

WORLD RANK: **156** | REGIONAL RANK: **37**

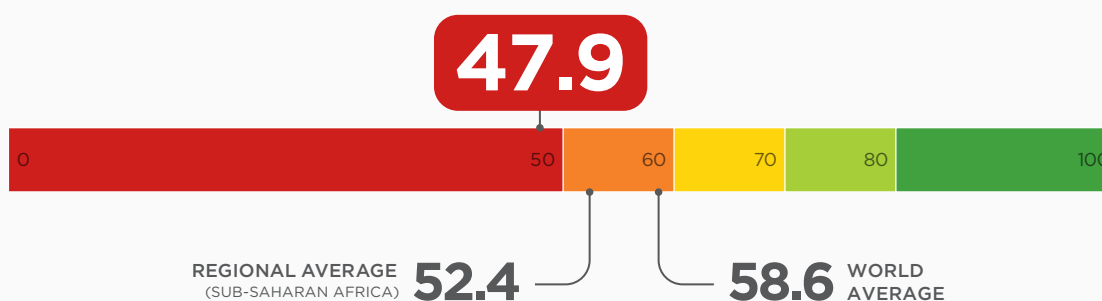
ECONOMIC FREEDOM STATUS: **REPRESSED**

# ETHIOPIA

Ethiopia's economic freedom score is 47.9, making its economy the 156th freest in the 2024 *Index of Economic Freedom*. Its rating has decreased by 0.4 point from last year, and Ethiopia is ranked 37th out of 47 countries in the Sub-Saharan Africa region. The country's economic freedom score is lower than the world and regional averages. Ethiopia's economy is considered "repressed" according to the 2024 *Index*.

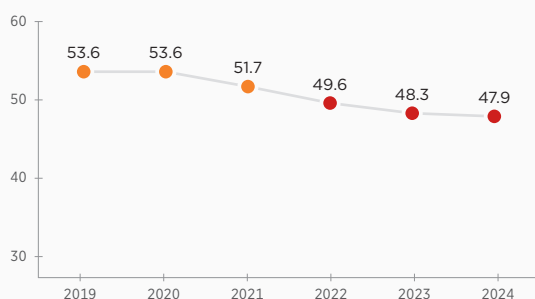
Progress toward greater economic freedom has been very uneven, and Ethiopia underperforms in many critical policy areas. The absence of an independent and fair judiciary weakens the rule of law and undermines prospects for long-term economic development. Open-market policies have advanced only marginally. The weak and uncertain regulatory framework impedes expansion and diversification of the productive base. The formal labor market is underdeveloped. Employment regulations remain outmoded, but enforcement is not stringent. The most recent available inflation rate is almost 40 percent.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +5.3

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
117.9 million

**GDP (PPP):**  
\$357.5 billion  
6.4% growth in 2022  
5-year average growth rate: 7.1%  
\$3,435 per capita

**UNEMPLOYMENT:**  
3.7%

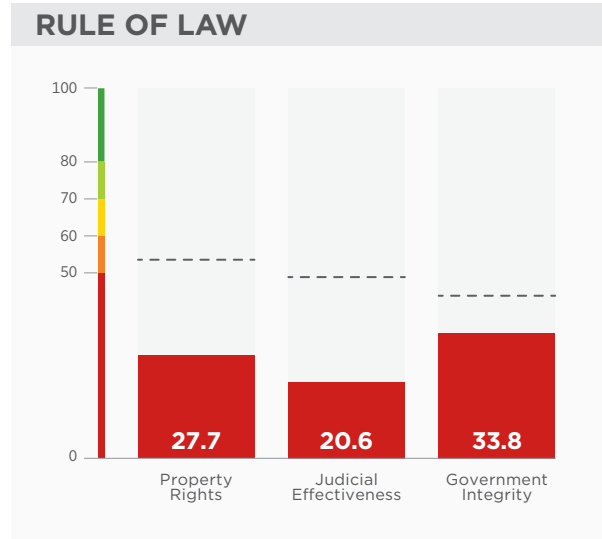
**INFLATION (CPI):**  
33.9%

**FDI INFLOW:**  
\$3.7 billion

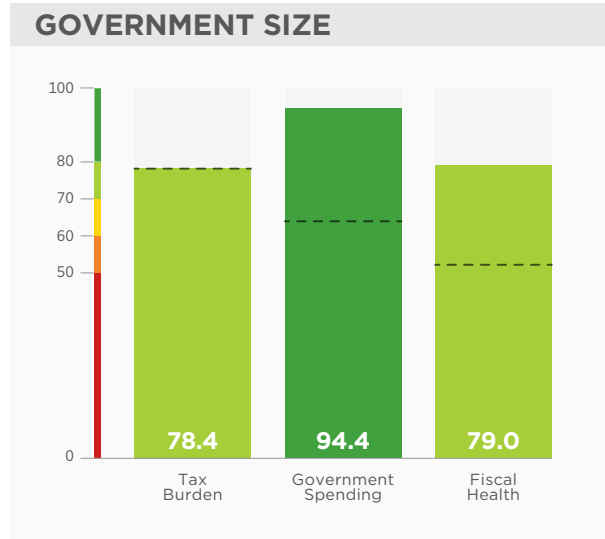
**PUBLIC DEBT:**  
46.4% of GDP

2022 data unless otherwise noted. Data compiled as of October 2023.

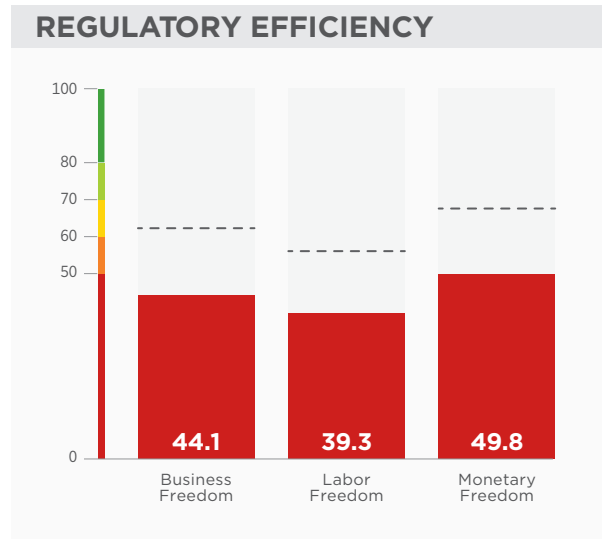
# 12 ECONOMIC FREEDOMS | ETHIOPIA



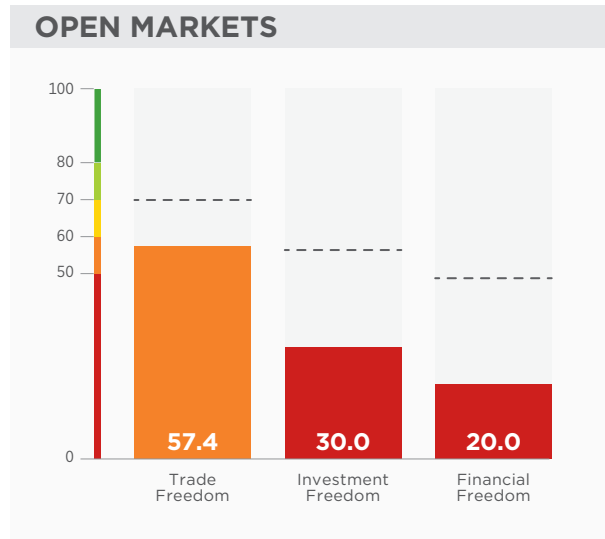
The overall rule of law is weak in Ethiopia. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. The tax burden equals 6.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 13.7 percent and -3.2 percent of GDP. Public debt amounts to 46.4 percent of GDP.



Ethiopia's overall regulatory environment is very inefficient and not conducive to entrepreneurial activity. The country's business freedom score is far below the world average; its labor freedom score is below the world average; and its monetary freedom score is well below the world average.



The trade-weighted average tariff rate is 11.3 percent, and nontariff barriers further undermine the freedom to trade. Lack of access to financing precludes entrepreneurial growth, and the investment environment is undermined by political and security challenges and lacks transparency.