPC Initiative.

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[14] The assistance calculated at the decision point is presented in Table 4.

[15] The status of creditor participation under the enhanced HIPC Initiative is summarized in Table 5.

[16] The period through which the HIPC Initiative assistance is provided is extended by one year to 2009/10, compared with the decision point document.

Bilateral and commercial creditors

22. **Paris Club creditors have agreed in principle to provide assistance under the enhanced HIPC Initiative on Cologne terms, amounting to US$402 million in NPV terms.** In order to provide interim assistance under the enhanced HIPC Initiative, the Paris Club increased flow relief previously provided to Ethiopia on Naples terms (agreed in April 2001) to Cologne terms (a debt reduction of 90 percent in NPV terms). Provided Ethiopia has maintained satisfactory relations with participating creditor countries, the agreement includes a goodwill clause stating that participating countries, at the completion point, will make the necessary effort to reach the HIPC debt sustainability threshold in the context of equitable burden sharing among creditors. The remaining amount of assistance required at the completion point (i.e., after the interim assistance period) would be delivered by the Paris Club via a stock-of-debt operation on Cologne terms, to ensure that the NPV assistance pledged at decision point is delivered fully. Most Paris Club creditors have indicated their intention to provide debt relief beyond that required under the enhanced HIPC Initiative, estimated to amount to US$284 million in NPV terms as at end-2002/03. The willingness of Paris Club creditors to deliver debt relief beyond the Initiative, and the modalities of such delivery, are summarized in Table 8.

23. **Non-Paris Club bilateral and commercial creditors are expected to provide treatment comparable to that of Paris Club, with assistance under the enhanced HIPC Initiative amounting to US$110 million in NPV terms.** Of these creditors, Bulgaria has settled all its official claims on Ethiopia through a buyback operation, and Hungary has agreed to settle through a combination of debt cancellation and provision of grants. Other non-Paris Club countries[17] and commercial creditors have not yet signaled their willingness to provide relief. The Ethiopian authorities are continuing their efforts to obtain comparable treatment from both their official bilateral and commercial creditors.

24. **Creditors representing 92 percent (US$ 1,168 million in NPV terms) of total HIPC Initiative debt relief estimated at the decision point have given satisfactory financing assurances.** Financing assurances from multilateral creditors represent 59.4 percent of total HIPC Initiative assistance, while that from bilateral creditors is 32.2 percent. The Ethiopian authorities are making an effort to obtain HIPC Initiative relief from creditors that are not yet participating in the Initiative.

C. Updated Debt Sustainability Analysis

Debt sustainability at end-2002/03

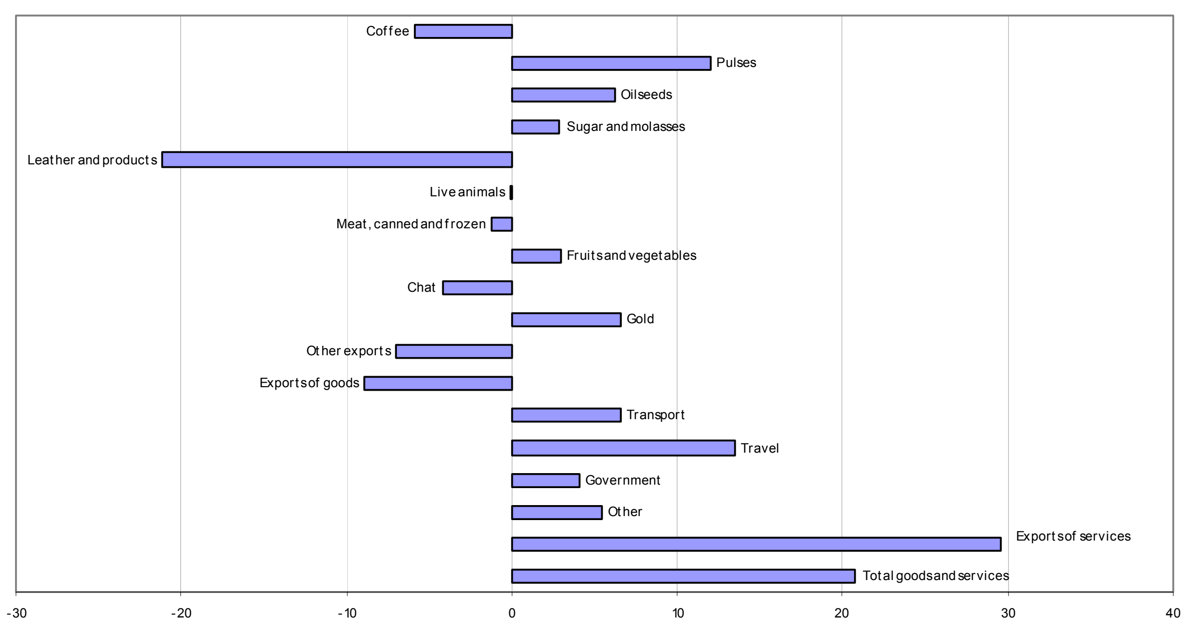
25. **The DSA included in the decision point document was updated jointly by the authorities and the staffs of the IMF and IDA,** on the basis of loan-by-loan data provided by the authorities for nominal debt disbursed and outstanding at end-2002/03. The discount and exchange rates used in the updated DSA are presented in Table 9.

[17] Libya has agreed, in principle, to provide its share of assistance, but no accord has been reached with Ethiopia.

26. **Based on a full reconciliation of debt data, Ethiopia's nominal stock of external debt reached US$6,845 million at end-2002/03 (Table 10 and Figure 2).** Of the total nominal debt at end-2002/03, 64 percent was owed to multilateral creditors, compared with 60 percent at end-2000/01. IDA is Ethiopia's largest creditor, accounting for 41 percent of the total outstanding debt at end-2002/03.

27. **Average exports of goods and nonfactor services during the three years to 2002/03 were slightly higher than projected at the time of the decision point, with higher service exports more than offsetting lower-than-expected exports of goods (see figure below)**. Gold and nonagricultural exports (including manufactures) were in line with decision point projections, with higher gold exports (due to both higher price and volume) offsetting somewhat lower other nonagricultural exports. Excluding coffee, agricultural exports have also performed in line with decision point projections, despite the drought. Lower leather and leather goods exports were offset by higher exports of pulses and oilseeds, due to a much higher than expected volume growth. Consequently, most of the shortfall in exports of goods relative to the decision point projections is accounted for by lower coffee exports due to the continued decline in coffee prices. The impact of lower-than-expected coffee prices, however, was to a great extent offset by larger export volumes, as the government stimulated the sale of existing coffee stocks for export by suspending the tax on coffee exporters, and extending credit to coffee exporters. Lower-than-expected exports of goods were more than offset by better-than-expected exports of nonfactor services, as the adverse impact of the events of September 11, 2001 on transport and travel was short-lived, and much less pronounced than was expected at the decision point discussion in November 2001.

Ethiopia: Difference of Three-Year Average Exports Between Decision and Completion Points
(In millions of U.S. dollars)



28. **The government has borrowed US$96 million in nominal terms less than was projected at the decision point**, including US$98 million less from IDA. This was partially offset by larger-than-expected project loan disbursements from other multilateral and bilateral creditors (see table below). Using exchange rates prevailing at the decision point, new borrowing was US$133 million lower than projected at the decision point.

Ethiopia: New Borrowing Between Decision Point and Completion Point
(In millions of U.S. dollars at prevailing exchange rate 1/)

	Decision Point Projections 2/			Actual			
	2001/02	2002/03	Total	2001/02	2002/03	Total	Difference
External loan disbursements							
Projects	221.1	228.0	449.1	232.6	239.5	472.1	23.0
Special programs	200.0	80.0	280.0	82.9	74.3	157.2	-122.8
Balance of payments support	132.0	92.0	224.0	109.4	129.5	238.9	14.9
Total loan	553.1	400.0	953.1	424.9	443.3	868.2	-84.9
IMF	50.0	27.0	77.0	52.0	14.0	66.0	-11.0
Total (incl. IMF)	603.0	427.0	1,030.0	476.2	457.3	934.2	-95.9

Source: Ethiopian authorities.

1/ With decision point exchange rates, actual total lending was US$133 million lower than projected.
2/ Including exceptional financing from IDA.

29. **The NPV of Ethiopia's external debt at end-2002/03, after full application of traditional debt-relief mechanisms, is estimated at US$3,949 million, equivalent to 382 percent of the three-year backward-looking average of exports in 2002/03 (Tables 11 and 12).** Assuming full delivery at end-2002/03 of current debt relief committed under the HIPC Initiative, the NPV of debt would have been reduced to US$2,542 million, equivalent to 246 percent of exports, compared with a decision point projection of 174 percent. Taking into account the bilateral debt relief expected to be granted beyond HIPC Initiative assistance, the NPV of debt is further reduced to US$2,258 million, or 218 percent of exports. This level is still significantly above the 150 percent threshold defined under the enhanced HIPC Initiative framework. Section IV, on topping-up considerations, presents a detailed analysis of the factors involved in considering the merits of additional HIPC relief to bring the NPV of debt-to-exports ratio to 150 percent.

Debt sustainability over the period 2003/04-2022/23

30. **The long-term macroeconomic framework for the DSA was revised and compared with the decision point document.** The revised framework maintains the thrust of the baseline scenario presented at the time of the decision point, but takes into account developments since the decision point, including the continued vulnerability of the economy to exogenous shocks. Key macroeconomic assumptions are summarized as follows and supplemented in Box 2 (Tables 13 and 14):

- **Economic growth** is projected at 6 percent on an annual average basis during 2003/04-2022/23. This is 0.5 percentage point lower than projected at the decision point, reflecting shocks Ethiopia experienced since the decision point, but largely consistent with the 5.7 percent rate of growth required to achieve the income poverty target of the MDGs.[18] The economy grew at an average growth rate of 5.3 percent during 1991/92-2001/02, spurred by nonagricultural growth, while agriculture grew modestly. With continued and renewed efforts for agricultural and private sector development envisaged in the PRSP and the APR, the revised projection is achievable.

- **Export** projections are based on the same key assumptions that were used at the decision point but have been revised to reflect actual developments through 2002/03, and the most recent price assumptions under the IMF *World Economic Outlook* (WEO). The annual volume growth of goods exports is projected at 7.4 percent over the next 20 years, which is lower than the 8.1 percent projected at the decision point, and consistent with a lower GDP growth projection and the recent development in coffee exports. During 1992/93-2002/03, export volume grew by 10.6 percent annually, owing partly to trade liberalization in the early 1990's. The recent price assumptions under the WEO also project a slower improvement in terms of trade during the first ten years of the projection. As a result, exports of goods and services in 2020/21 are projected to reach US$4.6 billion, compared with US$5 billion projected at the decision point.

- **External financing** beyond 2002/03 has been revised upward compared to the decision point to reflect a level of IDA lending which is more consistent with the IDA performance allocation framework.[19] [20] As presented in the Country Assistance Strategy (CAS) of IDA in April 2003, annual assistance from IDA is projected at about US$500 million with a maximum of 40 percent of the total assistance provided in the form of grants.[21] With IDA and other donors combined, 50 percent of total assistance is assumed on average to be provided in the form of grants, 8 percentage points lower than assumed at the decision point because of the higher performance-

[18] See Chapter II of the PRSP (Ethiopia – Poverty Reduction Strategy Paper (08/28/2002) and IDA/SecM2002-0471 (09/19/2002)).

[19] Medium-term IDA loan disbursements projected at the decision point were consistent with past IDA lending, and so were lower than the base case lending derived from the IDA performance-based allocation.

[20] The new borrowing assumption for the period 2003/04-05/06 includes new loan commitments from IDA after the completion point in line with the IDA's Country Assistance Strategy. These are in addition to disbursements from previously committed IDA loans that were included by the authorities under the PRGF-supported program pending IDA's decision after the completion point (see para. 20 of IMF Country Report No. 04/65 (3/18/04). As a result, there are small differences between the PRGF fifth review and the completion point projection for loan disbursements, imports of goods, and official reserves. In addition, the finalization of the DSA since the PRGF fifth review resulted in small changes in debt service and debt relief.

[21] Reflecting the maximum level of grants available through IDA13.

based IDA lending proposed in the CAS and the cap on grants. Total annual assistance is projected to increase gradually in nominal terms, reaching US$1 billion by 2020/21, compared with US$0.6 billion projected at the decision point. In percent of GDP, the total gradually declines to 3 percent during the same period, compared with 2 percent projected at the decision point. New borrowing, excluding disbursements from the IMF and for Ethiopian Airlines (EAL),[22] is assumed on concessional terms and has an average grant element of 44 percent, which is lower than the 60 percent assumed at the decision point.

31. **Under these assumptions, even after unconditional delivery of additional bilateral relief beyond HIPC Initiative assistance, Ethiopia's NPV of debt-to-exports ratio would peak at 269 percent in 2005/06** before falling gradually to below 150 percent in 2021/22 (Tables 15 and 16, and Figure 3), compared with 2004/05 in the decision point document. The deterioration reflects higher IDA lending and a reduced grant element due to unchanged loan terms and lower discount rates. The NPV of debt after full provision of enhanced HIPC Initiative assistance and additional bilateral relief is projected to rise gradually, as new debt is disbursed, reaching US$6,890 million by 2022/23.

32. **The debt service-to-exports ratio after HIPC Initiative assistance and additional bilateral relief is projected to peak at 10.3 percent in 2007/08, and decline gradually to 6.2 percent by 2017/18[23] (Tables 16 and 17).** The debt service-to-revenue ratio is projected to rise from 6.4 percent in 2003/04 to 8.1 percent in 2005/06 before falling to 4.3 percent in

[22] At the time of the decision point in November 2001, EAL had two outstanding commercial loans for the purchase of aircraft with the total outstanding of US$44 million. Under the April 2001 Paris Club Naples flow rescheduling agreement, both loans were treated as post cut off and thus outside of the rescheduling agreement. Under the terms of the HIPC Initiative, they were included in the DSA and treated the same as other commercial debt. At end-2002/03, the outstanding amount of these loans included in the stock of debt for the completion point was US$24 million in nominal values (0.4 percent of total debt outstanding). As part of the fleet expansion program, EAL will lease and purchase 6 new planes each over the next three years. The planes are delivered in three tranches starting in November 2003, July 2004, and July 2005, and are financed by a US$350 million commercial loan to be repaid over 12 years. Long-term financing operations of EAL will not be guaranteed by the government or financed by government borrowing. The new commercial loan represents a contractual obligation that increases the public sector external indebtedness. As currently formulated, all public sector debt is included in the HIPC Initiative whether it carries a government guarantee or not, and no distinction is made as to the commercial viability of the borrowing state enterprise. In the case of Ethiopia, the state-owned EAL is a profitably run autonomous entity and large earner of foreign exchange which borrows without a government guarantee. Consequently, the new US$350 million EAL loan was included in the disbursement projections but, since the first disbursement under the loan was not until November 2003, it was not captured in the debt stock for the completion point (end-2002/03) and therefore does not affect the topping up calculations.

[23] The ratio rises again to 7.2 percent in 2019/20 before falling to 6.6 percent at the end of the projection period.

2017/18. This outcome reflects concessional interest rates and the long grace periods and maturity profile of current and future debt. In US dollar terms, debt service (including new debt) after enhanced HIPC assistance is about 66 percent higher on average during the projection period than projected in the decision point document. This is largely attributable to a projected higher external assistance and the depreciation of the U.S. dollar against the SDR and euro.

D. Sensitivity Analysis and Long-Term Sustainability

33. **This section analyzes the impact, in terms of debt sustainability, of four alternative scenarios.** The first and the second scenarios examine the effect of a higher or a lower GDP growth rate, consistent with the government's alternative growth scenarios in the PRSP/APR. The third scenario analyzes the effect on the base case of restrained loan commitments or higher grant financing, while the last considers the impact of lower GDP growth and lower coffee prices. [24] The results of these scenarios are presented in Table 18 and Figure 4.

Sensitivity scenario 1: higher GDP growth

34. **A higher-GDP-growth scenario is envisaged in the PRSP/APR, based on better economic and policy performance.** The PRSP/APR projects an annual average of 7 percent growth, 1 percentage point higher than projected under the baseline scenario. The volume growth of exports of goods is projected at 8.5 percent, 1.1 percentage points higher than the baseline, while that of imports of goods is projected at 5.4 percent. External financing follows the high case scenario under the IDA CAS, reaching US$1.2 billion by 2022/23, about US$200 million higher than the baseline (although the level of external assistance remains at 3 percent of GDP). The share of grants declines slightly to 46 percent on average because of a higher share of lending assistance from IDA in total.

35. **Under these assumptions, Ethiopia's external debt situation improves slightly, but in relation to exports, the NPV of debt would still remain high (Scenario I, Table 18).** The NPV of debt-to-exports ratio, before additional bilateral relief, would peak at 294 percent in 2005/06, compared with 291 percent in the baseline, as a result of higher disbursements, then fall gradually to 136 percent by 2022/23, compared with 142 percent in the baseline. The debt-service ratio would be lower, declining from 11.1 percent of exports in 2005/06 to 6.2 percent in 2022/23.

Sensitivity scenario 2: lower GDP growth

36. **A lower-GDP-growth scenario, reflecting the vulnerability of the economy to exogenous shocks and weaker policy implementation.** Under this scenario, annual GDP

[24] The higher-GDP-growth, lower-GDP-growth, and lower-coffee-price cases reflect the potential impact of exogenous factors (e.g. drought and terms of trade). All the scenarios assume an incremental capital output ratio (ICOR) of about 3, although in recent years the ICOR has varied widely.

growth averages 4 percent, about 2 percentage points lower than projected under the baseline scenario. Exports of goods grow at 6 percent, 1.4 percentage points lower than the baseline, while imports of goods grow at the lower rate of 3 percent. External financing availability follows the low case scenario under the IDA CAS, reaching US$0.8 billion by 2022/23, about US$200 million lower than the baseline, although, in share of GDP, the level of external assistance remains at 3 percent. The share of grants increases slightly to 51 percent on average because of a lower share of lending assistance from IDA in total.

37. **Under these assumptions, Ethiopia's external debt dynamics would improve at a slower pace (Scenario II, Table 18).** The NPV of debt-to-exports ratio, before additional bilateral relief, would peak at 287 percent in 2005/06 and remain above 150 percent through 2022/23. The debt service-to-exports ratio would decline only marginally from 11.1 percent in 2007/08 to 8.8 percent in 2022/23.

Sensitivity scenario 3: lower concessional lending

38. **Increasing the grant mix under the base case improves but does not solve the overhang in the NPV of debt-to-exports ratio after HIPC Initiative relief.** Two hypothetical scenarios for lower concessional lending are presented to test the sensitivity of the NPV of debt-to-exports ratio to the volume and grant mix of external assistance. Under the first scenario (Scenario III A in table 18), lending is lowered by the equivalent of 10 percent of total assistance, or $93 million on average, while the level of grants in assistance is increased by the same amount to maintain the overall level of assistance under the baseline. The effect on the NPV of debt-to-exports ratio is initially limited, but increases as the grant portion in new external financing increases. Compared with the baseline scenario after enhanced HIPC Initiative assistance, the peak of the ratio is lowered by 4.1 percentage points; the ratio falls below 150 percent 2 years earlier (in 2020/21). The staffs estimate that over a 20-year period, an increase in the share of grants by 10 percentage points would reduce the NPV of debt-to-exports ratio by 18.2 percentage points in 2022/23.

39. **If concessional lending to Ethiopia were restrained by the same amount (about US$93 million per year on average) but not substituted by grants (Scenario III B, Table 18), Ethiopia's external debt situation would not become appreciably more sustainable than the baseline**. This is because of the reliance of the economy on external finance. Compared to the baseline, economic growth would fall by an annual average of about 0.4 percent to 5.6 percent, as lower foreign exchange availability would limit essential imports for production. Export volume growth would be 7.1 percent, 0.3 percentage point lower than the baseline. The NPV of debt-to-exports ratio is slightly lower than the baseline because the lower NPV of debt is more pronounced than the lower exports. The ratio reaches 150 percent one year earlier than the baseline. However, while the NPV of debt-to-exports ratio shows little improvement, all things being equal, it is projected that GDP growth could fall just below the average annual growth rate necessary to achieve the income poverty target of the MDGs.[25]

[25] Estimated in the SDPRP to be 5.7 percent per year until 2015.

Sensitivity scenario 4: lower GDP growth and lower coffee prices

40. **If coffee prices were lower than projected and concessional borrowing was undertaken to meet the consequent shortfall in foreign exchange earnings, the debt situation would worsen considerably (Scenario IV, Table 18).** Under this scenario, on top of the lower-GDP-growth scenario, coffee prices are assumed from 2004/05 to be lower than the baseline scenario by 25 percent, the same magnitude as assumed in a sensitivity analysis at the decision point. The shortfall of foreign exchange from lower coffee exports is assumed to be covered by an equivalent increase in concessional loans. The NPV of debt-to-exports ratio would peak at 296 percent in 2005/06 and remain over 200 percent until 2021/22. The debt service-to-exports ratio would peak at 11.9 percent in 2007/08 and remain over 9 percent throughout the projection period.

41. **The alternative scenarios highlight the sensitivity of the DSA to macroeconomic performance, gross external financing, and the terms of new finance.** They underline the importance of Ethiopia following prudent debt-management policies (see attached Appendix). Given Ethiopia's vulnerability to weather conditions and terms of trade shocks, Ethiopia can only mitigate these large potential risks by pursuing appropriate policies, substantially increasing the composition of grants in external financing, and obtaining more debt relief where possible.

IV. Consideration of a Topping Up of Enhanced HIPC Initiative Assistance

42. **In the event of a deterioration of the debt indicators beyond the HIPC thresholds after the decision point, the enhanced HIPC Initiative framework allows for exceptional topping-up of HIPC Initiative debt relief if the deterioration is due to "exogenous factors that lead to a fundamental change in the country's economic circumstances."**[26] Additional debt relief may then be provided to bring the NPV of debt-to-exports ratio down to 150 percent at the completion point. This section identifies the factors that have increased Ethiopia's NPV of debt-to-exports ratio at the completion point relative to the level projected at the decision point.

43. **With an NPV of debt-to-exports ratio reaching 218 percent at the completion point, even after additional voluntary relief from bilateral creditors, Ethiopia is a case that warrants consideration of additional HIPC Initiative relief.** This consideration is reinforced by the continued high level of Ethiopia's external debt burden projected into the medium term, as evidenced by the ratio of NPV of debt to exports which exceeds 150 percent through 2020/21.

44. **The unanticipated increase of the NPV of debt-to-exports ratio, after full delivery of HIPC Initiative assistance, from the 174 percent at end-2002/03 projected at the decision point to 218 percent, results entirely from the changes in interest and exchange rates since the decision point (see table below).** Despite the lower outturn of

[26] See Box 1 of Ethiopia - Enhanced HIPC Initiative – Completion Point Considerations (8/20/2001) and IDA/SecM2001-0539/1 (8/21/2001).

coffee exports, exports of goods and services turned out slightly higher at completion point than projected at the decision point and contributed to reducing the ratio by 3.5 percentage

Ethiopia: Breakdown of the Increase of NPV of Debt-to-Exports Ratio
From 150 Percent at End-2000/01 to 218 Percent at End-2002/03 1/
(In percent; unless otherwise indicated)

	Anticipated variation at the decision point		Unanticipated variation at the decision point		Total variation	
	Percentage points	Percent of total	Percentage points	Percent of total	Percentage points	Percent of total
Total increase	23.5	100	44.9	100	68.4	100
Due to:						
1. Changes in the parameters	0.0	0	63.0	140	63.0	92
Discount rates	0.0	0	43.9	97	43.9	64
Exchange rates	0.0	0	19.1	42	19.1	28
2. New borrowing	36.3	154	4.3	10	40.5	59
Volume	36.3	154	-4.6	-10	31.7	46
Change in concessionality	0.0	0	1.9	4	1.9	3
Other factors 2/	...	...	6.9	15	6.9	10
3. Changes in exports	-8.9	-38	-3.5	-8	-12.4	-18
Changes in exports of goods	...	...	1.5	3	...	...
(*Of which:* changes in coffee exports)	...	...	1.0	2	...	...
Changes in volumes	...	...	-2.3	-5	...	...
Changes in prices	...	...	3.8	8	...	...
Changes in exports of nonfactor services	...	...	-5.0	-11	...	...
4. Additional bilateral relief	0.0	0	-19.9	-44	-19.9	-29
5. Amortization and other factors 3/	-3.9	-17	1.2	3	1.2	-4
Memorandum items:		At Decision Point		Actual		
SDR discount rate (in percent)		5.40		4.25		
SDR exchange rate (in SDRs per U.S. dollar)		0.80		0.70		
Nominal new borrowing during 2001/02-2002/03 (in millions of U.S. dollars at the decision point exchange rates)		1,030		897		
Implicit grant element of new borrowing (in percent)		64.3		58.2		
Exports of goods and services in 2002/03 (three-year average; in millions of U.S. dollars)		1,013		1,034		

Source: IMF and World Bank Staff estimates

1/ NPV of debt-to-exports ratio (in percent), after full delivery of HIPC Initiative assistance:

At end-2000/01	150.0
Projected for end-2002/03 at end-2000/01 (Decision point)	173.5
Estimate at end-2002/03 (after additional bilateral relief)	218.4

2/ Refers to the inappropriate use, at the decision point, of U.S. dollar discount rate and terms for new borrowing.

3/ For the unanticipated variation, includes differences between the assumptions used at the decision point for the delivery of interim assistance and the actual interim assistance received by Ethiopia.

points (or minus 8 percent of the total increase). New borrowing contributed 4.3 percentage points to the increase in the NPV of debt to exports ratio (10 percent of the total increase). This is largely the result of (i) lower nominal disbursements than projected at the decision point, accounting for a reduction of 4.6 percentage points (assuming the same grant element for new borrowing as in the decision point document); and (ii) lower concessionality of actual new borrowing compared to what was assumed at the decision point, which accounts for an increase of 1.9 percentage points. Additional bilateral relief reduced the NPV of debt-to-exports ratio by 19.9 percentage points (or minus 44 percent of the total increase). However, the change in discount rates contributed 43.9 percentage points (or 97 percent of the total increase), and that in exchange rates accounted for 19.1 percentage points (or 42 percent of the total increase). In total, the change in the parameters explains 63 percentage points (or 140 percent of the total increase).[27]

A. Discount and Exchange Rates

45. **Discount rates have declined significantly since the decision point.** The discount rate of the SDR and U.S. dollar fell from 5.40 percent to 4.25 percent (by 21 percent) and from 6.20 percent to 4.52 percent (by 27 percent), respectively, while the euro discount rate also declined from 5.76 percent to 4.85 percent (by 16 percent) (Table 7). These rates are on a continuing trend decline since mid-1990's and are expected to remain low over the next few years.

46. **U.S. dollar exchange rates have depreciated since the decision point**. The end-2002/03 exchange rates of the U.S. dollar used to calculate the NPV of debt depreciated as follows: for the SDR, from SDR 0.80 per U.S. dollar at end-2000/01 to SDR 0.71 per U.S. dollar (by 11 percent) at end-2002/03, and for the euro from EUR 1.18 per U.S. dollar to EUR 0.88 per U.S. dollar (by 25 percent). Debts denominated in SDRs and U.S. dollars accounted for 43.2 percent and 41.8 percent of Ethiopia's total indebtedness (in nominal terms) at end-2002/03, respectively, while the euro-denominated debt was equivalent to 10.7 percent of the total (see table below).

47. **Since the decision point, exchange rate changes have increased the value of debt and the cost of debt service relative to Ethiopia's export revenues.** The effect is significant because more than 95 percent of Ethiopia's export receipts are in U.S. dollars, whereas about 50 percent[28] of Ethiopia's debt is denominated in SDRs and euros, which appreciated substantially against the U.S. dollar.

[27] Using decision point parameters and actual exports and new borrowing, the NPV debt-to-exports ratio at the completion point would have been 173 percent, compared with the projected level of 174 percent.

[28] 53.9 percent in nominal terms and 49.7 percent in NPV terms (see table above).

Ethiopia: Structure of External Debt by Currency Denomination at End-2002/03

Currency	Nominal Value		Net Present Value 1/	
	In millions of U.S. dollars	In percent in total	In millions of U.S. dollars	In percent in total
SDR	2,958.0	43.2	1,670.2	37.4
U.S. dollar	2,862.6	41.8	1,991.1	44.6
Euro	729.7	10.7	546.9	12.3
Japanese yen	155.0	2.3	146.3	3.3
Swiss franc	32.7	0.5	25.1	0.6
U.K. pound sterling	29.1	0.4	22.5	0.5
Kuwaiti dinar	25.2	0.4	21.8	0.5
Others	53.1	0.8	37.6	0.8
Total	6,845.4	100.0	4,461.5	100.0

Source: IMF and World Bank staff estimates.

1/ After traditional debt relief.

48. **The changes in discount rates and exchange rates since the decision point are exogenous factors, and they have led to a fundamental change in Ethiopia's economic circumstances.**[29] Industrial country interest and exchange rates are clearly beyond the control of the Ethiopian authorities. If the significant declines in interest rates reflect lower inflationary expectations in industrial countries, expected future commodity export prices for Ethiopia will be lower, and the expected capacity to service their debt burden will decline correspondingly. The decline in nominal interest rates has increased the NPV of debt-to-exports ratios, and the concessionality implied by Ethiopia's fixed interest rate debt has fallen accordingly. In the absence of topping up, this greater real debt burden would leave an overhang of external indebtedness at a level significantly higher than the HIPC threshold of 150 percent for the NPV debt-to-exports ratio. The high NPV of debt-to-exports ratio could also limit Ethiopia's future access to additional loan financing for poverty reduction efforts even at a very concessional level. Such a development could damage Ethiopia's economic growth prospects and the country's chances for achieving the MDGs, because the level of external aid flows into Ethiopia, one of the poorest countries in the world, is already low, at about US$13 per capita, well below the sub-Saharan average of US$23 per capita, and more than half of this comes in the form of concessional lending from IDA and the AfDB.

[29] This assessment of topping up is guided by "Statement by the Staff Representative on the Enhanced HIPC Initiative—Clarification of the Topping-Up Framework," (2/27/04) and IDA/SecM2004-0127 of March 8, 2004, "HIPC Initiative—Information Note on the Topping Up Framework."

49. Regarding the impact of exchange rates, while the debt-stock and debt-service costs in U.S. dollar terms rose, the value of exports of goods in U.S. dollar terms remained unchanged (see para. 47). Thus, the higher debt-stock and debt-service costs in U.S. dollar terms represent an additional burden, which constitutes a fundamental change in Ethiopia's economic circumstances. Under the HIPC Initiative guidelines, the revised discount and exchange rates at the completion point are required to be applied to debt service payments over the entire projection period. Under this construction, the resulting NPV of debt-to-exports ratio exceeds the HIPC Initiative threshold by a large margin.

50. **The staffs are of the view that the change in discount and exchange rates meet the established criteria for exogenous factors leading to fundamental changes in the economic circumstances of the country, and therefore recommend that additional HIPC Initiative relief be granted to bring Ethiopia's NPV of debt-to-exports ratio of 218 percent at end-2002/03 down to the HIPC Initiative threshold of 150 percent.** Furthermore, (i) the track record of the authorities in policy and reform implementation has been strong, (ii) the authorities have borrowed prudently despite being adversely affected by a severe drought and lower coffee prices, and (iii) the authorities promoted additional coffee exports to offset the foreign exchange loss from lower coffee prices.[30] On the basis of the updated DSA, a topping-up of US$707 million (in NPV terms) of HIPC Initiative assistance at the completion point would be needed to achieve this. Topping-up amount is calculated as US$552 million in NPV terms (78 percent of the total) for multilateral creditors, of which IDA and the IMF represent US$368.7 million and US$26.5 million, respectively, and US$155 million (22 percent of the total) for bilateral and commercial creditors (Table 6, 7, and 12).[31]

B. Debt Sustainability After Topping Up

51. **Even with topping up, Ethiopia's NPV of debt-to-exports ratio would peak at 216 percent (Table 16 and Figure 3).** Under the baseline scenario for new lending from IDA and other concessional sources, the NPV of debt-to-exports ratio is projected to rise from 150 percent in 2002/03 to 216 percent in 2005/06 (189 percent, excluding EAL loans), before falling gradually to below 150 percent in 2020/21, which is two years earlier than in the scenario without topping up.[32] The ratio is then projected to fall to 133 percent 20 years from now. By comparison, in the decision point document, NPV of debt-to-exports ratio was projected to fall below 150 percent in 2004/05 (after additional bilateral assistance). If higher grants and lower loans are assumed as in the Scenario III A, the NPV of debt-to-exports ratio

[30] There is no moral hazard in granting a topping up in these circumstances, but if a topping up is not granted, and access to external resources is compromised, Ethiopia would be penalized for good behavior.

[31] For possible topping up of HIPC Initiative assistance, no creditors have indicated financing assurances yet.

[32] Excluding EAL loans, NPV of debt-to-exports ratio is projected to remain below 200 percent throughout the projection period but to fall below 150 percent in the same year as is the case with EAL loans. This is because repayments of the EAL loans are projected to be completed by 2014/15.

would peak at 212 percent in 2005/06, before falling to below 150 percent in 2018/19, or two years earlier than the baseline. By the end of the projection period, the NPV of debt-to-exports ratio would be 115 percent. After topping up, the debt service-to-exports ratio is estimated at 7.7 percent in 2003/04, and is projected to fall to 4 percent by 2016/17, before starting to increase, but nonetheless it remains below 8 percent throughout the projection period although it is somewhat higher on average than projected at the decision point (Figure 5). In assessing debt sustainability, several indicators need to be considered. While, as noted above, the NPV of debt-to-exports ratio is expected to remain above 150 percent through 2020/21 even after topping up, the debt service ratio is projected on average to be 6 percentage points below the average for 1997/98-2002/03. Thus it is anticipated that Ethiopia's debt service ratio will be manageable during the projection period and debt relief would provide resources for spending on poverty alleviation.

V. Conclusions

52. **The staffs of the IMF and IDA are of the view that Ethiopia's performance with respect to the conditions for reaching the completion point under the enhanced HIPC Initiative has been satisfactory.** The full PRSP was prepared and implemented satisfactorily, the PRGF-supported program has remained on track, and most key structural reforms and social measures have been implemented. Given an overall progress in structural reforms despite the challenges Ethiopia faced, the staffs consider that a request by the government for waivers of completion point triggers on public expenditure management, agriculture, and education is warranted.

53. **The staffs of the IMF and IDA therefore recommend that the Executive Directors determine that Ethiopia has reached the completion point under the enhanced HIPC Initiative and that an exceptional additional HIPC Initiative assistance be granted to lower Ethiopia's NPV of debt-to-exports ratio at end-2002/03 to 150 percent.**[33]

[33] The additional assistance of the IMF would be disbursed when other creditors provide sufficient assurances of their participation in this exceptional effort. Once satisfactory assurances have been received, IMF staff will return to the IMF Board with a proposed decision approving the disbursement of the IMF's share of the additional relief.

VI. Issues for Discussion

54. Executive Directors are asked to provide guidance on the following questions:

- Do Directors agree that Ethiopia has met the conditions for reaching the completion point under the enhanced HIPC Initiative framework, as established at the time of the decision point?

- Do Directors agree that sufficient assurances have been given by Ethiopia's other creditors to commit enhanced HIPC Initiative resources to Ethiopia, as approved at the decision point, on an irrevocable basis?

- Do Directors agree that the deterioration in Ethiopia's debt indicators, including the increase in the NPV of debt-to-exports ratio to 218 percent at end-2002/03, was caused by exogenous factors beyond the control of the government that led to a fundamental change in the country's economic circumstances?

    - If so, do Directors agree that exceptional additional HIPC Initiative assistance be granted to bring Ethiopia's NPV of debt-to-exports ratio at end-2002/03 down to 150 percent?

    - If so, do Directors agree that this additional assistance could be granted when other creditors provide sufficient assurances to participate in this exceptional effort?

Box 1. Ethiopia: Status of Triggers for Floating Completion Point

Triggers	Status
PRSP. A full PRSP will have been prepared and implemented satisfactorily for at least one year as evidenced by the joint staff assessment of the country's annual progress report.	**Met.** A full PRSP was submitted to the Fund and the World Bank on August 15, 2002. On September 19 and 23, 2002, the IDA and Fund Executive Boards, respectively, considered the full PRSP as providing a sound basis for concessional assistance. The first annual progress report (APR) on the PRSP was submitted to the World Bank and the Fund in December 2003. A joint staff assessment (JSA) on the APR, which indicates progress made, was discussed by the Boards of IDA and the IMF in February 2004.
Macroeconomic stability. Continued maintenance of macroeconomic stability as evidenced by satisfactory implementation of the PRGF-supported program.	**Met.** All the performance criteria have been met with only one exception, and all but one benchmark have been observed under the PRGF-supported program. All the PRGF reviews have been concluded on time, except the fourth review which was concluded on August 29, 2003, following a postponement by six months due to a delay in completing a financial audit of the CBE. The fifth review was discussed by the Board of the IMF in February 2004, and Ethiopia has established its minimum six-month track record of successful policy implementation under the PRGF-supported program.
Governance and public expenditure management. The authorities will have strengthened public expenditure management by (i) reconciling monetary and fiscal accounts starting in fiscal-year 2001/02; and (ii) as part of the budget exercise, consolidating federal and regional budgets for both the past year and the budget year—including all extrabudgetary funds and accounts—at the beginning of each fiscal year, starting in 2002/03.	(i) **Met.** The reconciliation of monetary and fiscal accounts for 2001/02 and 2002/03 was completed in December 2003. The reconciliation, originally set as a structural benchmark for September 30, 2002 then revised to December 31, 2002 under the PRGF arrangement, was delayed partly because of the ongoing decentralization process. The reconciliation was a structural benchmark for end-December 2003 under the third annual PRGF program, and further technical assistance from the Fund was provided in August 2003. (ii) **Not met, but completed with delay.** The consolidation of federal and regional budgets, including all extrabudgetary accounts, was completed in November 2003. However, the consolidated budgets were not ready at the beginning of the fiscal year 2002/03 as envisaged at the decision point. The consolidation, set as a structural benchmark for September 30, 2002 under the PRGF arrangement, was delayed as a result of the ongoing decentralization. The consolidation was a performance criterion under the third annual PRGF program for end-November 2003.
Structural reforms and social sectors. In these areas, the authorities will have done the following:	
a. Introduced the value-added tax (VAT) by January 2003;	**Met.** The VAT was introduced in January 2003.
b. Completed the financial restructuring of the Commercial Bank of Ethiopia (CBE) and increased competitiveness of the financial sector through (i) allowing the management of CBE to operate on commercial principles (including autonomy of decision on staffing, on meeting performance targets set by CBE's Board, and on pursuing delinquent borrowers); (ii) provisioning for nonperforming loans and other doubtful assets in line with international standard practices;[1] and (iii) allowing private banks to enter into management contracts with foreign institutions;	(i) **Met.** A performance contract, set as a structural benchmark for June 30, 2002 under the PRGF arrangement was signed by the government and the management of CBE on June 28, 2002, to ensure that the CBE is operated effectively, on a commercial basis. The management of CBE now has autonomy in decision making, including staffing, meeting performance targets, and pursuing delinquent borrowers; (ii) **Met.** A new directive on the amendment of provisions was adopted on August 31, 2002. A first directive was adopted on March 30, but was subsequently revised to bring it more fully in line with international best practices. The directive has become fully effective since January 1, 2004 as stipulated; and (iii) **Met.** Private banks are allowed to enter into management contracts with foreign institutions. Although none of the banks have chosen to do so because of financial and autonomy reasons, they have been benefiting from consulting services of foreign financial institutions for strengthening credit risk and portfolio management, accounting and auditing, staff training, and information technologies.

Box 1 Ethiopia: Status of Triggers for Floating Completion Point (concluded)

Trigger	Status
c. agriculture Implemented satisfactorily an action plan agreed with IDA, that aims at improving fertilizer input market competitiveness and efficiency, and that includes monitorable indicators, with half-yearly assessment reports beginning in December 2002;	**Not met, but satisfactory progress achieved.** Action was delayed 12 months by the emergency response to the severe drought. To ensure a successful harvest in 2003/04, externally financed government intervention in fertilizer and seed markets was needed.[2] Following the drought, an action plan has been agreed with IDA which will gradually improve the competitiveness and efficiency of the fertilizer market. Half-yearly assessment reports have not yet been produced because of the delay. Agreed reforms include (i) a reduction in the proportion of extension staff's involvement with fertilizer delivery and credit administration from 30 percent in 2004 to zero in 2006; (ii) completion of phasing out of regional government fertilizer credit guarantees by 2006; (iii) training 80 percent of cooperatives to access bank credit by 2006, (iv) the introduction of a warehouse receipt system, (v) an increase in credit provision by microfinance institutions. In addition, the government will (v) conduct a study to evaluate options for improving the importation and distribution of fertilizer, and implement the findings of the study in 2006.
d. education: (i) Reduced the repetition rate at the primary level from 9 percent in 1999/00 to 7 percent; and	(i) **Data not available, but satisfactory progress achieved.** Although full census data are not yet available to verify the outturn, a government survey estimates that the repetition rate fell to 6.8 percent in 2002/03 percent. The repetition rate was 9.7 percent in 2001/02. If deemed true, the sharp drop in 2002/03 would have been made possible through a combination of measures implemented by the government, which have greatly reduced repetition rates in grades 1-3. A challenge for the future will be to reduce repetition rates in higher grades whilst maintaining standards in student achievement.
(ii) Increased the gross enrollment rate of girls in primary level from 40.7 percent in 1999/2000 to 50 percent;	(ii) Met. The national average female gross enrollment ratio rose to 51.2 percent in 2001/02, although female enrollments are unacceptably low in several regions. Specific government interventions have been implemented.
e. health: (i) Increased DPT3 vaccination coverage from 40 percent in 2000/01 to 50 percent; and	(i) **Met.** DPT3 coverage reached 51.5 percent in 2002.
(ii) Increased the utilization rate of health outreach facilities (defined as the number of new outpatients during the year divided by total population) from 27 percent in 2000/01 to 30 percent; and	(ii) **Met.** The health outreach utilization rate reached 30 percent in 2002. To continue to improve services consistent with the policy direction assessed by this trigger, the government needs to complete the definition of new service standards (minimum packages) which place greater emphasis on health outreach services, especially the health extension package for the delivery of basic preventive and curative services in communities.
f. HIV/AIDS: Increased the distribution of condoms throughout the country by 6 million annually, starting from 50 million in 2000.	**Met.** 50 million condoms were distributed in 2000, 57 million in 2001, and 65 million in 2002. This figure includes an estimated annual distribution of 5 million by Pathfinder and Ministry of Health.

1/ Taking into account Basel Committee guidelines for troubled debt restructuring and credit risk.
2/ External support included the Bank's Emergency Drought Recovery Project (IDA Report P7577-ET).

Box 2. Ethiopia: Macroeconomic Assumptions Underlying the Debt Sustainability Analysis Over the Period 2003/04-2022/23

Inflation is expected to remain low at 3 percent, the same level as targeted at the decision point, thanks to continued sound fiscal and monetary policies.

Import volume is projected to increase at a rate of 4.5 percent per annum, lower than 5.3 percent projected at the decision point, reflecting a lower GDP growth projection.

Current account deficit, excluding official transfers, is forecast to decline gradually from about 13 percent of GDP in 2002/03 to 4 percent by 2022/23, higher than the 2 percent projected at the decision point.

Fiscal policy. Prudent fiscal policies will be maintained through further revenue mobilization and cautious spending to limit domestic borrowing, while continuing every effort to increase poverty-targeted spending. Revenue is projected to increase to 24 percent of GDP by 2022/23, while spending is projected to be curtailed to 28 percent. Fiscal deficit, excluding grants, is projected to decline to 4 percent of GDP by 2022/23, and domestic debt would fall to 16 percent of GDP as a result of limited domestic recourse to the banking system.

Saving and investment. Gross domestic investment is projected to increase steadily from 21 percent of GDP in 2002/03 to 24 percent by 2022/23, slightly higher than 22 percent projected at the decision point. Gross national saving is projected to rise from 17 percent in 2002/03 to 21 percent of GDP in 2022/23, the same level as projected at the decision point.

Foreign direct investment is projected to steadily rise from 0.2 percent of GDP in 2002/03 to 1.3 percent by 2022/23, compared with 1.4 percent projected at the decision point.

Gross official reserves, expressed in months of imports of goods and services, are expected to remain over 4 months throughout most of the projection period. Reserves in import coverage continue to increase through 2011/12, followed by a decline to a level lower than projected at the decision point, reflecting an increase in debt service from new disbursements.

Figure 1. Ethiopia: Selected Economic Indicators, 1999/2000-2005/06 1/

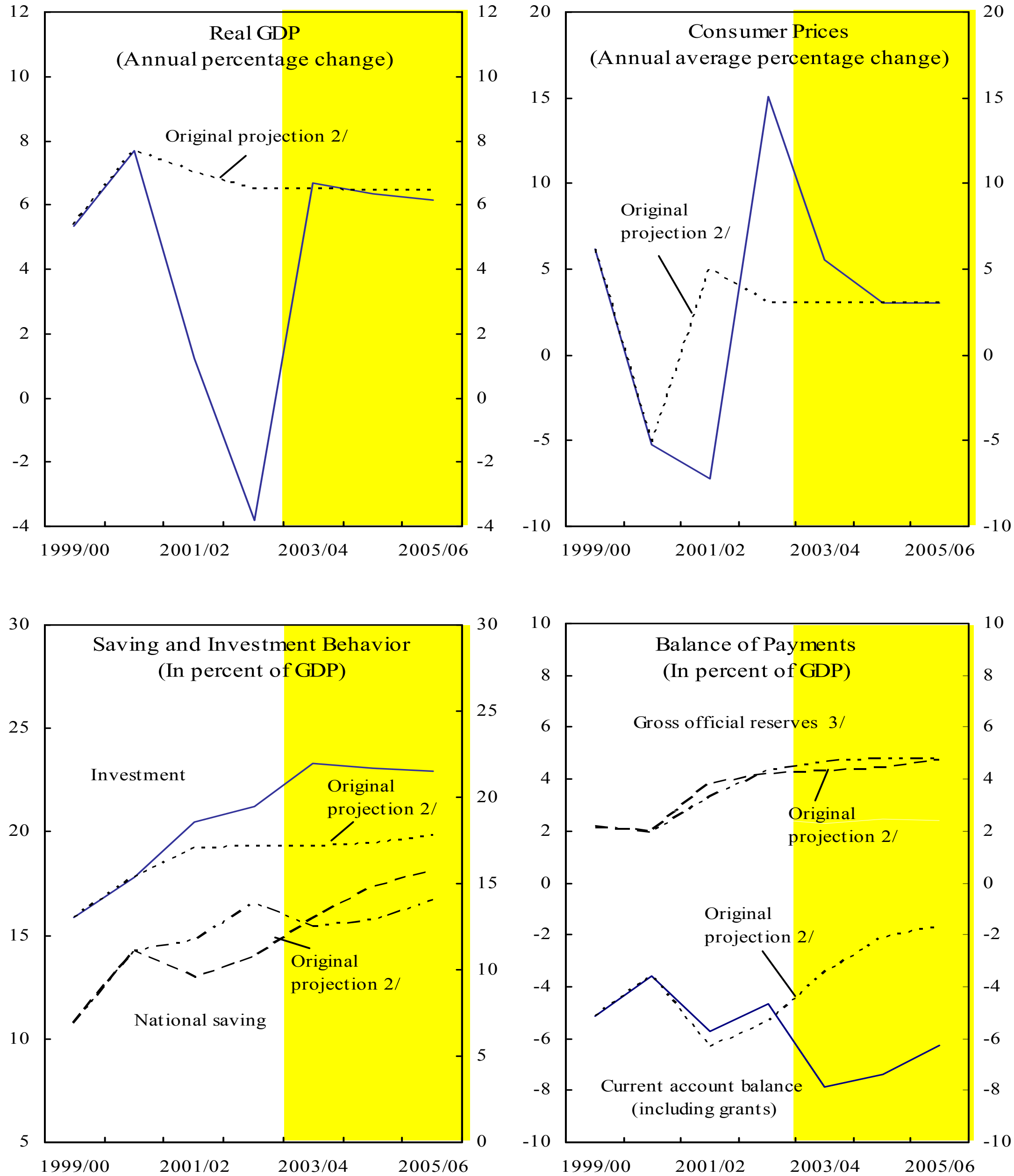
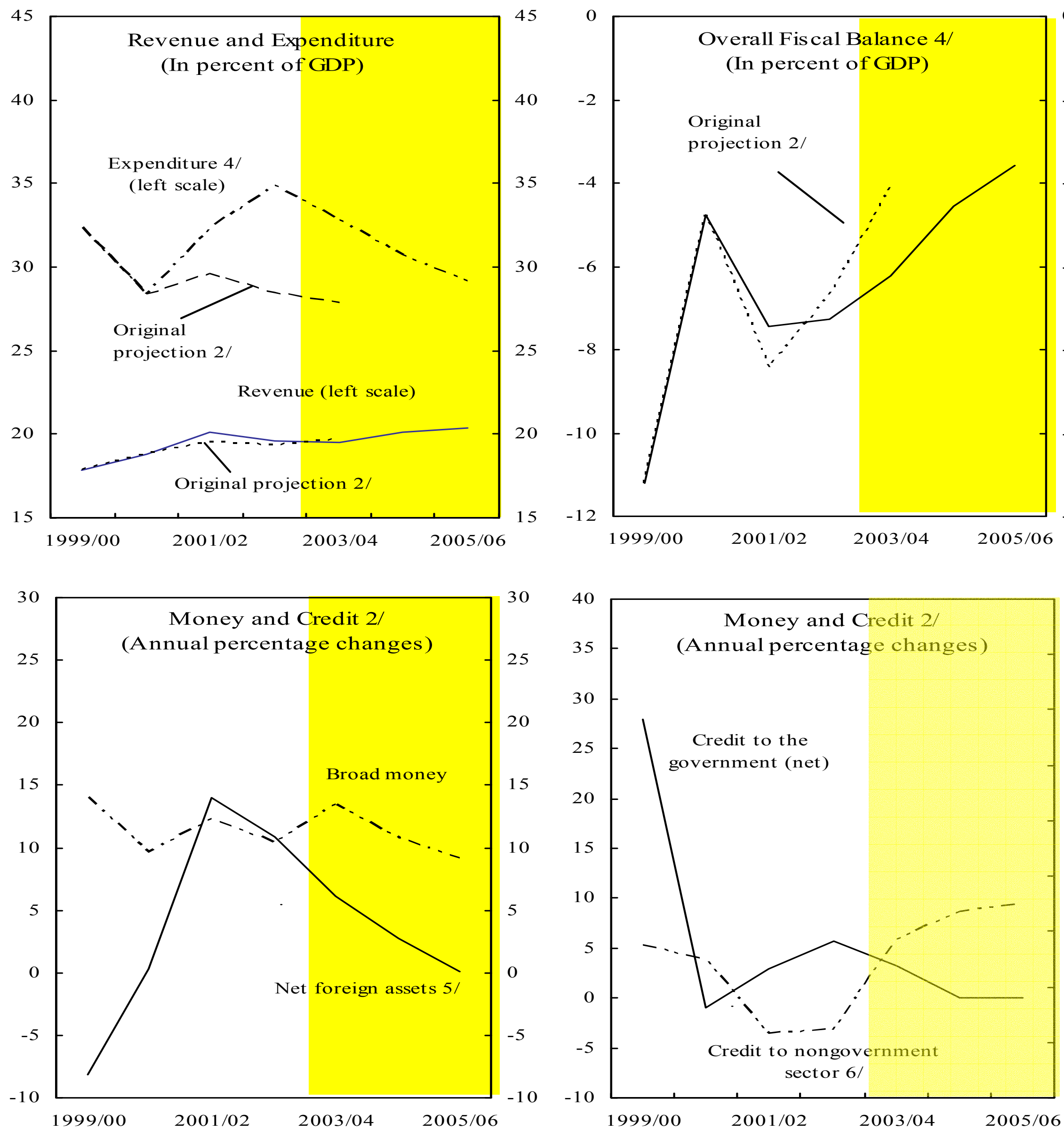


Figure 1. Ethiopia: Selected Economic Indicators, 1999/2000-2005/06 1/ (concluded)

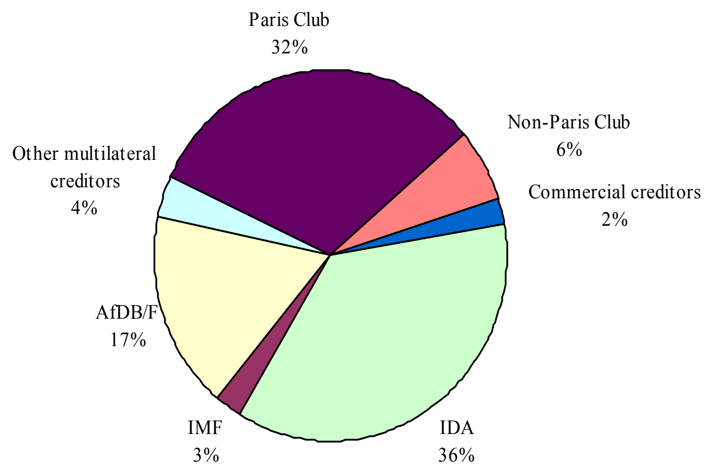


Sources: Ethiopian authorities; and staff estimates and projections.

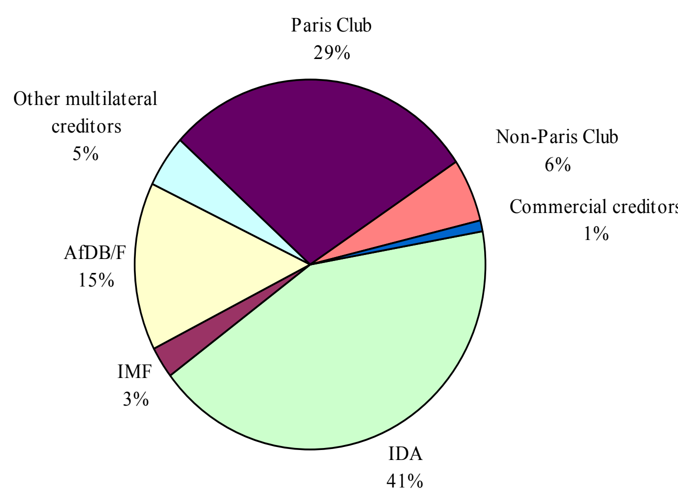
1/ All data pertain to the period July 8-July 7. Shaded area indicates projection period.
2/ Corresponds to original projection at the decision point under the enhanced HIPC Initiative (November 2001). Projection of fiscal data was made only through 2003/04. Original monetary projection was omitted because it was made only through 2001/02.
3/ In months of imports of goods and nonfactor services of the following year.
4/ Excluding special programs.
5/ Change in percent of beginning-of-period broad money.
6/ Includes credit to public enterprises and the private sector.

Figure 2. Ethiopia: Composition of External Debt in NPV Terms 1/
(In millions of U.S. dollars)

End-2000/01 2/



End-2002/03 3/

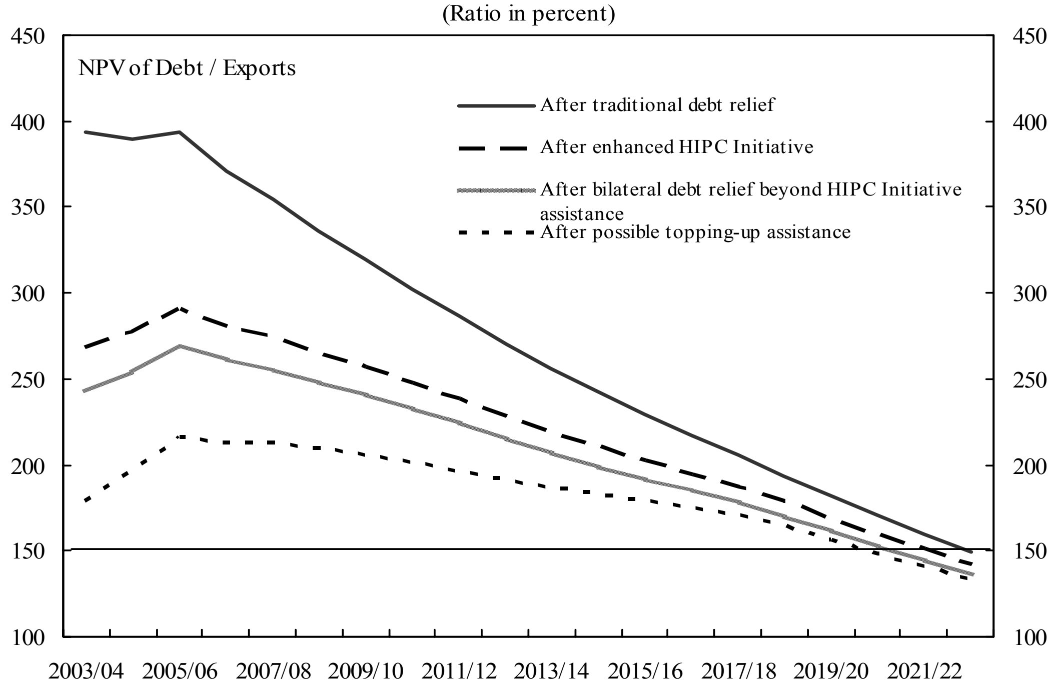


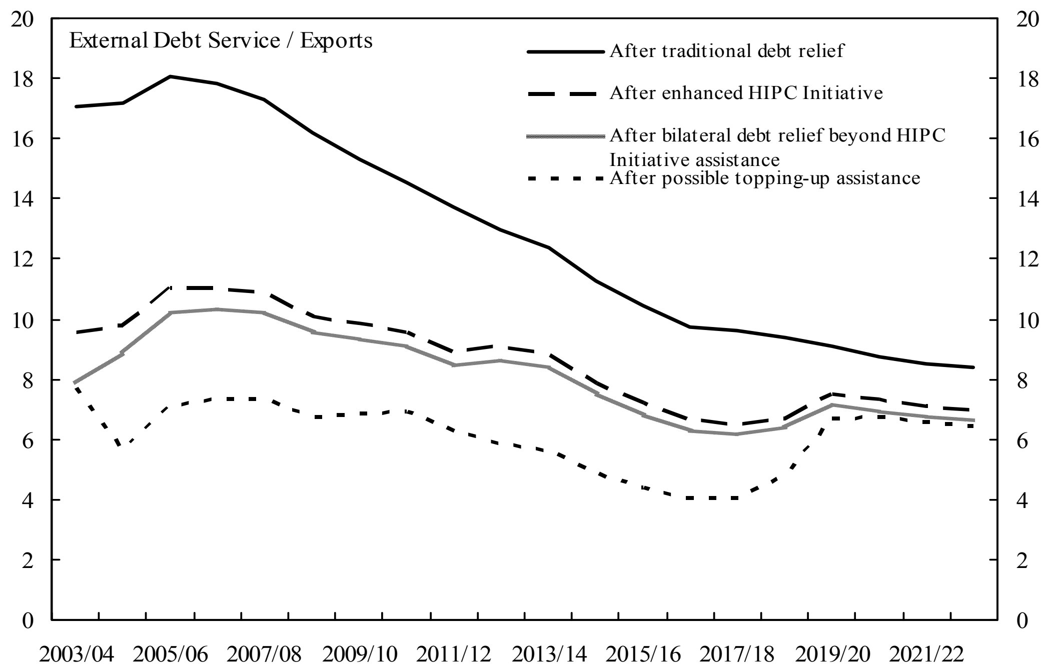
Sources: Ethiopian authorities; and staff estimates.

1/ After the application of traditional debt-relief mechanisms at end-2000/01.
2/ At end-2000/01 discount and exchange rates.
3/ At end-2002/03 discount and exchange rates.

Figure 3. Ethiopia: External Debt and Debt-Service Indicators for Medium-and Long-Term Public Sector Debt, 2003/04-2022/23

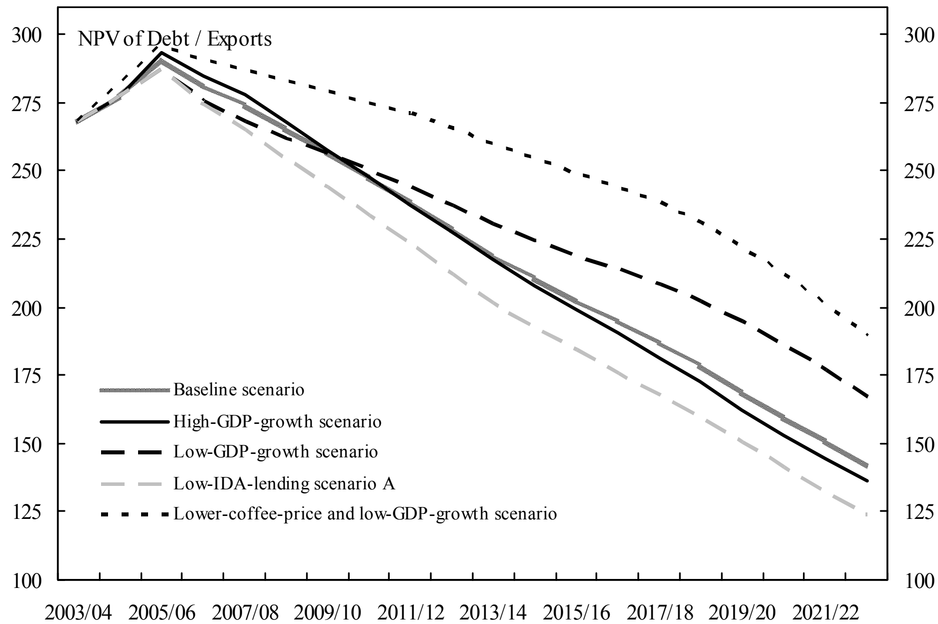
(Ratio in percent)

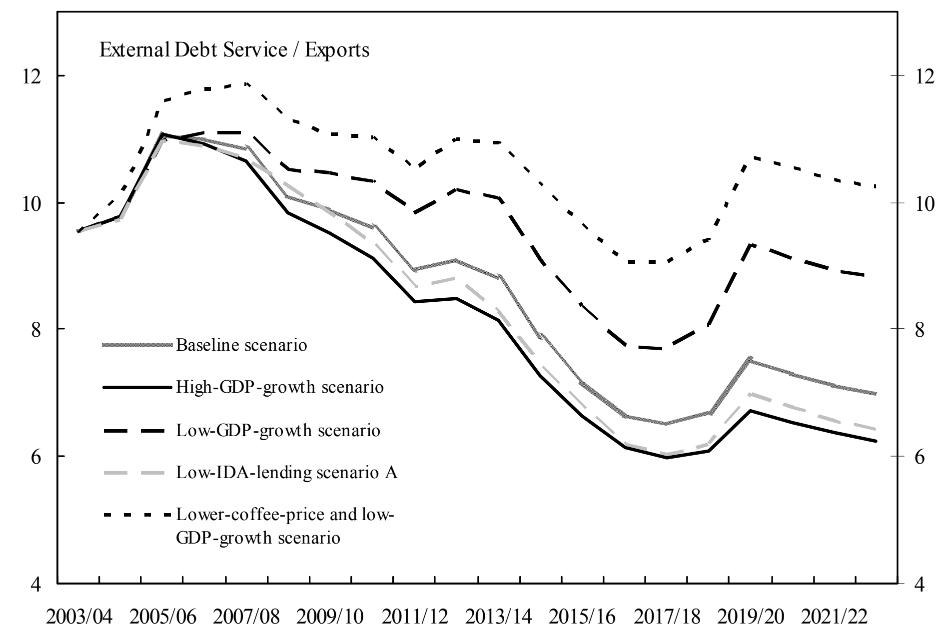




Sources: Ethiopian authorities; and staff estimates and projections.

Figure 4.Ethiopia: Sensitivity Analysis, 2003/04-2022/23
(Ratio in percent)

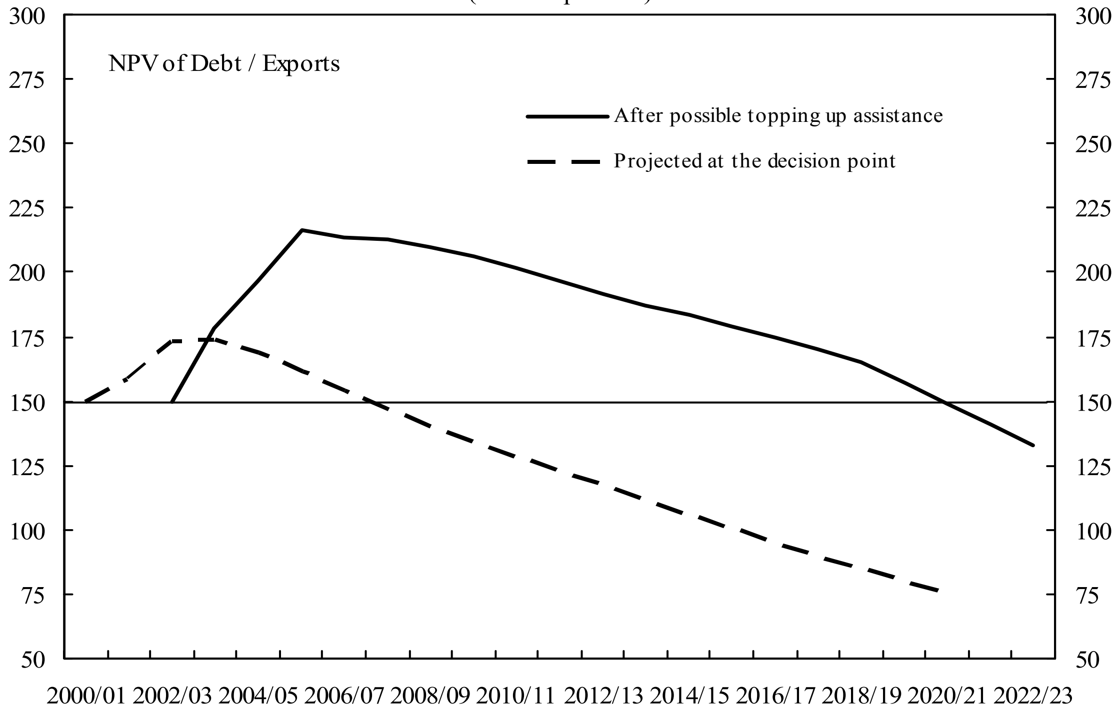




Sources: Ethiopian authorities; and staff estimates and projections.

Figure 5. Ethiopia: External Debt and Debt-Service Indicators Projected at the Decision Point and After Possible Topping Up Assistance, 2000/01-2022/23

(Ratio in percent)



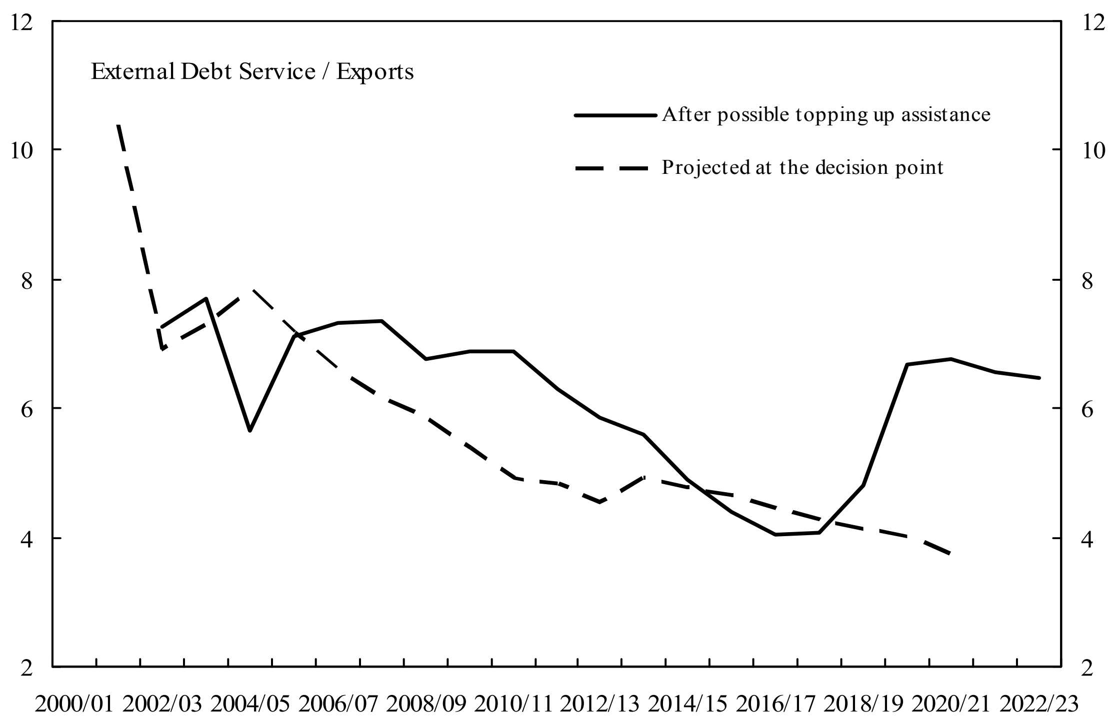


Table 1. Ethiopia: Selected Social and Demographic Indicators

	Latest Single Year			Same Region/Income Group	
	1970-75	1980-85	1995-2001	Sub-Saharan Africa	Low-income
Population					
Total population, mid-year (millions)	33.0	43.4	65.8	673.9	2,505.9
Growth rate (percentage; annual average for period)	2.6	2.8	2.5	2.5	1.9
Urban population (percentage of population)	9.5	11.6	15.9	32.3	30.8
Total fertility rate (births per woman)	5.9	7.1	5.6	5.1	3.5
Poverty					
(percentage of population)					
National headcount index	..	..	44.2	..	..
Urban headcount index	..	..	37.0	..	..
Rural headcount index	..	..	45.0	..	..
Income					
GNI per capita (US$)	..	120	100	460	430
Consumer price index (1995=100)	17	51	99	..	..
Food price index (1995=100)	..	52	47	..	..
Income/consumption distribution					
Share of income or consumption					
Gini index	..	32.4	57.2	..	..
Lowest quintile (percentage of income or consumption)	..	8.6	2.4	..	..
Highest quintile (percentae of income or consumption)	..	41.3	60.8	..	..
Social indicators					
Public expenditure					
Health (percentage of GDP)	..	..	1.8	2.5	1.1
Education (percentage of GDP)	..	3.0	4.8	3.4	2.8
Social security and welfare (percentage of GDP)	..	1.4	..	..	..
Net primary school enrollment rate					
(percentage of age group)					
Total	..	..	47	..	..
Male	..	..	53	..	..
Female	..	..	41	52	..
Access to an improved water source					
(percentage of population)					
Total	..	..	24	58	76
Urban	..	..	81	83	90
Rural	..	..	12	46	70
Immunization rate					
(percentage under 12 months)					
Measles	..	12	52	58	60
DPT	..	6	56	53	61
Child malnutrition (percentage under 5 years)	..	..	47	..	..
Life expectancy at birth					
(years)					
Total	42	44	42	46	59
Male	40	42	41	45	58
Female	43	45	43	47	60
Mortality					
Infant (per 1,000 live births)	152	136	116	105	80
Under 5 (per 1,000 live births)	226	203	172	171	121
Adult (15-59)					
Male (per 1,000 population)	482	491	594	520	312
Female (per 1,000 population)	411	401	535	461	256
Maternal (modeled, per 100,000 live births)	..	..	1,800	..	..
Births attended by skilled health staff (percentage)	..	58	10	..	..

Source: World Bank, 2003 World Development Indicators CD-ROM.

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97; ratios exceeding 100 indicate discrepancies between the estimates of school-age population and reported enrollment data.

Table 2. Ethiopia: Selected Economic and Financial Indicators, 2000/01-2005/06 1/

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
			Est.	Projections		
	(Annual percentage change)					
National income and prices						
GDP at constant prices (at factor cost)	7.7	1.2	-3.8	6.7	6.4	6.1
GDP deflator	-6.3	-6.3	14.5	5.1	3.7	3.2
Consumer prices (period average)	-5.2	-7.2	15.1	5.5	3.0	3.0
External sector						
Exports, f.o.b.	-4.8	-2.2	6.7	7.3	11.5	9.5
Imports, c.i.f.	-3.4	8.9	14.4	9.9	3.1	1.4
Export volume	0.3	11.1	10.1	3.8	7.1	7.8
Import volume	-1.8	9.8	7.0	3.5	1.7	1.4
Terms of trade (deterioration -)	-3.6	-11.1	-9.4	-2.6	4.2	1.6
Nominal effective exchange rate (end of period)	6.5	-7.8	-12.5	...	...	...
Real effective exchange rate (end of period)	-11.7	-3.2	5.9	...	...	...
	(In percent of beginning-of-period stock of broad money, unless otherwise indicated)					
Money and credit						
Net foreign assets	0.3	14.0	10.8	6.1	2.7	0.0
Net domestic assets	9.2	-1.7	-0.4	7.3	8.0	10.9
Net claims on the government	-0.9	2.9	5.7	3.3	0.0	0.0
Credit to the nongovernment sector	3.8	-3.5	-3.2	5.8	8.6	9.5
Broad money	9.5	12.3	10.4	13.4	10.7	10.9
Velocity (GDP/broad money)	2.2	1.9	1.9	1.9	1.9	1.8
Interest rates (in percent at end of period)						
Savings deposits (minimum rate)	6.0	3.0	3.0	…	…	…
Lending rates (maximum rate)	13.5	13.0	13.0	…	…	…
Treasury bill (91-day maturity)	3.0	0.2	1.3	…	…	…
	(In percent of GDP, unless otherwise indicated)					
Financial balances						
Gross domestic saving	3.1	2.5	1.8	3.7	5.4	7.1
Government saving	2.0	0.8	0.4	0.5	2.7	4.1
Private saving	1.1	1.7	1.4	3.3	2.6	3.0
Gross domestic investment	17.8	20.5	21.2	23.4	23.6	23.3
Government investment	8.5	11.5	10.5	11.9	11.6	11.4
Private investment	9.3	9.0	10.7	11.5	11.9	11.9
Resource gap	-14.7	-18.0	-19.4	-19.7	-18.2	-16.3
External current account balance, including official transfers	-3.6	-5.7	-4.7	-8.1	-8.1	-7.1
Saving-investment (government)	-1.5	-4.4	-3.0	-6.4	-5.1	-4.3
Saving-investment (private)	-2.0	-1.3	-1.7	-1.7	-3.0	-2.9
External current account balance, excluding official transfers	-9.7	-12.9	-12.8	-14.2	-13.2	-11.5
Government finances						
Revenue	18.8	20.1	19.6	19.5	20.1	20.4
Tax revenue	13.7	15.3	14.5	15.5	16.2	16.6
Nontax revenue	5.0	4.8	5.1	4.1	3.9	3.8
External grants	4.8	4.7	8.0	7.1	6.0	5.2
Expenditure and net lending 2/	28.4	32.2	34.8	32.8	30.8	29.7
Fiscal balance, excluding grants (cash basis) 2/	-9.6	-12.1	-15.3	-13.3	-10.7	-9.3
Fiscal balance, including grants (cash basis) 2/	-4.8	-7.4	-7.3	-6.2	-4.7	-4.1
Special programs 3/	0.7	1.9	1.1	0.8	1.1	0.3
Fiscal balance, including grants and special programs	-5.5	-9.3	-8.4	-7.1	-5.7	-4.4
Total financing	5.5	9.3	8.4	7.1	5.7	4.4
External financing	3.8	9.5	6.8	5.1	5.2	3.8
Domestic financing (including residual)	0.9	-0.3	1.6	1.8	0.4	0.4
Privatization receipts	0.7	0.1	0.0	0.2	0.1	0.1
Domestic debt 4/	37.4	39.8	39.1	36.4	33.3	30.7
External debt (including to Fund)	86.3	109.8	98.7	95.9	95.2	93.7
Net Present Value (NPV) of external debt-to-exports ratio (including to Fund) 5/	169.6	183.7	245.9	268.1	277.3	291.2
NPV of external debt-to-revenue ratio (including to Fund) 6/	133.3	148.1	204.8	204.9	209.6	214.0
External debt-service ratio 7/	22.7	17.0	14.9	18.9	19.1	19.7
External debt-service ratio 8/	…	11.0	7.3	9.5	9.8	11.0
Overall balance of payments (in millions of U.S. dollars)	-64	305	161	-123	-190	-211
Gross official reserves (in millions of U.S. dollars)	337	664	931	1,043	1,084	1,151
(in months of imports of goods and nonfactor services of following year)	2.0	3.3	4.3	4.6	4.7	5.0
GDP at current market prices (in millions of birr)	54,211	51,761	56,958	64,249	71,162	78,139
Exchange rate (birr per U.S. dollar; period average rate)	8.34	8.54	8.58	...	...	...

Sources: Ethiopian authorities; and staff estimates and projections.

1/ Data pertain to the period July 8-July 7. Consistent with disbursements' assumptions of the debt sustainability analysis, data include new loan commitments from IDA.
2/ Excluding special programs.
3/ Demobilization and reconstruction.
4/ Whole series was revised.
5/ After enhanced HIPC Initiative relief. Exports of goods and services used.
6/ After enhanced HIPC Initiative relief. Revenues exclude grants.
7/ Before debt relief; on an accrual basis; in percent of exports of goods and nonfactor services.
8/ After enhanced HIPC Initiative relief.

Table 3. Ethiopia: Observance of Quantitative and Structural Performance Criteria and Benchmarks under the PRGF Arrangement, 2000/01-2003/04

	2000/01	2001/02		2002/03		2003/04
	March 1/	September 2/	March 3/	September 4/	March 4/	September 5/
A. Quantitative performance criteria						
Floor on net foreign assets of the National Bank of Ethiopia	Met	Met	Met	Met	Met	Met
Ceiling on net domestic assets of the National Bank of Ethiopia	Met	Not met	Met	Met	Met	Met
Ceiling on net domestic financing of the general government (incl. privatization receipts)	Met	Met	Met	Met	Met	Met
B. Continuous quantitative performance criteria						
Ceiling on outstanding external payments arrears of the public sector	Met	Met	Met	Met	Met	Met
Ceiling on new nonconcessional external debt contracted or guaranteed by the public sector 6/	Met	Met	Met	Met	Met	Met
C. Indicative target						
Floor on net foreign liquid reserves of the National Bank of Ethiopia	Met	Met	Met	Met	Met	Met

	Test Date	Status
Structural performance criteria		
Sign a management contract for CBE with a reputable international firm that provides experienced and qualified management staff.	End-June 2001	Met 7/
Establish a fully operational large taxpayer unit.	July 1, 2001	Met
Submit draft value-added tax legislation to Parliament.	October 1, 2001	Met
Submit to the NBE's Board an unqualified audit of NBE's financial statements carried out by the Audit Services Corporation for the year ended June 30, 2001.	End-March 2002	Met
Introduce the value-added tax, as adopted by Parliament on July 4, 2002.	January 1, 2003	Met
Finalization and adoption of a financial restructuring plan by the government for the CBE that includes (i) ensuring that CBE complies fully with the NBE provisioning directives by January 2004; (ii) a time bound plan for reducing NPLs to 20 percent of to	End-November 2003	Met
Consolidate federal and regional budgets for both the past year and the budget year - including all extrabudgetary funds and accounts.	End-November 2003	Met 8/
Structural benchmarks		
Establish a tax reform implementation tax force.	End-April 2001	Met
Terminate the wholesale foreign exchange auction and move foreign exchange operations to the interbank market.	October 1, 2001	Met on October 24, 2001. 9/
Adopt regulation for the provisioning by banks for nonperforming loans and other doubtful assets in line with international best practices, taking into account Basel Committee guidelines for troubled debt restructuring and credit risk.	End-March 2002	Met 10/
Sign a performance contract with the CBE to ensure that the CBE is operated effectively on a commercial basis to achieve the necessary improvements in financial performance.	End-June 2002	Met
Reduce nonperforming loans of the CBE by Br 0.8 billion (from Br 3.9 billion at end-December 2001), including through write-offs.	End-September 2002	Not met 11/
Complete the audit of the CBE by a reputable international audit firm.	End-January 2003	Met. Completed as a prior action on May 15, 2003.
Reconcile monetary and fiscal accounts.	End-December 2003	Met 12/
Finalization of a restructuring plan for the NBE, based on the recent KPMG study, and beginning of its implementation.	End-December 2003	Ongoing
Full provisioning by all commercial banks for nonperforming loans and other doubtful assets in line with the existing NBE directive.	End-January 2004	Ongoing 13/

Source: Staff assessment.

1/ Corresponds to the first review under the PRGF arrangement.

2/ Corresponds to the second review under the PRGF arrangement.

3/ Corresponds to the third review under the PRGF arrangement.

4/ Corresponds to the fourth review under the PRGF arrangement. The fourth review was delayed by six month, and March 2003 was indicative targets.

5/ Corresponds to the fifth review under the PRGF arrangement.

6/ Short-term import credits and long-term financing operations of Ethiopian Airlines are excluded as defined in the Technical Memorandum of Understanding of the PRGF arrangement.

7/ A management contract was signed on June 29, 2001. However, the foreign bank withdrew from the contract in early January 2002.

8/ Initial date was September 30, 2002 as a structual benchmark. Progress in consolidating budgets was delayed because of the ongoing decentralization process.

9/ Implementation delayed because of delayed provision of technical assistance as a result of travel suspension related to the events of September 11, 2001.

10/ A first directive was adopted on March 30, 2002, but was revised on August 31, 2002 to bring it more fully in line with international best practices.

11/ NPLs of the CBE (excluding loans cofinanced with the Development Bank of Ethiopia (DBE)) were reduced to Br 3.68 billion as of September 30, 2002, that is Br 0.57 billion more than the benchmark, but down from Br 5.01 billion at end-June 2002. NPLs (excluding loans cofinanced with the DBE) at end-June 2003 stood at Br 3.55 billion.

12/ Initial date was September 30, 2002, then revised to December 31, 2002, both as a structural benchmark. Progress in reconciling monetary and fiscal accounts were delayed because of the ongoing decentralization process.

13/ The NBE directive for the provisioning by banks for nonperforming loans and other doubtful assets in line with international best practices has become fully effective on January 1, 2004.

Table 4. Ethiopia: Assistance Under the HIPC Initiative as Approved Under the Decision Point 1/
(In millions of US dollars in end-2000/01 NPV terms, unless otherwise indicated) 2/

	Total	Multilaterals	Bilaterals	Commercial Banks	Common Reduction Factor 3/ (Percent)	Memo Item: Required NPV debt reduction on comparable treatment of bilateral debt based on overall exposure 4/ (Percent)
Debt relief under baseline scenario	1,275	763	482	30	47.2	
NPV of debt 5/ 6/	2,703	1,618	1,022	63		
Three-year export average	952					
NPV of debt-to-export ratio (percent) 7/	284					
Paris Club Creditors:	852					82.4
Of which: pre-cod non-ODA	699					85.8
Non-Paris Club Creditors 8/	233					82.4
Of which: pre-cod non-ODA	122					96.7

Sources: Ethiopian authorities; and Fund-Bank staff estimates and projections.

1/ Assumes proportional burden sharing as described in "HIPC Initiative: Estimated Costs and Burden-Sharing Approaches" (EBS/97/127; 7/7/97, and IDA/SEC M97-306; 7/7/97), that is, after full application of traditional debt-relief mechanisms.
2/ Using six-month backward-looking discount rates at end-June 2001 and end-June 2001 exchange rates.
3/ Each multilateral's NPV reduction at the decision point in percent of its exposure at the decision point.
4/ Includes traditional debt relief; a hypothetical stock-of-debt operation on Naples terms with comparable treatment for non Paris Club creditors.
5/ Applies a hypothetical stock-of-debt operation on Naples terms at end-2000/01.
6/ Based on latest data available at the decision point after full application of traditional debt relief mechanisms.
7/ Based on the three-year backward-looking average of exports of goods and nonfactor services (e.g., 1998/99-2000/01).
8/ Includes both official and commercial creditors.

Table 5. Ethiopia: Status of Creditor Participation Under the Enhanced HIPC Initiative

	Debt Relief in NPV Terms (US$ million) 1/	Percentage of Total Assistance	Satisfactory Reply to the authorities	Modalities To Deliver Debt Relief
IDA	463.2	36.3	Yes	Assistance will be delivered through a reduction of debt service payments to IDA, on the disbursed and outstanding debt as of July 7, 2003, over the period December 2001 to April 2019. Interim relief provided through February 2004 amounts to approximately US$60 million.
AfDB Group	216.5	17.0	Yes	Assistance will be delivered through a reduction of 80 percent of the debt service payments falling due to the AfDB group through 2012/13. Interim relief of US$65 million has been provided as of January, 2004.
IMF	34.4	2.7	Yes	Assistance will be delivered through grants from the PRGF-HIPC Trust that will cover partially the debt service payments to IMF, on Ethiopia's outstanding obligations with the Fund in effect at end-October 2001, through 2009/10. Interim relief of SDR10.3 million has been provided through February 2004.
EC / EIB	26.8	2.1	Yes	Debt-service relief on selected EC loans during the interim, supplemented with grants to pay off EC loans at the completion point. As of end-October 2003, US$0.6 million of interim assistance has been provided since fiscal year 2002/03.
BADEA	3.4	0.3	No	
IFAD	15.5	1.2	Yes	Assitance will be provided starting at the completion point through a reduction of up to 100 percent debt service until NPV target is achieved. Preliminary calculations show that IFAD assistance could be delivered over 10 years.
NDF	0.3	0.0	Yes	Assitance will be delivered starting at the completion point through a contribution to the HIPC Trust Fund, which will pay 100 percent of debt service as it falls due. Preliminary estimates show that NDF assistance would be delivered in full over 5 years.
OPEC Fund	3.4	0.3	Partially	A concessional loan in the amount of US$6.6 million was granted to Ethiopia. The resources of this loan are being used to cover debt service payments to Ethiopia as it falls due. Preliminary estimates suggest that the OPEC Fund would have delivered US$1.7 million in NPV terms out of its share of assistance.
Total multilateral	763.5	59.9	59.4	
Paris Club creditors	402.2	31.5	31.5	Cologne flow provided during interim period. Stock-of-debt operation under Cologne terms is expected at completion point.
Non-Paris Club creditors	79.9	6.3	0.7	
Algeria			No	Being contacted by Ethiopia.
Bulgaria			Yes	Debt buyback with the discount factor by 95.2 percent.
China			No	Being contacted by Ethiopia.
Hungary			Yes	90 percent debt cancellation, 10 percent grant. Agreement not yet signed, but an accord has been reached.
Kuwait			No	Being contacted by Ethiopia.
Libya			No	Agreed, in principle, to provide its share of assistance, but no accord has been reached.
Korea, Dem. People's Rep. of			No	Being contacted by Ethiopia.
Poland			No	Being contacted by Ethiopia.
Former Republic of Yugoslavia			No	Being contacted by Ethiopia.
Commercial creditors	29.9	2.3	No	Being contacted by Ethiopia.
Total bilateral and commercial	511.9	40.1	32.2	
Total	1,275.3	100.0	91.6	

Source: Ethiopian authorities; and staff estimates

1/ The amount of assistance is estimated using the exchange rates at the decision point.

Table 6. Ethiopia: Delivery of IDA Assistance Under the Enhanced HIPC Initiative, 2001/02-2019/20 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2001-10	2011-20	Total Nominal Assistance
	Actual		Projections																	Averages		
I. Debt service to IDA before HIPC Initiative assistance 1/	38.1	48.0	58.6	61.2	66.4	69.5	73.8	82.2	84.2	87.7	94.3	101.0	104.9	104.5	107.5	107.9	110.6	116.5	116.3	58.2	105.1	
Principal	22.4	28.5	36.6	39.5	45.0	48.5	53.1	61.9	64.5	68.4	75.5	82.9	87.4	87.6	91.2	92.3	95.8	102.4	102.9	40.0	88.6	
Interest	15.7	19.5	22.0	21.7	21.4	21.0	20.7	20.3	19.8	19.3	18.8	18.2	17.6	16.9	16.2	15.6	14.9	14.1	13.4	18.2	16.5	
II. IDA assistance under the HIPC Initiative framework 2/	13.7	26.7	30.8	31.7	34.4	36.0	38.1	42.4	43.4	45.2	48.5	51.9	53.8	53.6	55.1	55.3	56.7	45.1	0.0	29.7	46.5	762.3
Principal	10.0	21.8	27.3	20.6	23.5	25.2	27.5	32.0	33.3	35.3	38.9	42.6	44.9	45.0	46.8	47.4	49.1	39.8	0.0	22.1	39.0	611.2
Interest	3.7	4.8	3.5	11.1	10.9	10.7	10.6	10.3	10.1	9.8	9.6	9.3	8.9	8.6	8.3	7.9	7.6	5.3	0.0	7.6	7.5	151.1
III. Debt service to IDA after HIPC Initiative assistance (I - II) 2/	24.4	21.3	27.8	29.4	32.0	33.6	35.7	39.8	40.8	42.6	45.8	49.1	51.1	50.9	52.4	52.6	53.9	71.4	116.3	28.5	58.6	
IV. IDA assistance under the HIPC Initiative framework with possible topping-up at the completion point 3/	13.7	26.7	31.2	55.0	59.8	62.6	66.4	74.0	75.8	79.0	84.8	90.9	94.4	94.1	96.7	97.1	99.6	76.7	0.0	46.5	81.3	1,278.4
V. Debt service to IDA after HIPC Initiative assistance with possible topping-up at the completion point (I-IV) 3/	24.4	21.3	27.4	6.1	6.6	7.0	7.4	8.2	8.4	8.8	9.4	10.1	10.5	10.5	10.7	10.8	11.1	39.8	116.3	11.7	23.8	
Percentage of debt service to IDA covered by HIPC Initiative assistance 2/	36.0	55.6	52.6	51.9	51.8	51.7	51.7	51.5	51.5	51.5	51.4	51.4	51.3	51.3	51.3	51.3	51.2	38.7	0.0			
Percentage of debt service to IDA covered by HIPC Initiative assistance with possible topping up at the completion point 3/	36.0	55.6	53.3	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	65.8	0.0			
Memorandum items:																						
HIPC Initiative assistance approved at decision point in NPV terms		463.2																				
Of which: assistance provided during the interim period		59.0																				
Possible topping-up assistance in NPV terms		368.7																				

Source: IDA staff estimates.

1/ From 2003 onwards, principal and interest payments due to IDA correspond to prorated projections based on the disbursed and outstanding debt as of July 7, 2003.
2/ Revised delivery profile that delivers IDA's share of HIPC assistance as approved at the decision point (US$463.2 million in NPV terms).
3/ Subject to IDA Board approval of topping-up assistance at the completion point.

Table 7. Ethiopia: Delivery of IMF Assistance Under the Enhanced HIPC Initiative, 2001/02-2009/10 1/ 2/
(In millions of SDRs, unless otherwise indicated)

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Debt service due on IMF obligations before the HIPC Initiative 3/	8.3	11.9	9.9	7.9	6.4	10.1	10.3	8.8	7.3
Principal	7.8	11.4	9.4	7.3	5.9	9.6	9.9	8.4	7.0
Interest	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.3
I - Delivery of HIPC Initiative assistance without topping-up of assistance at the completion point									
IMF assistance-deposits into Ethiopia's account									
Interim assistance	4.0	4.1	2.1						
Completion point assistance 4/			16.7						
Delivery schedule of IMF assistance (in percent of total assistance)	11.3	13.5	12.9	4.0	0.5	16.0	19.2	12.2	10.4
IMF assistance-drawdown schedule 5/	3.1	3.7	4.5	2.6	1.9	5.1	5.7	3.6	3.0
IMF assistance without interest	3.0	3.6	3.5	1.1	0.1	4.3	5.2	3.3	2.8
Estimated interest earnings	0.0	0.1	1.0	1.5	1.7	0.8	0.5	0.3	0.2
Debt service due on IMF obligations after IMF assistance	5.2	8.2	5.4	5.3	4.5	5.0	4.6	5.2	4.3
Share of debt service due on IMF obligations covered by IMF assistance (in percent)	36.9	31.3	45.1	33.1	29.4	50.1	55.3	40.8	40.7
Proportion (in percent) of each principal repayment falling due during the period to be paid by IMF HIPC Initiative assistance from the principal deposited into Ethiopia's account	38.7	41.1	38.3	14.7	2.3	44.7	52.1	39.0	40.4
Debt service due on current IMF obligations after IMF assistance (in millions of U.S. dollars) 6/	5.9	4.9	7.5	7.2	6.2	6.9	14.4	16.7	15.4
(in percent of exports)	0.6	0.4	0.6	0.6	0.4	0.5	0.9	0.9	0.8
Share of debt service due to the IMF in total (in percent)	4.3	3.0	3.8	3.2	2.5	2.6	5.1	5.8	5.3
II - Delivery of HIPC Initiative assistance with topping-up of assistance at the completion point									
IMF assistance-deposits into Ethiopia's account									
Interim assistance	4.0	4.1	2.1						
Completion point assistance 4/			34.6						
Delivery schedule of IMF assistance (in percent of total assistance)	6.7	8.1	7.8	8.7	4.5	17.8	19.2	16.8	10.4
IMF assistance-drawdown schedule 5/	3.1	3.7	5.2	6.9	5.4	9.4	9.6	8.1	4.9
IMF assistance without interest	3.0	3.6	3.5	3.9	2.0	8.0	8.6	7.6	4.6
Estimated interest earnings	0.0	0.1	1.8	3.0	3.4	1.4	1.0	0.6	0.3
Debt service due on IMF obligations after IMF assistance	5.2	8.2	4.7	1.0	1.0	0.7	0.7	0.7	2.4
Share of debt service due on IMF obligations covered by IMF assistance (in percent)	36.9	31.3	52.9	87.5	84.1	93.1	93.2	92.6	67.3
Proportion (in percent) of each principal repayment falling due during the period to be paid by IMF HIPC Initiative assistance from the principal deposited into Ethiopia's account	38.7	41.1	38.3	53.6	34.3	83.0	86.9	89.6	66.9
Debt service due on current IMF obligations after IMF assistance (in millions of U.S. dollars) 6/	5.9	4.9	6.4	1.2	1.3	0.8	8.9	10.3	12.7
(in percent of exports)	0.6	0.4	0.6	0.1	0.1	0.1	0.5	0.6	0.7
Share of debt service due to the IMF in total (in percent)	4.3	3.0	3.2	0.6	0.5	0.3	3.2	3.6	4.3
Memorandum items:				(In millions of U.S. dollars)					
Debt service due on IMF obligations 6/	10.0	10.1	13.8	10.9	8.8	14.0	22.4	21.7	19.5
Total debt service due 6/	137.5	162.0	199.5	222.6	249.4	268.7	282.6	285.2	291.8

Source: IMF staffs estimates and projections.

1/ Total IMF assistance under the HIPC Initiative is SDR 26.93 million without topping-up of assistance and SDR 44.9 million with topping-up assistance at the completion point. These amounts are calculated on the basis of data available at the decision point and completion point, and excluding interest earned on the Ethiopia's account and on committed but undisbursed amounts as described in footnotes 4 and 5. The topping-up assistance of SDR 17.97 million will be updated using the US$/SDR exchange rate at the completion point and disbursed to Ethiopia, with accrued interest, when satisfactory financing assurances for the disbursement of such amount have been obtained.

2/ Data on fiscal year basis, ending on July 7.

3/ Forthcoming obligations estimated based on rates and principal schedules in effect at end-October 2001. Interest obligations include net SDR charges and assessments. Data for fiscal year 2001/02 are from November 2001 onwards.

4/ A final disbursement of assistance in the amount of SDR 16.654 million, or SDR 34.624 million if topping up assistance is approved, plus accumulated interest income accrued during the interim period is to be disbursed into Ethiopia's account at the assumed completion point in April 2004.

5/ Includes estimated interest earnings on: (1) amounts held in Ethiopia's account; and (2) amounts committed but not yet disbursed up to the completion point. It is assumed that these amounts earn a rate of return of 5 percent in SDR terms; actual interest earnings may be higher or lower. Interest accrued on (1) during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation(s) falling due in that year. Interest accrued on (2) during the interim period will be used toward the repayment of obligations falling due during the three years after the completion point.

6/ After traditional debt relief mechanisms.

Table 8. Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives Beyond the HIPC Initiative

	Countries Covered	ODA (In percent)		Non-ODA (In percent)		Provision of Relief	
		Pre-cutoff-date	Post-cutoff-date	Pre-cutoff-date	Post-cutoff-date	Decision point (In percent)	Completion point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 1/	1/	1/
Austria	HIPCs (case-by-case)	Case-by-case (100)	Case-by-case (100)	Case-by-case (100)	-	Case-by-case	Case-by-case
Belgium	HIPCs	100	100	Case-by-case (100)	-	flow	Stock
Canada	HIPCs 2/	- 3/	- 3/	100	100	100 flow	Stock
Denmark	HIPCs	100	Case-by-case (up to 100)	-	-	-	Stock
France	HIPCs	100	100	100	-	100 flow 4/	Stock
Finland	HIPCs	95	98	-	-	-	-
Germany	HIPCs	100	100	100	-	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100 5/	100	100 5/	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands	HIPCs	100	100	100	-	90-100 flow 6/	Stock 6/
Norway	HIPCs	- 3/	- 3/	100	100 7/	100 flow	Stock
Russia	Case-by-case	-	-	-	-	-	Stock
Spain	HIPCs	100	Case-by-case	Case-by-case	Case-by-case	-	Stock
Sweden	Case-by-case	- 3/	- 3/	Case-by-case (100)	-	-	Stock
Switzerland	HIPCs	- 3/	- 3/	Case-by-case	Case-by-case	Case-by-case, flow	Stock
United Kingdom	HIPCs	100	100	100	100 8/	100 flow 8/	Stock
United States	HIPCs	100	100	100	100 9/	100 flow	Stock

Source: Paris Club Secretariat.

Note: Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table means that the debt relief provided under the enhanced HIPC Initiative framework will be topped-up to 100 percent through a bilateral initiative.

1/ Australia: post-cutoff date non-ODA relief to apply to debts incurred before a date to be finalized; timing details for both flow and stock relief are to be finalized.

2/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 11 out of 17 HIPCs with debt service due to Canada. The debt will be written off at the completion point. The countries to be covered are: Benin, Bolivia, Cameroon, Ethiopia, Guyana, Honduras, Madagascar, Mali, Senegal, Tanzania, and Zambia.

3/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.

4/ France: cancellation of 100 percent of debt service on pre-cutoff-date commercial claims as they fall due starting at the decision point. Once countries have reached their completion debt relief on ODA claims will go to a special account and will be used for specific development projects.

5/ Italy: cancellation of 100 percent of all debts (pre- and post-cutoff-date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point cancellation of the related amounts falling due in the interim period. At completion point cancellation of the stock of remaining debt.

6/ The Netherlands: ODA: 100 percent ODA: pre- and post-cutoff date debt will be cancelled at decision point; for non-ODA: in some particular cases (Bolivia, Burkina Faso, Mali, Ethiopia, Nicaragua, and Tanzania), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPC countries will receive 100 percent cancellation of the remaining stock of the pre-cutoff date debt.

7/ On debt assumed before December 31, 1997.

8/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at the decision point of any debt service paid before the decision point.

9/ United States: 100 percent post-cutoff-date non-ODA treated on debt assumed prior to 06/20/99 (the Cologne Summit).

Table 9. Comparison of Discount Rate and Exchange Rate Assumptions at End-2000/01 and End-2002/03

	Discount Rates 1/ 2/ (In percent per annum)		Exchange Rates (Currency per U.S. dollar)	
	At decision point	At completion point	At decision point	At completion point
Currency				
Austrian schilling	5.76	4.85	16.2	12.0
Belgian franc	5.76	4.85	47.6	35.3
Bulgarian lev	5.40	4.25	2.3	1.7
Canadian dollar	6.23	5.65	1.5	1.4
Swiss franc	4.44	2.86	1.8	1.4
Chinese yuan	5.40	4.25	8.3	8.3
Deutsche mark	5.76	4.85	2.3	1.7
Danish krone	6.05	4.98	8.8	6.5
Spanish peseta	5.76	4.85	196.2	145.6
Euro	5.76	4.85	1.2	0.9
Finnish markka	5.76	4.85	7.0	5.2
French franc	5.76	4.85	7.7	5.7
United Kingdom pound sterling	6.16	5.30	0.7	0.6
Indian rupee	5.40	4.25	47.0	46.5
Italian lira	5.76	4.85	2,283.3	1,694.5
Japanese yen	1.76	1.49	124.1	119.9
Kuwaiti dinar	5.40	4.25	0.3	0.3
Netherlands guilder	5.76	4.25	2.6	1.9
Norwegian krone	7.79	6.24	9.3	7.3
Portuguese escudo	5.76	4.85	236.4	175.4
SDR	5.40	4.25	0.8	0.7
Swedish krona	5.57	5.38	10.8	8.0
U.S. dollar	6.20	4.52	1.0	1.0
Memorandum item:				
Paris Club cutoff date is December 31, 1989				

Sources: OECD; and IMF, *International Financial Statistics.*

1/ The discount rates used are the average commercial interest reference rates (CIRRs) for the respective currencies over the six-month period ending in June 2003 for the completion point and in June 2001 for the decision point.

2/ For all euro area currencies, the euro CIRR is used. For all other currencies for which the CIRRs are not available, the SDR discount rate is used as a proxy.

Table 10. Ethiopia: Nominal and Net Present Value of External Debt at Completion Point, End-2002/03 1/
(In millions of US dollars)

	Legal Situation 2/		After Full Application of Traditional Debt Relief 3/	
	Nominal debt	NPV of debt	Nominal debt	NPV of debt
Total	**6,845.4**	**4,490.7**	**6,551.0**	**3,949.0**
Multilateral	4,248.8	2,548.1	4,248.8	2,548.1
IDA	2,939.3	1,675.3	2,939.3	1,675.3
AfDF	799.3	443.1	799.3	443.1
AfDB	123.1	136.2	123.1	136.2
IMF	140.7	115.8	140.7	115.8
EU	135.4	103.1	135.4	103.1
IFAD	76.9	48.4	76.9	48.4
BADEA	13.6	11.9	13.6	11.9
OPEC Fund	10.4	9.1	10.4	9.1
NDF	10.1	5.2	10.1	5.2
Official bilateral	2,492.2	1,837.4	2,260.2	1,359.2
Paris Club	1,870.5	1,221.8	1,842.1	1,132.8
Pre-cutoff date	1,839.3	1,195.3	1,810.9	1,106.3
ODA	362.2	245.8	362.2	194.3
Non-ODA	1,477.1	949.4	1,448.7	912.0
Post-cutoff date	31.3	26.5	31.3	26.5
ODA	22.6	17.7	22.6	17.7
Non-ODA	8.7	8.8	8.7	8.8
Australia	4.1	3.7	4.1	3.7
Austria	15.9	10.0	15.9	6.4
Belgium	16.7	8.6	16.7	5.2
Canada	0.3	0.4	0.2	0.2
Finland	2.7	2.4	2.5	1.6
France	6.6	8.4	4.9	5.5
Germany	75.1	88.6	59.1	64.4
Italy	337.5	223.6	337.5	185.0
Japan	13.6	13.1	13.6	10.4
Netherlands	1.2	1.5	0.8	0.8
Russia	1,268.8	751.5	1,268.8	749.7
Spain	11.2	10.4	11.2	10.4
Sweden	26.2	21.5	21.4	21.7
United Kingdom	19.7	17.1	14.5	15.7
United States	70.8	61.0	70.8	52.0
Other official bilateral	621.7	615.6	418.0	226.4
Pre-cutoff date	595.7	593.1	392.0	203.9
ODA	301.2	298.6	293.8	106.6
Non-ODA	294.5	294.5	98.1	97.2
Post-cutoff date	26.0	22.5	26.0	22.5
ODA	26.0	22.5	26.0	22.5
Algeria	10.9	10.9	11.2	7.5
China	45.7	43.1	25.1	14.9
North Korea	103.2	103.2	43.5	33.1
Hungary 4/	7.2	7.2	7.2	5.4
Kuwait	25.2	21.8	25.2	21.8
Libya	246.3	246.3	238.7	76.4
Poland	10.8	10.8	9.7	10.3
Former Republic of Yugoslavia	172.4	172.4	57.5	56.9
Commercial 5/	104.4	105.2	42.1	41.7
Bulgaria	8.7	8.7	2.9	2.9
India	20.7	20.7	8.2	8.1
Italy	1.5	1.5	0.5	0.5
Netherlands	22.7	23.5	10.8	10.7
Slovakia	0.05	0.05	0.02	0.02
United States	1.0	1.0	3.0	3.0
Former Republic of Yugoslavia	49.8	49.8	16.6	16.5

Sources: Ethiopian authorities; and staff estimates.

1/ Figures are based on data as of July 7, 2003.
2/ Reflects the external debt situation as of end-2002/03, including a 2001 Paris Club flow rescheduling on Naples terms, updated to a flow rescheduling on Cologne terms in 2002.
3/ After full use of traditional debt relief mechanisms including for non-Paris Club members.
4/ Accord has been reached, but an agreement has not yet been signed.
5/ Commercial loans for Bulgaria, India, Italy and Yugoslavia subject to a buyback operation which is unsettled, and the loans are in arrears.

Table 11. Ethiopia: Comparison of Net Present Value of External Public Debt Between Decision Point and Completion Point

(In millions of U.S. dollars, unless otherwise indicated)

	Stock at End-2002/03				
	Decision Point DSA (Projection) 1/		Completion Point DSA 2/		
	After traditional debt relief	After enhanced debt relief	After traditional debt relief	After enhanced debt relief	After additional bilateral relief 3/
NPV of debt using end-2000/01 parameters	3,093	1,758	3,065	1,892	1,686
Multilateral	1,949	1,178	1,968	1,315	1,315
Official bilateral and commercial	1,145	580	1,097	576	370
NPV of debt using end-2002/03 parameters	…	…	3,949	2,542	2,258
Multilateral	…	…	2,548	1,764	1,764
Official bilateral and commercial	…	…	1,401	778	494
NPV of debt-to-exports ratio 4/					
Using end-2000/01 parameters	305.3	173.5	…	…	…
Using end-2002/03 parameters	…	…	382.0	245.9	218.4
Memorandum items:					
NPV of enhanced HIPC Initiative assistance 5/					
Using end-2000/01 parameters	…	1,336	…	…	…
Using end-2002/03 parameters	…	…	…	1,407	…
Exports of goods and services 6/					
Decision point	1,013	1,013	…	…	…
Completion point	…	…	1,034	1,034	1,034

Sources: Ethiopian authorities; and staff estimates.

1/ Debt sustainability analysis (DSA) based on stock of debt reconciled as of July 7, 2001, assuming full (hypothetical) delivery of enhanced HIPC Initiative assistance.
2/ Based on stock of debt reconciled as of July 7, 2003, assuming full (hypothetical) delivery of enhanced HIPC Initiative assistance.
3/ After debt relief beyond HIPC Initiative offered by some of the Paris Club creditors on a voluntary basis.
4/ Based on the average of three consecutive years of exports of goods and services ending in the current fiscal year.
5/ The value of assistance under the enhanced HIPC Initiative framework was determined at its November 2001 decision point, namely, US$1,275 mn in NPV terms, using end-2000/01 parameters (exchange rates and discount factors). The corresponding values for enhanced HIPC Initiative relief expressed as of end-2002/03 are provided for information
6/ Average of three consecutive years of exports of goods and services ending in the current year. Data and projections at the time of the decision and completion points under the enhanced HIPC Initiative framework.

Table 12. Ethiopia: Enhanced HIPC Initiative Assistance Levels and Possible Topping Up at Completion Point

(In millions of U.S. dollars; unless otherwise indicated)

	NPV of debt	3-year exports moving average 3/	NPV of assistance	NPV of debt after assistance	NPV of debt-to-exports ratio (percent)	Burdensharing based on overall exposure (percent)
	End-2000/01					
Decision Point 1/						
Decision point database 2/	2,702.7	951.6	1,275.3	1,427.5	150	
	End-2002/03					
Completion Point						
NPV after enhanced HIPC Initiative assistance 4/	2,542.0	1,033.8			246	
NPV after bilateral debt relief beyond HIPC Initiative 4/ 5/	2,257.6	1,033.8			218	
Calculation of possible topping up assistance						
Total NPV after bilateral debt relief beyond HIPC Initiative 4/ 5/	2,257.6	1,033.8	706.9	1,550.7	150	100
Multilateral	1,764.0		552.3	1,211.7		78
Bilateral	493.6		154.5	339.0		22

Sources: Ethiopian authorities; and staff estimates.

1/ NPV figures calculated using end-2000/01 parameters.
2/ NPV of debt after assuming a stock-of-debt operation on Naples terms at the end-2000/01 and at least comparable treatment by non-Paris Club and commercial creditors.
3/ Uses the latest annual data on the three-year average of exports of goods and services centered on the previous year.
4/ Assuming unconditional delivery at end-2002/03.
5/ Debt relief beyond HIPC Initiative provided by some of the Paris Club creditors on a voluntary basis.

Table 13. Ethiopia: Main Assumptions Used for the Debt Sustainability Analysis, 2002/03-2022/23 1/
(In percent of GDP, unless otherwise indicated)

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2003/04 -2012/13 Average	2013/14 -2022/23 Average
Economic growth																							
Real GDP (percentage change)	-3.8	6.7	6.4	6.1	5.8	5.8	5.8	5.8	5.8	5.9	5.9	5.9	5.9	5.9	5.9	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Real GDP per capita (percentage change)	-6.4	3.8	3.5	3.3	2.9	3.1	3.1	3.3	3.4	3.4	3.4	3.4	3.6	3.6	3.7	3.9	3.9	3.9	3.9	3.9	4.0	3.3	3.8
National accounts																							
Gross domestic investment	21.2	23.4	23.6	23.3	23.0	22.8	22.8	22.9	23.0	23.1	23.3	23.3	23.4	23.5	23.6	23.6	23.6	23.7	23.7	23.7	23.7	23.1	23.6
Of which: public	10.5	11.9	11.6	11.4	11.9	12.1	11.9	11.6	11.3	11.2	10.9	11.0	10.9	10.8	10.7	10.6	10.5	10.4	10.4	10.3	10.2	11.6	10.6
Gross domestic savings	1.8	3.7	5.4	7.0	9.5	11.3	11.8	12.4	12.8	13.2	13.7	14.0	14.3	14.6	15.0	15.2	15.5	15.8	16.1	16.4	16.7	10.1	15.3
Of which: public	0.4	0.5	2.7	4.1	4.2	4.5	4.7	4.9	5.1	5.3	5.5	5.7	5.9	6.1	6.2	6.4	6.5	6.7	6.8	7.0	7.1	4.2	6.4
Gross national savings	16.6	15.3	15.4	16.2	18.5	19.9	20.0	20.2	20.4	20.5	20.7	20.7	20.8	20.9	21.0	20.9	20.9	20.9	21.0	21.0	21.0	18.7	20.9
Balance of payments																							
Exports of goods and services 2/	17.2	15.9	16.4	16.2	16.2	16.2	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1
Imports of goods and services 2/	36.6	35.5	34.6	32.5	29.6	27.7	27.2	26.6	26.2	26.0	25.7	25.4	25.2	24.9	24.7	24.5	24.2	24.0	23.8	23.5	23.1	29.2	24.3
Current account, including grants	-4.7	-8.1	-8.1	-7.1	-4.4	-2.9	-2.8	-2.6	-2.6	-2.7	-2.6	-2.6	-2.6	-2.6	-2.6	-2.7	-2.7	-2.7	-2.8	-2.7	-2.7	-4.4	-2.7
Current account, excluding grants	-12.8	-14.2	-13.2	-11.5	-8.6	-6.8	-6.5	-6.2	-5.9	-5.8	-5.6	-5.4	-5.3	-5.1	-5.0	-4.9	-4.8	-4.7	-4.6	-4.4	-4.3	-8.4	-4.8
Gross official reserves (in months of imports) 3/	4.3	4.6	4.7	5.0	5.4	6.1	6.7	6.9	7.0	7.0	6.8	6.7	6.5	6.3	6.1	5.9	5.6	5.1	4.7	4.2	3.8	6.0	5.5
Export volume growth (percentage change) 4/	10.1	3.8	7.1	7.8	7.0	7.0	7.1	7.1	7.7	7.7	7.7	7.7	7.8	7.8	7.9	7.9	7.9	7.9	8.0	8.0	8.0	7.0	7.9
Import volume growth (percentage change) 4/	7.0	3.5	1.7	1.4	-3.0	4.3	5.3	5.0	5.4	5.6	5.5	5.8	5.6	5.6	5.6	5.7	5.7	5.7	5.7	5.7	5.7	3.5	5.7
Terms of trade (percentage change)	-9.4	-2.6	4.2	1.6	3.6	1.7	0.5	0.6	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Public finances																							
Total government revenue (excluding grants)	18.7	19.5	20.1	20.4	20.6	20.8	21.0	21.2	21.4	21.6	21.8	22.0	22.3	22.5	22.7	23.0	23.2	23.5	23.8	24.0	24.3	20.8	23.1
Domestic debt	39.1	36.4	33.3	30.7	28.4	26.3	25.1	24.0	22.9	22.0	21.1	20.4	19.6	18.9	18.3	17.8	17.2	16.8	16.3	15.9	15.5	27.0	17.7

Sources: Ethiopian authorities; and Fund-Bank staff estimates and projections.

1/ All data pertain to the period July 8-July 7.
2/ Exports and imports of goods and services as defined in IMF, *Balance of Payments Manual* , 5th edition.
3/ Imports of goods and nonfactor services of the following year.
4/ Merchandise exports and imports.

Table 14. Ethiopia: Balance of Payments, 2002/03-2022/23 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	Est.	Projections							
Trade balance	-1,458	-1,614	-1,621	-1,598	-1,483	-1,421	-1,501	-1,575	-1,661
Exports of goods	483	518	578	632	703	772	843	921	1,009
Coffee	165	167	196	206	226	246	265	283	303
Other	318	351	382	426	477	526	578	637	706
Imports of goods	1,940	2,132	2,199	2,230	2,186	2,193	2,343	2,496	2,670
Fuel	288	305	296	293	298	316	344	376	410
Cereals	273	120	110	80	60	60	60	60	60
Aircraft	17	117	117	117	...	...	...	...	...
Imports, excl. fuel, cereals, aircraft	1,362	1,590	1,675	1,740	1,828	1,817	1,939	2,060	2,200
Nonfactor services (net)	167	169	183	200	236	264	295	328	358
Exports of nonfactor services	657	650	717	750	803	860	920	985	1,054
Imports of nonfactor services	490	481	534	551	567	596	626	657	696
Income (net)	-55	-54	-65	-72	-47	-41	-27	-14	-4
Of which: gross official interest payments 2/	-72	-84	-100	-112	-113	-117	-117	-116	-116
Private transfers (net)	495	454	460	484	498	513	522	531	547
Current account balance, excl. official transfers	-850	-1,045	-1,043	-985	-796	-685	-711	-730	-760
(in percent of GDP)	-12.8	-14.2	-13.2	-11.5	-8.6	-6.8	-6.5	-6.2	-5.9
Excluding Ethiopian Airlines (EAL) imports	...	-12.6	-11.7	-10.1	...	...	...	...	...
Official transfers (net)	540	449	400	374	385	396	409	417	426
Current account balance, incl. official transfers	-310	-597	-643	-611	-411	-289	-302	-312	-335
(in percent of GDP)	-4.7	-8.1	-8.1	-7.1	-4.4	-2.9	-2.8	-2.6	-2.6
Excluding EAL imports	...	-6.5	-6.7	-5.8	...	...	...	...	...
Capital account balance (incl. errors and omissions)	472	473	453	400	144	190	180	177	182
Foreign direct investment (net)	14	20	50	70	70	90	97	107	115
Other investment (net)	349	453	403	330	74	100	83	71	66
Official long-term loans	353	470	417	345	91	116	99	87	82
Disbursements	443	577	540	483	239	260	241	231	228
EAL loan	0	117	117	117	0	0	0	0	0
Amortization 2/	90	106	123	138	148	144	142	144	146
Other public sector long-term loans (net) 3/	-4	-17	-14	-15	-16	-16	-16	-16	-16
Errors and omissions	108	0	0	0	0	0	0	0	0
Overall balance	161	-123	-190	-211	-267	-100	-122	-135	-153
Financing	-161	123	190	211	267	100	122	135	153
Central bank (net; increase -)	-236	-97	-38	-75	-110	-294	-250	-222	-196
Reserves (increase -)	-266	-112	-42	-67	-97	-272	-228	-197	-168
Liabilities (increase +)	30	15	4	-8	-14	-22	-21	-25	-28
Of which: Fund credit (net)	4	15	4	-8	-14	-22	-21	-25	-28
Commercial banks (net; increase -)	-108	-62	-45	16	0	0	0	0	0
Changes in arrears	0	0	0	0	0	0	0	0	0
Debt relief (Paris Club II and III, Naples terms) 4/	183	26	0	0	0	0	0	0	0
Financing gap	0	255	273	270	377	394	372	357	349
Exceptional financing 5/	0	146	152	150	251	272	253	244	241
Traditional debt relief	0	21	24	23	23	16	11	9	5
HIPC Initiative relief	0	88	96	97	103	106	107	104	103
Residual gap	0	0	0	0	0	0	0	0	0
Memorandum items:									
Exports of goods (percent change)	6.7	7.3	11.5	9.5	11.2	9.7	9.2	9.3	9.6
Export price index (percent change)	-3.1	3.4	4.1	1.5	3.9	2.5	2.0	2.0	1.8
Export volume index (percent change)	10.1	3.8	7.1	7.8	7.0	7.0	7.1	7.1	7.7
Total imports of goods (percent change)	14.4	9.9	3.1	1.4	-2.0	0.3	6.9	6.5	7.0
Import price index (percent change)	7.0	6.2	-0.1	-0.1	0.3	0.7	1.5	1.5	1.5
Import volume index (percent change)	7.0	3.5	1.7	1.4	-3.0	4.3	5.3	5.0	5.4
Gross official reserves	931	1,043	1,084	1,151	1,248	1,520	1,748	1,945	2,113
(in months of imports of goods and nonfactor services of following year)	4.3	4.6	4.7	5.0	5.4	6.1	6.7	6.9	7.0
Terms of trade index (percent change; 1996/97 = 100)	-9.4	-2.6	4.2	1.6	3.6	1.7	0.5	0.6	0.3

Table 14. Ethiopia: Balance of Payments, 2002/03-2022/23 1/ (concluded)
(In millions of U.S. dollars, unless otherwise indicated)

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2003/04 - 2012/13 Average	2013/14 - 2022/23 Average
						Projections								
Trade balance	-1,764	-1,869	-1,988	-2,106	-2,232	-2,364	-2,503	-2,648	-2,801	-2,961	-3,129	-3,305	-1,611	-2,604
Exports of goods	1,106	1,213	1,331	1,460	1,602	1,760	1,933	2,123	2,333	2,564	2,818	3,097	829	2,102
Coffee	325	348	373	399	427	456	488	521	557	595	636	680	256	513
Other	781	865	958	1,060	1,176	1,304	1,445	1,602	1,776	1,969	2,181	2,416	573	1,589
Imports of goods	2,870	3,082	3,318	3,566	3,834	4,124	4,436	4,772	5,134	5,525	5,947	6,402	2,440	4,706
Fuel	448	489	533	582	635	693	758	828	906	990	1,083	1,185	357	819
Cereals	60	60	60	60	60	60	60	60	60	60	60	60	73	60
Aircraft													35	0
Imports, excl. fuel, cereals, aircraft	2,362	2,533	2,725	2,924	3,139	3,371	3,618	3,884	4,169	4,475	4,804	5,157	1,975	3,827
Nonfactor services (net)	391	426	463	495	530	568	609	653	700	751	831	918	285	652
Exports of nonfactor services	1,129	1,208	1,292	1,382	1,479	1,583	1,695	1,814	1,942	2,079	2,225	2,382	908	1,787
Imports of nonfactor services	738	782	829	887	949	1,015	1,085	1,161	1,242	1,328	1,394	1,464	623	1,135
Income (net)	5	14	21	28	33	38	41	43	42	36	41	30	-30	35
Of which : gross official interest payments 2/	-115	-113	-112	-112	-113	-113	-116	-119	-121	-123	-127	-129	-110	-119
Private transfers (net)	561	590	622	653	687	723	751	781	813	846	872	899	516	765
Current account balance, excl. official transfers	-806	-838	-882	-931	-982	-1,035	-1,101	-1,171	-1,246	-1,328	-1,386	-1,458	-840	-1,152
(in percent of GDP)	-5.8	-5.6	-5.4	-5.3	-5.1	-5.0	-4.9	-4.8	-4.7	-4.6	-4.4	-4.3	-8.4	-4.8
Excluding Ethiopian Airlines (EAL) imports													-3.4	0.0
Official transfers (net)	436	447	458	470	479	489	499	509	519	529	534	540	414	503
Current account balance, incl. official transfers	-370	-391	-424	-461	-502	-546	-603	-662	-728	-799	-851	-918	-426	-650
(in percent of GDP)	-2.7	-2.6	-2.6	-2.6	-2.6	-2.6	-2.7	-2.7	-2.7	-2.8	-2.7	-2.7	-4.4	-2.7
Excluding EAL imports													-2.3	0.0
Capital account balance (incl. errors and omissions)	182	164	193	215	240	281	349	370	374	393	411	422	255	325
Foreign direct investment (net)	125	136	153	173	197	237	298	331	345	375	405	437	88	295
Other investment (net)	57	28	40	42	43	44	51	39	29	19	6	-15	167	30
Official long-term loans	75	48	60	62	64	66	72	62	52	44	33	14	183	53
Disbursements	232	222	246	248	252	256	260	264	266	269	273	278	325	261
EAL loan	0	0	0	0	0	0	0	0	0	0	0	0	35	0
Amortization 2/	157	175	185	186	188	190	188	202	213	226	240	263	142	208
Other public sector long-term loans (net) 3/	-17	-19	-21	-21	-21	-21	-21	-22	-24	-25	-27	-29	-16	-23
Errors and omissions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overall balance	-187	-227	-231	-246	-263	-265	-254	-293	-353	-406	-440	-496	-171	-325
Financing	187	227	231	246	263	265	254	293	353	406	440	496	171	325
Central bank (net; increase -)	-167	-111	-124	-114	-104	-108	-109	-66	36	86	290	278	-156	7
Reserves (increase -)	-147	-101	-115	-111	-104	-108	-109	-66	36	86	290	278	-143	8
Liabilities (increase +)	-21	-10	-9	-3	0	0	0	0	0	0	0	0	-13	-1
Of which: Fund credit (net)	-21	-10	-9	3	0	0	0	0	0	0	0	0	-13	-1
Commercial banks (net; increase -)	0	0	0	0	0	0	0	0	0	0	0	0	-9	0
Changes in arrears	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt relief (Paris Club II and III, Naples terms) 4/	0	0	0	0	0	0	0	0	0	0	0	0	3	0
Financing gap	355	338	355	360	366	373	363	358	317	320	325	333	334	347
Exceptional financing 5/	245	241	259	263	266	270	274	279	281	285	289	294	220	276
Traditional debt relief	4	3	1	1	1	0	-25	-26	-30	-32	-35	-37	14	-18
HIPC Initiative relief	106	94	94	96	99	103	113	106	67	67	70	76	100	89
Residual gap	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Memorandum items:														
Exports of goods (percent change)	9.6	9.7	9.7	9.7	9.8	9.8	9.8	9.9	9.9	9.9	9.9	9.9	9.7	9.8
Export price index (percent change)	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	2.5	1.8
Export volume index (percent change)	7.7	7.7	7.7	7.8	7.8	7.9	7.9	7.9	7.9	8.0	8.0	8.0	7.0	7.9
Total imports of goods (percent change)	7.5	7.4	7.7	7.5	7.5	7.5	7.6	7.6	7.6	7.6	7.6	7.6	4.8	7.6
Import price index (percent change)	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.5	1.8
Import volume index (percent change)	5.6	5.5	5.8	5.6	5.6	5.6	5.7	5.7	5.7	5.7	5.7	5.7	3.5	5.7
Gross official reserves	2,260	2,361	2,476	2,587	2,691	2,799	2,908	2,974	2,938	2,851	2,736	2,573	1,647	2,753
(in months of imports of goods and nonfactor services of following year)	7.0	6.8	6.7	6.5	6.3	6.1	5.9	5.6	5.1	4.7	4.2	3.8	6.0	5.5
Terms of trade index (percent change; 1996/97 = 100)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0

Sources: Ethiopian authorities; and Fund staff estimates and projections.

1/ Data pertain to the period July 8-July 7. Consistent with disbursements assumptions of the debt sustainability analysis, data include new loan commitments from IDA.
2/ Includes debt service to Russia on ruble-denominated debt after up-front discount.
3/ Public enterprises.
4/ Includes 1997 and 2001 Paris Club rescheduling agreements (including Russia) under Naples terms, 2002 Paris Club topping-up to Cologne terms,
and HIPC Initiative interim relief including estimates of relief beyond HIPC and relief on non-Paris Club debt under negotiation
5/ Balance of payments support from the World Bank (Poverty Reduction Support Credit) and African Development Bank (structural adjustment loan).

Table 15. Ethiopia: Net Present Value of External Public Debt, 2002/03-2022/23

(In millions of U.S. dollars, unless otherwise indicated)

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2002/03 - 2012/13	2013/14 - 2022/23
	Actual	Projections																				Averages	
I. After traditional debt-relief mechanisms 1/																							
1. NPV of total debt (2+6) 2/	3,949.0	4,321.1	4,673.9	5,037.9	5,180.0	5,342.8	5,495.0	5,639.5	5,779.2	5,922.2	6,056.3	6,204.8	6,365.6	6,536.2	6,713.6	6,877.2	7,030.8	7,174.4	7,309.0	7,430.7	7,531.9	5,217.9	6,917.4
2. NPV of outstanding debt (3+4)	3,949.0	3,933.9	3,919.9	3,902.4	3,877.6	3,838.9	3,796.8	3,755.6	3,710.8	3,662.4	3,612.7	3,558.9	3,499.2	3,432.0	3,358.7	3,269.2	3,166.7	3,052.7	2,927.0	2,784.7	2,626.5	3,814.5	3,167.6
3. Official bilateral and commercial	1,400.8	1,410.3	1,418.8	1,427.5	1,436.3	1,444.6	1,453.4	1,460.9	1,467.9	1,472.3	1,474.3	1,473.2	1,468.1	1,458.9	1,445.2	1,420.7	1,389.6	1,349.8	1,303.1	1,249.2	1,184.7	1,442.5	1,374.2
Paris Club	1,132.8	1,140.3	1,147.1	1,154.2	1,161.3	1,168.2	1,175.8	1,182.1	1,188.4	1,192.7	1,195.0	1,194.9	1,191.6	1,185.0	1,174.9	1,158.4	1,136.9	1,108.8	1,074.3	1,035.1	988.0	1,167.1	1,124.8
Other official bilateral and commercial	268.1	270.0	271.7	273.3	275.0	276.5	277.6	278.7	279.4	279.6	279.3	278.3	276.5	273.9	270.3	262.3	252.7	241.0	228.8	214.1	196.8	275.4	249.5
4. Multilateral	2,548.1	2,523.5	2,501.1	2,474.9	2,441.3	2,394.3	2,343.4	2,294.7	2,242.9	2,190.0	2,138.4	2,085.7	2,031.1	1,973.1	1,913.5	1,848.5	1,777.1	1,702.9	1,623.9	1,535.6	1,441.8	2,372.1	1,793.3
IDA	1,675.3	1,688.2	1,699.2	1,705.3	1,708.5	1,707.7	1,698.4	1,686.6	1,670.8	1,647.8	1,617.0	1,581.0	1,543.9	1,502.2	1,458.4	1,409.9	1,353.4	1,294.8	1,231.7	1,160.2	1,084.5	1,682.3	1,362.0
IMF	115.8	106.9	100.6	96.1	86.1	67.4	48.5	31.0	12.9	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	60.6	0.0
African Development Bank Group	579.3	557.7	538.3	519.4	501.4	483.5	470.9	462.0	453.9	445.5	435.5	427.4	418.2	408.8	398.8	388.2	376.3	363.8	351.0	337.4	322.8	495.2	379.3
Others	177.8	170.7	163.0	154.2	145.2	135.7	125.6	115.0	105.3	95.3	85.9	77.3	69.0	62.0	56.4	50.4	47.4	44.4	41.1	37.9	34.5	134.0	52.1
5. Nominal stock of total debt (incl. new loans)	6,551.0	7,051.7	7,514.9	8,015.7	8,249.6	8,527.0	8,769.2	8,987.7	9,191.4	9,392.9	9,573.0	9,778.8	9,992.5	10,212.1	10,435.3	10,641.2	10,834.0	11,012.6	11,179.2	11,330.7	11,459.8	8,347.7	10,687.6
II. After conditional delivery of enhanced HIPC Initiative assistance																							
1. NPV of total debt (2+6) 2/	4,398.1	2,940.7	3,329.6	3,731.6	3,919.6	4,132.8	4,338.9	4,536.0	4,729.7	4,932.6	5,117.0	5,317.7	5,535.4	5,768.2	6,014.0	6,259.4	6,491.3	6,677.2	6,856.5	7,027.8	7,186.8	4,191.5	6,313.4
2. NPV of outstanding debt (3+4)	4,398.1	2,553.5	2,575.5	2,596.1	2,617.2	2,629.0	2,640.7	2,652.1	2,661.3	2,672.7	2,673.4	2,671.8	2,669.0	2,664.0	2,659.1	2,651.3	2,627.3	2,555.6	2,474.5	2,381.9	2,281.5	2,788.1	2,563.6
3. Official bilateral and commercial	1,922.0	773.9	775.8	778.3	781.7	785.7	791.7	798.1	805.9	813.2	820.6	827.7	834.4	840.6	846.1	850.9	854.8	856.7	853.5	848.2	840.5	895.2	845.3
Paris Club	1,225.5	631.2	632.1	633.6	636.0	639.2	644.4	649.9	656.8	663.4	669.8	676.1	682.1	687.9	693.3	698.4	702.9	705.8	705.1	703.1	699.6	698.4	695.4
Other official bilateral and commercial	696.5	142.7	143.7	144.7	145.7	146.5	147.3	148.2	149.1	149.8	150.8	151.6	152.3	152.7	152.8	152.5	151.9	150.9	148.4	145.1	140.9	196.8	149.9
4. Multilateral	2,476.1	1,779.6	1,799.8	1,817.8	1,835.5	1,843.3	1,849.0	1,854.0	1,855.4	1,859.5	1,852.7	1,844.1	1,834.6	1,823.5	1,813.0	1,800.4	1,772.5	1,699.0	1,621.0	1,533.7	1,441.0	1,893.0	1,718.3
IDA	1,668.2	1,200.0	1,221.8	1,241.9	1,261.2	1,279.3	1,294.1	1,308.4	1,321.6	1,332.1	1,339.7	1,345.7	1,352.1	1,357.3	1,362.5	1,366.6	1,353.4	1,294.8	1,231.7	1,160.2	1,084.5	1,315.3	1,290.9
IMF	102.9	80.6	76.9	73.9	70.2	58.7	44.5	31.0	12.9	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.3	0.0
African Development Bank Group	538.1	394.2	397.3	400.2	404.4	408.0	416.6	424.5	433.9	442.9	435.5	427.4	418.2	408.8	398.8	388.2	376.3	363.8	351.0	337.4	322.8	426.9	379.3
Others	166.9	104.7	103.8	101.7	99.6	97.2	93.8	90.1	87.0	83.2	77.5	71.1	64.4	57.4	51.6	45.6	42.8	40.4	38.2	36.0	33.7	100.5	48.1
III. After unconditional delivery of enhanced HIPC Initiative assistance 3/																							
1. NPV of total debt (2+6) 2/	2,542.0	2,940.7	3,329.6	3,731.6	3,919.6	4,132.8	4,338.9	4,536.0	4,729.7	4,932.6	5,117.0	5,317.7	5,535.4	5,768.2	6,014.0	6,259.4	6,491.3	6,677.2	6,856.5	7,027.8	7,186.8	4,022.8	6,313.4
2. NPV of outstanding debt (3+4)	2,542.0	2,553.5	2,575.5	2,596.1	2,617.2	2,629.0	2,640.7	2,652.1	2,661.3	2,672.7	2,673.4	2,671.8	2,669.0	2,664.0	2,659.1	2,651.3	2,627.3	2,555.6	2,474.5	2,381.9	2,281.5	2,619.4	2,563.6
3. Official bilateral and commercial	777.9	773.9	775.8	778.3	781.7	785.7	791.7	798.1	805.9	813.2	820.6	827.7	834.4	840.6	846.1	850.9	854.8	856.7	853.5	848.2	840.5	791.2	845.3
Paris Club	638.7	631.2	632.1	633.6	636.0	639.2	644.4	649.9	656.8	663.4	669.8	676.1	682.1	687.9	693.3	698.4	702.9	705.8	705.1	703.1	699.6	645.0	695.4
Other official bilateral and commercial	139.2	142.7	143.7	144.7	145.7	146.5	147.3	148.2	149.1	149.8	150.8	151.6	152.3	152.7	152.8	152.5	151.9	150.9	148.4	145.1	140.9	146.1	149.9
4. Multilateral	1,764.0	1,779.6	1,799.8	1,817.8	1,835.5	1,843.3	1,849.0	1,854.0	1,855.4	1,859.5	1,852.7	1,844.1	1,834.6	1,823.5	1,813.0	1,800.4	1,772.5	1,699.0	1,621.0	1,533.7	1,441.0	1,828.2	1,718.3
IDA	1,177.6	1,200.0	1,221.8	1,241.9	1,261.2	1,279.3	1,294.1	1,308.4	1,321.6	1,332.1	1,339.7	1,345.7	1,352.1	1,357.3	1,362.5	1,366.6	1,353.4	1,294.8	1,231.7	1,160.2	1,084.5	1,270.7	1,290.9
IMF	84.6	80.6	76.9	73.9	70.2	58.7	44.5	31.0	12.9	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	48.6	0.0
African Development Bank Group	392.8	394.2	397.3	400.2	404.4	408.0	416.6	424.5	433.9	442.9	435.5	427.4	418.2	408.8	398.8	388.2	376.3	363.8	351.0	337.4	322.8	413.7	379.3
Others	109.1	104.7	103.8	101.7	99.6	97.2	93.8	90.1	87.0	83.2	77.5	71.1	64.4	57.4	51.6	45.6	42.8	40.4	38.2	36.0	33.7	95.3	48.1
IV. After bilateral debt relief beyond HIPC Initiative assistance 4/																							
1. NPV of total debt (2+6) 2/	4,398.1	2,663.2	3,051.0	3,451.5	3,637.1	3,847.4	4,050.3	4,244.3	4,434.8	4,634.9	4,816.7	5,014.9	5,230.4	5,461.0	5,705.1	5,948.9	6,179.7	6,366.0	6,548.7	6,724.8	6,889.5	3,929.9	6,006.9
NPV of total debt after full delivery 3/	2,257.6	2,663.2	3,051.0	3,451.5	3,637.1	3,847.4	4,050.3	4,244.3	4,434.8	4,634.9	4,816.7	5,014.9	5,230.4	5,461.0	5,705.1	5,948.9	6,179.7	6,366.0	6,548.7	6,724.8	6,889.5	3,735.4	6,006.9
2. NPV of outstanding debt (3+4)	4,398.1	2,276.0	2,297.0	2,315.9	2,334.7	2,343.6	2,352.2	2,360.4	2,366.4	2,375.1	2,373.1	2,369.1	2,364.0	2,356.9	2,350.1	2,340.8	2,315.7	2,244.3	2,166.8	2,078.8	1,984.2	2,526.6	2,257.1
3. Official bilateral and commercial	1,922.0	496.4	497.2	498.1	499.3	500.3	503.2	506.4	511.0	515.5	520.4	525.0	529.4	533.4	537.1	540.4	543.2	545.4	545.8	545.1	543.2	633.6	538.8
Paris Club	1,225.5	353.8	353.5	353.5	353.6	353.8	355.9	358.1	361.9	365.7	369.6	373.3	377.1	380.8	384.4	387.9	391.3	394.5	397.4	400.0	402.3	436.8	388.9
Other official bilateral and commercial	696.5	142.7	143.7	144.7	145.7	146.5	147.3	148.2	149.1	149.8	150.8	151.6	152.3	152.7	152.8	152.5	151.9	150.9	148.4	145.1	140.9	196.8	149.9
4. Multilateral	2,476.1	1,779.6	1,799.8	1,817.8	1,835.5	1,843.3	1,849.0	1,854.0	1,855.4	1,859.5	1,852.7	1,844.1	1,834.6	1,823.5	1,813.0	1,800.4	1,772.5	1,699.0	1,621.0	1,533.7	1,441.0	1,893.0	1,718.3
V. After possible topping-up of HIPC Initiative assistance																							
1. NPV of total debt (2+6) 2/	4,398.1	1,958.5	2,357.6	2,771.3	2,972.6	3,201.1	3,425.1	3,639.0	3,848.7	4,071.9	4,296.9	4,545.6	4,814.2	5,101.4	5,404.4	5,711.0	5,992.7	6,191.5	6,374.5	6,550.9	6,716.6	3,358.3	5,740.3
NPV of total debt after full delivery 3/	1,550.7	1,571.3	1,603.5	1,635.8	1,670.2	1,697.3	1,726.9	1,755.1	1,780.3	1,812.0	1,853.3	1,899.7	1,947.8	1,997.3	2,049.5	2,102.9	2,128.6	2,069.9	1,992.5	1,905.0	1,811.3	1,696.0	1,990.4
Multilateral	1,211.7	1,229.4	1,262.0	1,294.5	1,329.1	1,356.5	1,384.7	1,411.2	1,433.3	1,461.9	1,499.7	1,542.8	1,587.7	1,634.2	1,683.6	1,734.5	1,758.0	1,697.5	1,619.6	1,532.4	1,439.8	1,352.2	1,623.0
Bilateral	339.0	341.9	341.6	341.2	341.1	340.7	342.2	343.9	347.0	350.1	353.6	356.9	360.1	363.1	365.9	368.4	370.6	372.4	372.8	372.6	371.5	343.9	367.4
2. NPV of outstanding debt (3+4)	4,398.1	1,571.3	1,603.5	1,635.8	1,670.2	1,697.3	1,726.9	1,755.1	1,780.3	1,812.0	1,853.3	1,899.7	1,947.8	1,997.3	2,049.5	2,102.9	2,128.6	2,069.9	1,992.5	1,905.0	1,811.3	1,954.9	1,990.4
3. Official bilateral and commercial	1,922.0	341.9	341.6	341.2	341.1	340.7	342.2	343.9	347.0	350.1	353.6	356.9	360.1	363.1	365.9	368.4	370.6	372.4	372.8	372.6	371.5	487.8	367.4
Paris Club	1,225.5	242.8	241.6	240.6	239.6	238.7	239.7	240.7	243.3	245.9	248.5	251.1	253.6	256.1	258.6	261.0	263.4	265.6	267.5	269.3	270.9	331.5	261.7
Other official bilateral and commercial	696.5	99.1	99.9	100.7	101.5	102.0	102.6	103.2	103.7	104.3	105.1	105.9	106.5	107.0	107.3	107.4	107.2	106.8	105.3	103.3	100.6	156.2	105.7
4. Multilateral	2,475.2	1,229.4	1,262.0	1,294.5	1,329.1	1,356.5	1,384.7	1,411.2	1,433.3	1,461.9	1,499.7	1,542.8	1,587.7	1,634.2	1,683.6	1,734.5	1,758.0	1,697.5	1,619.6	1,532.4	1,439.8	1,467.0	1,623.0
IDA	1,668.0	835.6	865.1	895.3	926.5	958.6	991.2	1,025.0	1,059.9	1,095.6	1,132.1	1,169.8	1,209.2	1,249.9	1,292.4	1,336.3	1,353.4	1,294.8	1,231.7	1,160.2	1,084.5	1,041.2	1,238.2
IMF	102.2	53.1	54.1	55.1	56.6	50.1	41.9	31.0	12.9	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	41.7	0.0
African Development Bank Group	538.1	270.4	273.1	275.7	278.9	282.3	288.1	294.0	301.0	307.7	314.4	321.9	329.5	337.5	345.9	354.5	363.4	363.8	351.0	337.4	322.8	311.2	342.8
Others	166.9	70.3	69.7	68.4	67.1	65.6	63.4	61.2	59.4	57.2	53.2	51.1	49.0	46.7	45.3	43.6	41.2	39.0	36.9	34.7	32.5	73.0	42.0
VI. After unconditional delivery of topped-up HIPC Initiative assistance 3/																							
1. NPV of total debt (2+6) 2/	1,550.7	1,958.5	2,357.6	2,771.3	2,972.6	3,201.1	3,425.1	3,639.0	3,848.7	4,071.9	4,296.9	4,545.6	4,814.2	5,101.4	5,404.4	5,711.0	5,992.7	6,191.5	6,374.5	6,550.9	6,716.6	3,099.4	5,740.3
2. NPV of outstanding debt (3+4)	1,550.7	1,571.3	1,603.5	1,635.8	1,670.2	1,697.3	1,726.9	1,755.1	1,780.3	1,812.0	1,853.3	1,899.7	1,947.8	1,997.3	2,049.5	2,102.9	2,128.6	2,069.9	1,992.5	1,905.0	1,811.3	1,696.0	1,990.4
3. Official bilateral and commercial	339.0	341.9	341.6	341.2	341.1	340.7	342.2	343.9	347.0	350.1	353.6	356.9	360.1	363.1	365.9	368.4	370.6	372.4	372.8	372.6	371.5	343.9	367.4
Paris Club	240.7	242.8	241.6	240.6	239.6	238.7	239.7	240.7	243.3	245.9	248.5	251.1	253.6	256.1	258.6	261.0	263.4	265.6	267.5	269.3	270.9	242.0	261.7
Other official bilateral and commercial	98.3	99.1	99.9	100.7	101.5	102.0	102.6	103.2	103.7	104.3	105.1	105.9	106.5	107.0	107.3	107.4	107.2	106.8	105.3	103.3	100.6	101.9	105.7
4. Multilateral	1,211.7	1,229.4	1,262.0	1,294.5	1,329.1	1,356.5	1,384.7	1,411.2	1,433.3	1,461.9	1,499.7	1,542.8	1,587.7	1,634.2	1,683.6	1,734.5	1,758.0	1,697.5	1,619.6	1,532.4	1,439.8	1,352.2	1,623.0
IDA	808.9	835.6	865.1	895.3	926.5	958.6	991.2	1,025.0	1,059.9	1,095.6	1,132.1	1,169.8	1,209.2	1,249.9	1,292.4	1,336.3	1,353.4	1,294.8	1,231.7	1,160.2	1,084.5	963.1	1,238.2
IMF	58.1	53.1	54.1	55.1	56.6	50.1	41.9	31.0	12.9	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.7	0.0
African Development Bank Group	269.8	270.4	273.1	275.7	278.9	282.3	288.1	294.0	301.0	307.7	314.4	321.9	329.5	337.5	345.9	354.5	363.4	363.8	351.0	337.4	322.8	286.8	342.8
Others	74.9	70.3	69.7	68.4	67.1	65.6	63.4	61.2	59.4	57.2	53.2	51.1	49.0	46.7	45.3	43.6	41.2	39.0	36.9	34.7	32.5	64.6	42.0
Memorandum items:																							
6. NPV of new borrowing	0.0	387.2	754.1	1,135.6	1,302.4	1,503.8	1,698.1	1,883.9	2,068.4	2,259.9	2,443.6	2,645.9	2,866.4	3,104.1	3,354.9	3,608.1	3,864.1	4,121.6	4,382.0	4,646.0	4,905.4	1,543.7	3,749.8
Official bilateral	0.0	182.8	361.7	528.3	500.2	473.4	448.0	420.9	391.6	360.2	329.4	299.4	281.4	275.1	280.1	284.9	289.3	293.5	297.3	300.9	304.0	363.3	290.6
Multilateral	0.0	204.4	392.3	607.3	802.2	1,030.4	1,250.2	1,463.0	1,676.8	1,899.7	2,114.2	2,346.4	2,585.0	2,829.0	3,074.8	3,323.2	3,574.7	3,828.1	4,084.6	4,345.1	4,601.4	1,040.0	3,459.2
Grant element in new borrowing	0.0	36.0	35.8	36.4	39.1	41.1	42.1	42.7	43.1	43.3	43.3	43.3	43.1	42.7	42.2	41.8	41.3	40.9	40.4	39.9	39.4	40.3	41.5

Sources: Ethiopian authorities; and staff estimates and projections.

1/ Refers to public and publicly guaranteed external debt only and assumes a stock-of-debt operation on Naples terms (67 percent NPV reduction) at end-June 2001, and at least comparable action by other official bilateral creditors.
2/ Discounted on the basis of the average commercial interest reference rate for the respective currency, derived over the six-month period prior to the latest date for which actual data are available (June 2003). The conversion of currency-specific NPVs into U.S. dollars occurs for all years at the base date (June 30, 2003) exchange rate.
3/ NPV of total debt assuming the entire HIPC Initiative assistance is fully delivered as of end-June, 2003.
4/ After debt relief beyond HIPC Initiative offered by some of the Paris Club creditors on a voluntary basis.

Table 16. Ethiopia: External Debt Indicators, 2002/03-2022/23 1/

(In percent, unless otherwise indicated)

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2002/03 - 2012/13	2013/14 - 2022/23
	Actual	Projections																				Averages	
After traditional debt relief mechanisms 2/																							
NPV of debt-to-GDP ratio	59.5	58.8	59.2	58.9	55.7	53.0	50.3	47.6	45.1	42.6	40.2	38.0	36.0	34.1	32.3	30.5	28.7	27.0	25.3	23.7	22.2	51.9	29.8
NPV of debt-to-exports ratio 3/ 4/	382.0	394.0	389.3	393.1	371.5	354.6	336.4	319.2	302.4	286.3	270.4	255.7	242.2	229.4	217.4	205.2	193.4	181.8	170.6	159.7	149.0	345.4	200.4
NPV of debt-to-revenue ratio 5/	318.2	301.0	294.3	288.9	271.0	255.3	240.0	225.0	210.7	197.3	184.4	172.5	161.6	151.4	141.9	132.6	123.6	114.9	106.7	98.8	91.2	253.3	129.5
Debt service-to-exports ratio	…	17.1	17.2	18.0	17.8	17.3	16.2	15.3	14.6	13.7	13.0	12.4	11.3	10.4	9.7	9.6	9.4	9.1	8.8	8.5	8.4	16.0	9.8
Debt service-to-revenue ratio 5/	…	13.9	14.0	14.3	14.1	13.5	12.5	11.6	11.0	10.2	9.6	9.0	8.1	7.4	6.9	6.7	6.5	6.2	5.9	5.7	5.6	12.5	6.8
After conditional delivery of enhanced HIPC Initiative assistance																							
NPV of debt-to-GDP ratio	66.3	40.0	42.2	43.6	42.2	41.0	39.7	38.3	36.9	35.5	34.0	32.6	31.3	30.1	28.9	27.7	26.5	25.1	23.8	22.5	21.1	41.8	27.0
NPV of debt-to-exports ratio 3/ 4/	425.4	268.1	277.3	291.2	281.1	274.3	265.6	256.7	247.5	238.5	228.4	219.2	210.6	202.5	194.7	186.8	178.5	169.2	160.0	151.0	142.2	277.6	181.5
NPV of debt-to-exports ratio (existing debt only)	425.4	232.8	214.5	202.6	187.7	174.5	161.6	150.1	139.3	129.2	119.3	110.1	101.5	93.5	86.1	79.1	72.3	64.8	57.7	51.2	45.1	194.3	76.1
NPV of debt-to-revenue ratio 5/	354.4	204.9	209.6	214.0	205.1	197.5	189.5	181.0	172.5	164.4	155.8	147.8	140.5	133.6	127.1	120.7	114.1	107.0	100.1	93.5	87.1	204.4	117.1
Debt service-to-exports ratio	…	9.5	9.8	11.0	11.0	10.8	10.1	9.9	9.6	8.9	9.1	8.8	7.9	7.2	6.6	6.5	6.7	7.5	7.3	7.1	7.0	10.0	7.3
Debt service-to-revenue ratio 5/	…	7.8	8.0	8.8	8.7	8.4	7.8	7.5	7.2	6.7	6.7	6.4	5.7	5.1	4.7	4.6	4.6	5.2	5.0	4.8	4.6	7.7	5.1
After unconditional delivery of enhanced HIPC Initiative assistance																							
NPV of debt-to-GDP ratio	38.3	40.0	42.2	43.6	42.2	41.0	39.7	38.3	36.9	35.5	34.0	32.6	31.3	30.1	28.9	27.7	26.5	25.1	23.8	22.5	21.1	39.2	27.0
NPV of debt-to-exports ratio 3/ 4/	245.9	268.1	277.3	291.2	281.1	274.3	265.6	256.7	247.5	238.5	228.4	219.2	210.6	202.5	194.7	186.8	178.5	169.2	160.0	151.0	142.2	261.3	181.5
NPV of debt-to-revenue ratio 5/	204.8	204.9	209.6	214.0	205.1	197.5	189.5	181.0	172.5	164.4	155.8	147.8	140.5	133.6	127.1	120.7	114.1	107.0	100.1	93.5	87.1	190.8	117.1
After conditional delivery of bilateral debt relief beyond HIPC Initiative assistance 7/																							
NPV of debt-to-GDP ratio	66.3	36.2	38.6	40.3	39.1	38.2	37.1	35.9	34.6	33.4	32.0	30.7	29.6	28.5	27.4	26.4	25.2	24.0	22.7	21.5	20.3	39.2	25.6
NPV of debt-to-exports ratio 3/ 4/	425.4	242.8	254.1	269.3	260.8	255.3	247.9	240.2	232.1	224.1	215.0	206.7	199.0	191.7	184.7	177.5	170.0	161.3	152.8	144.5	136.3	260.7	172.4
NPV of debt-to-exports ratio (existing debt only)	425.4	207.5	191.3	180.7	167.4	155.5	144.0	133.6	123.8	114.8	105.9	97.6	89.9	82.7	76.1	69.9	63.7	56.9	50.6	44.7	39.3	177.3	67.1
NPV of debt-to-revenue ratio 5/	354.4	185.5	192.1	198.0	190.3	183.8	176.9	169.4	161.7	154.4	146.6	139.4	132.7	126.5	120.6	114.7	108.6	102.0	95.6	89.4	83.5	192.1	111.3
Debt service-to-exports ratio	…	7.9	8.9	10.2	10.3	10.2	9.5	9.3	9.1	8.5	8.6	8.4	7.5	6.8	6.3	6.2	6.4	7.2	6.9	6.7	6.6	9.3	6.9
Debt service-to-revenue ratio 5/	…	6.4	7.2	8.1	8.1	8.0	7.3	7.1	6.8	6.3	6.4	6.1	5.4	4.9	4.4	4.3	4.4	4.9	4.7	4.5	4.4	7.2	4.8
After unconditional delivery of bilateral debt relief beyond HIPC Initiative assistance 7/																							
NPV of debt-to-GDP ratio	34.0	36.2	38.6	40.3	39.1	38.2	37.1	35.9	34.6	33.4	32.0	30.7	29.6	28.5	27.4	26.4	25.2	24.0	22.7	21.5	20.3	36.3	25.6
NPV of debt-to-exports ratio 3/ 4/	218.4	242.8	254.1	269.3	260.8	255.3	247.9	240.2	232.1	224.1	215.0	206.7	199.0	191.7	184.7	177.5	170.0	161.3	152.8	144.5	136.3	241.8	172.4
NPV of debt-to-revenue ratio 5/	181.9	185.5	192.1	198.0	190.3	183.8	176.9	169.4	161.7	154.4	146.6	139.4	132.7	126.5	120.6	114.7	108.6	102.0	95.6	89.4	83.5	176.4	111.3
After possible topping-up of HIPC Initiative assistance																							
NPV of debt-to-GDP ratio	66.3	26.6	29.9	32.4	32.0	31.8	31.4	30.7	30.0	29.3	28.5	27.9	27.2	26.6	26.0	25.3	24.5	23.3	22.1	20.9	19.8	33.5	24.4
NPV of debt-to-exports ratio 3/ 4/	425.4	178.6	196.4	216.2	213.2	212.4	209.7	206.0	201.4	196.9	191.8	187.3	183.2	179.1	175.0	170.4	164.8	156.9	148.8	140.8	132.9	222.5	163.9
NPV of debt-to-exports ratio (existing debt only)	425.4	143.3	133.6	127.6	119.8	112.6	105.7	99.3	93.2	87.6	82.7	78.3	74.1	70.1	66.4	62.8	58.5	52.4	46.5	40.9	35.8	139.2	58.6
NPV of debt-to-exports ratio after full delivery in 2002/03 3/ 4/ 6	150.0	178.6	196.4	216.2	213.2	212.4	209.7	206.0	201.4	196.9	191.8	187.3	183.2	179.1	175.0	170.4	164.8	156.9	148.8	140.8	132.9	197.5	163.9
NPV of debt-to-revenue ratio 5/	354.4	136.4	148.4	158.9	155.5	152.9	149.6	145.2	140.3	135.7	130.8	126.4	122.2	118.2	114.2	110.1	105.3	99.2	93.1	87.1	81.4	164.4	105.7
Debt service-to-exports ratio	…	7.7	5.7	7.1	7.3	7.4	6.8	6.9	6.9	6.3	5.8	5.6	4.9	4.4	4.0	4.1	4.8	6.7	6.8	6.6	6.5	6.8	5.4
Debt service-to-revenue ratio 5/	…	6.3	4.6	5.6	5.8	5.7	5.2	5.2	5.2	4.7	4.3	4.1	3.5	3.1	2.9	2.8	3.3	4.6	4.6	4.4	4.3	5.3	3.8
After possible topping-up of HIPC Initiative assistance under Scenario III A 8/																							
NPV of debt-to-GDP ratio	66.3	26.6	29.9	31.8	31.0	30.4	29.7	28.8	27.9	27.0	26.1	25.3	24.5	23.9	23.2	22.5	21.7	20.5	19.3	18.2	17.1	32.3	21.6
NPV of debt-to-exports ratio 3/ 4/	425.4	178.6	196.4	212.2	206.6	203.4	198.7	193.3	187.3	181.5	175.5	170.1	165.2	160.7	156.2	151.5	145.9	138.0	130.0	122.3	114.7	214.4	145.5
NPV of debt-to-exports ratio (existing debt only)	425.4	143.3	133.6	127.6	119.8	112.6	105.7	99.3	93.2	87.6	82.7	78.3	74.1	70.1	66.4	62.8	58.5	52.4	46.5	40.9	35.8	139.2	58.6
NPV of debt-to-exports ratio after full delivery in 2002/03 3/ 4/ 6	150.0	178.6	196.4	212.2	206.6	203.4	198.7	193.3	187.3	181.5	175.5	170.1	165.2	160.7	156.2	151.5	145.9	138.0	130.0	122.3	114.7	189.4	145.5
NPV of debt-to-revenue ratio 5/	354.4	136.4	148.4	155.9	150.8	146.4	141.7	136.3	130.5	125.1	119.7	114.7	110.2	106.0	102.0	97.9	93.2	87.3	81.4	75.7	70.2	158.7	93.9
Debt service-to-exports ratio	…	7.7	5.6	7.0	7.2	7.2	6.9	6.8	6.7	6.0	5.5	5.1	4.4	4.0	3.6	3.6	4.3	6.2	6.2	6.0	5.9	6.7	4.9
Debt service-to-revenue ratio 5/	…	6.3	4.6	5.6	5.7	5.6	5.3	5.2	5.0	4.5	4.1	3.7	3.2	2.8	2.5	2.5	3.0	4.2	4.2	4.0	3.9	5.2	3.4
Memorandum items (in millions of U.S. dollars):																							
NPV of debt after enhanced HIPC Initiative assistance	4,398.1	2,940.7	3,329.6	3,731.6	3,919.6	4,132.8	4,338.9	4,536.0	4,729.7	4,932.6	5,117.0	5,317.7	5,535.4	5,768.2	6,014.0	6,259.4	6,491.3	6,677.2	6,856.5	7,027.8	7,186.8	4,191.5	6,313.4
Of which: existing debt only	4,398.1	2,553.5	2,575.5	2,596.1	2,617.2	2,629.0	2,640.7	2,652.1	2,661.3	2,672.7	2,673.4	2,671.8	2,669.0	2,664.0	2,659.1	2,651.3	2,627.3	2,555.6	2,474.5	2,381.9	2,281.5	2,788.1	2,563.6
Debt service after enhanced HIPC Initiative assistance 6/	…	111.5	126.4	152.6	165.7	176.8	178.1	188.2	197.8	199.9	220.2	231.2	224.1	222.0	222.1	236.4	263.7	321.6	339.5	358.5	382.4	171.7	280.2
GDP	6,638.1	7,353.3	7,894.8	8,557.7	9,292.8	10,080.3	10,922.4	11,838.0	12,827.7	13,897.2	15,059.0	16,321.3	17,692.9	19,183.8	20,804.4	22,566.5	24,482.7	26,567.0	28,834.3	31,301.4	33,986.1	10,396.5	24,174.0
Exports of goods and services 3/	1,139.6	1,168.0	1,294.3	1,382.7	1,506.6	1,631.4	1,763.0	1,905.9	2,063.7	2,235.1	2,421.3	2,622.7	2,841.5	3,081.7	3,343.1	3,627.7	3,937.7	4,275.3	4,642.8	5,042.8	5,478.3	1,682.9	3,889.4
Exports of goods and services (three-year avg.) 3/ 4/	1,033.8	1,096.8	1,200.6	1,281.7	1,394.5	1,506.9	1,633.6	1,766.8	1,910.9	2,068.2	2,240.0	2,426.4	2,628.5	2,848.6	3,088.8	3,350.9	3,636.2	3,946.9	4,285.3	4,653.6	5,054.6	1,557.6	3,592.0
Government Revenue 5/	1,241.1	1,435.4	1,588.3	1,743.6	1,911.2	2,092.9	2,289.8	2,506.1	2,742.6	3,001.1	3,285.2	3,597.2	3,940.2	4,317.2	4,731.8	5,187.8	5,689.6	6,241.7	6,849.5	7,518.6	8,255.6	2,167.0	5,632.9

Sources: Ethiopian authorities; and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.
2/ Reflect a hypothetical stock-of-debt operation on Naples terms at end-June 2001 for Paris Club creditors as calculated in the HIPC Initiative decision point document (EBS/00/256).
3/ As defined in IMF, *Balance of Payments Manual* , 5th edition, 1993.
4/ Based on a three-year average of exports on the previous year (e.g., export average over 2000-2002 for NPV of debt-to-exports ratio in 2002).
5/ Revenue is defined as central government revenue, excluding grants.
6/ Assuming full delivery of HIPC Initiative assistance in March 2004.
7/ Some Paris Club creditors have agreed to extend additional debt relief beyond HIPC Initiative assistance.
8/ Scenario III A assumes lower concessional loan disbursements by 10 percent of the total external assistance from 2005/06, compensated by grants by the same magnitude.

Table 17. Ethiopia: External Debt Service After Full Implementation of Debt-Relief Mechanisms, 2003/04-2022/23

(In millions of U.S. dollars)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2002/03 - 2012/13	2013/14 - 2022/23
										Projections											Averages	
Total debt service (incl. new debt)	199.5	222.6	249.4	268.7	282.6	285.2	291.8	300.5	306.3	314.5	325.3	320.6	321.3	324.8	349.5	370.0	388.3	406.5	428.6	458.3	272.1	369.3
After traditional debt-relief mechanisms 1/	186.0	184.4	187.4	194.0	206.9	208.8	206.2	208.1	209.9	209.0	211.1	214.7	219.6	222.9	235.9	244.9	252.0	258.8	269.9	279.6	200.1	240.9
Multilateral	131.9	128.8	131.7	138.0	150.1	152.1	147.7	148.8	147.8	144.2	143.1	142.8	143.9	142.9	145.9	149.5	149.3	151.0	157.0	158.6	142.1	148.4
IDA	58.6	61.2	66.4	69.5	73.8	82.2	84.2	87.7	94.3	101.0	104.9	104.5	107.5	107.9	110.6	116.5	116.3	118.1	123.9	125.1	77.9	113.5
IMF	13.8	10.9	8.8	14.0	22.4	21.7	19.5	19.4	12.1	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.4	0.0
African Development Bank	44.2	41.2	40.0	38.4	37.8	31.8	27.6	26.7	26.6	28.0	25.8	26.5	26.3	26.6	26.9	27.8	27.9	27.7	28.0	28.5	34.2	27.2
Others	15.3	15.6	16.4	16.1	16.2	16.4	16.3	15.0	14.9	13.7	12.4	11.8	10.1	8.4	8.4	5.2	5.2	5.1	5.1	5.0	15.6	7.7
Official bilateral	54.1	55.5	55.7	56.0	56.8	56.7	58.5	59.3	62.1	64.8	68.0	71.9	75.7	79.9	90.0	95.5	102.7	107.9	112.9	120.9	58.0	92.5
Paris Club	43.9	44.9	45.0	45.3	45.8	45.3	47.0	47.3	49.6	51.8	54.3	57.5	60.5	63.9	69.7	73.9	79.6	84.7	87.8	93.9	46.6	72.6
Of which: ODA	7.1	7.1	6.5	5.9	5.3	5.2	5.2	3.6	3.9	3.9	3.9	4.4	4.6	4.7	7.0	7.3	8.7	9.2	9.8	10.4	5.4	7.0
Other official bilateral and commercial	10.2	10.6	10.7	10.6	11.0	11.4	11.5	12.0	12.5	13.0	13.7	14.4	15.2	16.0	20.2	21.6	23.1	23.2	25.0	27.0	11.4	19.9
Of which: ODA	3.7	3.8	3.9	3.9	3.8	3.8	3.7	3.7	3.6	3.5	3.5	3.5	3.4	3.4	6.5	6.8	7.2	6.0	6.4	6.8	3.7	5.3
Total debt service (incl. new debt)	111.5	126.4	152.6	165.7	176.8	178.1	188.2	197.8	199.9	220.2	231.2	224.1	222.0	222.1	236.4	263.7	321.6	339.5	358.5	382.4	171.7	280.2
After enhanced HIPC Initiative assistance	98.0	88.2	90.6	90.9	101.1	101.7	102.6	105.3	103.4	114.7	117.0	118.3	120.3	120.2	122.8	138.7	185.3	191.8	199.8	203.7	99.7	151.8
Multilateral	58.7	54.8	57.8	58.9	69.5	72.0	72.9	76.8	74.1	85.2	86.8	87.3	88.5	87.5	89.1	103.9	148.4	149.7	155.8	157.4	68.1	115.4
IDA	27.8	29.4	32.0	33.6	35.7	39.8	40.8	42.6	45.8	49.1	51.1	50.9	52.4	52.6	53.9	71.4	116.3	118.1	123.9	125.1	37.7	81.6
IMF	7.5	7.2	6.2	6.9	14.4	16.7	15.4	19.4	12.1	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.7	0.0
African Development Bank	14.0	12.4	12.8	11.6	12.4	7.7	8.7	7.6	8.5	25.2	25.8	26.5	26.3	26.6	26.9	27.8	27.9	27.7	28.0	28.5	12.1	27.2
Others	9.4	5.8	6.8	6.8	7.0	7.8	8.0	7.2	7.7	9.4	9.9	9.9	9.8	8.2	8.3	4.8	4.2	3.9	3.9	3.8	7.6	6.7
Official bilateral	39.3	33.3	32.8	32.0	31.6	29.7	29.6	28.5	29.3	29.5	30.2	31.0	31.8	32.7	33.7	34.8	37.0	42.1	44.1	46.2	31.6	36.4
Paris Club	36.4	27.9	27.3	26.5	25.8	23.9	23.9	22.7	23.3	23.8	24.2	24.7	25.3	25.9	26.5	27.3	29.1	32.8	34.0	35.4	26.1	28.5
Of which: ODA	16.2	9.6	9.1	8.5	7.8	7.8	7.7	6.1	6.4	6.4	6.4	6.4	6.4	6.5	6.5	6.5	7.5	10.4	10.7	11.1	8.6	7.8
Other official bilateral and commercial	2.8	5.4	5.5	5.5	5.8	5.8	5.7	5.9	6.0	5.8	6.0	6.2	6.5	6.8	7.1	7.5	7.9	9.3	10.0	10.8	5.4	7.8
Of which: ODA	2.8	2.5	2.6	2.5	2.5	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	3.2	3.4	3.7	2.5	2.6
Total debt service (incl. new debt)	91.7	114.8	141.5	155.1	166.8	168.1	178.2	187.6	189.1	209.2	219.9	212.5	210.1	209.8	223.8	250.7	307.1	321.7	339.9	362.8	160.2	265.8
After bilateral debt relief beyond HIPC Initiative 2/	78.2	76.5	79.4	80.4	91.1	91.7	92.6	95.1	92.7	103.7	105.7	106.7	108.4	107.9	110.1	125.7	170.8	174.0	181.2	184.1	88.1	137.5
Multilateral	58.7	54.8	57.8	58.9	69.5	72.0	72.9	76.8	74.1	85.2	86.8	87.3	88.5	87.5	89.1	103.9	148.4	149.7	155.8	157.4	68.1	115.4
Official bilateral	19.5	21.7	21.6	21.4	21.6	19.7	19.6	18.3	18.6	18.5	19.0	19.4	19.9	20.5	21.1	21.7	22.4	24.3	25.4	26.6	20.1	22.0
Paris Club	16.6	16.3	16.1	16.0	15.8	13.9	13.9	12.4	12.6	12.8	13.0	13.2	13.4	13.6	13.9	14.2	14.5	15.0	15.4	15.8	14.6	14.2
Of which: ODA	2.1	1.9	1.8	1.8	1.7	1.7	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	1.3	0.0
Other official bilateral and commercial	2.8	5.4	5.5	5.5	5.8	5.8	5.7	5.9	6.0	5.8	6.0	6.2	6.5	6.8	7.1	7.5	7.9	9.3	10.0	10.8	5.4	7.8
Of which: ODA	2.8	2.5	2.6	2.5	2.5	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	3.2	3.4	3.7	2.5	2.6
Total debt service (incl. new debt)	90.0	73.2	98.3	110.2	120.0	119.2	131.2	142.3	140.7	141.6	146.9	139.0	135.4	135.2	147.8	189.2	286.0	313.6	331.5	354.0	116.7	217.9
After possible topping up of HIPC Initiative assistance	76.5	34.9	36.3	35.4	44.3	42.8	45.6	49.8	44.3	36.1	32.7	33.2	33.7	33.2	34.2	64.2	149.7	166.0	172.8	175.3	44.6	89.5
Multilateral	57.3	19.0	20.4	19.8	28.5	28.9	31.7	37.4	31.7	23.7	20.1	20.2	20.4	19.5	20.1	49.6	134.8	149.6	155.7	157.3	29.8	74.7
IDA	27.4	6.1	6.6	7.0	7.4	8.2	8.4	8.8	9.4	10.1	10.5	10.5	10.7	10.8	11.1	39.8	116.3	118.1	123.9	125.1	9.9	57.7
IMF	6.4	1.2	1.3	0.8	8.9	10.3	12.7	19.4	12.1	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	0.0
African Development Bank	14.0	7.8	8.0	7.5	7.6	5.2	5.5	4.6	5.3	5.6	5.2	5.3	5.3	5.3	5.4	5.6	14.5	27.7	28.0	28.5	7.1	13.1
Others	9.4	3.8	4.5	4.5	4.6	5.1	5.1	4.6	4.9	6.6	4.4	4.4	4.4	3.4	3.7	4.3	4.0	3.8	3.7	3.7	5.3	4.0
Official bilateral	19.2	15.9	15.8	15.6	15.8	13.9	13.9	12.4	12.6	12.4	12.7	13.0	13.3	13.7	14.1	14.5	15.0	16.4	17.2	18.0	14.8	14.8
Paris Club	16.6	12.2	12.1	11.9	11.7	9.9	9.8	8.3	8.4	8.5	8.7	8.8	9.0	9.1	9.3	9.5	9.7	10.1	10.3	10.6	11.0	9.5
Of which: ODA	2.1	1.9	1.8	1.8	1.7	1.7	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	1.3	0.0
Other official bilateral and commercial	2.6	3.7	3.7	3.7	4.1	4.1	4.0	4.1	4.2	3.8	4.0	4.2	4.3	4.5	4.8	5.0	5.3	6.3	6.8	7.4	3.8	5.3
Of which: ODA	2.6	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.5	2.3	2.5	2.7	1.8	1.8
Memorandum items:																						
Debt service of new debt	13.5	38.3	62.0	74.8	75.7	76.4	85.6	92.5	96.4	105.4	114.2	105.9	101.7	101.9	113.6	125.0	136.3	147.6	158.7	178.7	72.1	128.4
Multilateral	3.2	6.2	9.0	12.0	15.2	18.2	26.8	32.4	35.3	46.2	56.9	61.7	69.7	81.3	92.2	102.9	113.3	123.9	134.2	153.4	20.5	98.9
IDA	2.9	5.4	8.2	11.0	14.1	16.9	19.6	22.2	24.9	35.1	44.6	54.9	65.1	75.9	86.1	96.0	105.7	115.5	125.0	142.9	16.0	91.2
IMF	0.1	0.2	0.2	0.2	0.2	0.2	5.9	8.7	8.6	8.6	8.5	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3	1.1
Others	0.2	0.6	0.6	0.8	1.0	1.2	1.4	1.6	1.8	2.5	3.7	4.0	4.7	5.4	6.1	6.9	7.6	8.4	9.2	10.5	1.1	6.6
Official bilateral	10.3	32.1	53.0	62.8	60.5	58.1	58.8	60.0	61.1	59.2	57.3	44.2	32.0	20.6	21.4	22.2	22.9	23.7	24.5	25.3	51.6	29.4
Nominal relief (including possible topping up assistance)	109.5	149.5	151.1	158.6	162.7	166.0	160.6	158.3	165.6	172.9	178.3	181.5	185.8	189.6	201.7	180.8	102.2	92.8	97.1	104.2	155.5	151.4
Under the enhanced HIPC Initiative	88.0	96.2	96.8	103.0	105.8	107.1	103.6	102.8	106.5	94.3	94.1	96.4	99.2	102.7	113.1	106.2	66.7	67.0	70.1	75.9	100.4	89.1
Multilateral	73.1	74.0	73.9	79.1	80.6	80.1	74.8	72.0	73.7	59.0	56.4	55.6	55.3	55.5	56.8	45.5	0.9	1.2	1.2	1.2	74.0	33.0
Official bilateral	14.8	22.2	22.9	24.0	25.2	27.0	28.8	30.7	32.8	35.3	37.7	40.9	43.9	47.2	56.3	60.7	65.7	65.8	68.8	74.7	26.4	56.2
Under additional bilateral relief beyond HIPC Initiative	19.8	11.6	11.2	10.6	10.0	10.0	10.0	10.2	10.8	11.0	11.3	11.6	11.9	12.2	12.6	13.1	14.5	17.8	18.6	19.6	11.5	14.3
Multilateral	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Official bilateral	19.8	11.6	11.2	10.6	10.0	10.0	10.0	10.2	10.8	11.0	11.3	11.6	11.9	12.2	12.6	13.1	14.5	17.8	18.6	19.6	11.5	14.3
Under possible topping up of the enhanced HIPC Initiative	1.7	41.6	43.2	45.0	46.8	48.9	47.0	45.3	48.4	67.6	73.0	73.5	74.7	74.7	75.9	61.5	21.0	8.0	8.4	8.8	43.5	48.0
Multilateral	1.5	35.9	37.4	39.2	41.0	43.1	41.2	39.4	42.4	61.4	66.7	67.1	68.1	67.9	69.0	54.3	13.6	0.1	0.1	0.1	38.2	40.7
Official bilateral	0.2	5.8	5.8	5.8	5.8	5.8	5.8	5.9	6.0	6.1	6.3	6.4	6.6	6.8	7.0	7.2	7.4	7.9	8.2	8.6	5.3	7.2

Sources: Ethiopian authorities; and staff estimates and projections.

1/ Assumes a stock-of-debt operation on Naples terms (67 percent NPV reduction) at end-June 2001, and at least comparable action by other bilateral creditors.

2/ After debt relief beyond HIPC Initiative offered by some of the Paris Club creditors.

Table 18. Ethiopia: Sensitivity Analysis, 2002/03-2022/23 1/

(In percent; unless otherwise indicated)

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2002/03 - 2012/13	2013/14 - 2022/23
	Actual	Projections																				Averages	
Baseline scenario																							
NPV of debt-to-exports ratio 2/	245.9	268.1	277.3	291.2	281.1	274.3	265.6	256.7	247.5	238.5	228.4	219.2	210.6	202.5	194.7	186.8	178.5	169.2	160.0	151.0	142.2	262.9	181.5
Debt service-to-exports ratio 2/	...	9.5	9.8	11.0	11.0	10.8	10.1	9.9	9.6	8.9	9.1	8.8	7.9	7.2	6.6	6.5	6.7	7.5	7.3	7.1	7.0	10.0	7.3
Debt service-to-revenue ratio 2/ 3/	...	7.8	8.0	8.8	8.7	8.4	7.8	7.5	7.2	6.7	6.7	6.4	5.7	5.1	4.7	4.6	4.6	5.2	5.0	4.8	4.6	7.7	5.1
Memorandum items (in millions of U.S. dollars):																							
NPV of debt	2,542.0	2,940.7	3,329.6	3,731.6	3,919.6	4,132.8	4,338.9	4,536.0	4,729.7	4,932.6	5,117.0	5,317.7	5,535.4	5,768.2	6,014.0	6,259.4	6,491.3	6,677.2	6,856.5	7,027.8	7,186.8	4,170.8	6,313.4
Of which: new debt	0.0	387.2	754.1	1,135.6	1,302.4	1,503.8	1,698.1	1,883.9	2,068.4	2,259.9	2,443.6	2,645.9	2,866.4	3,104.1	3,354.9	3,608.1	3,864.1	4,121.6	4,382.0	4,646.0	4,905.4	1,543.7	3,749.8
Debt service	...	111.5	126.4	152.6	165.7	176.8	178.1	188.2	197.8	199.9	220.2	231.2	224.1	222.0	222.1	236.4	263.7	321.6	339.5	358.5	382.4	171.7	280.2
Of which: new debt	...	13.5	38.3	62.0	74.8	75.7	76.4	85.6	92.5	96.4	105.4	114.2	105.9	101.7	101.9	113.6	125.0	136.3	147.6	158.7	178.7	72.1	128.4
Exports of goods and services, three-year average	1,033.8	1,096.8	1,200.6	1,281.7	1,394.5	1,506.9	1,633.6	1,766.8	1,910.9	2,068.2	2,240.0	2,426.4	2,628.5	2,848.6	3,088.8	3,350.9	3,636.2	3,946.9	4,285.3	4,653.6	5,054.6	1,610.0	3,592.0
Exports of goods and services, annual	1,139.6	1,168.0	1,294.3	1,382.7	1,506.6	1,631.4	1,763.0	1,905.9	2,063.7	2,235.1	2,421.3	2,622.7	2,841.5	3,081.7	3,343.1	3,627.7	3,937.7	4,275.3	4,642.8	5,042.8	5,478.3	1,737.2	3,889.4
Revenues	1,241.1	1,435.4	1,588.3	1,743.6	1,911.2	2,092.9	2,289.8	2,506.1	2,742.6	3,001.1	3,285.2	3,597.2	3,940.2	4,317.2	4,731.8	5,187.8	5,689.6	6,241.7	6,849.5	7,518.6	8,255.6	2,259.6	5,632.9
Sensivity analysis																							
Alternative scenario I 4/																							
NPV of debt-to-exports ratio 2/	245.9	268.1	277.3	293.5	284.5	278.3	268.1	257.7	247.6	237.5	227.4	217.3	207.9	199.0	190.2	181.4	172.4	162.5	153.2	144.5	136.3	264.0	176.5
Debt service-to-exports ratio 2/	...	9.5	9.8	11.1	10.9	10.7	9.8	9.5	9.1	8.4	8.5	8.2	7.3	6.6	6.1	6.0	6.1	6.7	6.5	6.4	6.2	9.7	6.6
Debt service-to-revenue ratio 2/ 3/	...	7.8	7.9	8.7	8.5	8.2	7.5	7.2	6.9	6.3	6.3	6.0	5.3	4.8	4.4	4.2	4.3	4.7	4.5	4.3	4.2	7.5	4.7
Memorandum items (in millions of U.S. dollars):																							
NPV of debt	2,542.0	2,940.7	3,329.6	3,761.5	3,988.2	4,256.1	4,506.4	4,748.3	5,001.8	5,263.6	5,531.5	5,803.0	6,092.5	6,397.9	6,716.7	7,035.8	7,342.5	7,603.0	7,857.2	8,103.3	8,337.4	4,332.8	7,128.9
Of which: new debt	0.0	387.2	754.1	1,165.4	1,371.0	1,627.1	1,865.7	2,096.2	2,340.5	2,590.9	2,858.2	3,131.2	3,423.5	3,733.9	4,057.6	4,384.5	4,715.2	5,047.4	5,382.7	5,721.4	6,055.9	1,705.6	4,565.3
Debt service	...	111.5	126.4	153.1	166.8	178.7	180.6	191.4	201.8	204.7	226.2	238.1	233.2	233.7	236.9	253.8	283.7	344.7	365.6	388.6	415.8	174.1	299.4
Of which: new debt	...	13.5	38.3	62.5	75.8	77.6	78.9	88.8	96.5	101.3	111.4	121.1	115.0	113.3	116.7	131.0	145.0	159.4	173.8	188.8	212.1	74.5	147.6
Exports of goods and services, three-year average	1,033.8	1,096.8	1,200.6	1,281.7	1,401.7	1,529.4	1,681.1	1,842.9	2,020.4	2,216.4	2,432.8	2,669.9	2,929.8	3,215.8	3,530.8	3,878.0	4,259.6	4,679.2	5,127.9	5,607.3	6,118.9	1,670.4	4,201.7
Exports of goods and services, annual	1,139.6	1,168.0	1,294.3	1,382.7	1,527.9	1,677.5	1,837.7	2,013.5	2,210.0	2,425.7	2,662.6	2,921.4	3,205.5	3,520.4	3,866.5	4,247.0	4,665.3	5,125.3	5,593.1	6,103.5	6,660.2	1,820.0	4,590.8
Revenues	1,241.1	1,435.4	1,597.2	1,767.0	1,959.6	2,170.7	2,401.9	2,658.2	2,941.2	3,253.4	3,599.3	3,982.6	4,407.3	4,878.1	5,400.0	5,978.6	6,620.1	7,331.4	8,120.3	8,995.4	9,966.1	2,378.4	6,568.0
Alternative scenario II 5/																							
NPV of debt to exports ratio 2/	245.9	268.1	277.3	287.2	275.6	268.3	262.1	256.2	250.1	244.1	237.5	230.7	224.7	219.1	214.0	208.5	202.5	194.9	186.4	177.1	167.2	262.7	202.5
Debt service to exports ratio 2/	...	9.5	9.8	11.0	11.1	11.1	10.5	10.5	10.3	9.8	10.2	10.1	9.1	8.4	7.7	7.7	8.1	9.3	9.1	8.9	8.8	10.4	8.7
Debt service-to-revenue ratio 2/ 3/	...	7.8	8.1	9.1	9.1	9.0	8.3	8.2	8.0	7.5	7.6	7.4	6.6	6.0	5.5	5.3	5.5	6.3	6.1	6.0	5.9	8.3	6.1
Memorandum items: (in millions of U.S. dollars):																							
NPV of debt	2,542.0	2,940.7	3,329.6	3,680.9	3,816.4	3,959.7	4,111.3	4,259.2	4,407.1	4,562.5	4,707.9	4,852.4	5,014.3	5,191.3	5,382.1	5,572.4	5,749.1	5,879.6	6,003.0	6,117.0	6,217.8	3,977.5	5,597.9
Of which: new debt	0.0	387.2	754.1	1,084.8	1,199.2	1,330.7	1,470.6	1,607.1	1,745.8	1,889.8	2,034.5	2,180.6	2,345.3	2,527.2	2,723.0	2,921.1	3,121.9	3,324.0	3,528.5	3,735.2	3,936.3	1,350.4	3,034.3
Debt service	...	111.5	126.4	151.8	164.1	174.1	174.7	184.1	193.1	194.5	214.4	224.7	214.8	209.9	206.5	218.0	242.9	298.6	314.2	331.4	352.8	168.9	261.4
Of which: new debt	...	13.5	38.3	61.2	73.2	73.0	72.9	81.5	87.7	91.1	99.7	107.7	96.6	89.6	86.3	95.3	104.2	113.2	122.3	131.6	149.1	69.2	109.6
Exports of goods and services, three-year average	1,033.8	1,096.8	1,200.6	1,281.7	1,384.6	1,475.8	1,568.4	1,662.7	1,762.4	1,868.8	1,982.5	2,103.4	2,231.9	2,368.9	2,515.4	2,672.0	2,839.0	3,017.2	3,221.1	3,453.9	3,719.2	1,528.4	2,814.2
Exports of goods and services, annual	1,139.6	1,168.0	1,294.3	1,382.7	1,476.9	1,567.7	1,660.7	1,759.9	1,866.5	1,980.1	2,101.0	2,229.1	2,365.5	2,512.2	2,668.6	2,835.3	3,013.2	3,203.0	3,447.0	3,711.7	3,998.7	1,625.8	2,998.4
Revenues	1,241.1	1,435.4	1,555.1	1,674.1	1,805.0	1,944.3	2,092.3	2,252.2	2,424.1	2,608.8	2,808.4	3,024.1	3,257.3	3,509.4	3,782.1	4,077.1	4,396.3	4,741.7	5,115.7	5,520.5	5,959.0	2,060.0	4,338.3
Alternative scenario III A 6/																							
NPV of debt to exports ratio 2/	245.9	268.1	277.3	287.1	274.5	265.2	254.6	244.0	233.4	223.1	212.1	201.9	192.7	184.1	176.0	167.9	159.6	150.3	141.3	132.5	124.0	254.0	163.0
Debt service to exports ratio 2/	...	9.5	9.7	11.0	10.9	10.7	10.2	9.8	9.4	8.7	8.8	8.3	7.4	6.8	6.2	6.0	6.2	7.0	6.8	6.6	6.4	9.9	6.8
Debt service-to-revenue ratio 2/ 3/	...	7.8	7.9	8.7	8.6	8.3	7.9	7.5	7.0	6.5	6.5	6.0	5.4	4.8	4.4	4.2	4.3	4.8	4.6	4.4	4.3	7.7	4.7
Memorandum items: (in millions of U.S. dollars):																							
NPV of debt	2,542.0	2,940.7	3,329.6	3,679.4	3,828.4	3,996.8	4,159.2	4,311.7	4,459.4	4,614.9	4,750.9	4,899.3	5,064.3	5,243.5	5,435.3	5,625.9	5,802.4	5,932.2	6,054.4	6,168.3	6,269.2	4,007.1	5,649.5
Of which: new debt	0.0	387.2	754.1	1,083.3	1,211.2	1,367.8	1,518.4	1,659.6	1,798.2	1,942.2	2,077.5	2,227.5	2,395.2	2,579.5	2,776.2	2,974.6	3,175.1	3,376.5	3,580.0	3,786.4	3,987.7	1,380.0	3,085.9
Debt service	...	111.3	126.0	151.6	163.9	174.3	180.6	187.2	193.3	193.9	212.9	217.0	211.3	209.2	206.8	218.6	243.5	299.0	314.4	331.0	351.8	169.5	260.3
Of which: new debt	...	13.3	37.9	61.0	73.0	73.2	78.9	84.6	88.0	90.5	98.2	100.0	93.1	88.9	86.6	95.9	104.8	113.7	122.6	131.2	148.1	69.9	108.5
Exports of goods and services, three-year average	1,033.8	1,096.8	1,200.6	1,281.7	1,394.5	1,506.9	1,633.6	1,766.8	1,910.9	2,068.2	2,240.0	2,426.4	2,628.5	2,848.6	3,088.8	3,350.9	3,636.2	3,946.9	4,285.3	4,653.6	5,054.6	1,610.0	3,592.0
Exports of goods and services, annual	1,139.6	1,168.0	1,294.3	1,382.7	1,506.6	1,631.4	1,763.0	1,905.9	2,063.7	2,235.1	2,421.3	2,622.7	2,841.5	3,081.7	3,343.1	3,627.7	3,937.7	4,275.3	4,642.8	5,042.8	5,478.3	1,737.2	3,889.4
Revenues	1,241.1	1,435.4	1,588.3	1,743.6	1,911.2	2,092.9	2,289.8	2,506.1	2,742.6	3,001.1	3,285.2	3,597.2	3,940.2	4,317.2	4,731.8	5,187.8	5,689.6	6,241.7	6,849.5	7,518.6	8,255.6	2,259.6	5,632.9
Alternative scenario III B 7/																							
NPV of debt to exports ratio 2/	245.9	268.1	279.4	287.1	275.3	267.5	258.7	249.6	240.0	230.7	220.4	210.7	201.9	193.7	185.9	178.0	169.7	160.3	151.1	142.0	133.0	257.7	172.6
Debt service to exports ratio 2/	...	9.5	9.7	11.0	11.0	10.9	10.5	10.1	9.7	9.0	9.2	8.7	7.8	7.2	6.6	6.4	6.6	7.5	7.3	7.0	6.9	10.1	7.2
Debt service-to-revenue ratio 2/ 3/	...	7.8	8.0	8.8	8.7	8.5	8.1	7.7	7.3	6.7	6.8	6.3	5.6	5.1	4.6	4.5	4.5	5.1	4.9	4.7	4.6	7.8	5.0
Memorandum items: (in millions of U.S. dollars):																							
NPV of debt	2,542.0	2,940.7	3,329.6	3,679.4	3,828.4	3,996.8	4,159.2	4,311.7	4,459.4	4,614.9	4,750.9	4,899.3	5,064.3	5,243.5	5,435.3	5,625.9	5,802.4	5,932.2	6,054.4	6,168.3	6,269.2	4,007.1	5,649.5
Of which: new debt		387.2	754.1	1,083.3	1,211.2	1,367.8	1,518.4	1,659.6	1,798.2	1,942.2	2,077.5	2,227.5	2,395.2	2,579.5	2,776.2	2,974.6	3,175.1	3,376.5	3,580.0	3,786.4	3,987.7	1,380.0	3,085.9
Debt service	...	111.3	126.0	151.6	163.9	174.3	180.6	187.2	193.3	193.9	212.9	217.0	211.3	209.2	206.8	218.6	243.5	299.0	314.4	331.0	351.8	169.5	260.3
Of which: new debt		13.3	37.9	61.0	73.0	73.2	78.9	84.6	88.0	90.5	98.2	100.0	93.1	88.9	86.6	95.9	104.8	113.7	122.6	131.2	148.1	69.9	108.5
Exports of goods and services, three-year average	1,033.8	1,096.8	1,191.9	1,281.7	1,390.4	1,494.1	1,607.9	1,727.6	1,857.8	2,000.2	2,155.9	2,324.8	2,507.9	2,707.0	2,924.1	3,161.1	3,418.9	3,699.8	4,007.8	4,345.3	4,714.8	1,580.4	3,381.1
Exports of goods and services, annual	1,139.6	1,168.0	1,294.3	1,382.7	1,494.1	1,605.5	1,724.0	1,853.2	1,996.1	2,151.3	2,320.4	2,502.6	2,700.5	2,917.8	3,154.1	3,411.3	3,691.5	3,996.6	4,335.3	4,703.9	5,105.2	1,699.0	3,651.9
Revenues	1,241.1	1,435.4	1,580.2	1,732.0	1,885.4	2,051.6	2,232.7	2,432.1	2,650.3	2,888.8	3,151.2	3,438.5	3,754.0	4,100.8	4,481.8	4,900.8	5,361.6	5,868.6	6,426.3	7,040.0	7,715.3	2,204.0	5,308.8
Alternative scenario IV 8/																							
NPV of debt to exports ratio 2/	245.9	268.1	281.7	295.9	291.0	287.5	283.1	279.2	275.1	270.9	265.6	259.9	254.4	249.1	243.9	238.5	231.1	222.0	212.0	201.1	189.5	279.8	230.1
Debt service to exports ratio 2/	...	9.5	10.1	11.6	11.8	11.9	11.3	11.1	11.0	10.5	11.0	11.0	10.3	9.7	9.1	9.1	9.4	10.7	10.5	10.4	10.3	11.0	10.0
Debt service-to-revenue ratio 2/ 3/	...	7.8	8.2	9.2	9.3	9.2	8.7	8.4	8.3	7.8	8.0	7.9	7.3	6.8	6.3	6.2	6.4	7.2	7.1	6.9	6.8	8.5	6.9
Memorandum items: (in millions of U.S. dollars):																							
NPV of debt	2,542.0	2,940.7	3,357.7	3,715.6	3,903.4	4,093.3	4,294.6	4,500.5	4,711.3	4,931.0	5,139.6	5,347.5	5,566.7	5,798.3	6,042.6	6,287.4	6,484.9	6,633.4	6,770.2	6,894.1	7,001.2	4,158.8	6,282.6
Of which: new debt	0.0	387.2	782.1	1,119.5	1,286.2	1,464.3	1,653.9	1,848.3	2,050.0	2,258.3	2,466.2	2,675.7	2,897.7	3,134.3	3,383.5	3,636.1	3,857.6	4,077.7	4,295.7	4,512.2	4,719.7	1,531.6	3,719.0
Debt service	...	111.3	127.9	154.4	168.1	179.8	182.1	189.5	200.4	203.2	226.0	239.4	239.0	239.0	239.1	254.5	280.5	339.9	360.7	382.4	407.3	174.3	298.2
Of which: new debt	...	13.3	39.7	63.8	77.2	78.7	80.3	87.0	95.1	99.8	111.3	122.4	120.8	118.6	118.9	131.7	141.8	154.6	168.9	182.5	203.6	74.6	146.4
Exports of goods and services, three-year average	1,033.8	1,096.8	1,191.9	1,255.8	1,341.4	1,424.0	1,516.8	1,611.7	1,712.4	1,820.0	1,935.1	2,057.8	2,188.5	2,328.2	2,477.2	2,636.5	2,806.4	2,987.8	3,194.1	3,428.4	3,693.9	1,490.6	2,779.9
Exports of goods and services, annual	1,139.6	1,168.0	1,268.0	1,331.2	1,425.0	1,515.7	1,609.6	1,709.8	1,817.7	1,932.6	2,055.1	2,185.6	2,324.9	2,473.9	2,632.9	2,802.6	2,983.7	3,177.0	3,421.6	3,686.5	3,973.5	1,583.3	2,966.2
Revenues	1,241.1	1,435.4	1,555.1	1,674.1	1,805.0	1,944.3	2,092.3	2,252.2	2,424.1	2,608.8	2,808.4	3,024.1	3,257.3	3,509.4	3,782.1	4,077.1	4,396.3	4,741.7	5,115.7	5,520.5	5,959.0	2,060.0	4,338.3

Sources: Ethiopian authorities; and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed debt and are defined after rescheduling, unless otherwise indicated.
2/ Exports of goods and services as defined in IMF, *Balance of Payments Manual,* 5th edition, 1993. The NPV of debt-to-exports ratio is based on a three-year average of exports on the previous year; the debt-service ratio is based on current year exports.
3/ Revenues are defined as central government revenues, excluding grants.
4/ Scenario I assumes a higher real GDP growth rate.
5/ Scenario II assumes a lower real GDP growth rate.
6/ Scenario III A assumes lower concessional loan disbursements by 10 percent of the total external assistance from 2005/06, compensated by grants by the same magnitude.
7/ Scenario III B assumes lower concessional loan disbursements by the same magnitude as Scenario III A but with no compensating increase of grants.
8/ Scenario IV assumes a 25 percent lower coffee price from 2004/05 onward in addition to a lower real GDP growth under Scenario II.

Table 19. HIPC Initiative: Status of Country Cases Considered Under the Initiative, End-January 2004

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports (in percent)	Target NPV of Debt-to- Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars; present value) Total	Bilateral	Multi-lateral	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework											
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
Original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*54*	*14*	*760*
Enhanced framework	*Feb. 00*	*Jun. 01*	*150*		*854*	*268*	*585*	*55*	*140*	*30*	*1,300*
Burkina Faso					553	83	469	57	231		930
Original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
Enhanced framework	*Jul. 00*	*Apr. 02*	*150*		*195*	*35*	*161*	*22*	*79*	*30*	*300*
Topping-up 3/	...	*Apr. 02*	*150*		*129*	*16*	*112*	*14*	*61*	*24*	*230*
Guyana					591	223	367	75	68		1,353
Original framework	*Dec. 97*	*May 99*	*107*	*280*	*256*	*91*	*165*	*35*	*27*	*24*	*634*
Enhanced framework	*Nov. 00*	*Dec-03*	*150*	*250*	*335*	*132*	*202*	*40*	*41*	*40*	*719*
Mali					539	169	370	59	185		895
Original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*43*	*9*	*220*
Enhanced framework	*Sep. 00*	*Mar. 03*	*150*		*417*	*132*	*285*	*45*	*143*	*29*	*675*
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
Original framework	*Apr. 98*	*Jun. 99*	*200*		*1,717*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
Enhanced framework	*Apr. 00*	*Sep. 01*	*150*		*306*	*194*	*112*	*18*	*62*	*27*	*600*
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73	4,500
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
Original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
Enhanced framework	*Feb. 00*	*May 00*	*150*		*656*	*110*	*546*	*91*	*357*	*37*	*1,300*
Decision point reached under enhanced framework											
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Congo, Democratic Rep. of	Jul. 03	Floating	150		6,311	3,837	2,474	472	831	80	10,389
Ethiopia	Nov. 01	Floating	150		1,275	482	763	34	463	47	1,930
Gambia, The	Dec. 00	Floating	150		67	17	49	2	22	27	90
Ghana	Feb. 02	Floating	69	250	2,186	1,084	1,102	112	781	56	3,700
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Honduras	Jun. 00	Floating	110	250	556	215	340	30	98	18	900
Madagascar	Dec. 00	Floating	150		814	457	357	22	252	40	1,500
Malawi	Dec. 00	Floating	150		643	163	480	30	331	44	1,000
Niger	Dec. 00	Floating	150		521	211	309	28	170	54	900
Rwanda	Dec. 00	Floating	150		452	56	397	44	228	71	800
São Tomé and Príncipe	Dec. 00	Floating	150		97	29	68	-	24	83	200
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Sierra Leone	Mar. 02	Floating	150		600	205	354	123	122	80	950
Zambia	Dec. 00	Floating	150		2,499	1,168	1,331	602	493	63	3,850
Preliminary HIPC Initiative document issued											
Côte d'Ivoire	Mar. 98 4/	...	141	280	345	163	182	23	91	6 5/	800
Total assistance provided/committed					31,475	15,489	15,815	2,517 6/	7,230		52,257
Preliminary HIPC Initiative document issued											
Côte d'Ivoire 7/	…	...	91	250	2,569	1,027	918	166	438	37	3,900

Sources: IMF and World Bank Board decisions; completion point documents; decision point documents, preliminary HIPC Initiative documents; and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.
2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.
3/ Topping up amount to be disbursed pending receipt of satisfactory financing assurances.
4/ Côte d'Ivoire reached its decision point under the original framework in March 1998. The total amount of assistance committed thereunder was US$345 million in NPV terms.
5/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPVof debt at the completion point in the calculation of this ratio.
6/ Equivalent to SDR 1,695 million at an SDRs per U.S. dollar exchange rate of 0.6732, as of February 2, 2004.
7/ It is suggested that enhanced HIPC Initiative relief for Côte d'Ivoire overtake the commitments made under the original HIPC framework.

Debt Management

Ethiopia's external debt-monitoring and debt-management system is run by the Credit and Investment Department in the Ministry of Finance and Economic Development (MOFED). It currently uses the UNCTAD-DMFAS (Version 4.1) system for maintaining a detailed loan-by-loan database on government direct debt, government-guaranteed debt, and public enterprise direct debt. From this system, reports can be produced on both debt service due and actual debt service on a monthly, quarterly, and annual basis. Information on loan agreements is provided to the debt unit directly by creditors, and a fairly good documentation on government and public sector debt is maintained. Reconciliation of existing loan data with creditors is made infrequently and only in the context of debt negotiations. Although the existing system can and has produced the detailed external debt data necessary for running debt sustainability analyses and deriving the NPV of debt in the context of the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative), it has major deficiencies and fulfills only the basic operational and analytical needs of the debt unit.

At present, the system is incapable of handling information on private external debt and domestic public debt. In addition, it is not installed in a network environment and is thus not accessible to all debt-management staff and other agencies involved in debt management. Also, the level of staff with sufficient training to carry out even basic debt-management functions is inadequate. Some staff training has been provided by Debt Relief International on renegotiation techniques, debt sustainability analysis, and debt strategy design, but more is needed and additional training on the use of the new version of the DMFAS software is considered a priority. In addition, regular training support is felt to be necessary to ensure that the staff is able to master the necessary techniques. Crucially, an adequate number of staff must be acquainted with modern techniques and skills of debt renegotiation and have an understanding of Paris Club terms and the entire HIPC Initiative framework. In this respect, capacity building and training in debt management, together with an upgrade in computer hardware and software, have been identified by the debt unit as critical areas for development, a view shared by Fund and IDA staffs. Ethiopia has completed the self-assessment questionnaire as part of the joint Bank-Fund review on debt management capacity in HIPC Initiative countries. It is intended that the results of this review will be shared with the main agencies/donors providing assistance and capacity building in debt management and thus provide a starting point for further assistance efforts aimed at achieving and maintaining long-term external debt sustainability.

In addition to the concerns noted above, there is some weakness in coordination amongst government agencies, including the National Bank of Ethiopia (NBE), which compiles the balance of payments statistics. There is no established committee or working group that facilitates the flow of information and debt-strategy coordination, and information is exchanged between different units dealing with external debt management only when deemed necessary. As a result, the link between external debt management and the formulation of macroeconomic policies is weak. In addition, there are no formal procedures to track the public sector's debt-servicing needs and their impact on the budget and the balance of payments; Such discussions take place on an ad hoc basis. The staffs have encouraged regular meetings in the context of a program monitoring committee under the Poverty Reduction and Growth Facility (PRGF) arrangement. This general lack of coordination also means that information on aid and loan-financed projects is not readily available for incorporation in public investment projections and a medium-term expenditure framework. In addition, although Ethiopia maintains a prudent policy of contracting only concessional debt, its evaluation of new borrowing proposals is made independently of the existing loan portfolio, making possible the buildup of debt-service obligations, which could have adverse implications for the future.

The staffs support the view of the debt unit that the coordination and working relationship between the MOFED and the NBE must be strengthened, and procedures established to ensure a timely and adequate flow and exchange of information. As a first step, the NBE's staff was encouraged to accompany the joint IMF/IDA mission in all discussions it had with the debt unit, and was kept informed of the process by which debt relief was being calculated and presented in the balance of payments. The need for the establishment of a clearly defined borrowing policy, which includes analysis of the macroeconomic effect of new borrowing prior to acquiring new loans, was also stressed.