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Ethiopia's Response to the Covid-19 Pandemic: Measures, Impacts and Lessons

Abstract

The Covid-19 pandemic in Ethiopia emerged when the country had started to face macroeconomic imbalances and social unrest. It was, thus, feared to derail the unprecedented economic and social progress made in the last two decades. Several studies predicted a non-trivial loss on various dimensions of the Ethiopian economy. This study confronts the predictions using actual performance data. Our analysis shows that the overall impact of Covid-19 on the Ethiopian economy has been modest. The spread of the Covid-19 pandemic in the country has also remained low unlike to the expectations. This study highlights the policy and non-policy factors that contributed towards this.

Key words: Covid-19; Ethiopia; Policy Response; Economic Impact

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1. Introduction

The Covid-19 pandemic has caused a devastating loss of life throughout the world. About 220 million people confirmed cases out of which 4.56 million deaths have been recorded globally as of the end of August 2021 (WHO, 2021). Although primarily a health crisis, Covid-19 also caused severe economic and social damage. It is estimated that in 2020 global Gross Domestic Product (GDP) decreased by 3.5 per cent.[1]

There are various channels through which the Covid-19 crisis can affect an economy. The first channel is the simultaneous impacts on the supply and demand sides of the economy. Keeping workers at home and imposing social distancing to prevent the spread of the virus shuts down production and breaks the smooth functioning of domestic and global supply chains. The ensuing sharp decline in employment and income, in turn, reduces aggregate demand in all economic sectors, particularly in services but also manufacturing where trade through cross-border supply networks is most important. Second, the Covid-19 crisis shocks international trade (affecting both exports and imports) and capital flows (for example, a reduction in foreign direct investment (FDI) and remittances). A third transmission mechanism is through government budgets and expenditure. While revenue collection shrinks, government expenditure soars due to increasing health expenditure and cash transfers or subsidies.

Ethiopia reported the first Covid-19 case on 2 March 2020. By the end of August 2021, the total Covid-19 cases have reached above 300K making Ethiopia the fifth most infected country in Africa. But Covid-19 cases per population remained among the lowest in the region and globally.

The global economic slowdown and partial lockdown measures introduced by the government has adversely affected the Ethiopian economy much like many other countries. According to the International Monetary Fund (IMF, 2020), the immediate impact in Ethiopia was felt through the temporary disruption of exports of major products such as coffee and sesame, flowers, manufactured products, etc. Ethiopia's flower industry, the second-largest exporter to Europe, was at the brink of disaster with close to 11 million dollars in losses incurred in the last two weeks of March 2020 alone (Addis Fortune, 2020). The industrial parks had also forced to cease their production and reduce employment due to the weak global demand. For example in the first quarter of 2020, about 8 companies in Hawassa industrial park shut down production and released about 14,000 employees in different forms (leave with and without pay) due to cancelation of orders by buyers from the United States and Europe (UN, Ethiopia, 2020a). The Ethiopian airline, which was hard hit by the Covid-19 crisis, terminated about 90 per cent of international flights and reported to have lost about $550 million in the first quarter of 2020 alone (Endeshaw, 2020). Disruptions in the hospitality industry (hotels, restaurants, bars, etc.) and tourism also had negative impacts on national and regional outputs.

In order to prevent or reduce the Covid-19 pandemic and its impact on lives and livelihoods, the Ethiopian government declared a national state of emergency in early March 2020 and since then has taken various measures. Besides, it has introduced several relief measures and stimulus packages in support of households and businesses and to safeguard the economy.

The aim of this paper is to examine the measures, actions, and impacts of Ethiopia's policy response to the Covid-19 shock with the aim of extracting valuable lessons for itself and other peer developing countries in terms of peer-learning and knowledge sharing. The paper specifically tries to address the following major questions:

- What was the predicted short- and medium-term growth scenario prior to the Covid-19 shock? How did the outbreak of the pandemic in early 2020 alter these predictions? What are the key national and international challenges that the Covid-19 pandemic poses for Ethiopia's economy?

[1] https://www.statista.com/aboutus/our-research-commitment.

- What were the main policy actions that Ethiopia has adopted to address these challenges? And what kind of impacts have these policy actions had?

- What lessons can other developing countries draw from Ethiopia's response in terms of policy formulation and effectiveness?

This study is based on a desk review of available literature and data from secondary sources. The remaining sections are organized as follows. The next section gives some socio-economic background of the country. Section three presents Ethiopia's Covid-19 incidence and spread as well as the predictions made by different studies on the impact of Covid-19 on the economy.

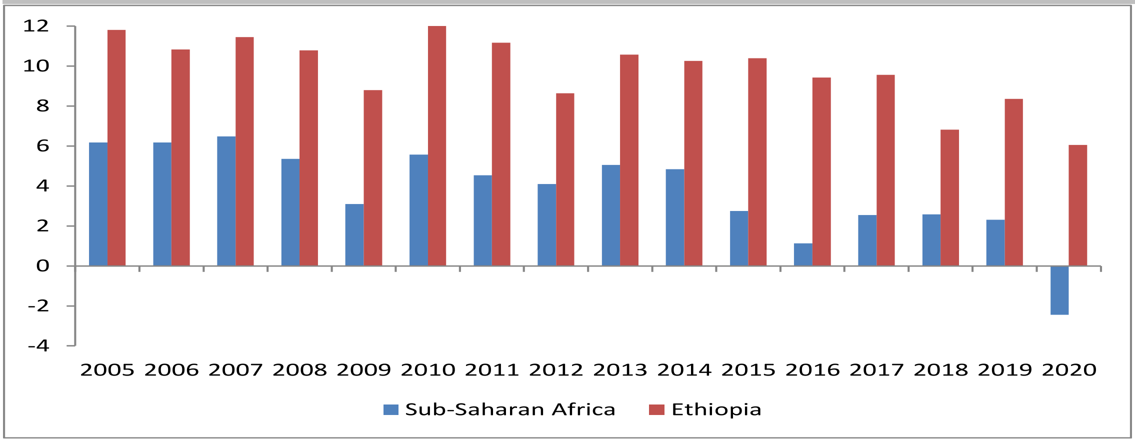
Section four discusses how the economy has actually performed since the outbreak of Covid-19 using data for the year 2019/20 and the first six months of 2020/21, depending on the availability of data. Section five presents key policy measures and actions that Ethiopia has taken in addressing the Covid-19 pandemic and associated economic challenges. Finally, the paper summarizes the main findings and lessons.

2. Ethiopia's socio-economic progress and challenges prior to the Covid-19 pandemic

Ethiopia has formulated and implemented subsequent five-year development plans since the early 2000s.[2] The Growth and Transformation Plan (GTP I) (2010/11–2014/15) explicitly stated a target for the country to reach lower middle-income status by 2025. To sustain the rapid and broad-based growth path, the development plans gave special emphasis to agricultural and rural development, industry, infrastructure, social and human development, capacity building, good governance and inclusiveness.

Ethiopia has shown unprecedented economic growth following the implementation of the development plans. For example, from 2005 to 2020, Ethiopia's economy grew by an annual average rate of 9.8 per cent. This is about 2.5 times the annual average growth rate in sub-Saharan Africa (SSA) over the same period (Figure 1).

Figure 1. GDP Growth - Ethiopia and sub-Sahara Africa average, percentages



Source: World Bank, World Development Indicators (WDI) database, and author's compilation.

Rapid economic growth was accompanied by a remarkable growth in capital formation. Ethiopia's gross fixed capital formation (GFCF) to GDP ratio had reached a record 40 per cent in 2015, which is comparable to East Asian economies such as the Republic of Korea and Taiwan Province of China at their early economic take-off stage. Ethiopia has also seen an influx of foreign direct investment (FDI) in the last decade. FDI grew from $0.6 billion in 2011 to a record of $4 billion in 2017, while somewhat declining in the recent three years (WDI).

Table 1 reports the economic and social progress of the country over the last two decades. In 2019, the size of the Ethiopian economy (GDP at current dollars) reached $95.6 billion, which is about ten-fold the economy's size in 2000. This high economic growth brought about a seven-fold increase in per capita income and the share of people living below the poverty line (measured as $1.90 per day) slashed by about half (that is a decrease from 63.4 per cent to 32.6 per cent) during this period.

[2] Sustainable Development Poverty Reduction Strategy (SDPRP) (2002/03–2004/03), Plan for Accelerated and Sustained Development to End Poverty (PASDEP) (2005/06–2009/10), Growth Transformation Plan (GTP) I (2010/11–2014/15), and Growth Transformation Plan (GTP) II (2015/16–2019/20).

Table 1: Ethiopia's major economic and social progress indicators

	2000	2010	2015	2019
Population, total (millions)	66.22	87.64	100.83	112.07
GDP (current US$) (billions)	8.24	29.93	64.58	95.91
GDP per capita (current US$)	124.46	341.55	640.54	855.76
Poverty headcount ratio at $1.90 a day (2011 PPP) (per cent of population)	63.4	35.2	30.8	
Births attended by skilled health staff (per cent of total)	6	10	27.7 *	
Physicians (per 1,000 people)	0.021	0.022	0.099 †	
Nurses and midwives (per 1,000 people)	..	0.236	0.82 †	
Life expectancy at birth, total (years)	52	62	65	66.5
Mortality rate, infant (per 1,000 live births)	87	54.3	43.1	36.5
School enrolment, primary (per cent, gross)	54.7	91.7	101	
School enrolment, secondary (per cent, gross)	14	35	35	

Source: See Figure 1.

Note: * denotes data for 2016; † denotes data for the year 2017.

The country registered multifaceted progress in living standards and met several of the Millennium Development Goals. It has exhibited an unprecedented acceleration in primary and secondary education enrolment. Between 2000 and 2015, gross primary education enrolment increased from 54 per cent to 101 per cent. The secondary enrolment rate has also been on the rise, increasing from 14 per cent to 35 per cent over the same period. Ethiopia's health progress has been similarly strong and rapid in the last two decades. Life expectancy grew from 52 years to 66 years in the period 2000 to 2018, which stands among the highest in Africa. The infant mortality rate more than halved (from 87:1000 to 36.5:1000) over the last two decades. Birth attendance by skilled health staff increased more than four-fold (from 6 per cent to 28 per cent), and the number of physicians and nurses per 1000 people have also increased significantly in the same period.

Access to water and sanitation is an important ingredient in the fight against the Covid-19 pandemic. Table 2 displays Ethiopia's progress in these indicators over the last two decades. As can be clearly seen in the table, Ethiopia has made remarkable progress in improving access to basic water services and sanitation particularly in the rural area, which had been neglected for centuries. This is commendable with regard to the low initial or starting point but the country is yet to reach the average sub-Saharan African access level, let alone the rapidly progressing countries in the region. The gap is particularly high when it comes to washing and sanitary facilities.

Table 2: Access to water and sanitation, Ethiopia and sub-Saharan Africa average

	Ethiopia			SSA average
	2000	2010	2017	2017
People using at least basic drinking water services (per cent of population)				
Total	18.7	33.0	41.1	60.9
Rural	8.6	23.4	31.1	45.7
Urban	77.0	79.0	80.3	84.1
People with basic hand washing facilities including soap and water (per cent of population)				
Total		0.9	8.0	18.7
Rural		0.1	4.0	17.6
Urban		4.9	23.3	20.3
People using at least basic sanitation services (per cent of population)				
Total	3.4	5.7	7.3	25.5
Rural	1.2	3.1	4.2	17.2
Urban	16.0	18.1	19.6	37.7

Source: See Figure 1.

Even though the country has achieved rapid economic growth, which has led to significant poverty reduction, sustaining these achievements appears to have become difficult in recent years. The country had increasingly become vulnerable and faced with structural challenges and social unrest when it was struck by Covid-19. Economic growth started to decelerate in 2018. The average annual growth rate in the period 2018–20 was about 7 per cent, which is lower than the annual average growth rate (10 per cent) recorded over the previous five years (2013–2017). The economy also started to suffer from multifaceted macroeconomic imbalances such as a high trade deficit (12.5 per cent of GDP), rising debt burden (the country's external debt stock amounts to $27 billion or 28.1 per cent of GDP), high inflation (12.6 per cent), and an increasing savings-investment gap (10 per cent of GDP) in 2018/19 (UN Ethiopia, 2020a).

In recognition of these challenges, the government of Ethiopia launched a three-year reform agenda, dubbed as the Homegrown Economic Reform (HGER) in September 2019. The reform constitutes three key pillars with the aim of achieving macroeconomic stabilization and a return to a high growth path. The three key reform pillars are: (i) macro-financial reform aims to control inflation, reduce debt distress, improve debt sustainability, and create a healthy financial sector and a competitive external sector; (ii) structural reform aims to remove bottlenecks that constrain businesses and enhance institutional capacity; and (iii) sectoral reform aims to address sector-specific government (institutional) and market failures. The government initiative was supported by development partners including the World Bank and IMF. For example, IMF approved US$ 2.9 billion program support in December 2019 (Sanchez Martin et al., 2020).

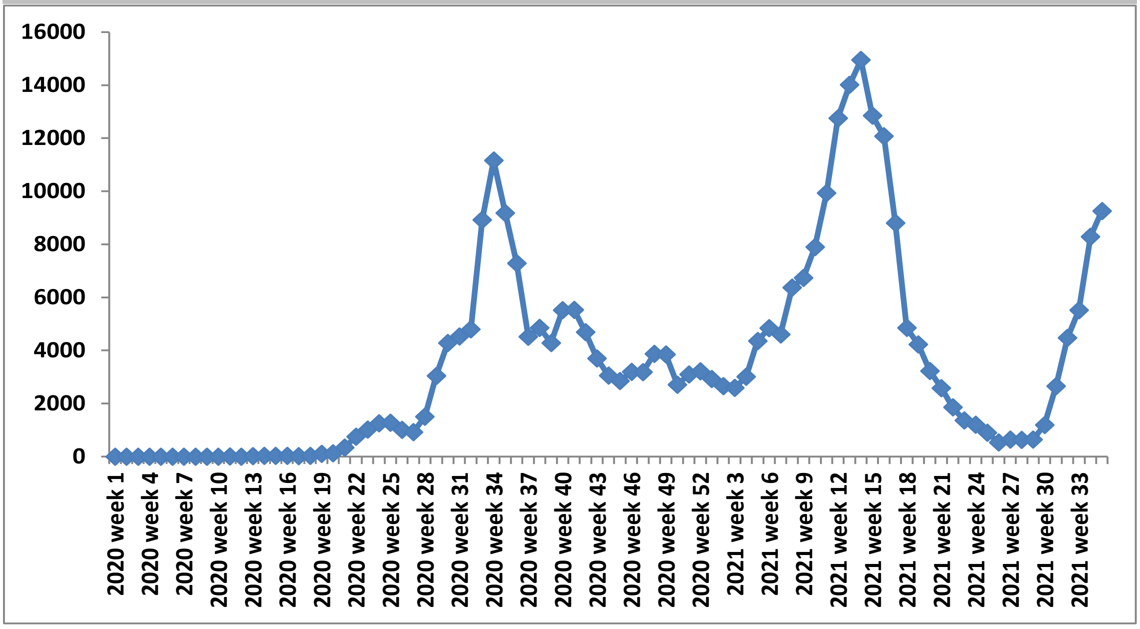
The occurrence of the Covid-19 pandemic at this time period was, therefore, feared to derail not only the reform agenda but also the major social and economic successes that the country had registered over the last couple of decades.

3. Ethiopia: the Covid-19 pandemic and predicted economic impacts

3.1 Covid-19 incidence and spread in Ethiopia

Ethiopia reported the first Covid-19 case on 2 March 2020. This was about two months after the first reported cases in Wuhan, China, about one month and a half after the first reported case outside China (in Thailand) and three weeks after the first case reported in Africa (Egypt). WHO (2021) reports a total number of 310,994 Covid-19 recorded cases and 4711 deaths in Ethiopia as of 3 September 2021. The total number of Covid-19 cases makes Ethiopian the fifth most infected countries in Africa. But considering Ethiopia's population size (the second most populous country in Africa), the ratio of Covid-19 cases per population is very low (0.27) compared to most other African countries. Figure 2 gives the weekly Covid-19 case pattern of Ethiopia from January 2020 to August 2021.

Figure 2. Ethiopia – weekly new Covid-19 cases



Source: WHO and own compilation https://covid19.who.int/info/.

The figure shows the occurrence of two peaks of Covid-19 cases in mid-August 2020 and the first week of April 2021. A third peak, however, seems to have been emerging in Ethiopia since August 2021. Addis Fortune (2021) states that cases and deaths have been climbing since mid-August 2021, flagging the pandemic's third wave, a year and a half since it first took hold. This month alone (mid-August–mid-September 2021), over 22,000 cases have officially been registered, marking a growth rate of 18 per cent, a state of affairs that coincided with the confirmation of the presence of the delta variant in Ethiopia.

3.2 Predicted short- and medium-term growth scenarios prior to the Covid-19 shock

Several studies conducted on the impact of the Covid-19 pandemic on the Ethiopian economy show a non-trivial loss on various dimensions of the economy. This part presents the predictions made on economic growth, employment and other macro variables based on a review of four main studies conducted in early 2020.

a) GDP Growth

Table 3 summarizes the predictions by four studies on the impact of Covid-19 on Ethiopia's GDP growth rates. The Planning and Development Commission, PDC (2020) estimated the impact of Covid-19 on Ethiopia's economic growth and urban labour market based on a blend of methodologies: Social Accounting Matrix (SAM) multiplier analysis and system dynamics. The forecast considers two major scenarios: moderate and worst cases referring to different durations, i.e., respectively a 3- and 6-months period of confinement measures and Covid-19 crisis. The PDC results show that, in the short run (in the 2019/20 Ethiopian fiscal year), economic growth would deviate from the baseline by 2.81 and 3.80 percentage points respectively in the moderate and worst case. PDC also estimates the long-run (5-years) economic growth impact and predicts average growth rate to deviate from the baseline by 2.6 and 3.1 percentage points respectively in the moderate- and worst-case scenarios. However, the five-year growth estimation seems to rely on over-simplistic assumption and ignores the dynamics of several other factors.

Table 3: Economic growth predictions due to Covid-19 crisis period

	Scenarios	Reduction in GDP (per cent) or GDP growth rate (percentage points) from the baseline	
		EFY 2019/20	Beyond 2019/20
PDC (2020)	Moderate case: 3 months confinement measures and Covid-19 crisis	2.8 percentage points	2.6 percentage points (in 5 years)
	Worst case: 6 months confinement measures and Covid-19 crisis	3.8 percentage points	3.1 percentage points (in 5 years)
EEA (2020)	Mild scenario duration 3 months	2.2 per cent	
	Sever scenario duration 3 months	3.6 per cent	
	Mild scenario duration 6 months	6.7 per cent	
	Sever scenario duration 6 months	9.9 per cent	
Cephus Capital (2020)		1 percentage points	2.3 percentage points (EFY 2020/21)
UN Ethiopia (2020a)	Best-case scenario	2 percentage points	
	Mid-case scenario	3.6 percentage points	
	Worst-case scenario	4 percentage points	

Source: Author's compilation.

The Ethiopia Economic Association, EEA (2020) study is another one that examined the growth and welfare impact of the Covid-19 pandemic in Ethiopia. The study relied on three scenarios: base, mild and severe cases. The effect of the pandemic is estimated based on labour layoffs under two pandemic situations (mild and severe) and two pandemic durations (3 months and 6 months). In the mild case, it is assumed that the adverse effect of the pandemic will be mitigated through rapid response mechanisms with low infection rates. In the severe scenario, it assumes a widespread outbreak of the virus across the country leading to high economic and social impacts.

According to EEA (2020), under the baseline scenario GDP will rise from 1874.7 billion birr in 2018/19 to 2067.7 billion birr in 2019/20, which amounts to a growth rate of about 10 per cent. However, under the 3-months pandemic and confinement duration, GDP will be lower by 2.2 per cent and 3.6 per cent vis-à-vis the baseline respectively in the mild and severe cases. In the prolonged Covid-19 duration (six months), the economy will experience a significant loss; that is, a 6.73 per cent and 9.88 per cent decline from the baseline GDP scenario respectively under the mild and severe cases. The estimation expected the effect on the service sector to be very severe followed by the manufacturing and construction sectors. The agriculture sector was expected to be the least affected in this analysis.

The Cephus Capital (2020) study relies on a very restrictive assumption. It assumes that given the relatively limited spread of the virus at the time when the study was undertaken (March 2020), the early economic impacts are largely confined to the four already affected sub-sectors, such as the hospitality industry, exporters (flowers/textiles), certain manufacturers, and banks. Moreover, it assumes that the Covid-19 impacts will be most severe for the immediate quarter ahead (April-June 2020) while being followed by a slow but gradual recovery of affected economic activity—both in Ethiopia and globally—in the following six months (July–December 2020). Under the ‘limited virus spread scenario’, the study estimates that GDP growth will be lower by 1 percentage point for the 2019/20 fiscal year (reducing the growth projection form 8 per cent to 7 per cent). For the next year (2020/21), however, given the full effect, the reduction in growth will be a 2.5 percentage points (lowering the growth projection from 7.5 per cent to 5 per cent).

UN Ethiopia (2020a) studied the potential socio-economic impact of Covid-19 in Ethiopia using both historical experiences and modelling exercises to estimate the likely range of impacts on macroeconomic variables. It constructed three scenarios: best-case, mid-case and worst-case. Scenario 3 (worst-case) is based on the National Emergency Response Plan (NERP) called ‘severe impact’, referring to a high intensity of the epidemic, strong restrictions and widespread lockdown. The number of expected Covid-19 cases in scenario 3 was estimated to be 34,068 per month for the three months starting April 2020. Accordingly, the expected reductions in the GDP growth rate in 2020 were in the best-case scenario 2 percentage points, in the mid-case scenario 3.6 percentage points, and in the worst-case scenario 4 percentage points.

b) Jobs and income losses

Various studies have also projected the impact of Covid-19 on jobs. The estimation by JCC (2020) suggests that over 3 months (April to June 2020) between 727,000 and 2.5 million jobs would be threatened under the low- and high-impact scenarios[3]. This same study also estimated an income loss for urban self-employed in the service sector by $265 million based on a medium-estimate (low-estimate $132 million, high-estimate $296 million) in the same 3-month period. PDC (2020) predicted a job loss between 705 thousand and 1.57 million in the moderate and worst-case scenarios. This study further reveals that the urban poor are the most vulnerable social class and their income tends to decrease by nearly 11 per cent and 14 per cent in the moderate and worst-case scenarios.

EEA (2020) predicted a 5.73 million job loss under the mild case 3-month duration scenario and a job loss of 13.15 million under the severe, 6-month scenario. Cephus Capital (2020) shows that in the severely affected four sub-sectors, the loss could amount from 400,000 to 500,000 jobs. Taking another approach and based on CSA's urban employment data in all sectors, this study predicted on average a job loss of 1.1 million. The UN Ethiopia (2020a) assessment predicted a 10–15 per cent loss of employment (both wage- and self-employment), which could have major effects leading to a cumulative loss of perhaps 1.6–2.4 million jobs depending on the severity and duration of the crisis, mostly in urban areas.

Some studies have also estimated the impact of Covid-19 on poverty in Ethiopia. The UN Ethiopia (2020a) conservative estimate shows that 2 million more people could fall into poverty. The EEA (2020) study, on the other hand, shows that the incidence of poverty is expected to grow from 22.1 per cent in the base scenario to 38.4 per cent in the worst scenario, assuming the pandemic to last for a year. The depth of absolute poverty will also increase from 6 per cent in the base scenario to 12 per cent (double) in the extreme scenario.

[3] The three months medium based estimate shows a loss of about 1.4 million jobs, which is disaggregated into the major sectors as follows: a loss of 310,000 jobs in the service sector, 340,000 jobs in the manufacturing sector, and 741,000 jobs in the construction sector.

c) Predictions regarding other macroeconomic variables

Cephus Capital (2020) and UN Ethiopia (2020a) have also made projections on some other macroeconomic variables such as inflation, trade, FDI, exchange rates, the balance of payments, and remittances. Cephus Capital (2020) predicted the exchange rate to depreciate and the buying rate to reach 34.3 Birr/$ by the end of June 2020. FDI inflows were predicted to further fall by $1 billion and reach $2.4 billion in 2019/20. It further predicted exports of goods to decline by $300–$400 million during April–June 2020, with service exports predicted to decline by about $2.2–2.5 billion. The total imports bill was expected to remain unchanged despite a drop in the oil imports bill. Hence, the balance of payments was predicted to deteriorate by only around $500 million in 2019/20. The study further predicted remittances inflows by the year-end to drop from an expected $6 billion to just $5.1 billion.

UN Ethiopia (2020a), on the other hand, predicted inflation to rise to above 20 per cent, the Birr to depreciate by 12 per cent against the US dollar by the end of 2020, a 25–30 per cent drop in exports of goods and services, the import bill for oil to drop from $2.6 billion in 2019 to $1.3 billion, and a drop of 10–15 per cent (around $570–$850 million) in remittances during 2020.

4. How the outbreak of the Covid-19 pandemic affected the Ethiopian economy?

4.1 Economic growth impact

This section discusses how the outbreak of the Covid-19 pandemic has affected Ethiopia's economy in relation to earlier economic performance patterns and predictions. Table 4 reports the Ethiopian economic performance over a 3-year period (2017/18–2019/20). The GDP growth rate in 2019/20 was 6.1 per cent, showing a decline by about 3 percentage points from the earlier year (2018/19) growth rate. This is consistent with predictions made under the mild scenario by most of the studies, saying that due to the Covid-19 pandemic GDP growth for the year 2019/20 will deviate from the base by about 2–3 percentage points, implying a GDP growth rate of 5–6 per cent.

This modest decline in Ethiopia's GDP growth rate might be partly due to the fact that the impact of the Covid-19 pandemic took place largely in the second half of the fiscal year. Note that the Ethiopian fiscal year extends from July to June; hence, the fiscal year 2019/20 covers July 2019 to June 2020. The fact that the Ethiopian economy is less integrated with the rest of the world and agriculture still substantially contributes to the economy and employment may provide an additional explanation for the moderate decline observed in GDP growth.

Table 4: The macroeconomic impact of Covid-19 – actual performance

	Actual performance		
	2017/18	2018/19	2019/20
Real GDP Growth rate (per cent)	7 .7	9.0	6.1
Agriculture sector (absolute growth rate, per cent)	3.5	3.8	4.3
Agriculture sector (contribution to GDP growth in per cent)	16.5	14.6	22.9
Industry sector (absolute growth rate, per cent)	12.2	12.6	9.6
Industry sector (contribution to GDP growth in per cent)	40.8	39.5	42.6
Service sector (absolute growth rate, per cent)	8.8	11.0	5.3
Service sector (contribution to GDP growth in per cent)	44.0	45.8	34.4
Inflation (in per cent)			
General	14.6	12.6	19.9
Food	13.4	13.1	23.3
Non-Food	15.8	11.9	15.8
Exchange rate (Birr/$ weighted average Interbank)	26.11	28.05	31.34

Source: National Bank of Ethiopia (NBE), Annual Report 2019/20.

In terms of economic sectors, growth in agriculture in 2019/20 was not affected by the Covid-19 pandemic (Table 4). In fact, its growth rate slightly increased (by 0.5 percentage points) in comparison to the earlier year (2018/19) and its contribution to GDP growth substantially improved given a large decline in the other sectors. Note also that the main harvest season in Ethiopia runs from September to December. This means that the 2019/20 harvest season, which was between September–December 2019 predates the occurrence of the Covid-19 pandemic in the country. One may not, therefore, expect a substantial effect on agricultural production due to Covid-19 in the fiscal year of 2019/20.

Besides, except some locust effect in the North, the country had an overall good harvest season. According to Sanchez Martin et al. (2020), agriculture growth in the fiscal year 2019/20 was robust. During the main harvest season, grain crop production showed an increase of 6.2 per cent, compared to the 3.1 per cent growth in the earlier year. Pulses were the only crop type to show a marginal decline in growth rate (0.2 per cent), while both cereals and oilseeds showed strong growth rates of about 7 per cent. Growth of the livestock subsector was reduced by half to 3.3 per cent compared to 6 per cent in the fiscal year 2019, while the forestry and fishing subsectors registered nearly the same growth.

In contrast, the industry and service sectors were affected by the Covid-19 pandemic as they are more exposed to the global economic slowdown than the agriculture sector. The industry sector growth rate dropped from 12.6 per cent in 2018/19 to 9.6 per cent in 2019/20. Despite this, the industry sector relative contribution (in per cent) to GDP growth rate improved slightly because the relative decline in the service sector is very large and the GDP growth rate itself had also correspondingly declined in this period. The earlier assessment from the Ethiopian Investment Commission (EIC) shows that production, employment and exports in large manufacturing firms, particularly in the industrial parks, have been affected by the Covid-19 pandemic and associated restrictions. For example, in April 2020, total exports from nine operational public and private parks declined to $7.2 million, less than half the value in January ($15.6 million). Total employment in nine industrial parks declined from eighty-six thousand to seventy-four thousand between December 2019 and April 2020 (Sanchez Martin et al., 2020).

The service sector was in fact the hardest hit sector in Ethiopia by the Covid-19 pandemic. In 2019/20 the growth rate of the service sector was 5.3 per cent, which is a drop by about a half in comparison to the 11 per cent growth rate in the earlier year (2018/19). The relative contribution of the service sector to GDP similarly declined from 45.8 per cent in 2018/19 to 34.4 per cent in 2019/20, which is by about a half. The slowdown in the service sector was initially felt through weakening demand for hospitality services and air transport, with Ethiopian Airlines suspending passenger flight routes and reporting sharp losses. The State of Emergency declared in early April 2020 restricted cross-border and within-the-country mobility, which partly explains the negative impacts on trade, travel and hotel businesses.

4.2 Employment and Livelihood Impact

Inflation in Ethiopia seems to be persistently high, consistent with the predictions. The average general inflation rate in 2019/20 was about 20 per cent, largely driven by high food prices. This is more than 5 percentage points higher than the previous year inflation rate. The Covid-19 crisis is believed to have contributed to the pre-existing inflationary pressure.

So far there is no official report that would allow assessing the impact of Covid-19 on employment in Ethiopia. But some studies, which are based on limited sector surveys, are emerging. World Bank has conducted two types of surveys since April 2020: one High Frequency Phone Survey of House Holds (HFPS-HH) and another High Frequency Phone Survey of Firms (HFPS-F) to monitor the effect (and response) of Covid-19 on households and firms respectively. Sanchez Martin et al. (2020) highlight the main findings of these surveys with regard to the Covid-19 impact on employment. As per the household survey, 8 per cent of respondents had lost their job at the beginning of the outbreak, particularly those who were self-employed or working as casual labourers. The share of respondents who lost their job was highest in the hospitality sector, construction, and wholesale and retail trade sectors. Employment rates rebounded in the second half of 2020 reaching pre-Covid-19 levels in rural areas but remaining slightly lower than before the pandemic in urban areas. This shows that Covid-19 has had a small yet persistent effect on employment in Ethiopia. The firm survey (on formal firms in Addis Ababa), on the other hand, shows that, overall, 18 per cent of firms in the sample reported to have laid off workers since 1 April 2020, while only 5 per cent had hired new workers. About one-third of manufacturing firms had reportedly fired workers, compared to 15 per cent of services firms.

The International Labour Organization (ILO) (2021) recently conducted a rapid skill assessment on the impact of Covid-19 on employment and skills based on a field survey that was conducted in the first quarter of 2021 on two sectors: tourism and agro-processing. The survey result shows that employment in 71 per cent of the firms surveyed stayed the same while about 22 per cent reported to have reduced their employment. The sectors that reported a relatively higher decrease in employment are tour operators (40 per cent) followed by the poultry (32 per cent) and floriculture sectors (22 per cent).

Overall, the reviewed studies suggest that the predicted loss of millions of jobs due to Covid-19 does not look realistic. This could be partly due to government restrictions on worker layoffs during the five months of the state of emergency. But the most plausible reason seems to be due to the fact that the decline in economic activities was not as severe as expected. We shall discuss this issue further in the next section in relation to the policy actions of the government to reduce the economic damage.

4.3 The Impact on International Transactions

We now turn to assess the Covid-19 impact on Ethiopia's international transactions and finance. During 2019/20, the weighted average exchange rate of the Birr against the dollar in the inter-bank foreign exchange market was 31.34, showing an about 11.7 per cent annual depreciation (Table 4). The depreciation rate in the earlier fiscal year (2018/19) was only 7 per cent. This suggests that the National Bank of Ethiopia (NBE) allowed a faster rate of depreciation in comparison to previous years' annual depreciations.

Table 5 reports Ethiopia's international transactions and performance including the current account and capital flows over the last three years (2017/18–2019/20). In order to show recent developments, this table also reports the first six months of 2020/21 and compares performance with the first six months of the preceding year. Contrary to expectations, goods exports have shown a 12 per cent growth in the 2019/20 fiscal year in comparison to 2018/19. The goods export growth also continued in the first six months of 2020/21.

However, these figures mask the shock faced by several industries in the export sector due to Covid-19. Table A1 (in the annex) reports goods exports by item and shows that export growth in 2019/20 was largely driven by the abrupt increase in gold export earnings (604.5 per cent), which increased from $27.9 million in 2018/19 to $196.5 million. In contrast, several major export items such as oilseeds, leather and leather products, meat and meat products, fruits and vegetables exhibited a declining trend compared to earlier year. The six-month comparison (i.e., between the first six months of 2019/20 and 2020/21) is even more glaring about the adverse effect on exports. The majority of export products, including coffee, leather, pulses, meat, fruits and vegetables, textiles and garments, live animals, have declined although total exports have grown by as much as 21 per cent, again thanks to the continued rise in gold exports.

Table 5: Ethiopia International Transactions and Performance

	(Millions $)			Percentage change		(Millions $)		Percentage change
	2017/18	2018/19	2019/20			2019/20 1st 6 months	2020/21 1st 6 months	
	A	*B*	*C*	*=(B-A)/A*100*	*(C-B)/B*100*	*D*	*E*	*=(E-D)/D*100*
Exports (f.o.b)	2,836.1	2,666.5	2,987.7	-6	12	1287.2	1557.0	21.0
Imports	15,255.3	15,112.0	13,881.3	-0.9	-8.1	7566.3	6802.0	-10.1
Of which: Fuel	2,319.3	2,600.7	2,088.1	12.1	-19.7	1232.7	782.3	-36.5
Trade balance	-12,419.3	-12,445.5	-10,893.6	0.2	-12.5	-6279.1	-5245.0	-16.5
Services, net	-192.1	-550.7	-213.5	186.6	-61.2	63.8	18.3	-71.4
Non-factor services, net	237.1	38.9	393.7	-83.6	911.1	355.6	363.7	2.3
Exports of non-factor services	4,219.5	4,948.9	4,686.4	17.3	-5.3	2601.5	2362.1	-9.2
Imports of non-factor services	3,982.5	4,910.0	4,292.70	23.3	-12.6	2245.9	1998.4	-11.0
Private transfers, net	6,074.8	5,975.2	5,185.7	-1.6	-13.2	2608.5	3054.7	17.1
Of which: Private individual transfers	5,121.4	5,292.4	4,275.1	3.3	-19.2	2111.2	2514.6	19.1
Current account balance excluding off. transfers	-6,536.6	-7,020.9	-5,921.4	7.4	-15.7	-3606.9	-2172.1	-39.8
Official transfers, net	1,251.7	2,086.7	1,525.0	66.7	-26.9	629.9	432.7	-31.3
Current account balance including official transfers	-5,285.0	-4,934.2	-4,396.4	-6.6	-10.9	-2977.0	-1739.4	-41.6
Capital account	6,184.6	4,807.5	4,147.3	-22.3	-13.7	2165.6	1337.7	-38.2
Of which: FDI	3,723.4	3,015.4	2,419.2	-19.0	-19.8	1361.8	1338.5	-1.7

Source: NBE, Annual Report (2019/20); and NBE, Third Quarter Report 2020/21.

In contrast, merchandise imports dropped by 8 per cent in 2019/20, contributing to the narrowing of the trade deficit (see Table 5). The decline in the imports bill was largely driven by the large drop (~20 per cent) in fuel imports.

Table 5 also reports service exports and imports, both of which show a decline. For example, exports and imports of non-factor services (including travel, transport and government services) in 2019/20 respectively declined by 5.3 per cent and 12.6 per cent in comparison to the earlier year. The decline in services imports is higher than the decline in services exports, which results in a positive contribution of services trade to the current-account balance. We observe a similar pattern when comparing the first six months of 2020/21 with the first six months of 2019/20. Table A2 (in the annex) provides further disaggregation of services exports by type of activities. When comparing 2019/20 with the previous year, a large decline (63 per cent) was observed in the receipts from government services (transactions with embassies and international organizations), while the decline of receipts from travel and transport (includes Ethiopian Airlines receipts) was respectively 1.6 per cent and 1.1 per cent, which is modest. A comparison of the first six months of 2019/20 and of 2020/21, on the other hand, shows an improvement in receipts for travel (42.7 per cent) and government services (14.8 per cent), but a decline in receipts of transport services (20.2 per cent).

In terms of transfers, a substantial decline was observed in the fiscal year of 2019/20: private remittance by 19 per cent and official transfer by 27 per cent. Comparing the first six months of 2019/20 and 2020/21 shows that private remittances flows started to rebound but official transfers continue to decline. When looking at FDI, which is the major component in the capital account in the context of Ethiopia, its inflow in 2019/20 declined by 20 per cent in comparison to the previous year.

Overall, the findings suggest that a decline in remittances, official transfers and FDI have been the main channels through which the slowdown of the global economy negatively impacted the Ethiopian economy in the year 2019/20. These findings are more or less consistent with the predictions.

5. Major policy measures and actions taken to address the Covid-19 crisis

The government of Ethiopia started to implement various measures to contain the importation and spread of the Covid-19 virus as early as in March 2020. In collaboration with development partners including the World Bank, the government prepared the Emergency Response Project to strengthen the prevention activities, rapid detection, preparedness and response to the Covid-19 outbreak in March 2020. The project has five components: medical supplies and equipment; preparedness, capacity building and training; community discussions and information outreach; establishment of quarantine, isolation, and treatment Centres; and project implementation and monitoring. It was estimated to cost US$84 million to strengthen the government's capacity to be prepared and respond to the Covid-19 outbreak. The emergency response relied on the country's prevention-based primary public health-care infrastructure and the health extension system built during the last two decades, community mobilization, and public-awareness campaigns (World Bank, 2020, 2021a).

On 11 April 2020, the Federal government of Ethiopia declared a 5-month State of Emergency (SoE) (FDRE, 2020). A week later, the Federal Attorney General issued regulations to further define the measures for the implementation of the declared state of emergency. The social and public health related measures to contain the spread of Covid-19 include:

- Restrictions on cross-border movement
  - All incoming passengers into the country shall undergo a 14-day mandatory quarantine at his/her personal cost.
  - All movements across land borders, except for the flow of cargo and essential goods, are banned
- Nationwide ban on gatherings of more than four people
- Making the wearing of masks compulsory outdoors
- Avoid crowding in public and private transport
  - All public and private transportation (train, buses, taxies, private cars etc.,) are to be operated below 50 per cent seat occupancy.
  - Government buses are available free of charge to the public to limit overcrowding in the public transport system
- Awareness creation and media campaign based on WHO recommended practices such as frequent hand washing, avoiding handshakes, elbow sneezing and coughing through mass media,
- Closures of schools, universities, bars and nightclubs; suspending public gatherings and meetings and issuing stay-at-home orders for all but necessary staff
- Prohibiting firms from terminating employment contracts and from laying-off workers
- Postponement of the national elections scheduled for August 2020.

Task forces were established at different levels from the ministerial level down to the lowest administrative units to implement these rules and raise public awareness and participation. Through the Emergency Response Project, the government introduced screening at points of entry borders, surveillance and contact tracing; established designated quarantine and treatment centres, enhanced laboratory and testing capacity, waged awareness creation campaign, and implemented door-to-door screening. As of August 2020, the government conducted house-to-house screenings of more than 11 million households in Ethiopia and scaled up diagnostic testing from zero in early March 2020 to over 20,000 tests per day (World Bank, 2021a).

Unlike many other countries, Ethiopia has not gone for full-scale lockdown. The State of Emergency was lifted in September 2020 but several of the countering measures have remained in place through the introduction of new regulations following the new waves of the Covid-19 crisis. There has been, however, weak enforcement by the authorities and high inaction among the public in practicing protective measures because of culture and lifestyle, lack of protective materials and poor infrastructure, consumption patterns, as well as because the majority people (above 80 per cent) live in remote rural areas. It is also believed that the intensification of the conflict and instability particularly in the North of the country have drawn attention of the authorities as well as the public away from the Covid-19 pandemic.

In addition to social and health-related measures, the Government of Ethiopia introduced various interventions to safeguard the economy. On 12 March 2020, the Ethiopian Federal Ministry of Health prepared the Covid-19 pandemic National Preparedness and Response Plan (NPRP), estimated to require US$1.64 billion in funding. The Plan takes a multi-sectoral approach to pandemic preparedness and response under three planning scenarios (low, moderate, severe) of increasing intensity of impact. Development partners have pledged to support the initiatives and emergency assistance. For example, African Development Bank, IMF and the World Bank approved respectively $165 million, $411 million, and $82.6 million in support of the emergency assistance (Sanchez Martin et al., 2020). Box 1 lists some of the major interventions undertaken by the government to safeguard the economy including fiscal, monetary and sector specific measures.[4]

Box 1:

Fiscal interventions

- Tax exemptions for the import of materials and equipment to be used in the prevention and containment of Covid-19
- Ministry of Revenue to expedite VAT returns to support companies with cash flow
- Tax return and payments as well as pension contributions of private organizations to be extended by three more months (up to June 2012 EC) without interest and penalty
- Loss incurred in the 2020 fiscal year will be allowed to be carried forward to the next fiscal year even if the business has already carried forward two losses
- National Bank of Ethiopia to avail Birr 15bn (around $150 million) liquidity for private banks to enable them to provide debt relief and additional loans to their customers in need.

Monetary interventions

- National Bank of Ethiopia availed 21 billion birr (around $630 million) to support banks and address the liquidity shortage.
- Priority in foreign exchange allocation to Covid-19 related imports of goods and inputs
- Increasing the limit on individuals' cash transfers through mobile banking (Commercial Bank of Ethiopia, CBE).
- The Development Bank of Ethiopia (DBE) avails loan to solve the financial constraints of small and micro enterprises by opening a special window for quick disbursements. Credit will also be availed to micro-finance institutions and cooperatives to support small-scale businesses and farmer and consumer cooperatives respectively.

Sector-specific interventions

- Removal of the minimum price set by the National Bank of Ethiopia on the horticulture sector for flower exports
- Support the export sector through discount (about 50 per cent) on freight services using public transport including vehicle, railway, marine or flights.

[4] Source: EIC - http://www.investethiopia.gov.et/index.php/covid-19/latest-government-measures-support.html

In June 2020, the government initiated a “Business Sustainability and Jobs Protection Support” (BSJPS) programme to mitigate the impact of Covid-19 on the economy and particularly to reduce business closure and worker layoffs (Sanchez Martin et al., 2020). The support to businesses was scheduled to take effect in two phases: (i) an emergency phase, during the crisis, and (ii) a recovery phase, after the crisis. The objectives during the emergency phase are to provide financial space to businesses, keep them out of bankruptcy, reduce their job lay-offs, and prepare for the resumption of their economic activities once the crisis is over.

The BSJPS programme support was planned to have two components: a wage subsidy and a loan facility. While the wage subsidy initiatives aim at countering worker layoffs and the resulting loss of skill and knowledge, the loan facilities aim at supporting businesses that are facing increased liquidity constraints due to cash flow problems. Three sectors that include large manufacturing firms, micro, small and medium-sized enterprises (MSMEs) and the cultural and creative arts sector are identified as targets for the support programme. The overall programme cost was estimated about $234.2 million (United Nations, Ethiopia, 2020b). The government has been working with the donor community including EU, France, and UNDP to mobilize finance. However, implementation of this programme seems to be stalled while official updates are rarely available.

Other similar initiatives to support firms and workers such as MSEs Resilient Facility and Ethiopian Jobs Protection facility are under implementation. In December 2020, the Job Creation Commission with the initial support of $24.8 million from the Mastercard Foundation introduced MSEs Resilient Facility program to provide financial assistance in the form of grants and soft loans[5]. The support scheme targeted only 24,000 MSMEs in Addis Ababa, which is limited in coverage in relation to the estimated 1.6 million MSMEs in the country. JCC has also implemented another support scheme to support industrial jobs – namely the Ethiopian Jobs Protection Facility, which is financially backed by United Kingdom and Germany and focuses on the industrial parks. According to Sanchez Martin et al. (2020) under this programme, only about a third of firms in industrial parks have received some government support, whereas outside industrial parks just about 0.5 per cent of firms had received some support. As industrial parks are reopened and world exports expected to be recovering, more attention should have been given to struggling local firms outside the parks (for example in the form of credit access).

To control price inflation, the government facilitated and supported the imports of staple food items by inviting multinational companies to import products such as wheat, edible oil and sugar that are usually procured exclusively by state-owned enterprises and also temporarily lifting the import duties and taxes on these and two other food items (rice and packed children’s food). While these measures seem to have so far minimized disruptions to supply chains and food availability, affordability challenges have remained significant against a backdrop of persistent food inflation and rapid currency depreciation (Sanchez Martin et al., 2020). As shown in the previous section, general inflation and food inflation have risen rapidly, and in 2019/20 the averages were respectively 20 per cent and 23 per cent.

The aviation industry has been the business hit hardest by the Covid-19 pandemic. Ethiopian Airlines is no exception. As indicated earlier, Ethiopian Airlines terminated about 90 per cent of its international passenger flights at the beginning of the pandemic. It reported to have lost about $550 million in the first quarter of 2020 following the Covid-19 pandemic. However, according to Eurocontrol International (2021), Ethiopian Airlines was able to withstand the pandemic better than many other carriers due to its new and innovative business strategies. It diversified its business by shifting its focus to cargo, hotel business, and maintenance, repair and overhaul (MRO) services. The cargo business has played a particularly critical role in reviving its business.

Ethiopian Airlines has not only adopted a diversification strategy but has also converted the crises into an opportunity and is providing cargo services to transport medical supplies and vaccines fighting Covid-19

[5] JCC webpage: https://jobscommission.gov.et/researches-and-publications-on-impacts-of-covid-19/

throughout Africa and other parts of the world. It reconfigured about 25 passenger aircrafts into freighters to boost its cargo capacity as demand to transport emergency medical supplies soared across the world. It operated more than 360 charter cargo flights and carried medical supplies to over 80 countries. Ethiopian Airlines has joined the global COVAX initiative and is currently transporting vaccines to and from different parts of the world (Eurocontrol International, 2021).

The government of Ethiopia has also encouraged manufacturing businesses to repurpose their production lines to address the shortage in essential medical supplies and equipment such as liquid disinfectant, personal protective equipment and drugs and consumables.

On the healthcare side, Ethiopia is participating in the COVAX initiative, which will facilitate the procurement of vaccines to developing economies. According to World Bank (2021b), Ethiopia received its first batch of 2.2 million Covid-19 vaccine doses from the COVAX facility and vaccination activities began on 13 March 2021. World Bank is providing additional financing in the form of a grant totalling $207 million to finance vaccine acquisition and deployment and strengthen the vaccination system under the parent project. And yet the test and vaccination capacity of the country have remained limited. The Ethiopian Public Health Institute (EPHI, 2021) report shows that as of 3 September 2021, Ethiopia provided Covid-19 tests for about 3.2 million people and vaccinated only about 2.5 million. The figure is a far cry from the government's target to have 20 per cent of the population inoculated by the end of 2021 (Addis Fortune, 2021), also considering the country’s population of more than 110 million people.

6. Summary and some key lessons to be learnt

Ethiopia has shown unprecedented economic growth over the last two decades, which has yielded significant progress in economic and social development. The Covid-19 pandemic emerged when the country had started to face macroeconomic imbalances (high trade deficit, risk of debt distress, high inflation and unemployment) and social unrest. It was, thus, feared to derail the progress made so far. The aim of this paper was to examine the measures, actions, and the economic impacts of Ethiopia's policy response to the Covid-19 crisis.

Various studies have made predictions on the likely impact of the Covid-19 on the Ethiopian economy. In the 2019/20 fiscal year, the GDP growth rate was predicted to decline between 2 to 10 percentage points depending on the severity of the Covid-19 pandemic. The loss of employment was also forecasted to range from 0.75 million to 2.5 million jobs, again depending on different scenarios of the spread of Covid-19 in the country. Various predictions have been also made on the likely impact on other macro variables such as inflation, trade, and capital inflow including foreign direct investment.

This study confronts the predictions using actual performance data for the Ethiopian fiscal year of 2019/20 and to some extent the 2020/21 half-year performance. Our analysis shows that the Covid-19 impact on the Ethiopian economy for the year 2019/20 was basically modest. The GDP growth rate in 2019/20 was 6.1 per cent, showing a decline by about 3 percentage points from the earlier year (2018/19). Despite this decline, attaining a 6 per cent GDP growth rate is seen as unprecedented in the face of the Covid-19 pandemic and in comparison with other countries. The most negatively affected sectors were the service and industry sectors whereas agriculture remained unaffected. In 2019/20, growth in the service and industry sectors dropped by about half (from 11 per cent to 5.3 per cent) and 3 percentage points (from 12.6 per cent to 9.6 per cent), respectively, in comparison to the earlier year. In contrast, growth in agriculture slightly increased from 3.8 per cent to 4.3 per cent during the same period.

Job losses also seem to be moderate. Although no official data existed, some limited-scope household survey reports suggest that about 8 per cent lost their job at the beginning of the outbreak, particularly those who were self-employed or working as casual labourers. Reports also show that the highest job loss is observed in the service (e.g., hospitality and trade) and construction sectors.

The Covid-19 impact on Ethiopia's overall trade was not as it had been feared. While several manufactured exports were facing shocks particularly at the beginning of the Covid-19 crisis, overall goods exports from Ethiopia in the year 2019/20 grew by about 12 per cent largely due to the unprecedented rise in gold export earnings. In contrast, the imports bill fell by about 8 per cent in the same year mainly due to a drop in fuel imports. This has helped to reduce the deficit in the trade balance. Similarly, both exports and imports of services were on a declining trend. The decline in service imports is higher than the decline in service exports, contributing to the reduction in the current-account deficit.

The adverse effect of Covid-19 in the Ethiopian economy is mainly reflected in the decline of private and official transfers and FDI. In the fiscal year of 2019/20, private remittances dropped by 19 per cent, official transfers by 27 per cent and FDI by 20 per cent in comparison to 2018/19. There are also adverse effects on the exchange rate and inflation, with the exchange rate rapidly depreciating and the inflation rate continuing to soar through time.

We can, therefore, conclude that the overall impact of the Covid-19 pandemic on the Ethiopian economy was modest. This study examined the policy and non-policy factors that contributed towards this. One obvious explanation is the fact that the spread of the Covid-19 pandemic in Ethiopia has so far been low, contrary to expectations. The number of Covid-19 cases per population (only 2781 cases per million people) is among the lowest in the world. The low spread of Covid-19 means that economic activities are less affected. One likely reason for the low Covid-19 infection rate is that the majority (above 80 per cent) of the population dispersedly lives in the rural areas, which is less exposed to the Covid-19 pandemic than urban habitats. Besides, the response of the government was basically quick and coordination among different public organizations fairly good, although at times there have been enforcement challenges and rules were not strictly followed by the public as well as the government itself. Another advantage for Ethiopia in the fight against the Covid-19 pandemic was the existence of the prevention-based primary public-health care infrastructure and health-extension system, which had been developed over the last two decades.

There are also other additional factors why the economic impact of Covid-19 in Ethiopia was not as severe as it had been forecasted. First, the moderate decline in the GDP growth rate in the year 2019/20 might be partly due to the fact that the impact of the Covid-19 pandemic took place largely in the second half of the fiscal year. Hence, it remains to be seen how economic growth will develop in the following fiscal year. Second, the Ethiopian economy is relatively less exposed to global shocks given its agrarian nature and weak integration with the global economy. Ethiopia's trade to GDP ratio in 2020 was 24 per cent, which is only about 53 per cent of the sub-Saharan African average. The agricultural sector, which accounts for about 36 per cent of GDP, has remained largely unaffected by the Covid-19 pandemic.

Third, in the policy sphere, the country has pursued partial rather than full lockdowns. This means that it has encouraged production and other economic activities to continue during the crisis. Fourth, the government has introduced several relief measures and stimulus packages in support of households and businesses. It has worked in close collaboration with the private sector to reduce business closures and worker layoffs. It was also able to mobilize substantial resources from development partners by designing various projects and programmes.

Fifth, the government has also encouraged businesses to design innovative strategies to address the Covid-19 challenges and exploit emerging opportunities. The Ethiopian Airlines is a good case in this regard. Like most carriers, it faced a huge drop in revenue following its decision to discontinue more than 80 per cent of its global flights. But it was able to withstand the pandemic better than many other carriers due its new strategy to diversify its business by shifting its focus from passenger to cargo services. The government has also encouraged manufacturers to engage in the production of essential medical supplies and equipment to fight Covid-19.

Finally, the government implemented different measures to ease the pressure on the vulnerable groups of the society, for example, by restricting worker layoffs, subsidising businesses to retain their workers, and easing the importation of staple food to address the food price hike.

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Annex

Table A1: Ethiopia, merchandise exports, by major items, 2017–2021

Merchandise trade (Millions $)	2017/18	2018/19	2019/20	Percentage change		2019/20 First six months	2020/21 First six months	Percentage change
	A	B	C	(B-A)/A*100	(C-B)/B*100	**E**	**F**	**(F-E)/E*100**
Coffee	839	764.1	855.9	-8.9	12	365.4	305.6	-16.4
Oilseeds	423.5	387.8	345	-8.4	-11	107.2	153.6	43.3
Leather and Leather Products	132.4	117.4	72	-11.3	-38.6	48.6	17.8	-63.3
Pulses	269.5	272.3	234.8	1.0	-13.8	98.6	85.2	-13.6
Meat & Meat Products	101.7	88.6	67.4	-12.9	-23.9	34.6	32.4	-6.5
Fruits & Vegetables	61.4	60.9	58.8	-0.8	-3.4	31.5	28.0	-11.2
Textiles & Textile Products	103.8	152.9	168.9	47.3	10.5	97.3	75.4	-22.5
Flowers	228.6	256.6	422.3	12.2	64.6	207.1	213.4	3.0
Gold	**100.2**	**27.9**	**196.5**	**-72.2**	**604.5**	**13.5**	**335.5**	**2380.2**
Live Animals	61.1	45.8	54.1	-25.0	18.1	32.7	21.0	-35.6
Chat	263.2	303.6	324.4	15.3	6.9	173.7	187.7	8.0
Electricity	80.5	55.7	66.4	-30.8	19.3	25.4	42.4	66.5
Others	171.2	132.9	121.1	-22.4	-8.9	75.4	87.5	16.1
Total Exports	2,836.1	2,666.5	2,987.7	-6.0	12	1287.2	1557.0	21.0

Source: NBE, Annual Report (2019/20), and NBE Third-Quarter-Report 2020-21.

Table A2:

Table A2: Ethiopia, services exports, by major activity, 2017–2021

Merchandise trade (Millions $)	2017/18	2018/19	2019/20	Percentage change		2019/20 First six months	2020/21 First six months	Percentage change
	A	B	C	(B-A)/A*100	(C-B)/B*100	**E**	**F**	**(F-E)/E*100**
Coffee	839	764.1	855.9	-8.9	12	365.4	305.6	-16.4
Oilseeds	423.5	387.8	345	-8.4	-11	107.2	153.6	43.3
Leather and Leather Products	132.4	117.4	72	-11.3	-38.6	48.6	17.8	-63.3
Pulses	269.5	272.3	234.8	1.0	-13.8	98.6	85.2	-13.6
Meat & Meat Products	101.7	88.6	67.4	-12.9	-23.9	34.6	32.4	-6.5
Fruits & Vegetables	61.4	60.9	58.8	-0.8	-3.4	31.5	28.0	-11.2
Textiles & Textile Products	103.8	152.9	168.9	47.3	10.5	97.3	75.4	-22.5
Flowers	228.6	256.6	422.3	12.2	64.6	207.1	213.4	3.0
Gold	**100.2**	**27.9**	**196.5**	-72.2	**604.5**	**13.5**	**335.5**	**2380.2**
Live Animals	61.1	45.8	54.1	-25.0	18.1	32.7	21.0	-35.6
Chat	263.2	303.6	324.4	15.3	6.9	173.7	187.7	8.0
Electricity	80.5	55.7	66.4	-30.8	19.3	25.4	42.4	66.5
Others	171.2	132.9	121.1	-22.4	-8.9	75.4	87.5	16.1
Total Exports	**2,836.1**	**2,666.5**	**2,987.7**	-6.0	**12**	**1287.2**	**1557.0**	**21.0**

Source: NBE, Annual Report (2019/20), and NBE Third-Quarter Report 2020-21.