



The information contained in this sheet has been compiled by [Jaume Portell](#), a journalist specializing in economics and international relations, in an activity 85% co-financed by ERDF funds within the framework of the [AfricanTech](#) project (1/MAC/1/1.3/0088) under the INTERREG VI D MAC 2021-2027 initiative.

## **ETHIOPIA**

### **Macroeconomic framework:**

Following the end of the internal conflict in Tigray, Ethiopia's economy grew above 6% in 2022 and 2023, supported primarily by the services sector. The lack of access to the sea is still a logistical challenge for the country. The GDP in 2023 reached \$163,7 billion, the fifth largest economy in Africa. According to the 2024 African Economic Outlook, poverty was reduced between 2016 and 2019, from 31.1% of the population to 27%. However, the war reversed this trend: 31.4 million people (25% of the population) now require humanitarian assistance as a consequence of the conflict and the effects of climate change. It will be necessary to create 2,5 million jobs per year to absorb the population that enters the labour market each year. Ethiopia hopes to keep stimulating its growing manufacturing sector to achieve this.

### **Debt and currency:**

Ethiopia defaulted on its debt at the end of 2023. Its stock of external debt is around \$28 billion, a modest number compared to its GDP. The difficulty in repaying the debt has been generated by the lack of dollars when it comes to meeting payments that soared in 2024 (\$9,386 billion). At the end of 2023, Ethiopia had \$1 billion in reserves at its central bank and decided not to pay an interest maturity (\$33 million) on the Eurobond with a deadline at the end of 2024. Because of the lack of dollars, Ethiopia agreed to do a series of reforms in exchange for IMF and injections from the World Bank (about \$20 billion). One of the most influential reforms was to float the local currency, the birr, in exchange for receiving the loans. At the end of July, the birr went from 57 birr per dollar to surpass 80 birr per dollar. By the end of February 2025, it is already above 130 birr per dollar. The local authorities and the IMF pinned the success of the reformation to the possibility of attracting more investments to the Ethiopian private sector.

### **Imports and exports:**

According to the MIT Complexity Index, Ethiopia's exports in 2023 were \$3970 million, with flowers and gold as the main currency source. Clothes have gained weight in the last years, and they represent 11% of exports. The main markets for these sales were the United States, China, and the United Arab Emirates. Imports were \$19,8 billion. One out of four products imported into Ethiopia came from China. Most of the products coming into Ethiopia are of Asian origin, with a prominent role for Middle Eastern countries and India. The two main imports were rice and gasoline, which represent on their own 15% of the annual spending on imports. These two products, when there is a lack of dollars and the local currency falls, pass on inflation to the rest of the economy.

### **Energy and electricity:**

Ethiopia's energy mix relies heavily on biofuels, which represent 88% of demand. According to the International Energy Agency, this African country consumed less than 2 Terajoules (TJ)- Spain consumed almost 5 TJ with a much smaller population. Ethiopia generated 2023 18.22 TWh of electricity. This number is eleven times what it was in 2000, and it has served to accompany an incipient industrialization in the country, based on the textile exports. Almost all electricity (96%) is from hydroelectric origin, and the project of the Grand Ethiopian Renaissance Dam, which is searching for water on the Nile to produce more electricity, aims to consolidate this tendency. Its success would double its electric production in the country, but it compromises the relationship with its neighbours, Sudan and Egypt, which depend on the Nile's water for food production.

### **Defence:**

Annual defence spending was \$1226 million in 2024, according to SIPRI, a Swedish institute for strategic studies. This figure represents 7,54% of government spending, a number that has increased considerably from the previous decade because of the conflict in Tigray between 2020 and 2022. Ethiopia's main supplier for the past two decades has been Russia.

### **Demographics:**

Most Ethiopians live in rural areas, even though this figure has decreased since 1990. At that time, 87% of Ethiopians lived in rural areas, a figure that has decreased to 77%. During this period of time, Ethiopia went from having 48 million inhabitants to 126,5 million, and it has become the second most populous country in Africa after Nigeria. During the famine in the 1980s, life expectancy in Ethiopia decreased to 36 years. By 1990, this figure had risen to 45 and is now 64. Half of the population is less than 20 years old

### **Technological innovation:**

Between 2006 and 2014, Ethiopia received \$3.1 billion in loans from Chinese companies (like Huawei) to upgrade its telecommunications. In 2022, 19% of the population had access to the internet, a low number compared to the average, but

a very important increase compared to 2010. At that time, less than 1% of Ethiopians had access to the internet. A large proportion of them do so using their mobile phone: according to the 2023 ICT Development Index, 43% of Ethiopians had one.