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ETHIOPIA

Enhanced Initiative for Heavily Indebted Poor Countries (HIPC)—Update of Preliminary Document

Prepared by the Staffs of the IMF and IDA[1]

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I. INTRODUCTION

1. This paper presents a preliminary assessment of Ethiopia's eligibility for assistance under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative). In November 1998, the Executive Boards of IDA and the IMF first discussed the preliminary document for Ethiopia under the original HIPC Initiative (IDA/SecM98-549 (Rev.), 10/30/98; EBS/98/173, Rev. 1, 10/29/98). At that point, it was agreed that Ethiopia was eligible for assistance under the Initiative in view of its status as an Enhanced Structural Adjustment Facility (ESAF)-eligible and IDA-only country, its high level of indebtedness and external vulnerability, and its generally sound track record of macroeconomic and structural reforms under IDA- and Fund-supported programs since 1992. Most Executive Directors agreed to consider Ethiopia's decision point under the Initiative upon the successful conclusion of the midterm review of the second annual ESAF-supported program, envisaged in the first half of 1999. A few other Directors favored a longer track record.[2]

2. During the discussion of the preliminary HIPC Initiative document, Directors noted that the country had demonstrated generally sound performance in implementing macroeconomic and structural reforms under the Structural Adjustment Facility (SAF) arrangement during the period 1992/93–1994/95 (fiscal year starting July 8). However, a number of Directors expressed concerns about slippages during the first year of the ESAF arrangement approved in October 1996, and about delays in reaching agreement on the follow-up program. They stressed that performance under the second annual ESAF-supported program (1998/99) would need to be strong, especially in implementing structural reforms in key areas. Furthermore, Directors encouraged Ethiopia to seek a quick and peaceful resolution of the border conflict with Eritrea that had erupted in May 1998, and underscored the need to safeguard the program's fiscal objectives, including social spending, from unforeseen outlays arising from the conflict. At the conclusion of the 1999 Article IV consultation in July 1999, Executive Directors welcomed the authorities' resolve in adhering to the 1998/99 program supported by the second annual ESAF arrangement, as evidenced by compliance with most program benchmarks and performance criteria, and implementation of the bulk of envisaged reforms. At the same time, Directors expressed concerns about the large deviations in the composition of public expenditure owing to additional military spending and emphasized that maintenance of a solid track record—particularly regarding sound macroeconomic policies and social and development spending—was critical to bring Ethiopia to its HIPC Initiative decision point.

3. Overall, Ethiopia has built its longer-term track record on adherence to strong financial policies and the implementation of a broad agenda of structural reforms, anchored in a poverty-reducing growth strategy. In spite of the reform effort, Ethiopia remains one of

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[2] Under the original HIPC Initiative framework, many Directors at the Fund Executive Board also stressed that the completion point should be set three years after the decision point, given the need to forcefully implement further substantial reforms. Given the modified procedures under the enhanced HIPC Initiative, a floating completion point is being proposed.

the poorest countries in the world and faces an unsustainable debt burden. With the end of the border conflict with Eritrea over the summer of 2000 and the recent signing of a peace agreement, Ethiopia is positioned to pursue an even stronger reform agenda, with a view to addressing decisively the challenge of poverty. The results of the debt sustainability analysis (DSA) carried out during the joint Fund-Bank mission in October 2000 showed that, even after application of traditional debt-relief mechanisms (i.e., a stock-of-debt operation on Naples terms), Ethiopia's external debt would remain unsustainable**.**

II. ELIGIBILITY FOR HIPC INITIATIVE ASSISTANCE

4. **PRGF and IDA status**. Ethiopia is currently a Poverty Reduction and Growth Facility (PRGF)-eligible and IDA-only country, with a per capita GDP of about US$100 in 1999. The most recent nationwide household survey (1995/1996) revealed that 45 percent of the Ethiopian population lives in poverty and 24 percent lives in extreme poverty (Table 1). Ethiopia ranks 171st (out of 174 countries) on the United Nations Development Program 2000 human development index, with a life expectancy of 43 years and an illiteracy rate of 63 percent in 1998 (Table 2). Projections indicate that, under sound macroeconomic policies, Ethiopia's per capita GDP would double in real terms by 2020. Nevertheless, Ethiopia is likely to remain a PRGF-eligible and IDA-only country.

Table 1. Ethiopia: Selected Poverty Indicators, 1995/96[1]
(In percent of population)

	Rural	Urban	All
Moderate poverty	66	49	64
Poverty	47	33	45
Extreme poverty	25	18	24

Source: World Bank, 1999, "Ethiopia: Poverty and Policies for the New Millennium."

[1] Moderate poverty is defined as consumption of less than 2,750 calories per day, poverty as consumption of less than 2,200 calories per day, and extreme poverty as consumption of less than 1,650 calories per day.

5. **Poverty and social development.** Since 1992, Ethiopia has progressively implemented a long-term strategy of agricultural-development-led industrialization (ADLI) that identifies the agricultural sector as the key to growth and poverty reduction in the short and medium term, with the envisaged rise in rural incomes and exports serving to stimulate industrialization at later stages. Since 80 percent of the Ethiopian population lives in rural areas, and most of them are engaged in subsistence farming, a strategy centered around rural development could achieve broad-based, labor-intensive growth and poverty reduction. The ADLI strategy, complemented by fiscal and administrative decentralization, judicial and civil service reform, and institutional capacity building, was recently reconfirmed and endorsed in the form of a five-year National Development Program (NDP) by the government executive and ruling party, following a consultative process.

Table 2. Ethiopia: Selected Social and Demographic Indicators

	Latest Single Year		
	1970-75	1980-85	1993-98
Population			
Total population, midyear (millions)	33.0	43.4	61.3
Growth rate (percent annual average)	2.6	2.8	2.3
Urban population (percent of population)	9.5	11.7	16.7
Total fertility rate (births per woman)	5.8	7.0	6.4
Income			
GNP per capita (US$)	...	120	100
Consumer price index (1995=100)	17	51	91
Food price index (1995=100)	...	52	93
Income/consumption distribution			
Gini index	...	...	40.0
Lowest quintile (percent of income or consumption)	...	8.6	7.1
Highest quintile (percent of income or consumption)	...	41.3	47.7
Social Indicators			
Public expenditure			
Health (percent of GDP)	...	...	1.7
Education (percent of GNP)	...	3.0	4.0
Social security and welfare (percent of GDP)	...	1.4	...
Net primary school enrollment rate			
(percent of age group)			
Total	...	29	35
Male	...	33	44
Female	...	25	27
Access to safe water			
(percent of population)			
Total	...	...	27
Urban	...	...	90
Rural	...	...	20
Immunization rate			
(percent under 12 months)			
Measles	...	12	52
DPT	...	6	63
Life expectancy at birth (in years)			
Total	41	42	43
Male	39	40	42
Female	43	44	44
Mortality			
Infant (per thousand live births)	155	159	107
Under 5 (per thousand live births)	239	213	173
Adult (15-59)			
Male (per thousand population)	482	491	562
Female (per thousand population)	411	401	529

Source: World Bank, *World Development Indicators.*

6. In spite of a coherent and well-sequenced poverty strategy pursued by the government and improvements in the well-being of many of its poor, Ethiopia remains one of the poorest countries in the world. In recent years, the long-standing insecurity in the lives of Ethiopians caused by frequent droughts has been exacerbated by a rapid spread of HIV/AIDS and by the conflict with Eritrea. On the positive side, timely responses from the government and donors have prevented droughts from turning into famines. However, HIV/AIDS has been spreading quickly (according to the latest estimates, 9.2 percent of the adult population is infected), and, unless growth of the epidemic is slowed, much of Ethiopia's development effort will be undermined. To address this issue, the government has recently launched a large program to combat HIV/AIDS, as it is one of the first two African countries to participate in the World Bank's new HIV/AIDS Program. The recent war with Eritrea also took a heavy toll on development and caused a humanitarian crisis for more than 600,000 people in northern Ethiopia (364,000 civilians were displaced; 110,000 individuals were or are expected to be deported from Eritrea; and 144,000 people lost their main breadwinner). In response to this crisis, the government—together with IDA and other donors—has developed an emergency program to assist the war-affected people, to rebuild key infrastructure in the areas damaged by the war, and to implement a demobilization and reintegration program for army personnel. IDA will provide significant financial support toward this effort in the context of the recently-approved Emergency Demobilization and Reintegration Project, the Emergency Recovery Program, as well as the planned Fertilizer Supplemental Credit, and the Economic Recovery Support Credit.

7. **Track record**. In 1992, the new government began to implement far-reaching economic reforms to revive the economy. Under an IDA structural adjustment credit (SAC) and under a Fund (SAF) arrangement (FY 92/93–FY 94/95), major steps were taken towards liberalizing the economy and placing public finances on a sound footing. More specifically, important structural reforms were carried out, including abolishing price controls and removing barriers to competition. Following a devaluation of the Ethiopian birr in 1992, the foreign exchange market was liberalized further through the introduction of the retail foreign exchange auction; furthermore, import tariffs were cut and the tariff structure streamlined. Steps were also taken to privatize selected enterprises and to liberalize the financial sector, including allowing participation of the local private sector and establishing a treasury bill market. As a result, economic growth recovered and inflationary pressures abated, external and internal imbalances diminished significantly, and foreign exchange reserves were built up. A further overall improvement in macroeconomic performance was achieved during the period FY 95/96-FY 97/98 (as demonstrated by subdued inflation and small external current account deficits (including official grants)—see Table 3), notwithstanding slippages in the first year of the Enhanced Structural Adjustment Facility (ESAF) arrangement, approved in 1996, and delays in reaching an understanding on a follow-up program. This overall progress in macroeconomic stabilization and donor support enabled the government to redirect spending toward much-needed infrastructure and social programs.

8. In 1998/99, the pace of implementation of structural reforms accelerated—particularly with regard to interest rate, exchange and trade liberalization, and the large number (almost 200) of enterprises privatized—but Ethiopia's prudent financial policy stance

Table 3. Ethiopia: Key Macroeconomic Indicators, 1995/96–1999/2000

	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00
				(Annual percent change)			
Real GDP	1.6	6.2	10.6	5.2	-1.4	6.2	4.6
Consumer prices (annual average)	1.2	13.4	0.9	-6.4	3.6	3.9	4.2
				(In percent of GDP)			
Total revenue (excl. grants) 1/	13.9	17.4	18.4	18.2	18.0	17.9	18.4
Overall fiscal balance (incl. grants)	-7.7	-3.9	-5.6	-2.4	-4.3	-8.5	-12.4
Overall fiscal balance (excl. grants)	-11.1	-7.3	-8.5	-6.0	-7.2	-12.2	-15.1
External current account (excl. official grants)	-6.8	-4.1	-5.4	-6.5	-5.6	-11.2	-11.4
External current account (incl. official grants)	-1.7	3.3	1.1	-3.0	-1.6	-7.9	-7.5
Gross official reserves (in months of imports of GNFS)	5.6	6.0	7.7	4.4	3.0	2.8	2.0

Sources: Ethiopian authorities, and staff estimates.

1/ Excludes privatization receipts.

began to erode under pressures from the border conflict with Eritrea. In 1999/2000 the economic situation deteriorated because of severe drought conditions, a sharp deterioration in the country's terms of trade, and the prolonged conflict, which strained public finances, reduced donor support, and undermined investor confidence. Recently, considerable progress has been made to restore peaceful conditions between Ethiopia and Eritrea. On June 18, 2000, after two years of hostilities, both countries signed a cease-fire agreement; on December 12, 2000, a peace agreement was signed. A United Nations (UN) peacekeeping force of 4,200 military personnel is being deployed in a 12.5-mile buffer zone. Deployment is expected to be completed in February 2001.

9. Overall, notwithstanding slippages and interruptions under the ESAF-supported program in recent years and the lack of an immediate track record under a PRGF arrangement, Ethiopia has built its longer-term track record on adherence to strong financial policies and the implementation of a broad agenda of structural reforms, anchored in a poverty-reducing growth strategy. The authorities have reconfirmed their commitment to poverty reduction by preparing an interim poverty reduction strategy paper (I-PRSP) in the second half of 2000, which lays out plans for enhancing the scope and depth of Ethiopia's poverty reduction strategy, and implementing and monitoring it with the participation of civil society and the donor community (Box 1). The Ethiopian authorities have also demonstrated

Box 1. Ethiopia's Interim PRSP

The I-PRSP states that "reduction of poverty will continue to be the core agenda of the country's development." In addition to the **ADLI strategy**, this agenda includes judiciary and civil service reform, decentralization and empowerment, and capacity building in public and private sectors. Since the common goal of these reforms is to create an environment that supports private sector development and provides more efficient delivery of public services, the elements listed below are often interrelated. For example, decentralization permeates the entire program, as responsibility for service delivery has been shifting to the regions. Similarly, as the difficulties with finding qualified personnel for professional positions at the regional level illustrates, capacity building is necessary for improvement of the civil service as well as for successful decentralization.

Civil service and judiciary reforms. The aim of the **civil service reform** is to provide a lean, efficient and ethical civil service that would also support development of critical social areas, such as education and health, and promote private sector growth. At this stage, the focus is on improving the performance of the public administration (i.e., "second-generation reforms"), in particular with respect to (i) expenditure management and control, (ii) human resource management, (iii) service delivery, (iv) the top management system, and (v) ethics. So far, greatest progress has been achieved in the areas of expenditure management and control, and a detailed strategy has been designed in the areas of human resource management and service delivery. The goal of **judiciary reforms** is to strengthen enforcement of contracts and property rights.

Decentralization and empowerment. Ethiopia has embarked on a far-reaching program of **decentralization** that assigns a majority of social sector expenditures and antipoverty programs to the regions, thus providing for higher efficiency and better accountability in service delivery. The regions and subregional units of administration have considerable autonomy in expenditure prioritization. More generally, the government views decentralization as an effective way to bring the decision-making process to the people. The government has been also working toward achieving gender equality through the **National Policy on Women**. The goal of this program is to improve access of women to economic resources (land, technology, and credit), as well as to social services (health services and education).

Capacity building. The I-PRSP notes that a lack of trained personnel is a key constraint at all levels of government, as well as in the private sector. The government's strategy to build capacity emphasizes (i) tertiary education as a way to increase the pool of skilled personnel, and (ii) training programs for the regional- and district-level administrations and for agricultural support services. Measurable goals remain to be included in the full PRSP.

The I-PRSP also identifies several priority areas for **sector and social policies**, such as increasing food security, combating HIV/AIDS, improving the health and education status of the population, reversing degradation of the environment, and improving access to roads and water. Government goals in these areas are related to the International Development Goals that were recently published in a report by the UN, the World Bank, the IMF, and the OECD as a means to reduce poverty significantly and to improve the lives of millions people around the world.

Based on the I-PRSP, the government has begun to develop its full PRSP. The process of consultation has been initiated and the participatory process will include dissemination of a draft PRSP, prepared in consultation with domestic stakeholders and external partners, to the district, regional, and federal levels. Consultations at the district level will involve, inter alia, women's groups, cooperatives, locally active nongovernmental organizations, civil servants, and elected officials.

their renewed commitment to prudent macroeconomic policies and further progress with structural reforms by starting their new three-year economic program, for which they have requested Fund support under a PRGF arrangement, with a set of strong policy reforms in key areas. These include measures to revamp the tax system and revenue administration, to improve management of monetary and exchange rate policies, to foster financial sector development, and to promote private sector-led growth. Decisive policy implementation in these areas over recent months attests to the authorities' determination to press ahead with their reform agenda.

10. Under its development strategy, the government plans to reduce the fiscal deficit to sustainable levels, while redirecting expenditure from defense outlays toward investment and current spending in key social sectors, such as agriculture, education, health, and road construction. The general government deficit (excluding the emergency post-conflict programs) is targeted to fall from 12 ½ percent of GDP (including grants) in 1999/2000 to 6 ½ percent in 2000/01, and further to 5 percent by 2002/03 (Table 5). The emergency programs will total 6 ½ percent of GDP over three years. Military expenditure will be cut from 13 percent of GDP in 1999/2000 to no more than 7 percent in 2000/01, and 5 percent by 2002/03; depending on the pace of demobilization, there may be room for a more rapid reduction in military expenditure. The government has been demobilizing soldiers ahead of schedule, and military spending has been below the budgeted amounts in the first four months of 2000/01. Consistent with this downsizing, poverty-targeted spending in key sectors is projected to expand rapidly from 8 ½ percent of GDP in 1999/2000 to 12 percent in 2000/01, and will reach 13 percent (excluding the use of HIPC Initiative resources) in 2002/03 (see Table 4).

11. This redirection of expenditure will contribute to poverty reduction and lay the basis for the development of the private sector. In the longer run, after the post-conflict reconstruction programs are completed which help to build the foundations for renewed growth, public sector investment would be geared to meeting long-term human and physical infrastructure needs, and private investment is projected to accelerate. As regards savings, the private sector will be able to save more out of increasing incomes, and public sector savings will increase, owing to lower consumption (as a share of GDP), and improved revenue performance, as the private sector expands and informal activities grow into the taxpaying formal sector. Higher private investment, supplemented by inflows of foreign direct investment, will allow a diversification and expansion of the export and manufacturing sectors. This will increase export growth and slow import growth as domestic production of tradeable goods expands. As a result, there would be a significant reduction in the current account deficit over the longer term. Therefore, the need for balance of payments support would fall sharply after the immediate post-conflict years, and debt-creating financing will decline gradually as a share of GDP (the key assumptions of the DSA are set out in Appendix I). The government has established this macroeconomic framework as a best-outcome approach, with a view to reaching by 2015 the International Development Goals that it has adopted. As the government resumes implementation of its reform policy and information on the economy's response becomes available, the staff will review with the authorities the appropriateness of the scenario.

III. Summary Debt Sustainability Analysis and Possible HIPC Initiative Assistance

12. **Procedures and reconciliation status**. The DSA presented below was prepared jointly by the authorities and the staffs of IDA and the IMF on the basis of loan-by-loan data provided by the authorities and creditors for external debt outstanding as of July 7, 2000—the end of the 1999/2000 fiscal year (Tables 2A to 8A), and the projected stock of outstanding external debt as of July 7, 2001 (Tables 2B to 8B). The projection for the external debt stock in 2001 is based on forecast disbursements and debt service during FY 2000/01. The external debt estimates and the net present value (NPV) calculations are preliminary, pending complete reconciliation with all multilateral and bilateral creditors, and disbursements and debt service during 2000/01.[3] The baseline projections simulate the impact of a hypothetical stock-of-debt operation from Paris Club creditors on Naples terms as of end-1999/2000 and end-2000/01, respectively, as well as comparable treatment from all other bilateral and commercial creditors (see Appendix I, Tables 2A to 8A and 2B to 8B, respectively).

13. **Possible decision point timing**. In considering the possible timing of the decision point, the staffs have taken into account the differing views of Ethiopia's main creditors, which were communicated to the authorities and/or expressed to the staffs of IDA and the Fund. Based on Ethiopia's longer-term track record of macroeconomic stabilization and structural reforms since 1991, the progress made in the peace process, the government's interim PRSP, and the current status of data reconciliation and the DSA, the key criteria for an early decision point for assistance under the enhanced HIPC Initiative in April 2001 (scenario A) will have been reached on the already assessed progress on (i) demobilization of about 65,000 veterans and their return to the communities; (ii) the launch of a consultative process for preparing the full PRSP; and (iii) the increase in poverty-targeted expenditure (as per the 2000/01 budget). Alternatively, if an extension of the track record under the new PRGF arrangement would be required, this would suggest a decision point in September 2001 (scenario B). At that time, the first review of the PRGF-supported program would have been completed. The following sections discuss the two scenarios under a decision point in April 2001 and under a decision point in September 2001.

A. Early Decision Point (April 2001)

14. **Structure of external debt.** Ethiopia's external debt burden remains heavy and unsustainable, despite a recent debt-restructuring agreement with its largest bilateral creditor, Russia. Prior to the assumption of a Naples stock-of-debt reduction operation, Ethiopia's public and publicly guaranteed external debt amounted, at end-1999/2000, to about US$5.5 billion in nominal terms (Appendix I, Table 3A). In NPV terms and after full application of traditional debt-relief mechanisms, total debt is estimated at about US$2.4 billion, equivalent

[3] As of December 1, 2000, 63 percent of total external debt has been reconciled with creditor sources.

to 38 percent of 1999/2000 GDP and 243 percent of exports of goods and nonfactor services.[4] Of this debt, 33 percent was to IDA, 3 percent to IMF, 24 percent to other multilateral institutions, and 30 percent to Paris Club creditors, of which Russia accounts for almost two-thirds (or 19 percent of the total outstanding external debt).[5] Non-Paris Club creditors represent 7 percent. Commercial external debt is relatively small, accounting for the remaining 3 percent of public and publicly guaranteed external debt. Arrears at end-1999/2000 stood at US$810 million, exclusively on bilateral external debts for which the authorities are seeking debt relief from relevant creditors, and US$10 million in new arrears is estimated to have been accumulated between July 7, 2000 and December 2000.[6]

15. **Debt sustainability.** The macroeconomic projections used in this joint analysis and agreed with the authorities are based on continued implementation of sound macroeconomic policies, the improvement of key social indicators through the implementation of a poverty reduction strategy, and structural reforms in key areas to facilitate high, sustainable economic growth. Real GDP is assumed to grow at an average rate of 6.6 percent per year during the projection period (1999/2000-2019/20), compared with average annual growth of about 5 percent during 1995/96–1999/2000 (Appendix I, Table 1). Export volumes are projected to grow at an average rate of 8 percent and import volumes at about 5 percent, starting from a high base. On the basis of these assumptions, Ethiopia's external debt would remain unsustainable even after the application of traditional debt-relief mechanisms. The NPV of debt-to-exports ratio is 243 percent in 1999/2000 and would remain above 150 percent until 2012/13 (see Table 6A).

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[4] The NPV of debt-to-exports ratio is measured on the basis of a backward-looking three-year average of exports of goods and nonfactor services. The debt-service ratio is calculated on the basis of current-year exports. The NPV of external debt is calculated using the average currency-specific commercial interest reference rate (CIRR) for the six-month period ended June 30, 2000 and converted into U.S. dollars with the end-June 2000 exchange rates (Appendix I, Table 8A).

[5] Ethiopia has had two rescheduling operations with the Paris Club. The first agreement (PC I) was signed in December 1992 and restructured maturities falling due in 1992-95 on London terms (50 percent NPV reduction) for debt contracted before the cutoff date of December 31, 1989. In January 1997, a second agreement (PC II) was concluded, providing for a flow rescheduling on Naples terms (67 percent NPV reduction) and covering arrears at end-1996 and maturities falling due between January 1997 and October 1999. Ethiopia signed all bilateral agreements with participating creditors by February 1998, thus implementing fully the first two tranches of this agreement. The third tranche, covering maturities falling due between January and October 1999, was contingent on the IMF Executive Board's completing the midterm review under the second annual program of the ESAF arrangement. Since this annual arrangement expired without the midterm review, the third tranche has not come into effect. In November 1999, Ethiopia concluded a bilateral agreement with Russia providing for a discount of 80 percent of debt outstanding as of end-1996. The agreement also provided for rescheduling of the remainder in line with the PC II agreement.

[6] Of the US$810 million arrears at end-1999/2000, over US$600 million was due to non-Paris Club bilateral creditors, over US$150 million to Russia, and about US$50 million to other Paris Club members.

16. **Comparison with previous DSA**. The NPV of external debt as of July 7, 2000 is US$197 million lower than projected in the previous DSA, which was presented in the preliminary document under the original HIPC Initiative.[7] This smaller amount reflects (i) a slightly higher discount rate on the U.S. dollar than previously used, up from 7.27 percent to 7.46 percent; (ii) smaller loan disbursements than originally expected in 1998/1999 and 1999/2000, partly because of the war with Eritrea; and (iii) a slight appreciation of the SDR-U.S. dollar exchange rate, from SDR 0.72 per US$1 to SDR 0.75 per US$1. As far as the external debt ratio is concerned, the lower NPV of debt was partly offset by smaller export proceeds than anticipated in 1997/98-1999/2000 (US$976 million on average, instead of US$1017 million). In total, the NPV of debt-to-exports ratio as of end 1999/2000 is lower than originally projected (243 percent, instead of 253 percent).

17. **Possible HIPC Initiative assistance.** The total amount of HIPC Initiative assistance required to bring the NPV of debt-to-exports ratio to 150 percent as of early July 2000 would be US$908 million in NPV terms. The assistance under the enhanced HIPC Initiative would entail a common reduction factor of 38.3 percent, using the NPV of debt outstanding on July 7, 2000. Based on proportional burden sharing, multilateral assistance would amount to US$548 million, or 60 percent, while bilateral creditors would provide US$333 million and commercial lenders the remaining US$27 million. IDA's HIPC Initiative assistance would total US$303 million in NPV terms, equivalent to a total debt-service saving of US$559 million over the next 20 years. The African Development Bank (AfDB) and the IMF would contribute US$181 million and US$27 million in NPV terms, respectively.

18. **Impact of HIPC Initiative assistance**. With relief under the enhanced HIPC Initiative, Ethiopia's debt-service burden would be reduced considerably. Compared with debt service after traditional relief mechanisms, the debt service-to-exports ratio would decline from 19 percent to 16 percent in 2000/01, and further to 10 percent in 2001/02; it would average 7 percent throughout the projection period. Likewise, the NPV of debt-to-revenue ratio after unconditional delivery would be 126 ½percent instead of 205 percent in 1999/2000, rise to 146 percent in 2002/03, and fall to 99 percent in 2009/10; it would average about 77 percent in the following decade.[8] Furthermore, the NPV of debt-to-GDP ratio after unconditional delivery would be 23 percent in 1999/2000 instead of 38 percent after traditional relief, rise to 27 ½percent in 2002/03, and fall to below 20 percent in 2010/11. Debt-service savings would amount to US$73 million per year on average during the projection period. Debt-service savings from multilateral lenders would amount to US$840 million, delivering US$60 million per year between FY 2001/02 and FY 2007/08 and about US$34 million per year thereafter.

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[7] IDA/SecM98-549(Rev.) (10/30/98) and EBS/98/173, Rev. 1, (10/29/98).

[8] Unconditional delivery of HIPC assistance under the enhanced HIPC Initiative refers to the hypothetical case in which HIPC assistance is delivered to bring the NPV of debt-to-exports ratio to 150 percent in the base year (i.e. 1999/2000).

19. Even after HIPC Initiative assistance, however, the DSA shows that the ratio of the NPV of debt-to-exports would increase from 150 percent in the base year (1999/2000) to a peak of 189 percent in 2002/03, and then gradually revert to 150 percent by 2008/09. This "hump" in the profile of the NPV of debt-to-exports ratio reflects significant levels of new borrowing over the next three years for postwar reconstruction and recovery programs, including, notably, from IDA. While this profile may give rise to some concern, other debt indicators, in particular the debt-service ratio, would improve immediately and significantly. In addition, major Organization for Economic Cooperation and Development (OECD) creditors could provide Ethiopia with unilateral official development assistance (ODA) debt forgiveness.

20. **Sensitivity analysis.** Ethiopia's reliance on agricultural exports, especially but not exclusively coffee, poses an important risk to the economy. A sensitivity analysis (Table 5A) shows that, if the volume growth of exports of goods is lower by 1.7 percentage points every year from 2003/04 onward (and, hence, GDP growth would be lower) than under the baseline scenario, and if the ensuing balance of payments gap is financed by concessional bilateral and multilateral borrowing, the NPV of debt-to-exports ratio after HIPC Initiative assistance would not fall again to 150 percent until 2015/16 (alternative scenario I). Alternatively, if coffee prices are 25 percent lower from 2003/04 onward than under the baseline scenario, the NPV of debt-to-exports ratio would fall below 150 percent by 2015/16 (alternative scenario II). If official grants are lower by 1.25 percentage points of GDP each year from 2003/04 onward, the NPV of debt-to-exports ratio would fall below 150 percent only in 2017/18 (alternative scenario III).

B. Decision Point in September 2001

21. **Structure of external debt.** If Ethiopia reaches the decision point in September 2001 instead of early 2001, external debt relief would be based on data as at the end of FY 2000/01. Appendix I, Tables 2B to 8B present the IDA and IMF staffs' projections of external debt and the application of debt relief on the projected debt stock. Ethiopia's public and publicly guaranteed external debt is projected to reach US$5.7 billion in nominal terms at end-2000/01 (Appendix I, Table 3B). In NPV terms and after full application of traditional debt-relief mechanisms, total external debt is forecast at about US$2.5 billion, equivalent to 38 percent of 2000/01 GDP, and 257 percent of exports of goods and nonfactor services. More than half of this debt will be to multilateral institutions, with the IDA, AfDB/African Development Fund (AfDF) and the IMF accounting for 38 ½ percent, 18 percent and 3 ½ percent of the total debt, respectively. Paris Club creditors represent 28 percent of the total, of which Russia accounts for almost two-thirds (or 18 percent of the total outstanding debt), and non-Paris Club creditors represent 6 percent. Commercial debt would account for 2 ½ percent of the public and publicly guaranteed debt.

22. **Debt Sustainability.** On the basis of the macroeconomic assumptions outlined above and in Appendix I, Ethiopia's external debt would remain unsustainable even after the application of traditional debt-relief mechanisms. The NPV of debt-to-exports ratio is

projected at 257 percent in 2000/01 and would remain above 150 percent until 2011/12 (see Table 6B).

23. **Possible HIPC Initiative assistance.** The total amount of HIPC Initiative assistance required to bring the ratio of the NPV of debt to exports to 150 percent would be US$1,028 million in NPV terms. The assistance under the enhanced HIPC Initiative would entail a common reduction factor of 41.6 percent, based on the projected NPV of debt outstanding on July 7, 2001. Based on proportional burden sharing, multilateral assistance would amount to US$649 million, or 63 percent, while bilateral creditors would provide US$352 million and commercial lenders US$26 million. IDA's HIPC Initiative assistance would total US$395 million in NPV terms, equivalent to a total debt-service saving of US$709 million over the next 20 years. The AfDB and the IMF would contribute US$182 million and US$37 million in NPV terms, respectively.

24. **Impact of HIPC Initiative Assistance**. Ethiopia's external debt burden would be reduced significantly with the delivery of assistance under the enhanced HIPC Initiative. The NPV of debt-to-exports ratio would rise from 150 percent in the base year (2000/01) to 164 percent in 2002/03, before falling back to below 150 percent in 2006/07. The NPV of debt-to-revenue ratio after unconditional delivery would be 119 percent, instead of 204 percent after traditional debt relief, in 2000/01, rise to 127 percent in 2002/03, and fall to 95 percent in 2008/09; it would average about 73 percent in the following decade. Furthermore, the NPV of debt-to-GDP ratio after unconditional delivery would be 22 percent in 2000/01 (versus 38 percent after traditional relief), rise to 24 percent in 2002/03, and fall to below 20 percent in 2008/09. Debt-service savings would amount to US$86 million per year on average during the projection period. The debt service-to-exports ratio would decline from 16 percent to 11 ½ percent in 2001/02, and further to 8 percent in 2002/03, and average 5 ½ percent throughout the projection period. Debt-service savings from multilateral lenders would amount to US$1,039 million, delivering US$64 million per year between FY 2001/02 and FY 2008/09 and about US$48 million per year thereafter.

25. **Sensitivity analysis.** Similar to the sensitivity analysis for the scenario with a decision point in early 2001, a sensitivity analysis indicates that, if the volume growth of exports of goods is lower by 2 percentage points every year from 2003/04 onward (and GDP growth correspondingly lower) than under the baseline scenario, and if the ensuing balance of payments gap is financed by concessional bilateral and multilateral borrowing, the NPV of debt-to-exports ratio would fall again to 150 percent in 2012/13 (Appendix I, Table 6B, alternative scenario I). Similarly, if coffee prices are 25 percent lower from 2003/04 onward than under the baseline scenario, the NPV of debt-to-exports ratio would fall below 150 percent by 2012/13 (alternative scenario II). Another risk to Ethiopia's long-term debt sustainability is the possibility that the country would obtain fewer official grants than assumed in the baseline scenario. If official grants are lower by 1.25 percentage points of GDP each year from 2003/04 onward, and the ensuing balance of payments gap is covered by concessional borrowing, the NPV of debt-to-exports ratio would fall below 150 percent only in 2015/16 (alternative scenario III).

C. Comparison of Debt Relief Under the two Decision Point Options

26. In general, debt indicators would be less favorable under an early decision point. If Ethiopia reaches the decision point under the enhanced HIPC Initiative in early 2001 instead of in September 2001, overall debt relief would be lower by about US$120 million in NPV terms. The "hump" in the profile of the NPV of debt-to-exports ratio, arising largely from borrowing for reconstruction and demobilization, would be higher (the peak of the NPV of debt-to exports ratio in 2002/03 would be 189 percent instead of 164 percent), and the NPV of debt-to-exports ratio would revert to 150 percent later. Interim assistance would remain unchanged, except for the effects of differing exchange and discount rates, while assistance after the completion point would be higher with a decision point in September, by an average of US$15 million per year.

IV. DECISION AND FLOATING COMPLETION POINTS

27. **PRSP process.** A joint Bank/Fund mission visited Ethiopia in October 2000 to discuss the I-PRSP framework, its goals, policies, and measurable social sector targets. In addition to the main elements of the poverty reduction strategy listed in Box 1, the I-PRSP also contains socioeconomic indicators and links them to monitorable targets that are consistent with progress toward the International Development Goals. The government intends to complete the full PRSP within one year after the I-PRSP is presented to the Boards of the World Bank and the Fund. The draft PRSP will be based on the National Development Program, and it will incorporate issues raised during discussions with the civil society and the donor community. While preparing the full PRSP, the government will develop additional measurable targets in key policy areas, such as capacity building, civil service reform, judicial reform, and decentralization.

28. **Use of HIPC Initiative interim relief.** The government intends to use the HIPC Initiative relief to finance growth-promoting and poverty-reducing activities. In particular, the authorities' economic program envisages that the interim HIPC Initiative assistance (as shown in Table 4) would be used for poverty-targeted spending. The particular focus would be on capital and recurrent social spending in the health and education sectors, as well as on roads and on agricultural programs. HIPC Initiative interim assistance would be allocated to the general government budget. The expenditures would be executed in the framework of the government's priority sector development programs, which in recent years have benefited from technical and financial assistance from development partners.

29. **PRGF status.** The government has requested Fund support under a PRGF arrangement for its three-year macroeconomic program. The Fund's Executive Board is expected to consider the request, together with this document, in February 2001.

30. **Floating completion point**. Although a comprehensive, reinvigorated poverty reduction strategy will be spelled out in the full PRSP, the interim PRSP, combined with the ADLI, indicates the key areas to be given priority. These include agricultural/rural development, education and health, physical infrastructure, financial sector development, and

Table 4. Ethiopia: General Government Poverty-Targeted and HIPC Relief-Related Expenditure
(In percent of GDP)

	1999/2000	2000/01	2001/02		2002/03	
			Pre-HIPC	After HIPC 1/	Pre-HIPC	After HIPC 1/
Poverty-targeted expenditure	8.6	12.1	12.3	13.1	12.8	14.0
Recurrent	4.5	5.0	5.0	5.0	5.0	5.2
Education	2.5	2.9	3.0	3.1	3.0	3.2
Health	0.8	0.8	0.9	0.9	1.0	1.0
Agriculture	1.0	1.0	0.9	0.9	0.9	0.9
Roads	0.2	0.2	0.2	0.2	0.1	0.1
Capital	4.1	7.1	7.3	8.0	7.7	8.8
Education	0.7	1.0	1.1	1.2	1.2	1.3
Health	0.3	1.1	1.1	1.4	1.1	1.6
Agriculture	0.9	1.0	1.0	1.0	1.0	1.1
Natural resources	0.5	1.1	1.1	1.2	1.1	1.2
Roads	1.6	2.9	3.1	3.3	3.3	3.6

Sources: Ethiopian authorities, and staff estimates.

1/ After interim HIPC assistance.

building of a strong tax system. In addition, the interim PRSP highlights the critical importance of a strengthened civil service and further decentralization and local empowerment. From this agenda, which seeks to address key challenges to growth and poverty reduction in Ethiopia, the staffs have selected the proposed triggers for the HIPC Initiative completion point (Box 2). These actions will complement or reinforce the reforms and policies included in the PRGF-supported program, and in ongoing and future operations of the World Bank.

31. The proposed governance mechanisms in the budget area seek to address challenges arising from Ethiopia's decentralized fiscal system without reducing regional autonomy. With respect to social sector spending, the targets for the delivery of health and education services build on the past practice of monitoring the execution and impact of services within the framework of annual public expenditure reviews (PERs), which benefit from the broad participation of Ethiopia's development partners. With a view to monitoring the impact of social services, the staff and the government will identify output and outcome indicators that could serve as a basis for assessing progress in social reforms. In order to safeguard the necessary resources in the longer term for poverty-reducing spending, the authorities have embarked upon a major reform of tax policy. The single most important element in broadening the tax base and increasing efficiency of revenue collection is the planned introduction of the value-added tax (VAT). The government is committed to implement the

Box 2. Possible Triggers for Floating Completion Point

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.

Macroeconomic stability. Maintenance of macroeconomic stability and satisfactory implementation of the PRGF-supported program will have continued.

Governance. The authorities will have strengthened public expenditure management by (i) establishing adherence to the financial calendar so that regional governments are informed of the federal subsidy in time to effect a better link between planning and budgeting; and (ii) making a diagnostic study of the existing financial information system and initiating reforms based on that.

Social sectors and structural reforms

In this area, the authorities will have done the following:

a. executed public spending on education of 14.7 percent and on health of 7.0 percent of total public expenditures (excluding the reconstruction and demobilization programs);
b. obtained parliamentary approval of the VAT legislation and registration of those taxpayers that meet the requirements of VAT liability; and
c. completed the financial restructuring of the Commercial Bank of Ethiopia (CBE) in a way that it addresses nonperforming loans and other doubtful assets, and prepares the CBE for further reforms that would be defined in the context of the review of the government's financial sector development strategy that is to be conducted jointly by the Fund and the World Bank staff in the first half of 2001.

VAT in early 2003 under its three-year economic program for which it has requested support from the Fund under a PRGF arrangement. In its development strategy, the government attaches importance to developing the financial sector and increasing its efficiency; in this respect, reform of the largest bank, the Commercial Bank of Ethiopia (CBE), will be the key stepping-stone. Depending on the timing of the decision point, this completion point trigger will be further specified in the context of the government's review of its financial sector strategy by mid-2001, which will be carried out on the basis of agreement with the Fund and the World Bank on the issues to be reviewed**.**

32. **Monitoring the use of HIPC Initiative resources.** The government has launched recently a series of reforms that would improve significantly the budgetary process and expenditure tracking, including a pilot exercise of preparing a macroeconomic and fiscal framework, and a welfare monitoring system. In the meantime, HIPC Initiative expenditures will be tracked through the preparation of an annual PER by the World Bank in close collaboration with the government.[9] In addition to PERs, annual joint reviews by government and donors led by the World Bank in the Health, Education and Road Sector Development Programs focus on output and outcome indicators and suggest corrective action where

[9] Seven PERs have been conducted to date, frequently with IMF and European Union participation, focusing on improvements in budgetary planning and trends in budgetary aggregates.

necessary. The use of debt-service savings under the enhanced HIPC Initiative will be subject to special attention in the forthcoming annual reviews (Appendix II).

V. ISSUES FOR DISCUSSION

33. This paper presents a preliminary assessment of Ethiopia's eligibility for assistance under the enhanced HIPC Initiative. Executive Director’s views and guidance are sought on the following issues:

- **Eligibility**. Do Directors confirm Ethiopia's eligibility for assistance under the enhanced HIPC Initiative?

- **Timing of the decision point**. At which time do Directors envisage a decision point for Ethiopia?

- **Sustainability after HIPC Initiative assistance.** What are Directors’ views on the profile of Ethiopia’s NPV of debt-to-exports ratio following assistance under the enhanced HIPC Initiative?

- **Floating completion point.** Do Directors consider that the measures and policies indicated in Box 2 are appropriate as triggers for the completion point under the enhanced HIPC Initiative?

Table 5. Ethiopia: Selected Economic and Financial Indicators, 1995/96-2002/03 1/

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
	Actuals				Estimate	Program		
	(Annual percentage change, unless otherwise indicated)							
National income and prices								
GDP at constant prices (at factor cost)	10.6	5.2	-1.4	6.2	4.6	7.8	7.0	6.4
GDP deflator (at factor cost)	0.9	3.2	10.7	1.6	0.4	3.2	5.8	3.2
Consumer prices (period average)	0.9	-6.4	3.6	3.9	4.2	5.2	4.9	2.1
External sector								
Exports, f.o.b. (in millions of U.S. dollars)	412	599	602	484	489	476	528	600
Coffee	273	355	420	281	253	209	234	270
Noncoffee	139	244	182	203	236	267	295	330
Imports, c.i.f. (in millions of U.S. dollars)	1,144	1,309	1,357	1,558	1,735	1,723	1,786	1,877
Export volume (noncoffee)	6.9	55.1	-22.1	25.6	33.5	9.0	8.1	9.2
Import volume	3.0	18.4	9.9	18.4	6.3	-3.5	4.8	4.9
Terms of trade (deterioration -)	-24.1	10.5	18.1	-14.9	-21.9	-11.8	5.1	6.5
Nominal effective exchange rate (end of period)	3.7	0.2	1.0	-9.1	1.5	...	...	...
Real effective exchange rate (end of period)	-8.2	1.2	-0.9	-1.0	-6.4	...	...	...
	(In percent of beginning stock of broad money, unless otherwise indicated)							
Money and credit								
Net foreign assets 2/	-1.5	-3.9	1.0	3.6	-8.1	7.9	7.7	4.8
Net domestic assets 2/	-7.8	7.3	11.7	2.3	22.1	4.6	5.5	5.8
Net claims on the government	2.3	-5.1	3.5	4.8	27.9	-0.9	-2.6	-2.1
Credit to the nongovernment sector	16.0	5.6	7.3	4.1	5.3	9.3	10.6	11.0
Broad money	11.6	3.4	12.7	5.9	14.0	12.5	13.2	10.6
Velocity (GDP/broad money)	2.4	2.5	2.4	2.5	2.3	2.3	2.3	2.3
Interest rates (one-year maturity; in percent)								
Savings deposits (mandatory floor rate)	11.0	7.0	6.0	6.0	6.0	...	...	...
Lending rates	16.0	10.5	11.3	11.8	13.0	...	...	...
Treasury bill (91-day maturity)	3.8	3.8	3.1	4.5	3.1	...	...	...
	(In percent of GDP, unless otherwise indicated)							
Financial balances								
Gross domestic saving	7.0	7.9	5.7	-0.1	-4.7	0.7	3.3	5.3
Government saving	6.6	6.8	3.3	-0.7	-5.1	0.0	2.2	3.9
Private saving	0.3	1.2	2.4	0.5	0.4	0.6	1.1	1.4
Gross domestic investment	16.9	17.0	15.1	14.8	12.3	17.0	19.2	20.0
Government investment	7.5	8.3	7.4	7.3	5.3	8.9	10.7	10.7
Private investment	9.4	8.7	7.7	7.4	7.0	8.1	8.5	9.3
Resource gap	-9.9	-9.1	-9.4	-14.9	-17.0	-16.4	-15.9	-14.7
External current account balance, including official tr	1.1	-3.0	-1.6	-7.9	-7.5	-5.7	-6.1	-5.0
Saving-investment (government)	7.0	0.0	-1.5	-6.0	-7.8	-4.9	-5.4	-3.8
Saving-investment (private)	-5.9	-3.0	-0.1	-2.0	0.4	-0.8	-0.7	-1.2
External current account balance, excluding official t	-5.4	-6.5	-5.6	-11.2	-11.4	-10.7	-10.2	-9.0
Government finances								
Revenue	18.4	18.2	18.0	17.9	18.4	18.8	19.0	19.0
Tax revenue	12.5	12.9	11.7	11.5	12.6	14.0	14.5	15.1
Nontax revenue	5.9	5.2	6.3	6.3	5.8	4.8	4.5	3.9
External grants	2.9	3.6	2.8	3.6	2.7	6.0	4.6	4.1
Expenditure and net lending	26.9	24.2	25.2	30.0	33.4	31.2	29.0	28.2
Of which: current	14.7	13.8	15.7	20.9	26.8	21.5	18.9	17.4
Of which: capital	9.4	10.4	9.2	9.1	6.7	9.6	10.1	10.8
Fiscal balance, excluding grants (cash basis)	-8.5	-6.0	-7.2	-12.2	-15.1	-12.4	-10.0	-9.2
Fiscal balance, including grants (cash basis)	-5.6	-2.4	-4.3	-8.5	-12.4	-6.4	-5.4	-5.1
Special programs 3/	0.0	0.0	0.0	0.0	0.0	1.9	3.4	1.1
Fiscal balance, including grants and special programs	-5.6	-2.4	-4.3	-8.5	-12.4	-8.4	-8.8	-6.2
Total financing	5.6	2.4	4.3	8.5	12.4	8.4	8.8	6.2
External financing	3.8	1.8	1.7	2.8	1.7	7.1	8.5	6.0
Domestic financing (including residual)	1.8	-0.2	1.9	4.1	9.4	0.4	-0.3	-0.3
Privatization receipts	0.0	0.8	0.7	1.7	1.3	0.9	0.6	0.5
Domestic debt	32.2	28.6	29.0	31.2	42.2	38.0	33.4	30.2
External debt (including to Fund) 4/	151.0	79.9	78.4	82.8	86.5	88.8	92.2	89.5
Debt-service ratio 5/	36.8	84.1	57.7	63.3	53.4	22.4	18.9	16.8
Overall balance of payments (in millions U.S. dollars)	-36	-720	-507	-473	-626	-202	-221	-128
Gross official reserves (in millions of U.S. dollars)	888	583	412	434	349	435	633	770
(in months of imports of goods and nonfactor service	7.7	4.4	3.0	2.8	2.0	2.6	3.6	4.1
Stock of external arrears (in millions of U.S. dollars)	4,288	464	517	639	810	0	0	0
GDP at current market prices (in millions of birr)	37,938	41,465	45,035	48,459	51,363	57,746	65,634	72,533
Exchange rate (birr per U.S. dollar; period average auct	6.33	6.50	6.86	7.53	8.15	…	…	…

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

1/ Based on a decision point in September 2001, in accordance with the macroeconomic framework of the PRGF arrangement. Beginning 1997/98, all data pertain to the period July 8-July 7; prior to that, fiscal and monetary data cover the period July 8-July 7
2/ Changes expressed in percent of broad money at beginning of period.
3/ Demobilization and reconstruction.
4/ Before 1999/2000, after debt relief; thereafter, before debt relief.
5/ Before debt relief; on an accrual basis; in percent of exports of goods and nonfactor services.

Ethiopia: Debt Sustainability Analysis: Main Assumptions, Figures, and Tables

Growth, savings, revenue, and prices (see Table 1)

Average real growth in 2000/01-2002/03 (July 8-July 7) is forecast to reach 7.1 percent per year, up from 4.6 percent in 1999/2000. GDP growth is projected to reach 7 percent in 2006/07 and thereafter to decline gradually to 6 percent.

Investment is forecast to increase from 12 percent of GDP in 1999/2000 to 20 percent in 2002/03, and then to reach 22 percent by 2019/20. The share of public investment would gradually decline from 53 percent of total investment in 2000/01 to 39 percent in 2019/20.

With a decline in the resource gap from 17 percent of GDP in 1999/2000 to 6 percent in 2019/20, domestic savings are projected to improve from -4.7 percent of GDP in 1999/2000 to 16 percent in 2019/20.

Annual average inflation is forecast to increase initially to 5.2 percent in 2000/01, up from 4.2 percent in 1999/2000, and then to decline rapidly to 3 percent and remain there for the forecasting period.

Government revenue (excluding grants) is projected to reach 19 percent of GDP in 2000/01 and rise, with the planned introduction of the value-added tax (VAT) in 2003, to 20 percent in 2003/04. Thereafter, revenue is forecast to rise steadily to 22 percent by 2019/20.

Exports and imports

In the next few years, starting from a low base (8 percent of GDP in 1999/2000), export earnings are projected to strengthen with a recovery in export prices (in particular of coffee, which contributed 43 percent of total export earnings in 1999/2000, and which had experienced a fall in prices of 21 percent in that year). Concurrently, export volume growth is expected to benefit from the reutilization of spare capacity and to grow at an annual average of 6.8 percent during 2000/01–2003/04. In addition, coffee export volumes are expected to recover after a cyclical low in 1999/2000. In response to implemented structural reforms, improved infrastructure, and new investments being undertaken, export volume growth is forecast to rise to around 8 ½ percent by 2009/10 and return gradually to 8 percent by 2018/19.

Spending on imports, starting from a very high level in 1999/2000 owing to the conflict with Eritrea, is forecast to fall slightly in 2000/01 (with import volumes falling by 3 ½ percent and prices forecast to rise by 3 percent). However, underlying imports, that is, nonfuel, nonmilitary, and noncereal imports, are projected to grow at 7 ½ percent in value terms (about 8 percent in volume terms), as military imports return to maintenance levels. In 2001/02 and 2002/03, the increase in total import values would average 4 ½ percent, as the requirement for cereal imports declines and oil prices fall; however, underlying imports (in value terms) will rise by 12 and 7 percent, respectively, as import needs related to reconstruction and demobilization programs remain high. From 2003/04 onward, as the post-conflict programs end and domestic production capacity continues to be built, the volume growth of total imports is projected to rise gradually, reaching 7 percent in 2007/08, before tapering off at about 5 ½ percent in 2010/11, as production of the tradable goods sector expands. During this period, underlying import growth (in value terms) is forecast to rise gradually, reaching to 8 ½ percent in 2007/08 and 2008/09, and to remain above 7 percent during the remainder of the projection period until 2019/20.

Capital account

After an initial increase from 2.6 percent of GDP in 1999/2000 to 4 percent in 2001/02, project disbursements are expected to decline gradually to 1 percent by 2019/20, while net foreign direct investment is projected to increase gradually from 0.8 percent of GDP in 1999/2000 to 1.3 percent by 2019/20.

The remaining financing gap (excluding financing of reconstruction and demobilization programs from 2000/01 to 2002/03) is forecast to decline from 2.3 percent of GDP in 2000/01 to 0.3 percent by 2005/06. Thereafter, no financing gap is projected.

Gross official reserves are forecast to rise from two months of imports of goods and nonfactor services in 1999/2000 to five months by 2009/10.

Table 1. Ethiopia: Main Assumptions Underlying the Macroeconomic Framework, 1999/2000-2019/20 1/

(In percent of GDP, unless otherwise indicated)

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2009/10	2019/20	1999/00 -2009/10 Average	2010/11 -2019/20 Average
Economic growth										
Real GDP (percentage change)	4.6	7.8	7.0	6.4	6.5	6.5	7.0	6.0	6.7	6.3
Real GDP per capita (percentage change)	…	5.7	4.3	4.2	3.5	3.6	4.5	3.9	4.2	3.9
National accounts										
Gross domestic investment	12.3	17.0	19.2	20.0	20.1	20.2	21.2	22.1	19.2	21.9
Of which: public	5.3	8.9	10.7	10.7	10.4	10.3	9.2	8.7	9.5	8.9
Gross domestic savings	-4.7	0.7	3.3	5.3	6.8	8.3	12.0	16.2	6.5	14.7
Of which: public	-5.1	0.0	2.2	3.9	4.9	6.1	8.5	10.0	4.6	9.4
Gross national savings	4.8	11.4	13.1	15.0	16.6	17.9	19.6	20.7	15.7	20.5
Balance of payments										
Exports of goods and services 2/	15.5	15.3	15.7	15.8	15.8	15.7	15.5	16.1	15.6	15.8
Imports of goods and services 2/	32.5	31.7	31.6	30.6	29.1	27.6	24.7	22.0	28.3	23.0
Current account, including grants	-7.5	-5.7	-6.1	-5.0	-3.4	-2.3	-1.7	-1.4	-3.5	-1.3
Current account, excluding grants	-11.4	-10.7	-10.2	-9.0	-7.5	-6.2	-4.0	-2.5	-7.1	-3.1
Gross official reserves (in months of imports) 3/	2.0	2.6	3.6	4.1	4.2	4.5	5.0	4.8	4.2	4.9
Export volume growth (percentage change) 4/	23.6	7.2	6.7	6.4	6.9	8.1	8.5	8.0	9.1	8.3
Import volume growth (percentage change) 4/	6.3	-3.5	4.8	4.9	2.9	3.2	5.7	5.6	4.4	5.5
Terms of trade (percentage change)	-21.9	-11.8	5.1	6.5	3.5	2.1	0.6	0.0	-1.0	0.0
Public finances										
Total government revenue (excluding grants)	18.4	18.8	19.0	19.0	19.7	19.9	20.7	21.9	19.7	21.4

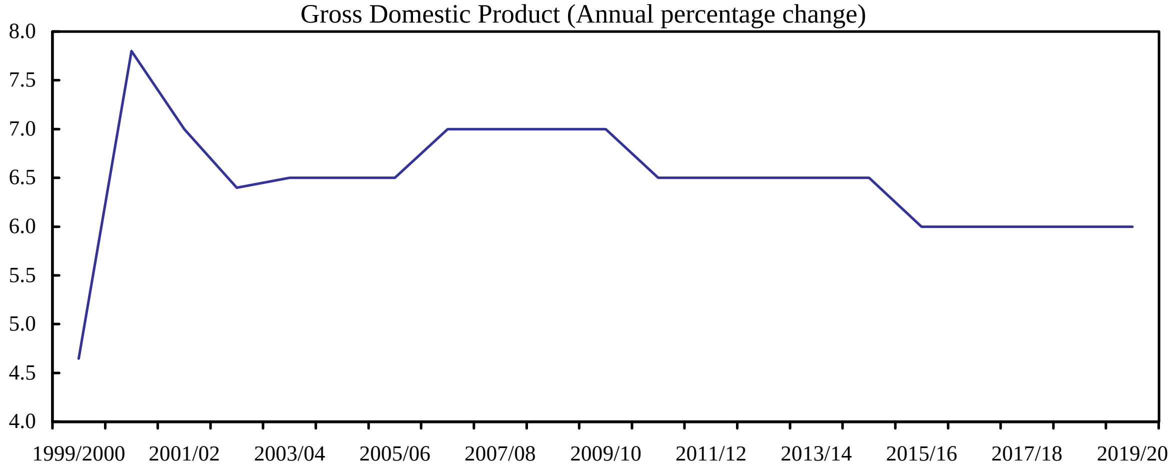
Sources: Ethiopian authorities; and staff estimates and projections

1/ Based on a decision point in September 2001. 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, 1993).
3/ Imports of goods and nonfactor services.
4/ Merchandise imports and exports.

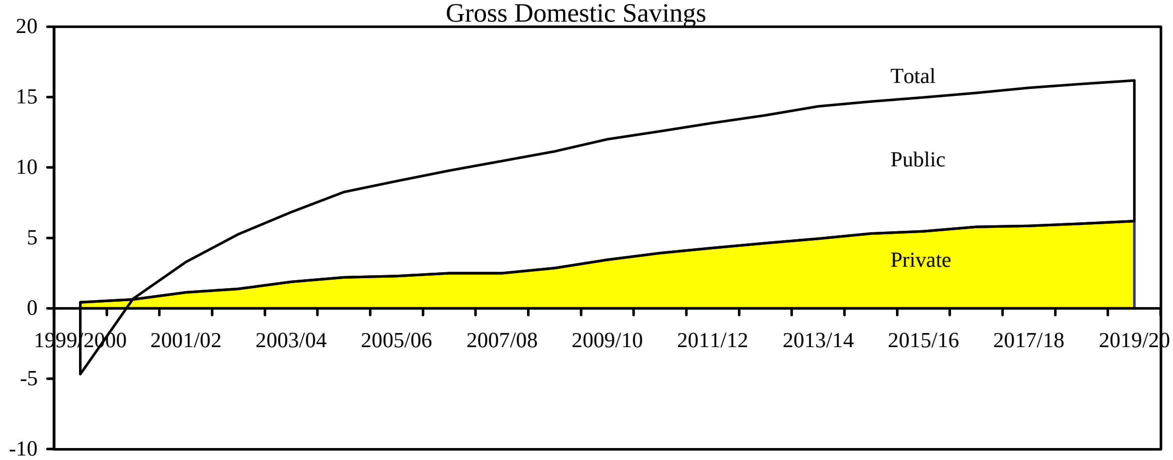
Figure 1. Ethiopia: National Accounts, 1999/00-2019/20[1]

(In percent of GDP, unless otherwise indicated)

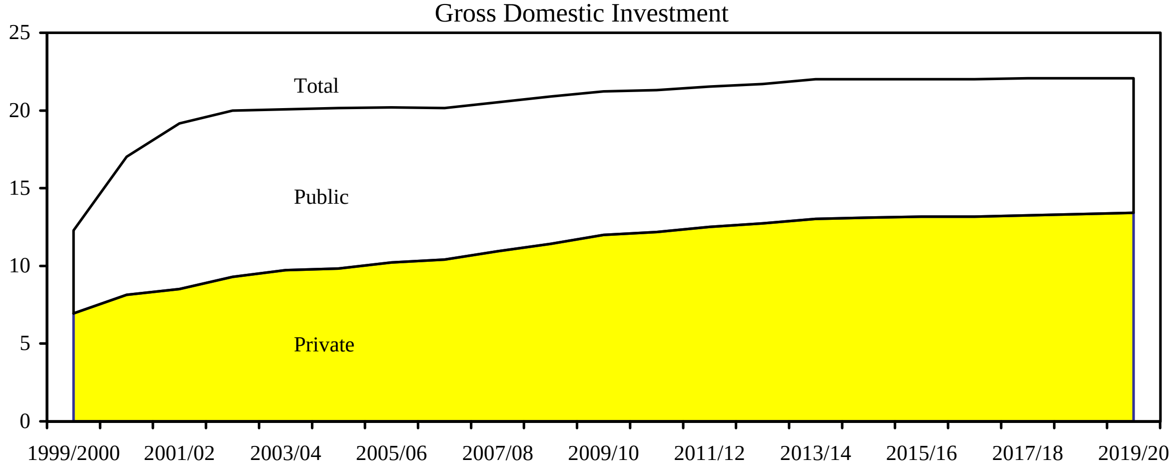
Gross Domestic Product (Annual percentage change)



Gross Domestic Savings



Gross Domestic Investment

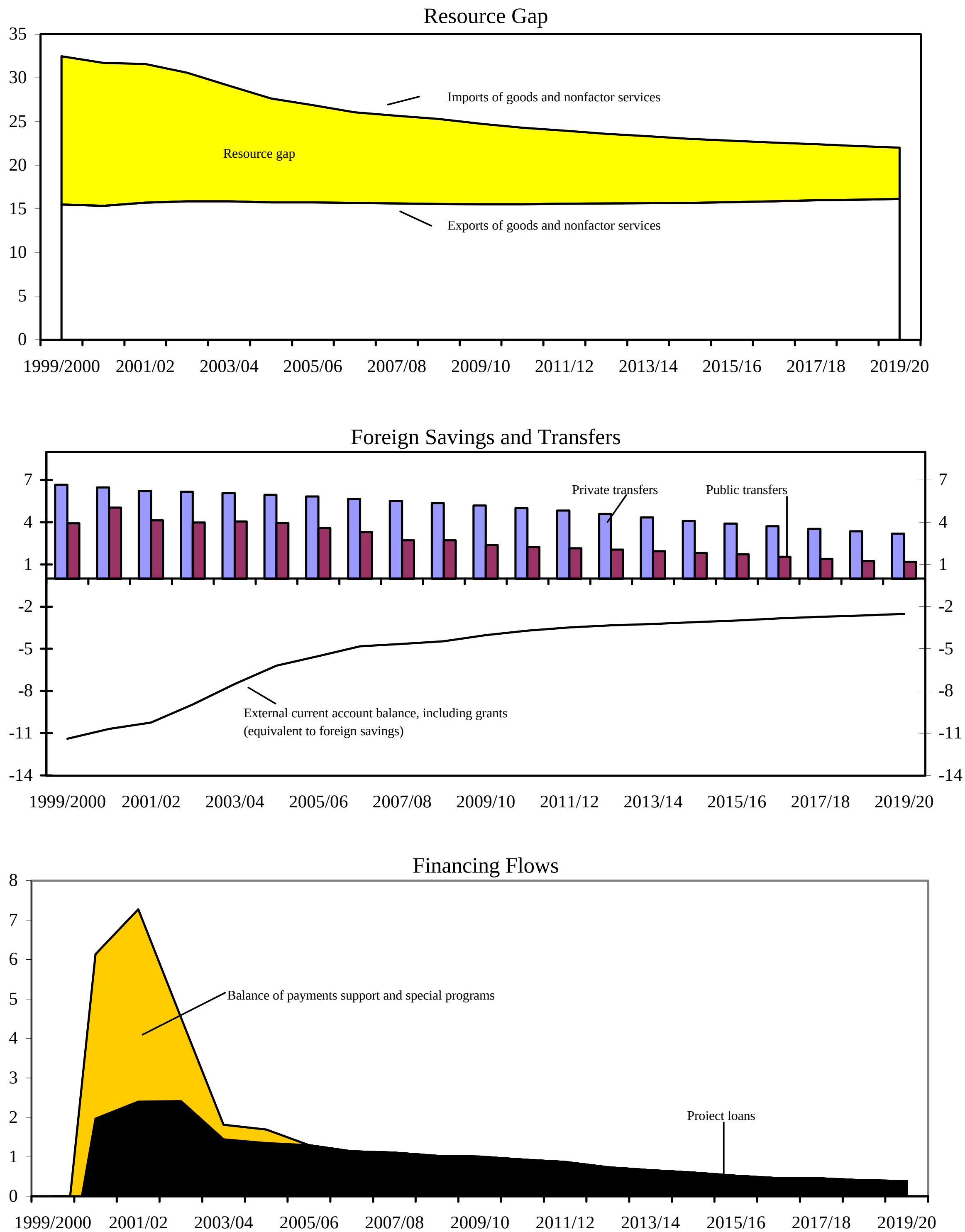


Sources: Ethiopian authorities; and staff estimates and projections.

[1] All data pertain to the period July 8-July 7.

Figure 2. Ethiopia: Balance of Payments, 1999/00-2019/20[1]

(In percent of GDP)

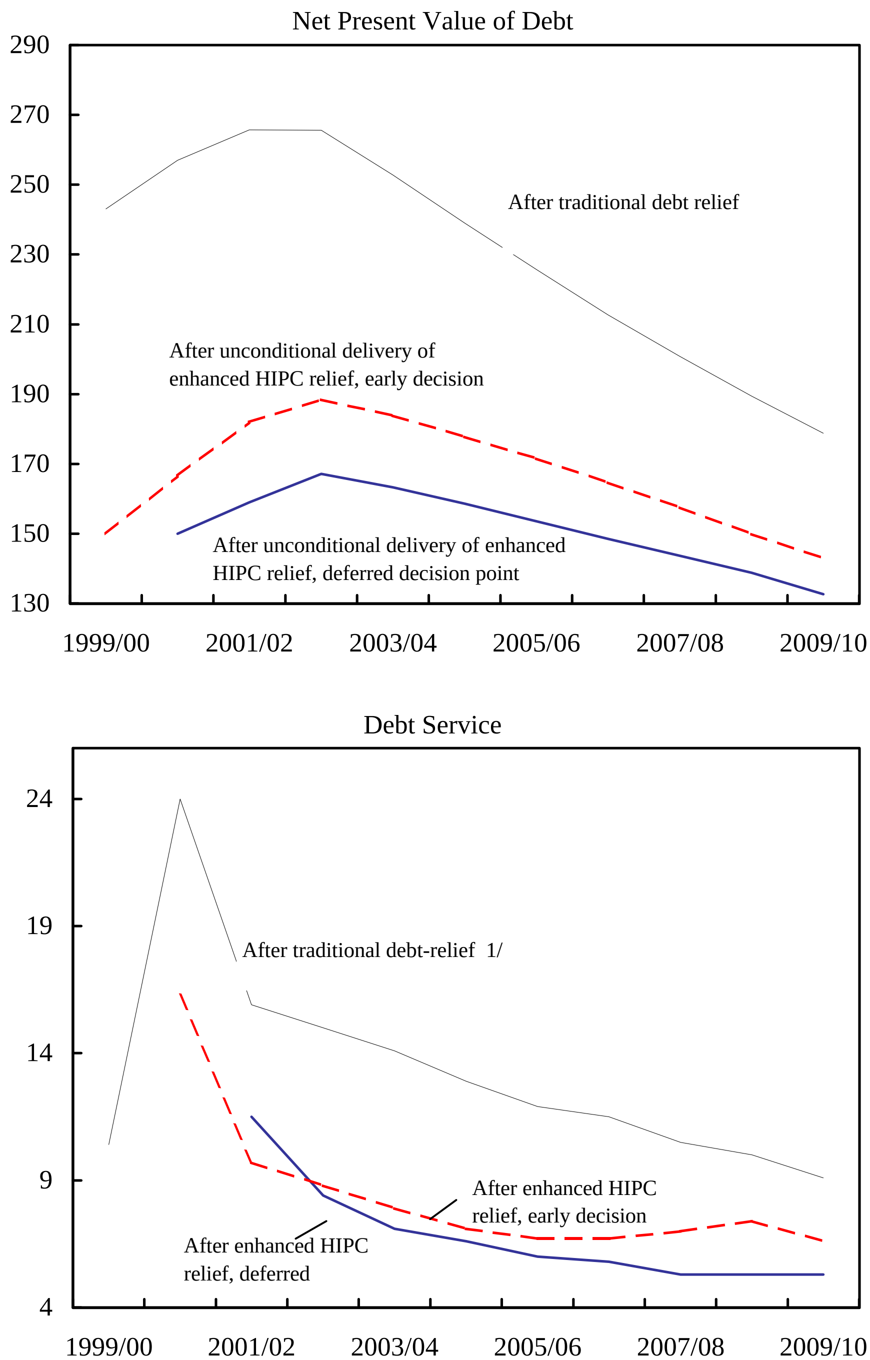


Sources: Ethiopian authorities; and staff estimates and projections.

[1]All data pertain to the period July 8-July 7.

Figure 3. Ethiopia: Debt and Debt Service, 1999/2000-2009/10

(In percent of exports of goods and nonfactor services)



Sources: Ethiopian authorities; and staff estimates and projections.

1/ Cash basis in 1999/2000; in 2000/01, excludes repayment of arrears on post-cutoff-date debt to Russia equivalent to 2.1 percent of exports of goods and nonfactor services.

Table 2A. Ethiopia: Balance of Payments, 1999/2000-2019/20 1/
(In millions of U.S. dollars, unless otherwise indicated)

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	Estimate	Projections									
Trade balance	-1,246	-1,275	-1,278	-1,272	-1,266	-1,266	-1,311	-1,350	-1,428	-1,514	-1,594
Exports of goods	489	476	528	600	667	742	823	913	1,009	1,116	1,236
Coffee	253	209	234	270	293	319	345	373	403	434	465
Other	236	267	295	330	374	423	478	540	606	682	771
Imports of goods	1,735	1,751	1,806	1,871	1,933	2,008	2,133	2,263	2,437	2,630	2,830
Fuel	213	265	244	246	261	281	303	329	359	391	427
Nonfuel	1,522	1,486	1,563	1,625	1,671	1,727	1,831	1,934	2,078	2,239	2,403
Nonfactor services (net)	176	191	186	196	215	233	254	276	300	327	355
Exports of nonfactor services	488	514	531	561	598	637	681	729	781	836	895
Imports of nonfactor services	312	323	345	365	383	404	428	453	480	509	539
Income (net)	-67	-51	-40	-30	-27	-22	-20	-13	-13	-9	0
Of which: gross official interest payments 2/	-82	-70	-70	-70	-68	-67	-65	-64	-63	-62	-62
Private transfers (net)	420	417	419	452	485	519	557	593	633	671	712
Current account balance, excl. official transfers	-717	-718	-713	-653	-593	-536	-520	-493	-508	-525	-526
(in percent of GDP)	-11.4	-11.1	-10.6	-8.9	-7.4	-6.1	-5.4	-4.7	-4.4	-4.2	-3.8
Official transfers (net)	247	325	279	292	324	344	342	345	311	341	326
Current account balance, incl. official transfers	-471	-393	-434	-361	-269	-192	-179	-148	-198	-184	-201
(in percent of GDP)	-7.5	-6.1	-6.4	-4.9	-3.4	-2.2	-1.9	-1.4	-1.7	-1.5	-1.5
Capital account balance (incl. errors and omissions)	-156	163	187	233	169	172	191	191	216	226	249
Foreign direct investment (net)	50	51	40	70	70	70	84	89	106	115	127
Other investment (net)	-287	112	147	163	99	102	107	102	109	111	122
Official long-term loans	-266	127	158	173	111	114	119	115	122	124	134
Disbursements	163	252	268	279	220	224	229	233	238	243	248
Amortization 2/	429	125	110	106	109	110	109	119	116	119	113
Other public sector long-term (net) 3/	-21	-15	-11	-10	-12	-12	-12	-13	-13	-13	-13
Other (net)	0	0	0	0	0	0	0	0	0	0	0
Errors and omissions	82	0	0	0	0	0	0	0	0	0	0
Overall balance	-626	-230	-247	-128	-100	-20	12	43	18	42	48
Financing	626	230	247	128	100	20	-12	-43	-18	-42	-48
Central bank (net; increase -)	58	-54	-186	-125	-32	-111	-111	-142	-97	-106	-107
Reserves (increase -)	86	-87	-198	-137	-33	-101	-99	-129	-84	-92	-96
Liabilities (increase +)	-28	32	12	12	1	-9	-12	-13	-14	-13	-11
Commercial banks (net; increase -)	148	-46	0	0	0	0	0	0	0	0	0
Changes in arrears	171	-810	0	0	0	0	0	0	0	0	0
Debt relief (Paris Club 2, Naples terms) 4/	249	0	0	0	0	0	0	0	0	0	0
Financing gap	0	1,140	433	253	132	130	99	98	80	64	59
Traditional debt relief (Naples terms)	0	844	32	20	17	15	14	13	10	4	-2
Other exceptional financing	0	297	401	233	115	116	85	85	69	59	61
Reconstruction, demobilization and balance of payments	0	269	329	155	30	30	0	0	0	0	0
Remaining gap 5/	0	28	72	78	85	86	85	85	69	59	61
Memorandum items:											
Exports of goods (percent change)	1.1	-2.8	11.1	13.5	11.2	11.2	10.9	11.0	10.5	10.6	10.8
Export price index (percent change)	-18.2	-9.2	4.1	6.6	4.0	2.8	2.5	2.5	2.0	2.0	2.0
Export volume index (percent change)	23.6	7.2	6.7	6.4	6.9	8.1	8.1	8.2	8.3	8.4	8.5
Total imports of goods (percent change)	11.4	0.9	3.2	3.6	3.3	3.9	6.2	6.1	7.7	7.9	7.6
Import price index (percent change)	4.8	2.9	-0.9	0.1	0.5	0.7	0.8	0.9	1.5	1.5	1.5
Import volume index (percent change)	6.3	-2.0	4.3	3.5	2.8	3.2	5.4	5.2	6.1	6.4	6.1
Nonmilitary, nonfuel, noncereal imports (percent change	-10.2	9.8	11.2	5.1	5.8	4.8	6.3	5.9	7.8	8.0	7.6
Gross official reserves	349	435	633	770	803	904	1,003	1,132	1,215	1,308	1,404
(in months of imports of goods and nonfactor services	2.0	2.4	3.4	4.0	4.0	4.2	4.4	4.7	4.6	4.7	4.7
Terms of trade index (1996/97 = 100)	78.5	69.2	72.8	77.5	80.2	81.9	83.3	84.7	85.2	85.7	86.2
(percent change)	-21.9	-11.8	5.1	6.5	3.5	2.1	1.7	1.7	0.5	0.5	0.6
GDP (in millions of U.S. dollars)	6,301	6,452	6,747	7,327	7,982	8,753	9,562	10,481	11,469	12,550	13,733

Sources: Ethiopian authorities, and staff estimates and projections.

1/ All data pertain to the period July 8-July 7.
2/ Includes debt service to Russia on ruble-denominated debt before up-front discount through 1999/2000; thereafter, after up-front discount.
3/ Ethiopian Airlines and other public enterprises.
4/ Includes 1997 Paris Club rescheduling agreement (including Russia) under Naples terms, covering maturities through end-1998.
5/ The remaining gap could be filled by relief under the enhanced HIPC Initiative.

Table 2A. Ethiopia: Balance of Payments, 1999/2000-2019/20 (concluded) 1/
(in millions of U.S. dollars, unless otherwise indicated)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	Projections									
Trade balance	-1,678	-1,764	-1,849	-1,944	-2,034	-2,132	-2,225	-2,329	-2,435	-2,521
Exports of goods	1,366	1,509	1,667	1,842	2,035	2,241	2,469	2,719	2,988	3,283
Coffee	498	533	571	611	655	700	748	799	855	913
Other	868	976	1,097	1,231	1,381	1,541	1,721	1,919	2,133	2,370
Imports of goods	3,043	3,273	3,516	3,786	4,070	4,373	4,694	5,047	5,423	5,804
Fuel	466	509	555	606	662	722	788	861	942	1,030
Nonfuel	2,577	2,764	2,961	3,180	3,408	3,651	3,907	4,186	4,481	4,774
Nonfactor services (net)	385	416	449	480	513	550	589	632	675	721
Exports of nonfactor services	957	1,025	1,097	1,173	1,255	1,343	1,438	1,539	1,646	1,760
Imports of nonfactor services	572	609	648	694	742	793	848	907	971	1,040
Income (net)	5	10	15	20	25	30	36	43	47	54
Of which: gross official interest payments 2/	-62	-62	-62	-62	-62	-62	-62	-62	-63	-63
Private transfers (net)	748	786	810	834	860	886	913	940	969	998
Current account balance, excl. official transfers	-540	-553	-576	-610	-637	-667	-687	-714	-745	-748
(in percent of GDP)	-4	-3	-3	-3	-3	-3	-3	-3	-3	-2
Official transfers (net)	335	349	364	375	380	389	379	369	356	367
Current account balance, incl. official transfers	-205	-204	-212	-236	-257	-278	-308	-345	-389	-381
(in percent of GDP)	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Capital account balance (incl. errors and omissions)	268	279	285	301	325	344	386	457	502	505
Foreign direct investment (net)	140	148	167	189	215	244	293	354	404	408
Other investment (net)	128	130	118	112	110	100	93	103	98	97
Official long-term loans	140	143	132	128	127	118	112	122	118	117
Disbursements	253	258	263	268	274	279	285	290	296	302
Amortization 2/	112	115	131	141	147	161	172	168	178	185
Other public sector long-term (net) 3/	-12	-13	-15	-16	-16	-18	-19	-19	-20	-21
Other (net)	0	0	0	0	0	0	0	0	0	0
Errors and omissions	0	0	0	0	0	0	0	0	0	0
Overall balance	63	75	73	65	68	66	78	113	113	124
Financing	-63	-75	-73	-65	-68	-66	-78	-113	-113	-124
Central bank (net; increase -)	-120	-130	-130	-124	-128	-129	-143	-163	-165	-142
Reserves (increase -)	-108	-119	-119	-113	-117	-122	-139	-162	-165	-142
Liabilities (increase +)	-11	-11	-11	-11	-11	-7	-4	-1	0	0
Commercial banks (net; increase -)	0	0	0	0	0	0	0	0	0	0
Changes in arrears	0	0	0	0	0	0	0	0	0	0
Debt relief (Paris Club 2, Naples terms) 4/	0	0	0	0	0	0	0	0	0	0
Financing gap	57	55	57	59	60	63	65	50	52	18
Traditional debt relief (Naples terms)	-6	-9	-10	-12	-13	-13	-21	-40	-42	-46
Other exceptional financing	63	64	67	71	73	76	86	90	94	65
Reconstruction, demobilization and balance of payments support	0	0	0	0	0	0	0	0	0	0
Remaining gap 5/	63	64	67	71	73	76	86	90	94	65
Memorandum items:										
Exports of goods (percent change)	10.5	10.5	10.5	10.5	10.5	10.1	10.2	10.1	9.9	9.9
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
Export volume index (percent change)	8.5	8.5	8.5	8.5	8.5	8.2	8.2	8.2	8.0	8.0
Total imports of goods (percent change)	7.6	7.6	7.4	7.7	7.5	7.5	7.3	7.5	7.4	7.0
Import price index (percent change)	1.5	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Import volume index (percent change)	6.0	5.7	5.5	5.8	5.6	5.6	5.4	5.6	5.5	5.1
Nonmilitary, nonfuel, noncereal imports (percent change)	8.4	7.4	7.3	7.6	7.3	7.3	7.1	7.3	7.2	6.6
Gross official reserves	1,512	1,631	1,749	1,862	1,979	2,101	2,240	2,402	2,567	2,709
(in months of imports of goods and nonfactor services of following year)	4.7	4.7	4.7	4.6	4.6	4.5	4.5	4.5	4.5	…
Terms of trade index (1996/97 = 100)	86.4	86.4	86.4	86.4	86.4	86.4	86.4	86.4	86.4	86.4
(percent change)	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP (in millions of U.S. dollars)	14,953	16,275	17,713	19,278	20,981	22,728	24,620	26,670	28,890	31,295

Sources: Ethiopian authorities, and staff estimates and projections.

1/ All data pertain to the period July 8-July 7.
2/ Includes debt service to Russia on ruble-denominated debt before up-front discount through 1999/2000; thereafter, after up-front discount.
3/ Ethiopian Airlines and other public enterprises.
4/ Includes 1997 Paris Club rescheduling agreement (including Russia) under Naples terms, covering maturities through end-1998.
5/ The remaining gap could be filled by relief under the enhanced HIPC Initiative.

Table 3A. Ethiopia: Nominal and Net Present Value of External Debt Outstanding, at End-Fiscal Year 1999/2000

	Nominal Debt Before Rescheduling 1/			Nominal Debt at End-1999/2000 After Rescheduling 2/			NPV of Debt at End-1999/2000 After Rescheduling 2/		
	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total 3/	Percent of group
Total	5,451.9	100.0	…	5,003.3	100.0	…	2,371.7	100.0	…
Multilateral institutions	2,834.9	52.0	100.0	2,834.9	56.7	100.0	1,432.0	60.4	100.0
AfDB/AfDF	834.0	15.3	29.4	834.0	16.7	29.4	473.6	20.0	33.1
BADEA	3.2	0.1	0.1	3.2	0.1	0.1	2.4	0.1	0.2
European Union	85.4	1.6	3.0	85.4	1.7	3.0	56.4	2.4	3.9
IDA	1,758.7	32.3	62.0	1,758.7	35.2	62.0	792.1	33.4	55.3
IFAD	59.2	1.1	2.1	59.2	1.2	2.1	29.9	1.3	2.1
IMF	85.7	1.6	3.0	85.7	1.7	3.0	70.3	3.0	4.9
Nordic Development Fund	0.3	0.0	0.0	0.3	0.0	0.0	0.1	0.0	0.0
OPEC Fund	8.2	0.2	0.3	8.2	0.2	0.3	7.1	0.3	0.5
Official bilateral creditors	2,486.7	45.6	...	2,098.1	41.9	…	870.4	36.7	…
Paris Club	1,868.3	34.3	100.0	1,674.0	33.5	100.0	714.4	30.1	100.0
Post-cutoff date	35.9	0.7	1.9	35.9	0.7	2.1	30.4	1.3	4.3
Pre-cutoff date	1,832.4	33.6	98.1	1,638.1	32.7	97.9	684.0	28.8	95.7
ODA	385.9	7.1	20.7	385.9	7.7	23.1	135.6	5.7	19.0
Non-ODA	1,446.5	26.5	77.4	1,252.2	25.0	74.8	548.4	23.1	76.8
Of which:									
Austria	14.4	0.3	0.8	11.6	0.2	0.7	3.6	0.2	0.5
Australia	7.7	0.1	0.4	7.7	0.2	0.5	5.9	0.2	0.8
Belgium	29.5	0.5	1.6	19.7	0.4	1.2	9.2	0.4	1.3
Canada	0.3	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0
Finland	3.3	0.1	0.2	1.5	0.0	0.1	1.4	0.1	0.2
France	4.4	0.1	0.2	3.0	0.1	0.2	3.0	0.1	0.4
Germany	62.9	1.2	3.4	48.8	1.0	2.9	43.4	1.8	6.1
Italy	336.5	6.2	18.0	298.6	6.0	17.8	110.2	4.6	15.4
Japan	15.3	0.3	0.8	5.5	0.1	0.3	5.5	0.2	0.8
Netherlands	1.1	0.0	0.1	0.8	0.0	0.0	0.8	0.0	0.1
Russia	1,234.5	22.6	66.1	1,134.8	22.7	67.8	444.4	18.7	62.2
Spain	16.0	0.3	0.9	16.0	0.3	1.0	12.8	0.5	1.8
Sweden	27.7	0.5	1.5	23.1	0.5	1.4	22.1	0.9	3.1
United Kingdom	19.8	0.4	1.1	9.2	0.2	0.5	9.2	0.4	1.3
United States	95.0	1.7	5.1	93.7	1.9	5.6	42.7	1.8	6.0
Non-Paris Club official bilateral	618.4	11.3	100.0	424.2	8.5	100.0	156.0	6.6	100.0
Post-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-cutoff date	618.4	11.3	100.0	424.2	8.5	100.0	156.0	6.6	100.0
ODA	327.0	6.0	52.9	327.0	6.5	77.1	58.9	2.5	37.7
Non-ODA	291.3	5.3	47.1	97.1	1.9	22.9	97.1	4.1	62.3
Of which:									
Algeria	10.9	0.2	1.8	10.9	0.2	2.6	4.4	0.2	2.8
Bulgaria	50.1	0.9	8.1	17.6	0.4	4.1	16.9	0.7	10.9
Czechoslovakia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Korea, Dem. People's Rep. Of	89.9	1.6	14.5	39.9	0.8	9.4	26.9	1.1	17.2
Hungary	6.3	0.1	1.0	6.3	0.1	1.5	3.0	0.1	1.9
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kuwait	6.9	0.1	1.1	6.9	0.1	1.6	3.5	0.1	2.3
Libya	241.9	4.4	39.1	241.9	4.8	57.0	33.3	1.4	21.4
Poland	10.8	0.2	1.7	9.7	0.2	2.3	7.0	0.3	4.5
Yugoslavia	124.2	2.3	20.1	41.4	0.8	9.8	41.4	1.7	26.6
China	77.4	1.4	12.5	49.5	1.0	11.7	19.6	0.8	12.5
Commercial creditors	130.4	2.4	…	70.3	1.4	…	69.4	2.9	…
Bulgaria 3/	8.7	0.2	6.7	2.9	0.1	4.1	2.9	0.1	4.2
Czechoslovakia 3/	4.6	0.1	3.5	1.5	0.0	2.2	1.5	0.1	2.2
India 3/	14.9	0.3	11.5	5.0	0.1	7.1	5.0	0.2	7.2
Italy 3/	1.1	0.0	0.9	0.4	0.0	0.5	0.4	0.0	0.5
Netherlands	40.3	0.7	30.9	40.3	0.8	57.3	39.4	1.7	56.7
United States	13.7	0.3	10.5	4.6	0.1	6.5	4.6	0.2	6.6
Yugoslavia 3/	47.0	0.9	36.0	15.6	0.3	22.2	15.6	0.7	22.6

Sources: Ethiopian authorities; and staff estimates.

1/ Total debt outstanding at end-1999/2000, excluding third year of the latest Paris Club agreement (PC II).

2/ After full use of traditional debt-relief mechanisms and comparable treatment by non-Paris Club official bilateral and commercial creditors at end-1999/2000.

3/ Commercial loans subject to a buyback operation at 8 cents per U.S. dollar, in which the creditor(s) refused to participate. Hence the buyback operation is unsettled and the debts are all in arrears.

Table 4A. Ethiopia HIPC Initiative: Assistance Levels Under a Proportional Burden-Sharing Approach 1/
(In millions of U.S. dollars in end-1999/2000 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	908	548	333	27	38.3	
NPV of debt 5/ 6/	2,372	1,432	870	69		
Three-year export average	976					
NPV of debt-to-exports ratio (percent) 7/	243					
Paris Club creditors	714					79.4
Of which : pre-cutoff-date non-ODA	127					89.3
Non-Paris Club creditors 8/	225					79.4
Of which : pre-cutoff-date non-ODA	127					89.3

Sources: Ethiopian authorities; and 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-fiscal year 1999/2000 (July 8-July 7) and end-June 2000 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 on Naples terms with comparable treatment for non-Paris Club creditors.
5/ Applies a hypothetical stock-of-debt operation on Naples terms at end-fiscal year 1999/2000.
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., 1997/98-1999/2000).
8/ Includes both official and commercial creditors.

Table 5A. Ethiopia: External Debt Indicators, 1999/2000–2019/20 1/
(in millions of U.S. dollars; unless otherwise indicated)

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Average 2000/01-2009/10	Average 2010/11-2019/20
Baseline scenario							(In millions of U.S. dollars)							
Nominal debt stock after traditional debt-relief mechanisms	5,003.3	5,464.2	5,999.5	6,366.1	6,530.8	6,685.9	6,813.1	6,933.8	7,059.1	7,181.4	7,309.6	7,440.8	6,634.3	7,923.7
Multilateral	2,834.9	2,765.4	2,692.1	2,614.1	2,532.5	2,451.2	2,368.0	2,284.0	2,201.0	2,116.7	2,038.8	1,960.1	2,406.4	1,585.0
Official bilateral	2,098.1	2,067.9	2,058.1	2,047.3	2,035.8	2,023.5	2,010.7	1,997.0	1,982.0	1,966.0	1,947.6	1,928.1	2,013.6	1,769.7
Of which : Paris Club	1,674.0	1,643.7	1,633.9	1,623.1	1,611.6	1,599.4	1,586.6	1,573.2	1,558.8	1,543.8	1,526.8	1,509.3	1,590.1	1,375.4
Of which: post-cutoff date	35.9	31.4	26.9	22.4	18.0	13.5	9.5	6.0	3.2	1.6	0.0	0.0	13.2	0.0
Of which : ODA	26.0	22.7	19.5	16.3	13.0	9.8	7.0	4.8	3.2	1.6	0.0	0.0	12.4	0.0
Commercial	70.3	64.6	58.8	53.1	47.3	41.5	35.8	29.9	29.7	29.4	28.9	28.3	41.9	22.0
New debt	0.0	566.3	1,190.5	1,651.6	1,915.2	2,169.6	2,398.5	2,622.8	2,846.4	3,069.3	3,294.3	3,524.3	2,172.5	4,547.0
Nominal debt before traditional debt relief	5,451.9	5,865.7	6,353.8	6,684.0	6,814.2	6,936.7	7,031.8	7,120.6	7,216.2	7,314.1	7,424.4	7,540.9	6,876.1	8,005.1
NPV of debt	2,371.7	2,541.7	2,752.4	2,911.7	3,004.8	3,096.5	3,183.3	3,266.9	3,357.8	3,448.3	3,547.6	3,652.4	3,111.1	4,057.9
Multilateral	1,432.0	1,413.0	1,391.3	1,366.0	1,337.8	1,310.4	1,281.6	1,252.2	1,223.9	1,194.3	1,171.0	1,146.6	1,294.2	1,001.8
Official bilateral	870.4	861.0	873.1	885.3	897.9	911.0	924.7	938.8	952.8	967.4	980.9	994.9	919.3	1,012.9
Of which : Paris Club	714.4	702.6	712.0	721.4	731.0	740.8	751.1	761.7	772.5	783.8	794.2	805.2	747.1	818.9
Of which: post-cutoff date	30.4	27.0	23.5	19.8	16.1	12.2	8.6	5.6	3.0	1.5	0.0	0.0	11.7	0.0
Of which : ODA	20.6	18.5	16.2	13.8	11.3	8.6	6.2	4.4	3.0	1.5	0.0	0.0	10.4	0.0
Commercial	69.4	63.7	58.0	52.4	46.7	41.1	35.6	29.9	29.7	29.4	28.9	28.3	41.5	22.0
New debt	0.0	204.0	430.0	608.1	722.3	834.0	941.5	1,046.0	1,151.2	1,257.2	1,366.7	1,482.6	856.1	2,021.2
NPV of debt before traditional debt relief	3,156.9	3,087.2	3,033.3	2,985.2	2,935.4	2,887.4	2,838.0	2,787.1	2,743.5	2,702.7	2,672.3	2,643.0	2,867.2	2,457.5
							(In percent of exports of goods and nonfactor services) 2/							
NPV of debt after traditional debt-relief mechanisms	243.0	264.7	272.9	272.2	258.7	244.2	230.3	216.6	204.1	192.2	181.3	171.1	233.7	130.8
Of which : multilateral	146.7	168.4	180.6	184.5	177.4	169.1	160.8	152.4	144.4	136.6	129.7	123.1	160.4	96.9
Debt service after traditional debt-relief mechanisms	0.0	19.1	16.5	15.6	14.6	13.3	12.3	11.9	10.9	10.4	9.5	8.8	13.4	7.5
Of which : multilateral	0.0	10.9	10.8	10.3	9.8	8.9	8.3	8.2	7.8	7.5	6.7	6.2	8.9	5.2
NPV of debt after enhanced HIPC relief	323.5	254.4	267.1	188.5	183.8	177.8	171.5	164.7	157.5	149.9	142.9	136.5	185.8	109.6
Of which : multilateral	146.7	157.5	174.9	140.1	139.7	137.8	135.0	131.5	126.8	121.4	116.6	112.1	141.2	92.2
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	166.6	182.1	188.5	183.8	177.8	171.5	164.7	157.5	149.9	142.9	136.5	168.5	109.6
Debt service after enhanced HIPC-relief	0.0	16.3	9.7	8.8	7.9	7.1	6.7	6.7	7.0	7.4	6.6	6.1	8.4	5.3
Of which : multilateral	0.0	9.7	5.7	5.1	4.6	4.1	4.0	4.3	5.2	5.8	5.1	4.7	5.4	4.2
							(In percent)							
Nominal debt-to-revenue ratio (after traditional debt-relief mechanisms) 4/	471.1	484.4	500.5	483.7	442.9	404.6	365.6	337.2	308.4	282.7	262.2	244.6	387.2	182.2
NPV of debt-to-revenue ratio after enhanced HIPC relief 4/	204.9	209.9	216.8	210.7	195.3	180.6	165.5	154.7	143.5	133.3	125.3	118.5	173.6	91.8
NPV of debt-to-revenue after (unconditional) enhanced HIPC relief 3/ 4/	126.5	132.1	144.7	145.9	138.7	131.5	123.3	117.6	110.8	103.9	98.8	94.5	124.7	77.0
Nominal debt-to-GDP ratio (after traditional debt-relief mechanisms)	86.5	90.9	94.2	91.2	85.4	79.3	73.6	68.0	62.9	58.3	54.1	50.4	75.8	37.6
NPV of debt-to-GDP ratio after enhanced HIPC relief	37.6	39.4	40.8	39.7	37.6	35.4	33.3	31.2	29.3	27.5	25.8	24.4	34.0	18.9
NPV of debt-to-GDP ratio after (unconditional) enhanced HIPC relief 3/	23.2	24.8	27.2	27.5	26.7	25.8	24.8	23.7	22.6	21.4	20.4	19.5	24.5	15.9
Grant element in total debt	52.6	53.5	54.1	54.3	54.0	53.7	53.3	52.9	52.4	52.0	51.5	50.9	53.2	48.8
Grant element in new debt	0.0	64.0	63.9	63.2	62.3	61.6	60.7	60.1	59.6	59.0	58.5	57.9	61.3	55.7
							(In millions of U.S. dollars)							
Alternative scenario I 5/														
NPV of debt after traditional debt-relief mechanisms	2,371.7	2,541.7	2,752.4	2,911.7	3,008.5	3,108.5	3,209.3	3,313.7	3,433.7	3,563.2	3,713.3	3,882.7	3,155.6	4,956.5
							(In percent of exports of goods and nonfactor services) 2/							
NPV of debt after traditional debt-relief mechanisms	243.0	264.7	272.9	272.2	259.8	247.4	236.3	225.6	216.2	207.6	200.2	193.8	240.3	173.5
Debt service after traditional debt-relief mechanisms	0.0	19.1	16.5	15.6	14.7	13.6	12.7	12.4	11.5	11.1	10.2	9.6	13.7	9.0
NPV of debt after enhanced HIPC relief	323.5	254.4	267.1	188.5	184.9	181.0	177.5	173.7	169.7	165.3	161.9	159.2	192.4	152.3
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	166.6	182.1	188.5	184.9	181.0	177.5	173.7	169.7	165.3	161.9	159.2	175.1	152.3
Debt service after enhanced HIPC relief	0.0	16.3	9.7	8.8	8.0	7.4	7.0	7.2	7.6	8.1	7.4	6.9	8.7	6.8
							(In percent)							
NPV of debt-to-revenue ratio 4/	204.9	209.9	216.8	210.7	195.5	181.3	166.9	156.9	146.8	137.7	131.1	125.9	175.4	109.6
NPV of debt-to-GDP ratio	37.6	39.4	40.8	39.7	37.7	35.5	33.6	31.6	29.9	28.4	27.0	26.0	34.4	22.6
Grant element in new debt	0.0	64.0	63.9	63.2	62.3	61.6	60.9	60.3	59.8	59.4	59.0	58.6	60.5	57.3
Alternative scenario II 6/							(In millions of U.S. dollars)							
NPV of debt after traditional debt-relief mechanisms	2,371.7	2,541.7	2,752.4	2,911.7	3,035.6	3,162.1	3,288.1	3,415.7	3,555.8	3,701.2	3,861.2	4,033.1	3,222.5	4,865.4
							(In percent of exports of goods and nonfactor services) 2/							
NPV of debt after traditional debt-relief mechanisms	243.0	264.7	272.9	272.2	262.1	251.6	242.1	232.5	223.9	215.6	208.2	201.3	244.6	172.0
Debt service after traditional debt-relief mechanisms	0.0	19.1	16.5	15.6	14.7	13.7	12.8	12.5	11.6	11.2	10.4	9.8	13.8	9.1
NPV of debt after enhanced HIPC relief	323.5	254.4	267.1	188.7	187.6	185.6	183.6	181.0	177.6	173.6	170.2	166.9	196.9	151.0
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	166.3	181.8	188.7	187.6	185.6	183.6	181.0	177.6	173.6	170.2	166.9	179.6	151.0
Debt service after enhanced HIPC relief	0.0	16.1	9.7	6.1	7.9	7.5	7.2	7.3	7.8	8.2	7.5	7.1	8.5	6.9
							(In percent)							
NPV of debt-to-revenue ratio 4/	204.9	209.9	216.8	210.7	197.3	184.4	171.0	161.7	152.0	143.0	136.4	130.8	178.3	108.8
NPV of debt-to-GDP ratio	37.6	39.4	40.8	39.7	38.0	36.1	34.4	32.6	31.0	29.5	28.1	27.0	35.0	22.4
Grant element in new debt	0.0	64.0	63.9	63.2	62.4	61.8	61.1	60.6	60.0	59.6	59.1	58.5	60.7	56.4
Alternative scenario III 7/							(In millions of U.S. dollars)							
NPV of debt after traditional debt-relief mechanisms	2,371.7	2,541.7	2,752.4	2,911.7	3,039.6	3,170.8	3,302.7	3,437.3	3,586.0	3,741.8	3,914.7	4,102.2	3,239.9	5,037.4
							(In percent of exports of goods and nonfactor services) 2/							
NPV of debt after traditional debt-relief mechanisms	243.0	264.7	272.9	272.2	262.5	252.3	243.2	234.0	225.8	218.0	211.1	204.7	245.7	177.6
Debt service after traditional debt-relief mechanisms	0.0	19.1	16.5	15.6	14.7	13.7	12.8	12.6	11.7	11.3	10.4	9.8	13.8	9.2
NPV of debt after enhanced HIPC relief	323.5	254.4	267.1	188.7	188.0	186.3	184.7	182.4	179.5	176.0	173.0	170.4	198.0	156.7
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	166.3	181.8	188.7	188.0	186.3	184.7	182.4	179.5	176.0	173.0	170.4	180.7	156.7
Debt service after enhanced HIPC relief	0.0	16.1	9.7	6.1	7.9	7.5	7.2	7.4	7.8	8.2	7.6	7.1	8.6	7.0
							(In percent)							
NPV of debt-to-revenue ratio 4/	204.9	209.9	216.8	210.7	197.6	184.9	171.7	162.8	153.3	144.6	138.3	133.1	179.1	112.3
NPV of debt-to-GDP ratio	37.6	39.4	40.8	39.7	38.1	36.2	34.5	32.8	31.3	29.8	28.5	27.4	35.1	23.1
Grant element in new debt	0.0	64.0	63.9	63.2	62.4	61.8	61.1	60.6	60.1	59.7	59.2	58.6	60.7	56.5

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. All data pertain to the period July 8-July 7.
2/ As defined in IMF *Balance of Payments Manual* , 5th edition, 1993. Based on a three-year average of exports in the previous year (e.g., export average over 1997/98-1999/2000 for NPV of debt-to-exports ratio in 1999/2000).
3/ Entire assistance assumed to be delivered unconditionally at July 7, 2000 .
4/ Revenues are defined as central government revenues, excluding grants.
5/ Assumes volume growth of total exports of goods 1.7 percentage points lower than in the baseline scenario from 2003/04 onward.
6/ Assumes coffee prices lower by 25 percent from 2003/04 onward.
7/ Assumes disbursements of grants lower by 1.25 percentage points of GDP from 2003/04 onward.

Table 6A. Ethiopia: Net Present Value of External Debt After Rescheduling, 1999/2000–2019/20 1/
(In millions of U.S. dollars, unless otherwise indicated)

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2000/01-2009/10	2010/11-2019/20
	Actual					Projected						Averages	
After traditional debt relief 1/													
NPV of total debt 2/	2,371.7	2,541.7	2,752.4	2,911.7	3,004.8	3,096.5	3,183.3	3,266.9	3,357.8	3,448.3	3,547.6	3,111.1	4,057.9
NPV of old debt 3/	2,371.7	2,337.7	2,322.4	2,303.6	2,282.5	2,262.5	2,241.9	2,220.9	2,206.5	2,191.1	2,180.9	2,255.0	2,036.7
Official bilateral and commercial	939.7	924.7	931.1	937.7	944.6	952.1	960.2	968.7	982.6	996.8	1,009.9	960.8	1,034.9
Paris Club	714.4	702.6	712.0	721.4	731.0	740.8	751.1	761.7	772.5	783.8	794.2	747.1	818.9
Post-cutoff date	30.4	27.0	23.5	19.8	16.1	12.2	8.6	5.6	3.0	1.5	0.0	11.7	0.0
Pre-cutoff date	684.0	675.6	688.5	701.6	714.9	728.6	742.4	756.2	769.5	782.2	794.2	735.4	818.9
Of which : ODA	135.6	138.0	140.5	143.0	145.7	148.5	151.6	155.1	158.9	163.0	167.4	151.2	194.2
Other official bilateral	156.0	158.4	161.1	163.9	166.9	170.1	173.6	177.0	180.4	183.6	186.7	172.2	194.0
Post-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-cutoff date	156.0	158.4	161.1	163.9	166.9	170.1	173.6	177.0	180.4	183.6	186.7	172.2	194.0
Of which : ODA	58.9	61.3	63.9	66.8	69.8	73.0	76.5	80.2	84.2	88.5	93.1	75.7	122.7
Commercial	69.4	63.7	58.0	52.4	46.7	41.1	35.6	29.9	29.7	29.4	28.9	41.5	22.0
Post-cutoff date	39.4	33.7	28.0	22.4	16.7	11.1	5.6	0.0	0.0	0.0	0.0	11.7	0.0
Pre-cutoff date	30.0	30.0	30.0	30.0	30.0	30.0	30.0	29.9	29.7	29.4	28.9	29.8	22.0
Multilateral	1,432.0	1,413.0	1,391.3	1,366.0	1,337.8	1,310.4	1,281.6	1,252.2	1,223.9	1,194.3	1,171.0	1,294.2	1,001.8
IMF	70.3	61.0	49.1	36.5	26.0	17.7	10.8	5.5	1.9	0.0	0.0	20.9	0.0
World Bank	792.1	806.6	820.9	831.6	836.0	838.1	836.9	832.8	826.7	817.1	805.3	825.2	690.5
AfDB/AfDF	473.6	454.7	436.1	418.5	399.8	381.8	365.2	348.9	334.4	320.4	313.2	377.3	275.9
Others	95.9	90.8	85.1	79.3	76.0	72.8	68.8	65.0	61.0	56.8	52.4	70.8	35.4
NPV of new debt	0.0	204.0	430.0	608.1	722.3	834.0	941.5	1,046.0	1,151.2	1,257.2	1,366.7	856.1	2,021.2
Memorandum items:													
Exports of goods and services 4/	976.9	989.7	1,059.1	1,160.8	1,264.7	1,378.4	1,503.9	1,642.3	1,789.6	1,951.6	2,130.4	1,487.0	3,535.2
Three-year export average 5/	976.0	960.2	1,008.6	1,069.9	1,161.5	1,268.0	1,382.3	1,508.2	1,645.3	1,794.5	1,957.2	1,375.6	3,251.6
Central government revenue 6/	1,157.3	1,210.9	1,269.4	1,381.9	1,538.7	1,714.7	1,923.1	2,111.8	2,339.7	2,587.6	2,831.6	1,890.9	4,605.2
NPV of debt-to-exports ratio (percent) 7/	243.0	264.7	272.9	272.2	258.7	244.2	230.3	216.6	204.1	192.2	181.3	233.7	130.8
NPV of debt-to-revenue ratio (percent)	204.9	209.9	216.8	210.7	195.3	180.6	165.5	154.7	143.5	133.3	125.3	173.6	91.8
After enhanced HIPC assistance													
NPV of total debt 3/	3,156.9	2,442.7	2,694.2	2,016.3	2,134.8	2,254.6	2,370.3	2,484.6	2,591.7	2,689.1	2,797.6	2,447.6	3,433.0
NPV of old debt	3,156.9	2,238.7	2,264.2	1,408.2	1,412.5	1,420.6	1,428.8	1,438.6	1,440.4	1,431.8	1,430.9	1,591.5	1,411.8
Official bilateral and commercial	1,724.9	930.1	929.8	517.2	512.5	508.0	504.2	501.3	504.8	510.0	514.7	593.2	533.1
Paris Club	991.6	777.4	787.0	401.6	400.1	398.6	397.6	397.3	397.6	399.3	400.4	475.7	396.1
Other official bilateral	604.0	100.5	103.8	83.7	86.1	88.7	91.5	94.5	97.7	101.2	104.8	95.3	128.8
Commercial	129.3	52.2	39.1	31.9	26.2	20.6	15.0	9.5	9.5	9.5	9.4	22.3	8.2
Multilateral	1,432.0	1,308.6	1,334.4	891.1	900.1	912.7	924.6	937.3	935.6	921.9	916.2	998.2	878.7
NPV of new debt	0.0	204.0	430.0	608.1	722.3	834.0	941.5	1,046.0	1,151.2	1,257.2	1,366.7	856.1	2,021.2
Memorandum items:													
Exports of goods and services 4/	976.9	989.7	1,059.1	1,160.8	1,264.7	1,378.4	1,503.9	1,642.3	1,789.6	1,951.6	2,130.4	1,487.0	3,535.2
Three-year export average 5/	976.0	960.2	1,008.6	1,069.9	1,161.5	1,268.0	1,382.3	1,508.2	1,645.3	1,794.5	1,957.2	1,375.6	3,251.6
Central government revenue 6/	1,157.3	1,210.9	1,269.4	1,381.9	1,538.7	1,714.7	1,923.1	2,111.8	2,339.7	2,587.6	2,831.6	1,890.9	4,605.2
Old debt													
NPV of debt-to-exports ratio (percent) 7/	323.5	233.1	224.5	131.6	121.6	112.0	103.4	95.4	87.5	79.8	73.1	126.2	46.3
NPV of debt-to-revenue ratio (percent)	272.8	184.9	178.4	101.9	91.8	82.9	74.3	68.1	61.6	55.3	50.5	95.0	32.5
Total debt													
NPV of debt-to-exports ratio (percent) 7/	323.5	254.4	267.1	188.5	183.8	177.8	171.5	164.7	157.5	149.9	142.9	185.8	109.6
NPV of debt-to-revenue ratio (percent)	272.8	201.7	212.2	145.9	138.7	131.5	123.3	117.6	110.8	103.9	98.8	138.4	77.0
After unconditional delivery of enhanced HIPC assistance 8/													
NPV of total debt 3/	1,464.0	1,599.6	1,836.4	2,016.3	2,134.8	2,254.6	2,370.3	2,484.6	2,591.7	2,689.1	2,797.6	2,277.5	3,433.0
NPV of old debt	1,464.0	1,395.6	1,406.4	1,408.2	1,412.5	1,420.6	1,428.8	1,438.6	1,440.4	1,431.8	1,430.9	1,421.4	1,411.8
Official bilateral and commercial	580.1	510.0	520.2	517.2	512.5	508.0	504.2	501.3	504.8	510.0	514.7	510.3	533.1
Paris Club	441.0	377.2	393.7	401.6	400.1	398.6	397.6	397.3	397.6	399.3	400.4	396.4	396.1
Other official bilateral	96.3	96.3	96.5	83.7	86.1	88.7	91.5	94.5	97.7	101.2	104.8	94.1	128.8
Commercial	42.8	36.5	30.0	31.9	26.2	20.6	15.0	9.5	9.5	9.5	9.4	19.8	8.2
Multilateral	883.9	885.6	886.2	891.1	900.1	912.7	924.6	937.3	935.6	921.9	916.2	911.1	878.7
NPV of new debt	0.0	204.0	430.0	608.1	722.3	834.0	941.5	1,046.0	1,151.2	1,257.2	1,366.7	856.1	2,021.2
Memorandum items:													
Old debt													
NPV of debt-to-exports ratio (percent) 7/	150.0	145.3	139.4	131.6	121.6	112.0	103.4	95.4	87.5	79.8	73.1	108.9	46.3
NPV of debt-to-revenue ratio (percent)	126.5	115.3	110.8	101.9	91.8	82.9	74.3	68.1	61.6	55.3	50.5	81.2	32.5
Total debt													
NPV of debt-to-exports ratio (percent) 7/	150.0	166.6	182.1	188.5	183.8	177.8	171.5	164.7	157.5	149.9	142.9	168.5	109.6
NPV of debt-to-revenue ratio (percent)	126.5	132.1	144.7	145.9	138.7	131.5	123.3	117.6	110.8	103.9	98.8	124.7	77.0

Sources: Ethiopian authorities; and staff estimates and projections.

1/ All data pertain to the period July 8-July 7.
2/ Assumes a stock-of-debt operation on Naples terms in June 2000, with comparable treatment from non-Paris Club bilateral creditors.
3/ Discounted on the basis of a six-month average of commercial interest reference rate (CIRR) for January-June 2000. Currency-specific NPVs are converted into U.S. dollars for all years at the base date exchange rate (end-June 2000).
4/ As defined in IMF *Balance of Payments Manual* , 5th edition, 1993.
5/ Backward-looking average (e.g., average over 1997/98–1999/2000 for exports in 1999/2000).
6/ Converted into U.S. dollars at the end-of-period June 2000 exchange rate.
7/ NPV of debt in percent of three-year average of exports of goods and services.
8/ Entire assistance assumed to be delivered unconditionally at July 7, 2000 .

Table 7A. Ethiopia: Debt-Service Payments on Public and Publicly Guaranteed External Debt, 2000/01-2019/20 1/

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

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Average 2010/11-2012/13	Average 2013/14-2015/16	Average 2016/17-2019/20
Before debt relief													
Total debt service 2/	222	206	201	202	199	199	209	205	207	199	206	238	259
Principal	153	136	131	133	132	134	145	143	145	137	144	176	197
Interest	70	70	70	68	67	65	64	63	62	62	62	62	63
Of which: new borrowing	4	9	12	14	16	18	29	36	43	47	58	81	103
After traditional debt-relief mechanisms 3/	189	174	181	184	184	185	196	195	203	201	214	251	297
Principal	105	89	95	99	99	102	113	113	121	119	132	168	216
Multilateral	69	73	78	82	81	83	84	83	84	78	79	85	88
IMF	13	15	15	13	10	8	6	4	2	0	0	0	0
World Bank	22	23	28	35	37	41	44	46	50	52	54	61	65
AfDB/AfDF	33	35	34	32	28	25	23	19	16	6	5	0	0
Others	1	0	1	3	6	9	11	14	17	20	20	24	23
Official bilateral	30	10	11	12	12	13	14	15	16	18	23	34	61
Paris Club	30	10	11	12	12	13	13	14	15	17	20	29	49
Post-cutoff date	4	4	4	4	4	4	3	3	2	2	0	0	0
Pre-cutoff date	26	5	6	7	8	9	10	12	13	15	20	29	49
Other official bilateral	0	0	0	0	0	0	0	1	1	1	3	5	12
Post-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-cutoff date	0	0	0	0	0	0	0	1	1	1	3	5	12
Commercial	6	6	6	6	6	6	6	0	0	0	1	1	3
Post-cutoff date	6	6	6	6	6	6	6	0	0	0	0	0	0
Pre-cutoff date	0	0	0	0	0	0	0	0	0	0	1	1	3
New borrowing	0	0	0	0	0	0	9	15	20	23	30	47	64
Interest	83	85	86	85	85	84	83	82	82	82	82	83	81
Multilateral	34	32	30	28	26	24	22	20	19	17	15	13	11
IMF	0	0	0	0	0	0	0	0	0	0	0	0	0
World Bank	13	13	13	13	12	12	12	11	11	11	10	9	7
AfDB/AfDF	14	12	10	9	7	6	5	3	2	1	1	0	0
Others	7	7	6	6	6	6	6	6	5	5	5	4	4
Official bilateral	40	40	40	40	39	39	39	39	38	38	37	35	30
Paris Club	32	31	31	31	31	31	30	30	30	29	29	27	23
Post-cutoff date	1	1	1	1	1	0	0	0	0	0	0	0	0
Pre-cutoff date	31	30	30	30	30	30	30	30	30	29	29	27	23
Other official bilateral	9	9	9	9	9	9	9	9	9	9	8	8	6
Post-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-cutoff date	9	9	9	9	9	9	9	9	9	9	8	8	6
Commercial	5	5	4	4	3	3	2	2	2	2	2	2	1
Post-cutoff date	3	2	2	2	1	1	0	0	0	0	0	0	0
Pre-cutoff date	2	2	2	2	2	2	2	2	2	2	2	2	1
New borrowing	4	9	12	14	16	18	19	21	23	25	28	33	39
After enhanced HIPC assistance 4/	161	102	102	100	98	100	110	126	144	140	150	177	213
Principal	96	51	50	42	40	41	50	61	76	72	80	106	140
Multilateral	57	35	33	32	30	31	32	44	54	47	48	51	60
Official bilateral	33	10	11	4	4	4	3	3	2	2	3	7	16
Of which : Paris Club	33	10	11	4	4	4	3	3	2	2	3	6	14
Commercial	6	6	6	6	6	6	6	0	0	0	0	0	1
New borrowing	0	0	0	0	0	0	9	15	20	23	30	47	64
Interest	65	52	53	58	59	60	60	64	68	68	69	71	73
Multilateral	35	17	14	12	11	11	11	13	15	14	12	10	8
Official bilateral	22	23	23	30	30	29	29	29	29	29	29	28	25
Of which : Paris Club	21	19	20	26	26	26	26	26	25	25	25	24	22
Commercial	3	3	3	2	2	1	1	1	1	1	1	1	1
New borrowing	4	9	12	14	16	18	19	21	23	25	28	33	39
Memorandum items:													
Exports	990	1,059	1,161	1,265	1,378	1,504	1,642	1,790	1,952	2,130	2,540	3,297	4,460
Debt-service ratio before HIPC relief (percent)	19	16	16	15	13	12	12	11	10	9	8	8	7
Debt-service ratio after HIPC relief (percent)	16	10	9	8	7	7	7	7	7	7	6	5	5

Sources: Ethiopian authorities; and staff estimates and projections.

1/ All data pertain ot the period July 8-July 7.

2/ Includes debt service on outstanding debt as of July 7, 2000, and on subsequent new borrowing.

3/ A stock-of-debt under Naples terms is simulated at end-June, 2000.

4/ Completion point is assumed to be reached in June 2003.

Table 8A. Ethiopia: Discount Rate and Exchange Rate Assumptions

Currency	Discount Rates 1/ (In percent)	Exchange Rates 2/ (Currency per U.S. dolla
Austrian schilling	6.16	14.40
Belgian franc	6.16	42.21
Bulgarian lev	6.02	2.05
Canadian dollar	7.22	1.48
Swiss franc	4.96	1.63
Chinese yuan	6.02	8.28
Deutsche mark	6.16	2.05
Danish krone	6.22	7.79
Spanish peseta	6.16	174.12
Euro	6.16	1.05
Finnish markka	6.16	6.22
French franc	6.16	6.86
Pound sterling	7.08	0.66
Indian rupee	6.02	44.68
Italian lira	6.16	2,026.23
Japanese yen	2.00	105.40
Kuwaiti dinar	6.02	0.31
Netherlands guilder	6.16	2.31
Norwegian krone	7.20	8.57
Portuguese escudo	6.16	209.80
Special drawing rights	6.02	0.75
Swedish kronor	6.45	8.81
U.S. dollar	7.46	1.00

Sources: European Central Bank; IMF, *International Financial Statistics*

1/ Average commercial interest reference rates for respective currencies o
prior to end-June 2000 (i.e., the end of the period for which actual debt ar
2/ End-of-period exchange rates as of end-June 2000.

Table 2B. Ethiopia: Balance of Payments 1/
(In millions of U.S. dollars, unless otherwise indicated)

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	Estimate	Projections									
Trade balance	-1,246	-1,247	-1,258	-1,277	-1,273	-1,274	-1,320	-1,364	-1,454	-1,551	-1,624
Exports of goods	489	476	528	600	667	742	823	913	1,009	1,116	1,236
Coffee	253	209	234	270	293	319	345	373	403	434	465
Other	236	267	295	330	374	423	478	540	606	682	771
Imports of goods	1,735	1,723	1,786	1,877	1,940	2,016	2,143	2,276	2,463	2,667	2,859
Fuel	213	265	244	246	261	281	303	329	359	391	427
Nonfuel	1,522	1,458	1,543	1,630	1,679	1,735	1,840	1,948	2,105	2,275	2,432
Nonfactor services (net)	176	191	186	196	215	233	254	276	300	327	355
Exports of nonfactor services	488	514	531	561	598	637	681	729	781	836	895
Imports of nonfactor services	312	323	345	365	383	404	428	453	480	509	539
Income (net)	-67	-51	-38	-28	-25	-20	-18	-11	-12	-7	2
Of which: gross official interest payments 2/	-82	-70	-68	-68	-66	-65	-64	-63	-62	-61	-61
Private transfers (net)	420	417	419	452	485	519	557	593	633	671	712
Current account balance, excl. official transfers	-717	-690	-691	-657	-599	-542	-528	-505	-533	-559	-554
(in percent of GDP)	-11.4	-10.7	-10.2	-9.0	-7.5	-6.2	-5.5	-4.8	-4.6	-4.5	-4.0
Official transfers (net)	247	325	279	292	324	344	342	345	311	341	326
Current account balance, incl. official transfers	-471	-365	-412	-365	-275	-197	-186	-160	-223	-219	-228
(in percent of GDP)	*-7.5*	*-5.7*	*-6.1*	*-5.0*	*-3.4*	*-2.3*	*-1.9*	*-1.5*	*-1.9*	*-1.7*	*-1.7*
Capital account balance (incl. errors and omissions)	-156	163	191	237	173	176	195	196	220	231	253
Foreign direct investment (net)	50	51	40	70	70	70	84	89	106	115	127
Other investment (net)	-287	112	151	167	103	106	112	106	114	115	126
Official long-term loans	-266	127	162	177	115	118	123	119	126	128	138
Disbursements	163	252	268	279	220	224	229	233	238	243	248
Amortization 2/	429	125	106	102	105	106	105	114	112	115	110
Other public sector long-term (net) 3/	-21	-15	-11	-9	-12	-12	-12	-13	-12	-13	-12
Other (net)	0	0	0	0	0	0	0	0	0	0	0
Errors and omissions	82	0	0	0	0	0	0	0	0	0	0
Overall balance	-626	-202	-221	-128	-102	-21	9	36	-2	12	25
Financing	626	202	221	128	102	21	-9	-36	2	-12	-25
Central bank (net; increase -)	58	-54	-187	-126	-36	-113	-110	-142	-105	-118	-106
Reserves (increase -)	86	-87	-199	-138	-37	-104	-98	-129	-91	-105	-95
Liabilities (increase +)	-28	32	12	12	1	-9	-12	-13	-14	-13	-11
Commercial banks (net; increase -)	148	-46	0	0	0	0	0	0	0	0	0
Changes in arrears	171	-810	0	0	0	0	0	0	0	0	0
Debt relief (Paris Club 2, Naples terms) 4/	249	0	0	0	0	0	0	0	0	0	0
Financing gap	0	1,113	408	253	138	134	101	106	107	106	81
Traditional debt relief (Naples terms)	0	844	32	21	18	15	14	14	11	6	0
Other exceptional financing	0	269	375	232	120	119	87	92	96	100	82
Reconstruction, demobilization and balance of payments support	0	269	329	155	30	30	0	0	0	0	0
Remaining gap 5/ 6/	0	0	46	77	90	89	87	92	96	100	82
Memorandum items:											
Exports of goods (percent change)	1.1	-2.8	11.1	13.5	11.2	11.2	10.9	11.0	10.5	10.6	10.8
Export price index (percent change)	-18.2	-9.2	4.1	6.6	4.0	2.8	2.5	2.5	2.0	2.0	2.0
Export volume index (percent change)	23.6	7.2	6.7	6.4	6.9	8.1	8.1	8.2	8.3	8.4	8.5
Total imports of goods (percent change)	11.4	-0.7	3.7	5.1	3.4	3.9	6.3	6.2	8.2	8.3	7.2
Import price index (percent change)	4.8	2.9	-0.9	0.1	0.5	0.7	0.8	0.9	1.5	1.5	1.5
Import volume index (percent change)	6.3	-3.5	4.8	4.9	2.9	3.2	5.5	5.3	6.7	6.7	5.7
Nonmilitary, nonfuel, noncereal imports (percent change)	-10.2	7.4	12.1	7.0	5.9	4.8	6.4	6.1	8.4	8.4	7.2
Gross official reserves	349	435	634	772	809	912	1,011	1,140	1,231	1,336	1,431
(in months of imports of goods and nonfactor services of following year)	2.0	2.5	3.4	4.0	4.0	4.3	4.4	4.6	4.7	4.7	4.7
Terms of trade index (1996/97 = 100)	78.5	69.2	72.8	77.5	80.2	81.9	83.3	84.7	85.2	85.7	86.2
(percent change)	-21.9	-11.8	5.1	6.5	3.5	2.1	1.7	1.7	0.5	0.5	0.6
GDP (in millions of U.S. dollars)	6,301	6,452	6,747	7,327	7,982	8,753	9,562	10,481	11,469	12,550	13,733

Source: Ethiopian authorities, and IMF staff estimates and projections.

1/ All data pertain to the period July 8-July 7.
2/ Includes debt service to Russia on ruble-denominated debt before upfront discount through 1999/2000; thereafter after upfront discount.
3/ Ethiopian Airlines and other public enterprises.
4/ Includes 1997 Paris Club rescheduling agreement (including Russia) under Naples terms, covering maturities through end-1998.
5/ The remaining gap could be filled by relief under the enhanced HIPC Initiative.
6/ The pattern of relief under the enhanced HIPC Initiative differs slightly from that presented in the Staff Report because of updated information.

Table 2B. Ethiopia: Balance of Payments (concluded) 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	Projections									
Trade balance	-1,694	-1,779	-1,863	-1,959	-2,050	-2,148	-2,240	-2,344	-2,451	-2,564
Exports of goods	1,366	1,509	1,667	1,842	2,035	2,241	2,469	2,719	2,988	3,283
Coffee	498	533	571	611	655	700	748	799	855	913
Other	868	976	1,097	1,231	1,381	1,541	1,721	1,919	2,133	2,370
Imports of goods	3,059	3,288	3,531	3,802	4,085	4,389	4,710	5,063	5,438	5,847
Fuel	466	509	555	606	662	722	788	861	942	1,030
Nonfuel	2,593	2,779	2,975	3,195	3,424	3,667	3,922	4,202	4,497	4,818
Nonfactor services (net)	385	416	449	480	513	550	589	632	675	721
Exports of nonfactor services	957	1,025	1,097	1,173	1,255	1,343	1,438	1,539	1,646	1,760
Imports of nonfactor services	572	609	648	694	742	793	848	907	971	1,040
Income (net)	7	12	17	22	27	33	39	45	50	57
Of which: gross official interest payments 2/	-61	-61	-61	-61	-61	-61	-61	-62	-62	-62
Private transfers (net)	748	786	810	834	860	886	913	940	969	998
Current account balance, excl. official transfers	-554	-566	-588	-623	-650	-680	-700	-727	-758	-789
(in percent of GDP)	-3.7	-3.5	-3.3	-3.2	-3.1	-3.0	-2.8	-2.7	-2.6	-2.5
Official transfers (net)	335	349	364	375	380	389	379	369	356	367
Current account balance, incl. official transfers	-219	-216	-224	-249	-270	-291	-321	-358	-402	-422
(in percent of GDP)	*-1.5*	*-1.3*	*-1.3*	*-1.3*	*-1.3*	*-1.3*	*-1.3*	*-1.3*	*-1.4*	*-1.3*
Capital account balance (incl. errors and omissions)	267	277	283	301	325	344	386	456	501	508
Foreign direct investment (net)	140	148	167	189	215	244	293	354	404	408
Other investment (net)	127	129	116	112	110	100	93	102	97	100
Official long-term loans	139	141	131	127	126	118	112	121	117	121
Disbursements	253	258	263	268	274	279	285	290	296	302
Amortization 2/	113	116	132	141	147	161	172	170	179	181
Other public sector long-term (net) 3/	-13	-13	-15	-16	-16	-18	-19	-19	-20	-20
Other (net)	0	0	0	0	0	0	0	0	0	0
Errors and omissions	0	0	0	0	0	0	0	0	0	0
Overall balance	48	61	59	52	54	53	64	98	99	87
Financing	-48	-61	-59	-52	-54	-53	-64	-98	-99	-87
Central bank (net; increase -)	-116	-132	-132	-127	-131	-132	-146	-166	-169	-149
Reserves (increase -)	-105	-120	-121	-116	-120	-125	-142	-165	-169	-149
Liabilities (increase +)	-11	-11	-11	-11	-11	-7	-4	-1	0	0
Commercial banks (net; increase -)	0	0	0	0	0	0	0	0	0	0
Changes in arrears	0	0	0	0	0	0	0	0	0	0
Debt relief (Paris Club 2, Naples terms) 4/	0	0	0	0	0	0	0	0	0	0
Financing gap	68	71	73	75	77	79	82	68	70	62
Traditional debt relief (Naples terms)	-4	-7	-8	-9	-10	-10	-11	-34	-36	-40
Other exceptional financing	72	78	81	85	86	90	93	102	106	102
Reconstruction, demobilization and balance of payments support	0	0	0	0	0	0	0	0	0	0
Remaining gap 5/ 6/	72	78	81	85	86	90	93	102	106	102
Memorandum items:										
Exports of goods (percent change)	10.5	10.5	10.5	10.5	10.5	10.1	10.2	10.1	9.9	9.9
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
Export volume index (percent change)	8.5	8.5	8.5	8.5	8.5	8.2	8.2	8.2	8.0	8.0
Total imports of goods (percent change)	7.0	7.5	7.4	7.7	7.5	7.4	7.3	7.5	7.4	7.5
Import price index (percent change)	1.5	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Import volume index (percent change)	5.4	5.6	5.5	5.8	5.6	5.5	5.4	5.6	5.5	5.6
Nonmilitary, nonfuel, noncereal imports (percent change)	7.7	7.4	7.2	7.6	7.3	7.2	7.1	7.2	7.1	7.2
Gross official reserves	1,535	1,656	1,776	1,892	2,012	2,137	2,279	2,444	2,613	2,762
(in months of imports of goods and nonfactor services of following year)	4.7	4.8	4.7	4.7	4.7	4.6	4.6	4.6	4.6	…
Terms of trade index (1996/97 = 100)	86.4	86.4	86.4	86.4	86.4	86.4	86.4	86.4	86.4	86.4
(percent change)	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP (in millions of U.S. dollars)	14,953	16,275	17,713	19,278	20,981	22,728	24,620	26,670	28,890	31,295

Source: Ethiopian authorities, and IMF staff estimates and projections.

1/ All data pertain to the period July 8-July 7.
2/ Includes debt service to Russia on ruble-denominated debt before upfront discount through 1999/2000; thereafter after upfront discount.
3/ Ethiopian Airlines and other public enterprises.
4/ Includes 1997 Paris Club rescheduling agreement (including Russia) under Naples terms, covering maturities through end-1998.
5/ The remaining gap could be filled by relief under the enhanced HIPC Initiative.
6/ The pattern of relief under the enhanced HIPC Initiative differs slightly from that presented in the Staff Report because of updated information.

Table 3B. Ethiopia: Nominal and Net Present Value of External Debt Outstanding, at End-Fiscal Year 2000/01 1/

	Nominal Debt Before Rescheduling 1/			Nominal Debt at End-2000/01 After Rescheduling 2/			NPV of Debt at End-2000/01 after Rescheduling 2/		
	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total 3/	Percent of group
Total	5,731.0	100.0	…	5,280.7	100.0	…	2,467.9	100.0	…
Multilateral institutions	3,225.2	56.3	100.0	3,225.2	61.1	100.0	1,559.3	63.2	100.0
AfDB/AfDF	777.1	13.6	24.1	777.1	14.7	24.1	437.3	17.7	28.0
BADEA	3.2	0.1	0.1	3.2	0.1	0.1	2.5	0.1	0.2
European Union	73.3	1.3	2.3	73.3	1.4	2.3	48.5	2.0	3.1
IDA	2,195.0	38.3	68.1	2,195.0	41.6	68.1	949.5	38.5	60.9
IFAD	55.3	1.0	1.7	55.3	1.0	1.7	28.1	1.1	1.8
IMF	114.7	2.0	3.6	114.7	2.2	3.6	87.9	3.6	5.6
Nordic Development Fund	0.3	0.0	0.0	0.3	0.0	0.0	0.1	0.0	0.0
OPEC Fund	6.1	0.1	0.2	6.1	0.1	0.2	5.4	0.2	0.3
Official bilateral creditors	2,385.9	41.6	...	1,992.4	37.7	…	846.5	34.3	…
Paris Club	1,803.7	31.5	100.0	1,600.0	30.3	100.0	695.2	28.2	100.0
Post-cutoff date	30.3	0.5	1.7	30.3	0.6	1.9	26.1	1.1	3.8
Pre-cutoff date	1,773.4	30.9	98.3	1,569.7	29.7	98.1	669.0	27.1	96.2
ODA	353.9	6.2	19.6	353.9	6.7	22.1	127.8	5.2	18.4
Non-ODA	1,419.5	24.8	78.7	1,215.8	23.0	76.0	541.2	21.9	77.9
Of which:									
Australia	6.5	0.1	0.4	6.5	0.1	0.4	5.2	0.2	0.7
Austria	12.8	0.2	0.7	10.4	0.2	0.6	3.1	0.1	0.5
Belgium	24.9	0.4	1.4	17.1	0.3	1.1	7.7	0.3	1.1
Canada	0.3	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0
Finland	2.7	0.0	0.1	1.2	0.0	0.1	1.1	0.0	0.2
France	3.8	0.1	0.2	2.5	0.0	0.2	2.5	0.1	0.4
Germany	54.8	1.0	3.0	42.1	0.8	2.6	37.9	1.5	5.5
Italy	308.0	5.4	17.1	273.8	5.2	17.1	102.9	4.2	14.8
Japan	14.0	0.2	0.8	5.0	0.1	0.3	5.0	0.2	0.7
Netherlands	1.0	0.0	0.1	0.7	0.0	0.0	0.7	0.0	0.1
Russia	1,228.1	21.4	68.1	1,108.5	21.0	69.3	447.1	18.1	64.3
Spain	14.4	0.3	0.8	14.4	0.3	0.9	11.9	0.5	1.7
Sweden	24.2	0.4	1.3	19.9	0.4	1.2	19.1	0.8	2.7
United Kingdom	17.3	0.3	1.0	8.2	0.2	0.5	8.3	0.3	1.2
United States	90.8	1.6	5.0	89.5	1.7	5.6	42.4	1.7	6.1
Non-Paris Club official bilateral	582.2	10.2	100.0	392.4	7.4	100.0	151.3	6.1	100.0
Post-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-cutoff date	582.2	10.2	100.0	392.4	7.4	100.0	151.3	6.1	100.0
ODA	297.5	5.2	51.1	297.5	5.6	75.8	57.2	2.3	37.8
Non-ODA	284.6	5.0	48.9	94.9	1.8	24.2	94.1	3.8	62.2
Of which:									
Algeria	10.3	0.2	1.8	10.3	0.2	2.6	4.3	0.2	2.9
Bulgaria	49.9	0.9	8.6	17.4	0.3	4.4	16.7	0.7	11.0
Czechoslovakia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dem People's Rep. of Korea	80.9	1.4	13.9	35.4	0.7	9.0	24.2	1.0	16.0
Hungary	5.8	0.1	1.0	5.8	0.1	1.5	2.8	0.1	1.9
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kuwait	6.5	0.1	1.1	6.5	0.1	1.7	3.3	0.1	2.2
Libya	219.6	3.8	37.7	219.6	4.2	56.0	32.9	1.3	21.8
Poland	10.8	0.2	1.9	9.7	0.2	2.5	7.2	0.3	4.8
Yugoslavia	124.2	2.2	21.3	41.4	0.8	10.6	41.1	1.7	27.1
China	74.1	1.3	12.7	46.3	0.9	11.8	18.8	0.8	12.4
Commercial creditors	119.9	2.1	…	63.0	1.2	…	62.1	2.5	…
Bulgaria 3/	8.7	0.2	7.3	2.9	0.1	4.6	2.9	0.1	4.6
Czechoslovakia 3/	4.6	0.1	3.8	1.5	0.0	2.4	1.5	0.1	2.4
India 3/	14.9	0.3	12.4	4.9	0.1	7.9	4.9	0.2	7.9
Italy 3/	1.1	0.0	0.9	0.4	0.0	0.6	0.4	0.0	0.6
Netherlands	34.6	0.6	28.8	34.6	0.7	54.9	33.9	1.4	54.6
United States	9.8	0.2	8.2	3.3	0.1	5.2	3.2	0.1	5.2
Yugoslavia 3/	46.2	0.8	38.6	15.4	0.3	24.5	15.3	0.6	24.6

Sources: Ethiopian authorities; and staff estimates and projections.

1/ Total debt outstanding at end-2000/01 projected, excluding third year of Paris Club 2.

2/ After full use of traditional debt-relief mechanisms and comparable treatment by non-Paris Club official bilateral and commercial creditors at end-2000/01.

3/ Commercial loans subject to a buyback operation at 8 cents per U.S. dollar, in which the creditor(s) refused to participate. Hence the buyback operation is unsettled and the debts are all in arrears.

Table 4B. Ethiopia HIPC Initiative: Assistance Levels Under a Proportional Burden-Sharing Approach 1/
(in millions of U.S. 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	1,028	649	352	26	41.6	
NPV of debt 5/ 6/	2,468	1,559	846	62		
Three-year export average	960					
NPV of debt-to-exports ratio (percent) 7/	257					
Paris Club creditors	695					80.5
Of which: pre-cutoff-date non-ODA	541					84.5
Non-Paris Club Creditors 8/:	213					80.5
Of which: pre-cutoff-date non-ODA	122					90.9

Sources: Ethiopian authorities; and 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-December 2000 and end-November 2000 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-fiscal year 2000/01 (July 8-July 7).
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 5B. Ethiopia: External Debt Indicators, 2000/01–2019/20 1/

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Average 2000/01-2009/10	Average 2010/11-2019/20
Baseline scenario						(In millions of U.S. dollars)						
Nominal debt stock after traditional debt-relief mechanisms	5,280.7	5,819.0	6,189.1	6,357.0	6,515.3	6,645.9	6,770.8	6,900.5	7,027.3	7,160.0	6,466.5	7,781.4
Multilateral	3,225.2	3,154.7	3,079.8	3,001.4	2,923.1	2,843.2	2,753.4	2,664.6	2,574.5	2,490.5	2,871.0	1,976.4
Official bilateral	1,992.4	1,982.8	1,972.4	1,961.0	1,949.0	1,936.3	1,923.3	1,909.2	1,894.2	1,877.0	1,939.8	1,714.7
Of which: Paris Club	1,600.0	1,590.3	1,580.0	1,568.6	1,556.5	1,543.9	1,530.8	1,517.1	1,502.7	1,486.5	1,547.7	1,344.4
Of which: post cutoff date	30.3	26.0	21.7	17.3	13.0	9.2	5.9	3.2	1.6	0.0	12.8	0.0
Of which: ODA	22.7	19.5	16.3	13.0	9.8	7.0	4.8	3.2	1.6	0.0	9.8	0.0
Commercial	63.0	57.2	51.5	45.7	40.0	34.2	28.4	28.3	28.2	27.9	40.4	22.4
New debt	0.0	624.2	1,085.3	1,348.9	1,603.3	1,832.2	2,065.6	2,298.4	2,530.4	2,764.6	1,615.3	4,067.8
Nominal debt before traditional debt relief	5,731.0	6,223.0	6,557.5	6,692.0	6,818.7	6,918.2	7,011.7	7,111.9	7,214.1	7,328.4	6,760.7	7,904.0
NPV of debt	2,467.9	2,679.5	2,841.1	2,936.5	3,030.7	3,120.4	3,207.8	3,303.0	3,398.2	3,499.3	3,048.4	3,998.7
Multilateral	1,559.3	1,547.0	1,531.6	1,514.1	1,497.8	1,480.8	1,454.9	1,430.2	1,404.4	1,384.9	1,480.5	1,210.8
Official bilateral	846.5	857.8	869.5	881.3	893.4	906.0	919.3	932.9	946.9	959.9	901.3	994.9
Of which: Paris Club	695.2	704.3	713.6	722.8	732.2	741.9	752.1	762.7	773.7	783.9	738.2	810.6
Of which: post cutoff date	26.1	22.7	19.2	15.6	11.8	8.4	5.4	3.0	1.5	0.0	11.4	0.0
Of which: ODA	18.6	16.3	13.9	11.3	8.6	6.3	4.4	3.0	1.5	0.0	8.4	0.0
Commercial	62.1	56.4	50.6	44.9	39.3	33.7	28.1	28.0	27.7	27.4	39.8	22.0
New debt	0.0	218.4	389.3	496.2	600.3	700.0	805.6	911.9	1,019.1	1,127.1	626.8	1,770.9
NPV of debt before traditional debt relief	3,226.9	3,401.2	3,534.6	3,602.9	3,670.8	3,733.6	3,792.4	3,859.6	3,930.3	4,011.9	3,676.4	4,437.1
						(In percent of exports of goods and nonfactor services) 2/						
NPV of debt after traditional debt-relief mechanisms	257.0	265.7	265.6	252.8	239.0	225.7	212.7	200.8	189.4	178.8	228.7	128.8
Of which: multilateral	162.4	175.0	179.6	173.1	165.5	157.8	149.9	142.4	135.1	128.3	156.9	95.6
Debt service	0.0	15.9	15.0	14.1	12.9	11.9	11.5	10.5	10.0	9.1	12.3	7.4
Of which: multilateral	0.0	10.4	10.0	9.4	8.6	8.0	7.9	7.5	7.3	6.5	8.4	5.3
NPV of debt after enhanced HIPC relief	340.8	256.1	216.8	161.4	156.9	151.9	146.7	142.1	137.6	132.4	184.3	103.1
Of which: multilateral	162.4	163.3	173.5	122.0	121.2	119.3	117.1	114.7	112.2	108.8	131.5	87.3
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	159.3	164.4	161.4	156.9	151.9	146.7	142.1	137.6	132.4	150.3	103.1
Debt service after enhanced HIPC relief	0.0	11.5	8.3	6.9	6.4	6.1	5.9	5.1	4.9	5.3	6.7	4.8
Of which: multilateral	0.0	6.8	4.7	4.0	3.8	3.7	3.8	3.6	3.5	4.0	4.2	3.9
						(In percent)						
Nominal debt-to-revenue ratio (before rescheduling) 4/	473.3	490.2	474.5	434.9	397.7	359.7	332.0	304.0	278.8	258.8	380.4	179.9
NPV of debt-to-revenue ratio 4/	203.8	211.1	205.6	190.9	176.8	162.3	151.9	141.2	131.3	123.6	169.8	90.5
NPV of debt-to-revenue after (unconditional) enhanced HIPC relief 3/ 4/	118.9	126.6	127.3	121.9	116.0	109.2	104.7	99.9	95.4	91.5	111.1	72.4
Nominal debt-to-GDP ratio (before rescheduling)	88.8	92.2	89.5	83.8	77.9	72.4	66.9	62.0	57.5	53.4	74.5	37.1
NPV of debt-to-GDP ratio	38.2	39.7	38.8	36.8	34.6	32.6	30.6	28.8	27.1	25.5	33.3	18.7
NPV of debt-to-GDP ratio after (unconditional) enhanced HIPC relief 3/	22.3	23.8	24.0	23.5	22.7	22.0	21.1	20.4	19.7	18.9	21.8	14.9
Grant element in total debt	53.3	54.0	54.1	53.8	53.5	53.0	52.6	52.1	51.6	51.1	52.9	48.7
Grant element in new debt	63.9	63.8	63.0	62.0	61.2	60.3	59.6	59.0	58.4	57.9	60.9	55.5
Alternative scenario I 5/						(In millions of U.S. dollars)						
NPV of debt after traditional debt-relief mechanisms	2,467.9	2,679.5	2,841.1	2,940.9	3,044.8	3,150.9	3,262.7	3,392.0	3,532.7	3,693.1	3,100.6	5,042.6
						(In percent of exports of goods and nonfactor services) 2/						
NPV of debt after traditional debt-relief mechanisms	257.0	265.7	265.6	254.0	242.3	232.0	222.1	213.6	205.8	199.1	235.7	176.0
Debt service	0.0	15.9	15.0	14.2	13.1	12.3	12.0	11.1	10.7	9.9	12.7	8.9
NPV of debt after enhanced HIPC relief	341.1	254.8	260.7	164.5	161.9	159.9	158.0	156.6	155.3	153.9	196.7	151.0
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	159.0	167.1	164.5	161.9	159.9	158.0	156.6	155.3	153.9	158.6	151.0
Debt service after enhanced HIPC relief	0.0	11.0	8.4	7.2	6.8	6.4	6.3	5.8	6.0	6.1	7.1	6.4
						(In percent)						
NPV of debt-to-revenue ratio 4/	203.8	211.1	205.6	191.1	177.6	163.8	154.5	145.0	136.5	130.4	171.9	111.2
NPV of debt-to-GDP ratio	38.2	39.7	38.8	36.8	34.8	33.0	31.1	29.6	28.2	26.9	33.7	22.9
Grant element in new debt	63.9	63.8	63.0	62.1	61.3	60.5	59.9	59.3	58.9	58.5	61.1	57.2
Alternative scenario II 6/						(In millions of U.S. dollars)						
NPV of debt after traditional debt-relief mechanisms	2,467.9	2,679.5	2,841.1	2,962.2	3,085.4	3,207.8	3,331.8	3,468.0	3,608.9	3,760.6	3,141.3	4,671.6
						(In percent of exports of goods and nonfactor services) 2/						
NPV of debt after traditional debt-relief mechanisms	257.0	265.7	265.6	255.8	245.5	236.2	226.8	218.4	210.3	202.8	238.4	165.4
Debt service	0.0	15.9	15.0	14.2	13.2	12.3	12.1	11.2	10.8	10.0	12.7	8.8
NPV of debt after enhanced HIPC relief	341.1	254.8	260.7	166.3	165.2	164.1	162.7	161.4	159.8	157.5	199.4	140.4
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	159.0	167.1	166.3	165.2	164.1	162.7	161.4	159.8	157.5	161.3	140.4
Debt service after enhanced HIPC relief	0.0	11.0	8.4	7.2	6.9	6.4	6.4	5.9	6.1	6.2	7.2	6.2
						(In percent)						
NPV of debt-to-revenue ratio 4/	203.8	211.1	205.6	192.5	179.9	166.8	157.8	148.2	139.5	132.8	173.8	104.6
NPV of debt-to-GDP ratio	38.2	39.7	38.8	37.1	35.3	33.6	31.8	30.2	28.8	27.4	34.1	21.6
Grant element in new debt	63.9	63.8	63.0	62.2	61.5	60.7	60.1	59.5	58.9	58.5	61.2	56.1
Alternative scenario III 7/						(In millions of U.S. dollars)						
NPV of debt after traditional debt-relief mechanisms	2,467.9	2,679.5	2,841.1	2,971.4	3,105.1	3,239.9	3,378.2	3,531.2	3,691.7	3,866.3	3,177.2	4,978.1
						(In percent of exports of goods and nonfactor services) 2/						
NPV of debt after traditional debt-relief mechanisms	257.0	265.7	265.6	256.6	247.1	238.5	230.0	222.4	215.1	208.5	240.6	175.5
Debt service	0.0	15.9	15.0	14.2	13.2	12.4	12.1	11.2	10.9	10.1	12.8	9.0
NPV of debt after enhanced HIPC relief	341.1	254.8	260.7	167.1	166.7	166.5	165.8	165.4	164.6	163.2	201.6	150.5
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	159.0	167.1	167.1	166.7	166.5	165.8	165.4	164.6	163.2	163.5	150.5
Debt service after enhanced HIPC relief	0.0	11.0	8.4	7.2	6.9	6.5	6.4	6.0	6.2	6.3	7.2	6.5
						(In percent)						
NPV of debt-to-revenue ratio 4/	203.8	211.1	205.6	193.1	181.1	168.5	160.0	150.9	142.7	136.5	175.3	111.0
NPV of debt-to-GDP ratio	38.2	39.7	38.8	37.2	35.5	33.9	32.2	30.8	29.4	28.2	34.4	22.9
Grant element in new debt	63.9	63.8	63.0	62.2	61.5	60.8	60.2	59.6	59.1	58.7	61.3	56.3

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. All data pertain to the period July 8-July 7.

2/ As defined in IMF *Balance of Payments Manual* , 5th edition, 1993. Based on a three-year average of exports on the previous year (e.g., export average over 1998/99-2000/01 for NPV of debt-to-exports ratio in 2000/01).

3/ Entire assistance assumed to be delivered unconditionally at July 7, 2001.

4/ Revenues are defined as central government revenues, excluding grants.

5/ Assumes volume growth of total exports of goods 2 percentage points lower than in the baseline scenario from 2003/04 onward.

6/ Assumes coffee prices lower by 25 percent from 2003/04 onward.

7/ Assumes disbursements of grants lower by 1.25 percentage points of GDP from 2003/04 onward.

Table 6B. Ethiopia: Net Present Value of External Debt After Rescheduling, 2000/01–2019/20 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2000/01-2009/10	2010/11-2019/20
					Projected						Averages	
After traditional debt relief 2/												
NPV of total debt 3/	2,467.9	2,467.0	2,619.9	2,705.9	2,790.2	2,869.4	2,954.6	3,047.4	3,140.1	3,238.5	2,830.1	3,749.5
NPV of old debt	2,467.9	2,248.7	2,230.5	2,209.7	2,189.8	2,169.4	2,149.0	2,135.5	2,121.0	2,111.4	2,203.3	1,978.5
Official bilateral and commercial	908.6	914.2	920.2	926.2	932.6	939.6	947.4	960.9	974.6	987.3	941.2	1,016.9
Paris Club	695.2	704.3	713.6	722.8	732.2	741.9	752.1	762.7	773.7	783.9	738.2	810.6
Post-cutoff date	26.1	22.7	19.2	15.6	11.8	8.4	5.4	3.0	1.5	0.0	11.4	0.0
Pre-cutoff date	669.0	681.6	694.4	707.2	720.4	733.5	746.7	759.7	772.2	783.9	726.9	810.6
Of which: ODA	127.8	130.0	132.4	134.7	137.1	139.8	142.6	145.9	149.4	153.2	139.3	177.3
Other official bilateral	151.3	153.5	155.9	158.4	161.2	164.1	167.2	170.2	173.2	176.0	163.1	184.3
Post-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-cutoff date	151.3	153.5	155.9	158.4	161.2	164.1	167.2	170.2	173.2	176.0	163.1	184.3
Of which: ODA	57.2	59.5	61.9	64.5	67.3	70.3	73.5	76.9	80.6	84.5	69.6	110.9
Commercial	62.1	56.4	50.6	44.9	39.3	33.7	28.1	28.0	27.7	27.4	39.8	22.0
Post-cutoff date	33.9	28.2	22.5	16.8	11.2	5.6	0.0	0.0	0.0	0.0	11.8	0.0
Pre-cutoff date	28.2	28.2	28.2	28.1	28.1	28.1	28.1	28.0	27.7	27.4	28.0	22.0
Multilateral	1,559.3	1,547.0	1,531.6	1,514.1	1,497.8	1,480.8	1,454.9	1,430.2	1,404.4	1,384.9	1,480.5	1,210.8
Of which: IMF	87.9	78.1	67.8	59.5	53.4	48.8	36.8	26.1	16.6	8.5	48.4	0.0
Of which: World Bank	949.5	969.8	987.1	998.7	1,008.7	1,015.9	1,020.9	1,024.6	1,025.5	1,024.9	1,002.6	911.1
Of which: AfDB/AfDF	437.3	419.7	402.9	385.1	367.8	352.0	336.5	322.6	309.2	302.4	363.5	266.4
Others	84.6	79.3	73.9	70.8	67.8	64.1	60.6	57.0	53.1	49.1	66.0	33.3
NPV of new debt	0.0	218.4	389.3	496.2	600.3	700.0	805.6	911.9	1,019.1	1,127.1	626.8	1,770.9
Memorandum items:												
Exports of goods and services 4/	989.7	1,059.1	1,160.8	1,264.7	1,378.4	1,503.9	1,642.3	1,789.6	1,951.6	2,130.4	1,487.0	3,535.2
Three-year export average 5/	960.2	1,008.6	1,069.9	1,161.5	1,268.0	1,382.3	1,508.2	1,645.3	1,794.5	1,957.2	1,375.6	3,251.6
Central government revenue 6/	1,210.9	1,269.4	1,381.9	1,538.7	1,714.7	1,923.1	2,111.8	2,339.7	2,587.6	2,831.6	1,890.9	4,605.2
NPV of debt-to-exports ratio (percent) 7/	257.0	244.6	244.9	233.0	220.1	207.6	195.9	185.2	175.0	165.5	212.9	120.6
NPV of debt-to-revenue ratio (percent)	203.8	194.3	189.6	175.9	162.7	149.2	139.9	130.2	121.4	114.4	158.1	84.7
After enhanced HIPC assistance												
NPV of total debt 3/	3,272.6	2,582.5	2,319.0	1,875.1	1,989.8	2,099.3	2,212.0	2,337.8	2,469.1	2,590.3	2,374.8	3,237.1
NPV of old debt	3,272.6	2,364.1	1,929.7	1,378.9	1,389.5	1,399.3	1,406.5	1,425.9	1,450.0	1,463.3	1,748.0	1,466.2
Official bilateral and commercial	1,713.2	935.8	462.3	457.6	453.2	449.5	446.6	450.3	455.4	460.1	628.4	484.1
Paris Club	987.8	787.8	343.2	341.8	340.4	339.5	339.2	339.6	341.3	342.5	450.3	344.2
Other official bilateral	600.7	108.5	86.5	88.9	91.5	94.3	97.3	100.6	104.0	107.6	148.0	131.1
Commercial	124.7	39.5	32.6	26.9	21.3	15.7	10.1	10.1	10.1	10.0	30.1	8.8
Multilateral	1,559.3	1,428.3	1,467.4	921.3	936.3	949.8	959.8	975.6	994.6	1,003.1	1,119.6	982.1
NPV of new debt	0.0	218.4	389.3	496.2	600.3	700.0	805.6	911.9	1,019.1	1,127.1	626.8	1,770.9
Memorandum items:												
Exports of goods and services 4/	989.7	1,059.1	1,160.8	1,264.7	1,378.4	1,503.9	1,642.3	1,789.6	1,951.6	2,130.4	1,487.0	3,535.2
Three-year export average 5/	960.2	1,008.6	1,069.9	1,161.5	1,268.0	1,382.3	1,508.2	1,645.3	1,794.5	1,957.2	1,375.6	3,251.6
Central government revenue 6/	1,210.9	1,269.4	1,381.9	1,538.7	1,714.7	1,923.1	2,111.8	2,339.7	2,587.6	2,831.6	1,890.9	4,605.2
Old Debt												
NPV of debt-to-exports ratio (percent) 7/	340.8	234.4	180.4	118.7	109.6	101.2	93.3	86.7	80.8	74.8	142.1	48.0
NPV of debt-to-revenue ratio (percent)	270.3	186.2	139.6	89.6	81.0	72.8	66.6	60.9	56.0	51.7	107.5	33.7
Total Debt												
NPV of debt-to-exports ratio (percent) 7/	340.8	256.1	216.8	161.4	156.9	151.9	146.7	142.1	137.6	132.4	184.3	103.1
NPV of debt-to-revenue ratio (percent)	270.3	203.4	167.8	121.9	116.0	109.2	104.7	99.9	95.4	91.5	138.0	72.4
After unconditional delivery of enhanced HIPC assistance 8/												
NPV of total debt 3/	1,440.3	1,606.9	1,759.2	1,875.1	1,989.8	2,099.3	2,212.0	2,337.8	2,469.1	2,590.3	2,038.0	3,237.1
NPV of old debt	1,440.3	1,388.6	1,369.9	1,378.9	1,389.5	1,399.3	1,406.5	1,425.9	1,450.0	1,463.3	1,411.2	1,466.2
Official bilateral and commercial	530.3	488.4	462.3	457.6	453.2	449.5	446.6	450.3	455.4	460.1	465.4	484.1
Paris Club	405.7	370.3	343.2	341.8	340.4	339.5	339.2	339.6	341.3	342.5	350.3	344.2
Other official bilateral	88.3	88.2	86.5	88.9	91.5	94.3	97.3	100.6	104.0	107.6	94.7	131.1
Commercial	36.3	29.8	32.6	26.9	21.3	15.7	10.1	10.1	10.1	10.0	20.3	8.8
Multilateral	910.0	900.2	907.6	921.3	936.3	949.8	959.8	975.6	994.6	1,003.1	945.8	982.1
NPV of new debt	0.0	218.4	389.3	496.2	600.3	700.0	805.6	911.9	1,019.1	1,127.1	626.8	1,770.9
Memorandum items:												
Old debt												
NPV of debt-to-exports ratio (percent) 7/	150.0	137.7	128.0	118.7	109.6	101.2	93.3	86.7	80.8	74.8	108.1	48.0
NPV of debt-to-revenue ratio (percent)	118.9	109.4	99.1	89.6	81.0	72.8	66.6	60.9	56.0	51.7	80.6	33.7
Total debt												
NPV of debt-to-exports ratio (percent) 7/	150.0	159.3	164.4	161.4	156.9	151.9	146.7	142.1	137.6	132.4	150.3	103.1
NPV of debt-to-revenue ratio (percent)	118.9	126.6	127.3	121.9	116.0	109.2	104.7	99.9	95.4	91.5	111.1	72.4

Sources: Ethiopian authorities; and staff estimates and projections.

1/ All data pertain to the period July 8-July 7.
2/ Assumes a stock-of-debt operation on Naples terms in June 2001, with comparable treatment from non-Paris Club bilateral creditors.
3/ Discounted on the basis of a six-month average of commercial interest reference rate (CIRR) for July-December 2000. Currency-specific NPVs are converted into U.S. dollars for all years at the base date exchange rate (end-November 2000).
4/ As defined in IMF *Balance of Payments Manual* , 5th edition, 1993.
5/ Backward-looking average (e.g., average over 1998/99–2000/01 for exports in 2000/01).
6/ Converted into U.S. dollars at the end-of-period November 2000 exchange rate.
7/ NPV of debt in percent of three-year average of exports of goods and services.
8/ Entire assistance assumed to be delivered unconditionally at July 7, 2001.

Table 7B. Ethiopia: Debt Service Payments on Public and Publicly Guaranteed External Debt, 2001/02-2019/20 1/
(In millions of U.S. dollars, unless otherwise indicated)

											Average		
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11-2012/13	2013/14-2015/16	2016/17-2019/20
Before debt relief													
Total debt service 2/	222	200	195	196	193	193	203	199	202	194	206	238	258
Principal	153	132	127	129	128	129	140	138	141	133	145	176	197
Interest	70	68	68	66	65	64	63	62	61	61	61	61	62
Of which: new borrowing	4	5	8	10	12	14	15	23	30	34	45	68	89
After traditional debt-relief mechanisms 3/	189	168	174	178	178	179	189	188	196	194	212	247	289
Principal	105	86	91	96	96	98	109	108	116	115	132	167	209
Multilateral	69	70	75	78	78	80	90	89	90	84	90	96	99
IMF	13	15	15	12	9	8	15	13	11	9	3	0	0
IDA	22	22	27	34	36	40	43	45	48	50	63	73	77
AfDB/AfDF	33	34	33	30	27	24	22	18	15	6	4	0	0
Others	1	0	0	2	6	9	10	13	16	19	19	23	22
Official bilateral	30	10	10	11	12	13	13	14	15	17	21	31	55
Paris Club	30	10	10	11	12	13	13	14	14	16	19	28	45
Post-cutoff date	4	4	4	4	4	4	3	3	2	2	0	0	0
Pre-cutoff date	26	5	6	7	8	9	10	11	13	15	19	28	45
Other official bilateral	0	0	0	0	0	0	0	0	1	1	2	4	10
Post-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-cutoff date	0	0	0	0	0	0	0	0	1	1	2	4	10
Commercial	6	6	6	6	6	6	6	0	0	0	1	1	2
Post-cutoff date	6	6	6	6	6	6	6	0	0	0	0	0	0
Pre-cutoff date	0	0	0	0	0	0	0	0	0	0	1	1	2
New borrowing	0	0	0	0	0	0	0	5	11	14	21	38	53
Interest	83	82	83	82	82	81	80	80	80	79	80	81	80
Multilateral	34	35	33	31	29	27	25	24	22	20	18	16	13
IMF	0	1	0	0	0	0	0	0	0	0	0	0	0
IDA	13	16	16	16	16	15	15	15	15	14	13	12	10
AfDB/AfDF	14	11	10	8	7	6	4	3	2	1	1	0	0
Others	7	6	6	6	6	6	6	5	5	5	5	4	3
Official bilateral	40	38	38	38	38	37	37	37	37	36	35	33	29
Paris Club	32	30	30	30	29	29	29	29	28	28	27	26	23
Post-cutoff date	1	1	1	1	1	0	0	0	0	0	0	0	0
Pre-cutoff date	31	29	29	29	29	29	29	28	28	28	27	26	23
Other official bilateral	9	8	8	8	8	8	8	8	8	8	8	7	6
Post-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-cutoff date	9	8	8	8	8	8	8	8	8	8	8	7	6
Commercial	5	4	4	4	3	3	2	2	2	2	2	2	1
Post-cutoff date	3	2	2	2	1	1	0	0	0	0	0	0	0
Pre-cutoff date	2	2	2	2	2	2	2	2	2	2	2	2	1
New borrowing	4	5	8	10	12	14	15	17	19	21	24	30	36
After enhanced HIPC assistance 4/	…	122	96	88	89	92	97	92	96	113	136	160	188
Principal	…	73	51	40	40	43	47	41	44	58	76	98	122
Multilateral	…	46	35	30	30	33	38	33	31	42	53	54	56
Official bilateral	…	21	11	4	4	4	3	3	2	2	2	6	13
Of which: Paris Club	…	15	11	4	4	4	3	3	2	2	2	5	11
Commercial	…	6	6	6	6	6	6	0	0	0	0	0	1
New borrowing	…	0	0	0	0	0	0	5	11	14	21	38	53
Interest	…	48	45	48	48	49	50	51	52	55	60	63	65
Multilateral	…	21	12	11	10	10	9	9	8	9	11	9	8
Official bilateral	…	20	23	25	25	25	24	24	24	24	24	23	21
Of which: Paris Club	…	18	19	21	21	21	21	21	21	21	20	20	18
Commercial	…	3	3	2	2	1	1	1	1	1	1	1	1
New borrowing	…	5	8	10	12	14	15	17	19	21	24	30	36
Memorandum items:													
Exports	990	1,059	1,161	1,265	1,378	1,504	1,642	1,790	1,952	2,130	2,540	3,297	4,460
Debt-service ratio before HIPC relief (percent)	19	16	15	14	13	12	11	11	10	9	8	8	6
Debt-service ratio after HIPC relief (percent)	0	11	8	7	6	6	6	5	5	5	5	5	4

Sources: Ethiopian authorities; and staff estimates and projections.

1/ All data pertain to July 8-July 7.

2/ Includes debt service on projected outstanding debt as of July 7, 2001, and on subsequent new borrowing.

3/ A stock-of-debt operation under Naples terms is simulated at end-June 2001. In 2000/01, stock-of debt operation is simulated at end-June 2000.

4/ Completion point is assumed to be reached in June 2003.

Table 8B. Ethiopia: Discount Rate and Exchange Rate Assumptions

Currency	Discount Rates 1/ (In percent)	Exchange Rates 2/ (Currency per U.S. dollar)
Austrian schilling	6.25	15.85
Belgian franc	6.25	46.45
Bulgarian lev	6.09	2.32
Canadian dollar	7.00	1.54
Swiss franc	5.33	1.74
Chinese yuan	6.09	8.28
Deutsche mark	6.25	2.25
Danish kroner	6.73	8.60
Spanish peseta	6.25	191.60
Euro	6.25	1.15
Finnish markka	6.25	6.85
French franc	6.25	7.55
Pound sterling	6.73	0.70
Indian rupee	6.09	46.84
Italian lira	6.25	2,229.70
Japanese yen	2.03	111.17
Kuwaiti dinar	6.09	0.31
Netherlands guilder	6.25	2.54
Norwegian krone	8.02	9.27
Portuguese escudo	6.25	230.86
Special drawing rights	6.09	0.78
Swedish kronor	6.20	10.08
U.S. dollar	7.19	1.00

Sources: European Central Bank; IMF, *International Financial Statistics*; OECD; and staff estimates.

1/ Average commercial interest reference rates for respective currencies over the six-month period prior to end-December 2000.
2/ End-of-period exchange rates as of end-November 2000.

Ethiopia: The Use and Monitoring of HIPC Debt Relief

The significant reorientation of public expenditures toward social sectors that took place in 1990/91-1997/98 (mainly health, education, agricultural extension services, and road construction) was reversed during the border conflict with Eritrea, when budget allocations for the social sectors and infrastructure were substantially reduced. With the end of the conflict, the government has begun to redirect resources toward poverty-reducing expenditures.

The government intends to use the debt-service savings from the enhanced HIPC Initiative to finance growth-promoting and poverty-reducing activities by increasing spending in areas that have a strong positive linkage to poverty reduction or that improve conditions for private sector development. Particular efforts will be made to increase the efficiency and effectiveness of public spending related to HIPC Initiative relief through capacity-building efforts in the public administration over the next years.

Debt relief under the enhanced HIPC Initiative would supplement the government's own efforts to boost social spending. As shown in Table 4, the government plans significant increases in budget allocations to education, health, roads, and agriculture and natural resources—sectors with a strong positive impact on poverty reduction and growth. Accordingly, the combined share of these sectors in total government expenditures would rise from 26 percent in 1999/2000 (July 8-July 7) to 45 percent (excluding HIPC-financed expenditure), or 50 percent (including HIPC-related outlays) by 2002/03. Health sector expenditures would more than double, while education expenditures would increase by about 50 percent. These are ambitious but feasible expenditure targets, that will require particular efforts to improve the implementation capacity of public agencies, especially in the health and education sectors. Meanwhile, the composition of recurrent and capital spending will be kept under close review in order to maximize the effectiveness of the poverty reduction effort.

Compared with other low-income countries, Ethiopia's public finance management has strong features, because of both the poverty-reducing orientation of public expenditure and the integrity of the budget process. The federal and regional administrations adhere to spending limits as hard budget constraints, and reappropriation across budget categories requires legislative approval. As regards expenditure controls, federal government expenditures, including for defense, are audited annually by the Auditor General. The ten autonomous regions have their own audit offices, which operate in close collaboration with the Federation because, inter alia, over 50 percent of the regional expenditures are financed (and therefore audited) by the central government. The audit for the fiscal year 1999/2000 is expected to be submitted shortly to parliament.

The government has recently launched a series of reforms that would improve significantly the budgetary process and expenditure tracking, including (i) a pilot exercise of preparing a macroeconomic and fiscal framework (MEFF) to determine the resource envelope for a three-year period and provide a basis for addressing the trade-offs between federal/regional, recurrent/capital, and alternative sector expenditures; (ii) a radical decentralization program that assigns responsibility for the bulk of social sector expenditures and antipoverty programs to the regions, thereby improving efficiency and increasing accountability; and (iii) setting up a welfare monitoring system (WMS) to analyze the impact of public policy on the poor through the carrying out of annual household surveys and compilation of other relevant information. The government's ongoing Expenditure Management and Control Program has a phased plan for extending public expenditure management reforms to the regional level, as well as for training regional officials.

The government is contemplating additional reforms to strengthen expenditure management, including improving strategic planning of expenditures, by expanding the application of the MEFF and introducing cost-centered budgeting at the center and in the regions. The European Commission is sponsoring two studies: a design study of the Financial Information System aimed at introducing uniform accounting systems and a computerized management information system for tracking financial flows; and a diagnostic study of the auditing and financial control capacities, with a view to launching appropriate reforms to enable better tracking of poverty-related expenditures.

Until these initiatives are completed and a new framework for monitoring poverty-related spending is implemented, the tracking system for Ethiopia would have two elements: (i) annual reporting to monitor the expenditure targets in Table 2; and (ii) strengthening of the WMS in light of recommendations made in the Poverty Report completed by the Bank in 1999. The first element provides data for tracking public expenditure and a basis to assess whether additional allocations for poverty-related activities are actually executed. Expenditures will be tracked through the preparation of an annual public expenditure review (PER) by the government in close collaboration with the World Bank and several donor agencies.[1] At the sector level in the areas of health, education, and roads, annual reviews by the government and donors, led by the World Bank, would suggest corrective action where necessary. The second element enables the monitoring of public expenditure from a quality viewpoint to assess the impact of public spending on the poor. Annual reporting and monitoring would provide an opportunity to review actual public spending in the first half of the year and assess whether the expenditure targets for the whole year would be met. This would enable the government to take the necessary corrective measures, as needed, to meet the annual targets.

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[1] Seven PERs have been conducted to date, frequently with IMF, European Union, and bilateral donors' participation, focusing on improvements in budgetary planning and trends in budgetary aggregates. The PER scheduled for February-March 2001 seeks to improve the timeliness and quality of regional government reporting.