

Ethiopia

Chinese Development Finance, 2000-2023



Country Profile

May 2026

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Schweizerische Eidgenossenschaft
Confédération suisse
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Swiss Agency for Development
and Cooperation SDC

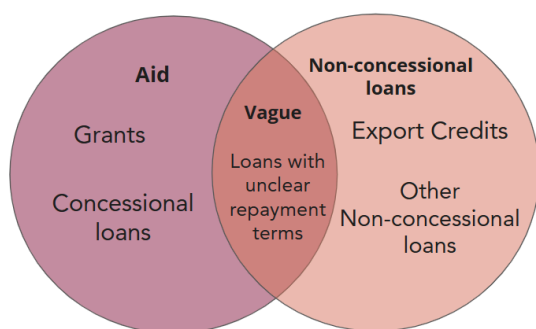


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Key concepts: aid, non-concessional loans, and vague flows	

In this profile, China's official development finance portfolio is represented across three main categories: aid, non-concessional loans, and vague. Loans from Chinese state-owned entities can either qualify as aid or non-concessional loans, based on how their borrowing terms compare to regular market terms (i.e., the level of financial concessionality) and whether or not they have development intent (i.e., if the primary purpose of the financed project/activity is to improve economic development and welfare in the recipient country). Aid from Chinese state-owned entities includes grants, in-kind donations, and concessional loans with development intent. The "non-concessional loans" category captures loans from Chinese state-owned entities that are provided at or near market rates and those that primarily seek to promote the commercial interests of the country from which the financial transfer originated. An export credit is a specific type of loan issued by a Chinese state-owned bank or company that requires an overseas borrower to use the proceeds of a loan to acquire goods or services from a Chinese supplier. Export credits are not considered aid since they have a commercial rather than a development purpose. See Appendix B for more details.



Key concept: What is concessionality?

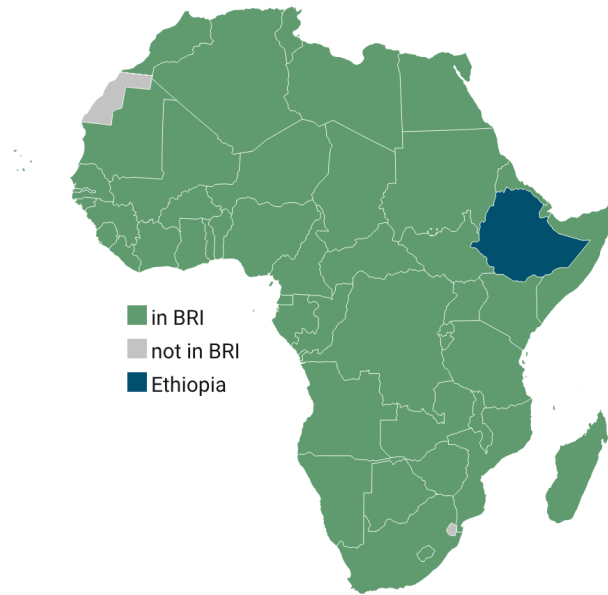
Concessionality is a measure of the generosity of a loan or the extent to which it is priced below-market rates. It varies from 0% to 100%, with higher values representing more concessional loans.

Non-concessional loans are those provided at or near market rates. The Organisation for Economic Co-operation and Development (OECD) determines which official sector financial flows constitute "aid" based on a grant element threshold for concessionality. Given that China does not report its loans or lending terms to the OECD, some of its official sector financial flows cannot be classified as "aid" or "non-concessional." In this report, such loans are assigned to the "vague" category.

Executive Summary

- Ethiopia is China's largest borrower in Eastern Africa and one of its most financially distressed. Between 2000 and 2023, official sector lenders and donors from China committed \$18.9 billion across 305 projects, making Ethiopia the largest recipient of Chinese aid and credit in Eastern Africa and the 31st largest in the world. Nearly all of that financing arrived between 2006 and 2017. Since 2018, new lending has effectively stopped, replaced by a succession of debt restructuring agreements.
- Loans account for 94% of the portfolio, with China Eximbank and China Development Bank providing the bulk of financing. China Eximbank alone issued 57 loans between 2008 and 2018 worth over \$10.9 billion, with lending peaking at \$4.4 billion in 2013.
- Transport, energy, and communications absorb nearly 80% of all Chinese financing to Ethiopia. Transport and energy each account for 28% of commitments at \$5.3 billion apiece, while communications projects represent another 22% at \$4.1 billion.
- Ethiopia's debt to China is almost entirely public debt, and is significantly in distress. Public and publicly-guaranteed debt accounts for 99% of total loan commitments, well above the 74% low-income country average. Of that total, 94% show signs of financial distress. The crisis came to a head in 2019 when ICBC invoked a cross-default clause and China Eximbank halted disbursements on 12 additional projects.
- China has restructured Ethiopia's debt repeatedly, but repayment pressure remains severe. China Eximbank participated in the G20 Debt Service Suspension Initiative in 2020 and 2021. Further suspensions followed under the G20 Common Framework in 2023 and 2024. A broader restructuring plan between China Eximbank, China Development Bank, and Ethiopia was reported in August 2024, though its terms remain opaque.
- By the end of 2024, Ethiopia owed an estimated \$8.7 billion in outstanding public and publicly guaranteed debt to Chinese creditors, equivalent to roughly 26% of its total external public debt and 6% of GDP. Without further relief, estimated debt service for 2025 would exceed \$2 billion.
- Chinese-financed infrastructure in Ethiopia has generated significant environmental and social harm. The 1,870 MW Gilgel Gibe III Hydropower Plant on the Omo River reduced seasonal flood volumes that indigenous communities in the Lower Omo Valley and around Lake Turkana depend on for farming and fishing. The World Bank, the European Investment Bank, and the African Development Bank all withdrew potential financing for the project over environmental and social concerns before ICBC and China Eximbank stepped in. International civil society groups mounted formal opposition to Chinese participation, but financing proceeded.

African countries that have joined the BRI



Ethiopia and China's Belt and Road

In 2018, Ethiopia and China signed a "Memorandum of Understanding on Jointly Formulating a Plan for Cooperation to Promote the Construction of the Belt and Road," officially marking Ethiopia's entry into the BRI. The agreement positioned Ethiopia as a key partner in Beijing's flagship initiative, given its strategic location in the Horn of Africa and its role as a regional hub for trade and diplomacy. Since then, Ethiopia has emerged as one of the largest recipients of Chinese financing on the continent, particularly for transport, energy, and industrial infrastructure.

Historic relationship

The Federal Democratic Republic of Ethiopia and the People's Republic of China have maintained a diplomatic bilateral relationship since 1970. Between 1987 and 1991, the People's Democratic Republic of Ethiopia ruled over Ethiopia as a socialist regime, allowing China to maintain close party-to-party relations. Once Meles Zenawi rose to power in 1991, Ethiopia aligned more closely with China's state ideology, especially with Meles's dislike of the neoliberal economic paradigm and his Marxist beliefs.¹ Multiple high-value projects started under Meles, including a project geared towards telecommunications infrastructure, the Addis Ababa-Djibouti Railway, and the Great Ethiopian Renaissance Dam (GERD) Project.

Present-day relationship

China and Ethiopia's partnership has endured despite major political shifts in Ethiopia during the 2010s. Today, the relationship is defined by China's large-scale infrastructure investments—such as the Addis Ababa–Djibouti Railway and the Grand Ethiopian Renaissance Dam. In 2018, Ethiopia transitioned from long-standing authoritarian rule to a more liberal government under Prime Minister Abiy Ahmed. As of October 2023, the two countries elevated their relationship to an "all-weather strategic partnership," meaning they expect the relationship to remain strong despite changes in international politics.² In 2025, Ethiopia's Ministry of Finance reported that Chinese companies signed deals worth \$1.7 billion for energy and mineral investments into Ethiopia.³

¹Kibsgaard, D. (2020). Sino-ethiopian relations from Meles Zenawi to Abiy Ahmed: The political economy of a strategic partnership.

²Xiang, H. (2023). What "partnerships" does China have?

³Reuters (2025). "Ethiopia agrees minerals, energy deals worth \$1.7 billion, chiefly with Chinese firms."

<https://www.reuters.com/sustainability/climate-energy/ethiopia-agrees-minerals-energy-deals-worth-17-billion-chiefly-with-chinese-2025-05-14/>.

Overview: Chinese development finance in Ethiopia from 2000-2023

\$18.9 billion

in loans and grants provided by official sector donors from China.

94%

of Chinese development finance is provided via loans.

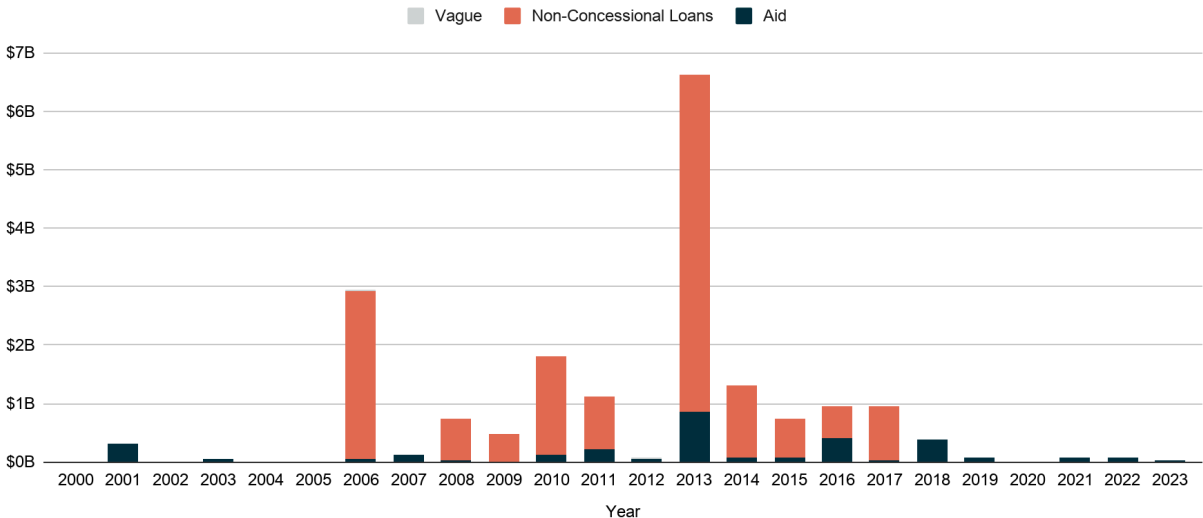
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grants, technical assistance, and training activities offered.

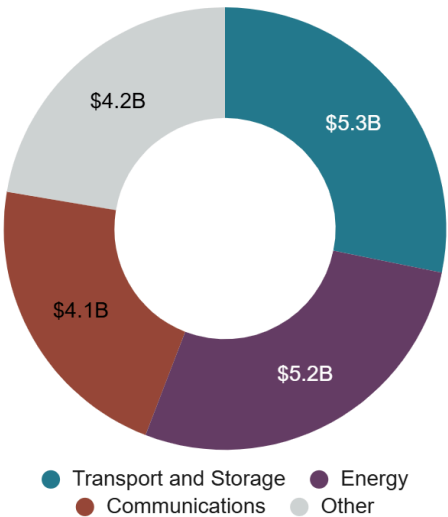
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largest recipient of Chinese aid and credit in Eastern Africa.

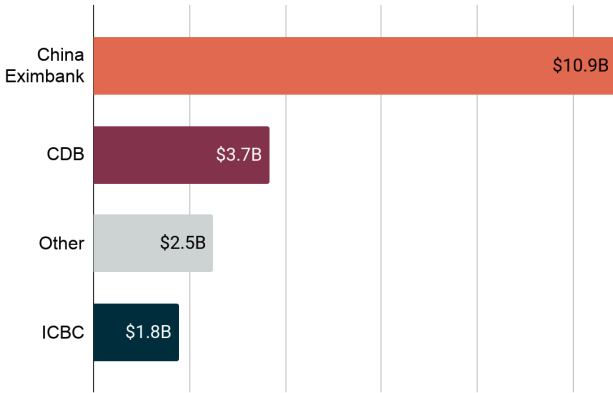
Official sector financial commitments from China to Ethiopia, 2000-2023⁴



Portfolio by sector



Portfolio by funder



China Eximbank: Export-Import Bank of China; CDB: China Development Bank; ICBC: Industrial and Commercial Bank of China

⁴For definitions of the categories of aid, non-concessional loans, and vague, please see Key Concepts on page 2 or Appendix B.

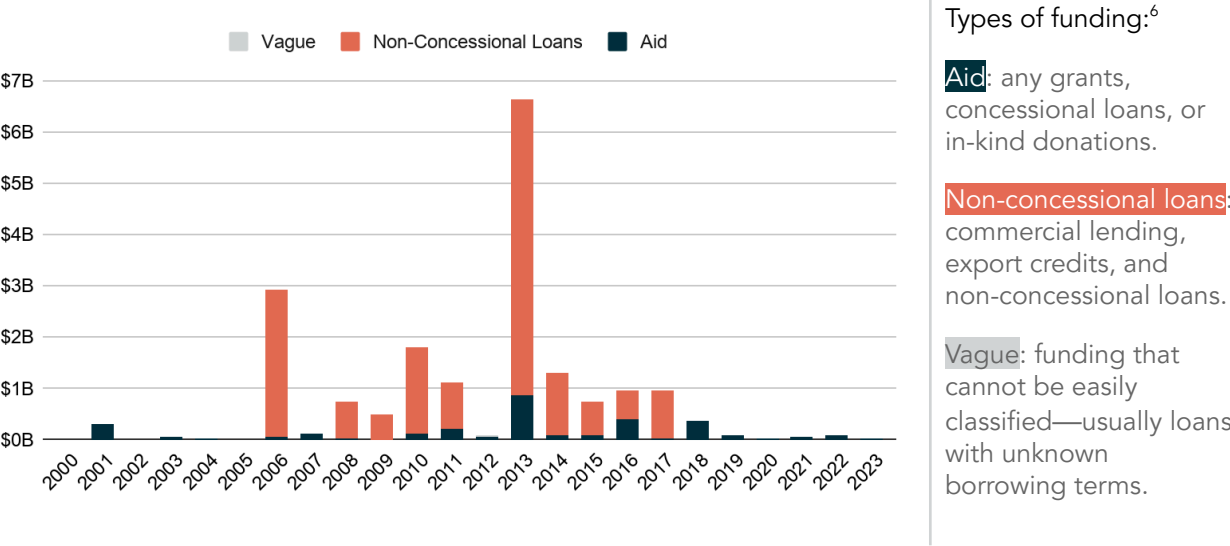
How much development finance has China provided Ethiopia since 2000?

Ethiopia joined China’s BRI in 2018. However, even before the agreement was signed, China had established itself as a major lender to Ethiopia (see Figure 1.1). China is one of Ethiopia’s largest trading partners and bilateral donors. For a list of bilateral diplomatic visits between China and Ethiopia in the BRI era, see Appendix A.

Between 2000 and 2023, official sector lenders and donors from China provided grant and loan commitments worth \$18.9 billion for 305 projects and activities in Ethiopia. That makes Ethiopia—a country with a relatively large economy (GDP: \$150 billion) and population (132 million residents) compared to other African countries—the largest recipient of Chinese aid and credit in Eastern Africa and the 31st largest recipient in the world.⁵

Chinese donors and lenders provided the majority of their financing between 2006 and 2017, primarily through non-concessional loans (see Figure 1.1). In 2006, ZTE provided a \$2.8 billion supplier’s credit to the Ethiopian Telecommunications Corporation (ETC) for ETC’s national telecom network infrastructure expansion project. Then, funding peaked in 2013 when China provided \$2.3 billion for the Addis Ababa-Djibouti Railway and \$1 billion for transmission lines for the Great Ethiopian Renaissance Dam (GERD). Since 2018, Ethiopia has only received \$261 million in new commitments due to the country’s ongoing civil conflict and significant debt distress. China has attempted to alleviate some of Ethiopia’s debt distress by providing debt relief via reschedulings rather than new loan commitments.

Figure 1.1: Official sector financial commitments from China to Ethiopia



Types of funding:⁶

Aid: any grants, concessional loans, or in-kind donations.

Non-concessional loans: commercial lending, export credits, and non-concessional loans.

Vague: funding that cannot be easily classified—usually loans with unknown borrowing terms.

⁵The global ranking includes high income countries.
⁶For more information on these categories, please see Appendix B.

How does China compare to other development partners?

China is the third-largest development partner supporting Ethiopia after the World Bank Group and the United States (see Figure 1.2). Ethiopia's top donors other than China mainly provide aid, often focused on health initiatives and humanitarian relief. China's development finance portfolio in Ethiopia, on the other hand, focuses on infrastructure projects like the Addis Ababa-Djibouti railway via non-concessional lending. China's portfolio also features a significant amount of export credit flows, totaling nearly \$10.5 billion between 2000-2023.

The pause on foreign aid delivery from USAID in February 2025 affected Ethiopia directly, but by July 2025 the U.S. Embassy in Addis Ababa announced that 89% of previously programmed humanitarian aid to Ethiopia would be reinstated under a State Department framework. In December 2025, the two countries also signed a five-year, \$1.6 billion health cooperation agreement covering HIV/AIDS, tuberculosis, malaria, and maternal health. The agreement includes requirements for co-financing from Ethiopia and some performance-based grants.⁷

Figure 1.2: Top bilateral and multilateral development partners, 2000-2023

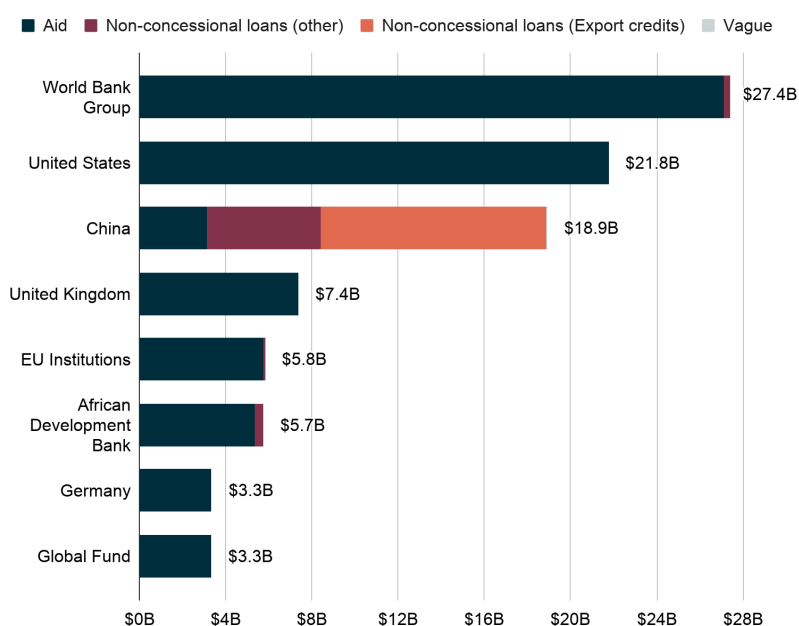


Figure 1.2 contains the top development partners providing aid and other financing to Ethiopia. However, only China has detailed bilateral export credit flows to Ethiopia. This level of granularity is not available for other development partners as the OECD does not provide export credit data for bilateral relationships; it only provides data on total export credit flows by two aggregate donor groupings, G7 and DAC member countries.

Total export credits from G7: \$2.6 billion.

Total export credits from DAC member countries (including G7): \$3.6 billion.

How does China use export credits?

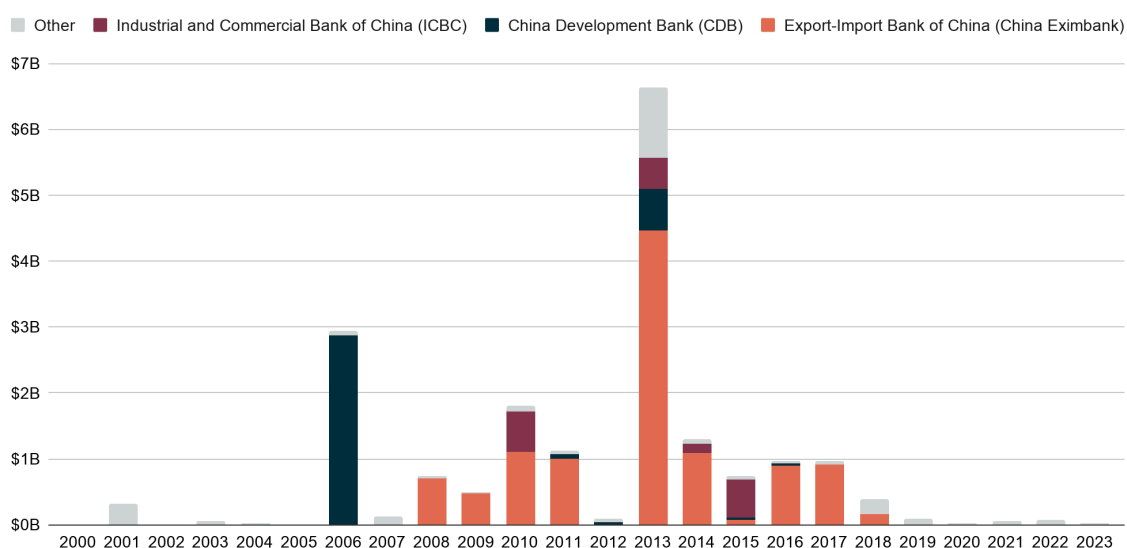
The central role that export credits play in China's overseas lending portfolio sets it apart from other official sector creditors: Under a so-called "Gentlemen's Agreement" on Officially Supported Export Credits, OECD member countries agreed in 1978 to "tie their own hands" and voluntarily abide by a set of international rules that limit the provision of *subsidized* export credits to domestic companies with overseas operations. However, China never agreed to participate in the "Gentlemen's Agreement" and it has consistently used concessional export credit to help its firms gain a competitive edge in overseas markets.

⁷ For more information on these announcements, see <https://borkena.com/2025/07/08/ethiopia-u-s-foreign-aid-to-ethiopia-to-continue-under-new-structure/> and <https://et.usembassy.gov/america-first-global-health-strategy-united-states-and-ethiopia-sign-bilateral-health-cooperation-memorandum-of-understanding-mou/>

Which donors and lenders from China are active in Ethiopia?

Between 2000 and 2023, 42 official sector donors and lenders from China provided aid and non-concessional loans to Ethiopia. 87% of China’s development finance portfolio is provided by three main donors and lenders (see Figure 1.3). The other 13% is provided by a diverse array of government agencies (including central, regional, or municipal government agencies), state-owned commercial banks, and state-owned companies.

Figure 1.3: Top Chinese donors and lenders



The first instance of Chinese lending to Ethiopia in the twenty-first century occurred in 2001 when the Chinese Ministry of Commerce (MOFCOM) provided two interest-free loans: a \$8 million loan for a textile factory in Hawassa and a \$28 million loan for the construction of a ring road and low-cost houses in Addis Ababa. MOFCOM was the only Chinese lender to Ethiopia until 2006, when Zhongxing Telecom Corporation (ZTE) received a \$2.8 billion export seller's credit from China Development Bank (CDB). ZTE used the funds from CDB to provide a loan to Ethiopian Telecommunications Corporation (ETC) to purchase ZTE equipment for the National Telecom Network Infrastructure Expansion project. The goal of this project was to increase internet and data subscribers across the country, which it successfully accomplished as the number of internet and data subscribers grew from 71,059 in 2009 to around 221,000 by the end of 2012.

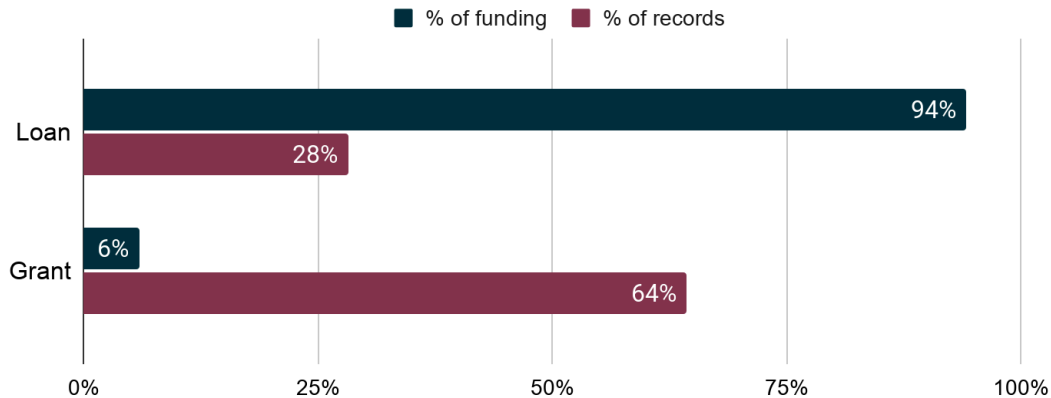
By 2008, the Chinese development finance portfolio in Ethiopia was dominated by China Eximbank. The bank provided 57 loans from 2008 to 2018 worth over \$10.9 billion. Its lending peaked in 2013 with over \$4.4 billion across 10 loan projects. Notably, over half of China Eximbank’s support in 2013 went towards the Addis Ababa-Djibouti Railway. The bank issued one \$2.5 billion buyers’ credit loan for the construction of 668 kilometers of railway across Ethiopia and for the acquisition of 11 locomotives, 30 passenger cars and 1,100 freight cars.

In the late BRI-period (2018-2023), lending to Ethiopia declined sharply with only two loans issued in 2018 for the Mekelle City Water Supply project. There have been no new loans since 2018, but ample debt restructuring. MOFCOM, CDB, and China Eximbank agreed to maturity and grace period extensions for select loans, including the seller’s credit for the National Telecom Network Infrastructure Expansion project and the \$2.5 billion buyers’ credit loan for the Addis Ababa-Djibouti Railway.

What kinds of financial and in-kind support does China offer Ethiopia?

AidData captures each instance of a grant or in-kind donation as one record, so analyzing the record counts can help provide a better picture of China's activities in Ethiopia. When looking at record counts, grants account for 64% of all activity records in Ethiopia (representing 196 records capturing activities taking place between 2000 and 2023).

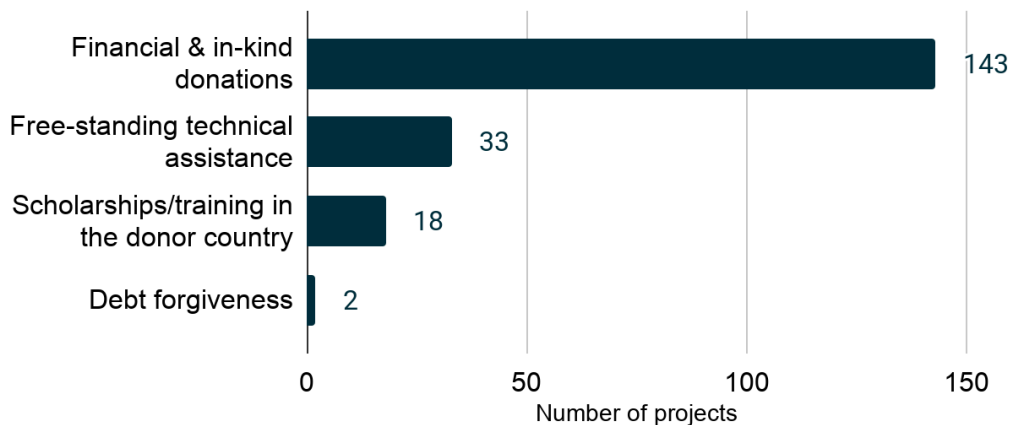
Figure 1.4: Top financial instruments used by China in Ethiopia



Note: Debt rescheduling and Vague records (8%) are excluded from this visual.

94% of China's official sector financing to Ethiopia takes the form of loans (totaling \$17.8 billion), while 6% (\$1.1 billion) comes in the form of grants and in-kind donations. In-kind donations are difficult to monetize, so the monetary values of these activities are likely underrepresented.

Figure 1.5: Breakdown of grants by project count

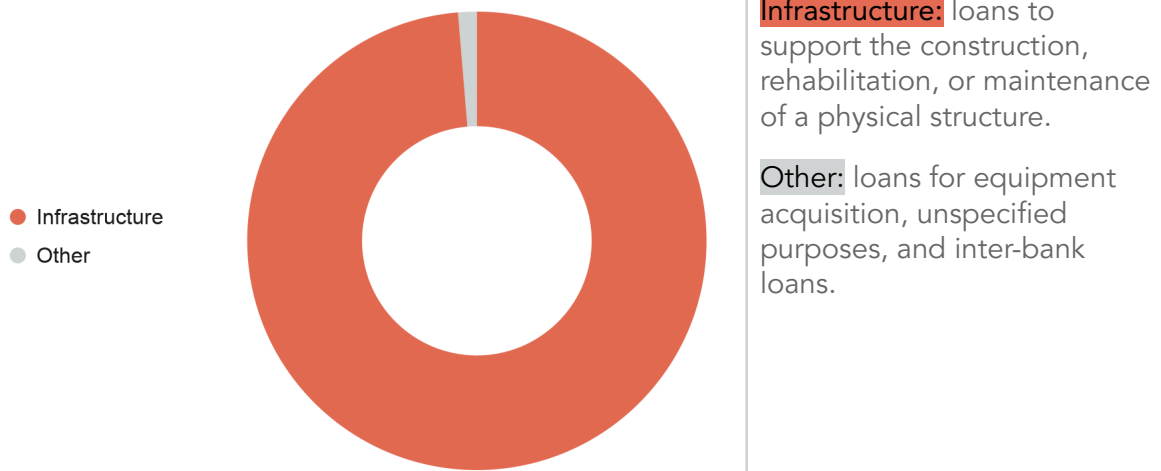


From 2000 to 2023, Ethiopia has received over \$1.1 billion across 196 grants from official sector Chinese entities. Almost 29% (\$315 million) of Chinese aid to Ethiopia comes in the form of debt forgiveness. Debt forgiveness is considered a grant as it is 100% concessional. China provided debt forgiveness to Ethiopia on two separate occasions: once in 2001 and 2007. The first instance of debt forgiveness focused on interest-free loans provided between 1971 and 1990. The second instance targeted interest-free loans maturing in 2005. Other major grants include two MOFCOM grants for infrastructure projects: a \$94 million grant for the Assela-Dodola-Goba Road upgrading project and a \$70 million grant for the Addis Ababa River Bank Green Development project. The goal of the Assela-Dodola-Goba Road upgrading

project was to upgrade a 132 km road (known as 'AD116') that runs from Dodola to Goba in the Bale Zone and thereby help local farmers get their agricultural products to market. The Addis Ababa River Bank Green Development project constructed a central square for recreational activities, a science and technology museum, children's amusement park, sports centre, waterfront, auxiliary buildings and dome theatre, as well as supporting facilities such as roads, pavement, ornamental lighting, green irrigation, and landscaping.

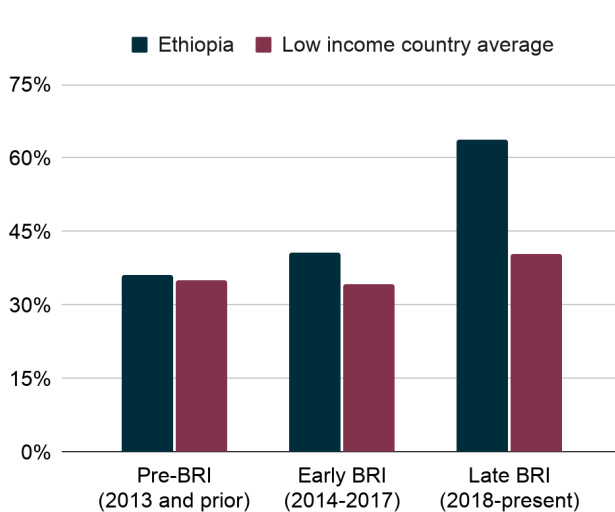
China has also directed free-standing technical assistance and scholarships to Ethiopia. Most technical assistance comes in the form of medical teams. China has sent 24 medical teams to Ethiopia since 2000. China has also awarded over one thousand scholarships to students in Ethiopia.

Figure 1.6: Breakdown of lending by purpose



99% of China's official sector lending to Ethiopia supports infrastructure projects. 95% of all Chinese-financed infrastructure projects in Ethiopia are implemented by at least one Chinese entity, such as a Chinese state-owned or private sector company. Less than 1% (\$234 million) of China's official sector lending is inter-bank loans provided to the Development Bank of Ethiopia by CDB for on-lending to local SMEs.

Figure 1.7: Grant element over time



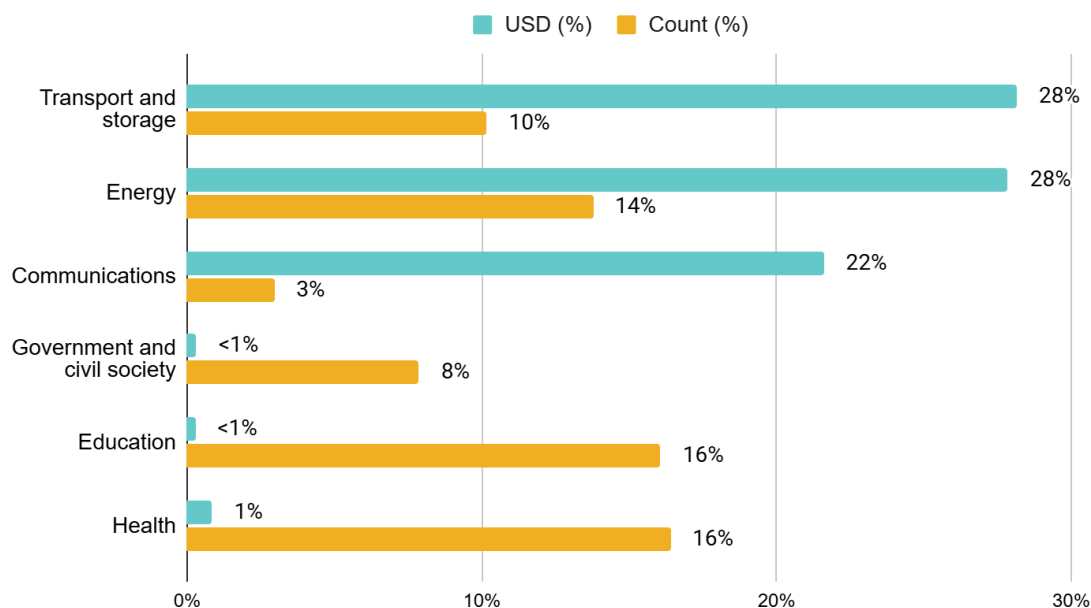
A loan's grant element is a measure of how concessional (i.e. favorable) its terms are relative to market rates. It ranges from 0% (not concessional) to 100% (fully concessional). The grant element of China's low income lending portfolio fluctuated between 34% and 41% from 2000 to 2023. In Ethiopia, the concessionality of Chinese lending was in line with the low-income group averages in the pre- and early-BRI eras, but much higher in the late-BRI era. The late-BRI average was driven by two loans with particularly low interest rates (0% and 2%).

In which sectors is China most active?

Top sectors for China’s aid and credit in Ethiopia differ greatly when comparing monetary value and record count. Certain sectors, such as health and education, often represent a large percentage of records but offer small or no transaction amounts. In Figure 1.8, AidData has provided the top sectors by both monetary value and record count to demonstrate this dichotomy.

Figure 1.8: Selected top sectors

Sectors by monetary value and record count



In terms of monetary value, 78% of China’s grant and loan commitments to Ethiopia supported three core (“hardware”) sectors: transport and storage, energy, and communications between 2000 and 2023.

- **Transportation and storage:** This sector refers to the construction and maintenance of road, rail, air, and water transit infrastructure, and is characterized by high-value infrastructure projects. 28% of China’s development finance portfolio in Ethiopia is dedicated to this sector, representing \$5.3 billion in aid and non-concessional loans (representing only 10% of project activities). The largest financial commitment from a single source is \$2.5 billion in buyer’s credit loans for the Addis Ababa–Djibouti Railway. This railway has been key in connecting otherwise landlocked Ethiopia with ports in its neighboring country, Djibouti. This project has faced significant financial distress due to the inability to generate revenue through fare pricing and flooding of the railway, causing service interruptions. The most recent activity in this sector was training provided in 2023 by Zhengzhou Railway Vocational and Technical College and Tianjin Railway Technical and Vocational College for Addis Ababa–Djibouti Railway workers.
- **Energy:** The energy sector is defined by the generation and distribution of renewable and non-renewable resources, as well as hybrid and nuclear power plants. 28% of all Chinese official sector funding in Ethiopia fell in this sector, amounting to \$5.3 billion in funding. One noteworthy activity in this sector is the 500kV Power Transmission Line of

the Great Ethiopian Renaissance Dam (GERD), which received a \$1 billion supplier's credit from China Electric Power Equipment and Technology Co, Ltd (CET). In 2019, this project was restructured to reduce total principal and interest payments by 50% over a 5-year period. The debt restructuring agreement reportedly provided \$18 million of annual cash flow relief to the borrower (a state-owned electric utility company).

- **Communications:** This sector encompasses the provision and access of telecommunications and information services, such as telephone, radio, and TV networks. Projects in the communications sector account for \$4.1 billion in funding (or 22% of China's development finance portfolio). All except one project in this sector involves Zhongxing Telecom Corporation (ZTE). ZTE has donated phones, sponsored events, provided training, and received \$2.8 billion in seller's credit from CDB for on-lending to the state-owned company, Ethiopian Telecommunications Corporation.

China is also heavily engaged in the “software” sectors, such as health, education, and governance. China's footprint in these sectors is difficult to represent, however, because the activities in these sectors usually attract smaller grant and loan commitments, or represent some form of in-kind donation, technical assistance, etc.

- **Health:** This sector includes medical training and services care, construction of medical buildings, and COVID-19 control activities. This sector is the highest by record count with 50 total projects (or 16% of records). Notable activities include 24 known medical teams sent to Ethiopia and the construction of the Tirunesh-Beijing Hospital. This hospital is a part of China's promise from the first Forum on China-Africa Cooperation to build 30 hospitals across Africa. Ethiopia also received \$141 million in aid including over 15.9 million vaccines to fight the COVID-19 pandemic.
- **Education:** This sector encompasses support of schooling at the primary, secondary, and post-secondary levels, building of schools, and technical training activities. Education activities represent 16% of China's total record count, with 49 recorded activities. Notable activities in the education sector include the construction of multiple schools, donations of equipment and supplies, and the opening of Confucius institutes. In 2023, the Chinese Ministry of Education provided 26 new Chinese Government Scholarships to Ethiopian students.
- **Government and Civil Society:** This sector encompasses activities that address public procurement, subnational government support, elections, democratic participation, and human rights. This sector represents a total of 24 records (or 8% of the total record count). The single largest commitment to this sector happened in 2015 when MOFCOM provided \$42 million to construct Meles Zenawi Leadership Academy in Sululta. The academy would serve as a government training center for Ethiopia and Africa as a whole.

At a glance: last 5 years (2019-2023)

- The health sector accounts for over half of all financing between 2019 and 2023. 99% of this health related financing is COVID-19 pandemic relief aid.
- Transport and storage is only 8% of all financing from 2019 onwards, demonstrating a steep decline in support for this top sector.
- China has provided no new loans to any sector during these years.

What are the characteristics of Ethiopia's debt to China?

86

loans issued

\$17.8 billion

total loan commitments

99%

of total loan commitments are public debt

94%

of total loan commitments show signs of financial distress

\$8.7 billion

total public debt outstanding as of 2024

What is "public debt"?

Public debt (PPG debt)

Loans issued directly to public institutions, loans that have sovereign repayment guarantees, or loans extended to special purpose vehicles or joint ventures that are majority-owned by one or more public sector institutions. Often referred to as public and publicly-guaranteed (PPG) debt.

Potential public debt

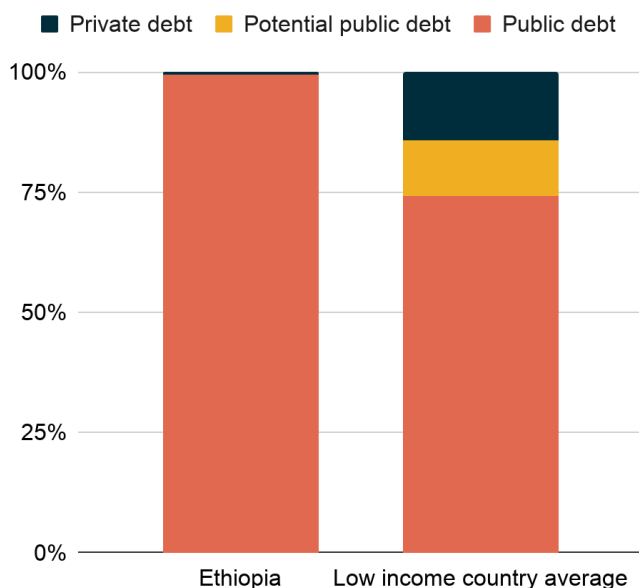
Loans to special purpose vehicles or joint ventures in which recipient governments hold minority equity stakes.

Private or opaque debt

Loans to private sector borrowers and entities with opaque ownership structures.

Figure 2.2: Composition of debt from China by level of public liability

Total debt, 2000-2023—Ethiopia: \$17.8 billion. Low income country average: \$5.5 billion.



Ethiopia's debt is almost exclusively public debt (99%). This is roughly 25% higher than the average (74%) for all low income countries.

Its private debt to China (1%) is 13% lower than the low income country average. This difference is significant because, during the late BRI period (2018-2023), China pivoted to fund more projects and activities via private debt. Ethiopia notably does not follow this global trend, largely because all of its private debts to China were secured during the pre- and early-BRI periods (2000-2017) before this pivot.

Ethiopia has no potential public sector debt.

Ethiopia's portfolio of loans with Chinese creditors shows extensive signs of financial distress. Financial distress can include borrowers accruing principal or interest arrears, defaulting on their repayment obligations, filing for bankruptcy, or renegotiating loan terms (including suspensions of principal or interest payments). In total, 94% of China's cumulative loan commitments to Ethiopia are in distress—more than three times the 29% average across low- and middle-income countries. In 2019, ICBC invoked a cross-default clause and suspended

about \$67 million in remaining disbursements for the Omo Kuraz 5 Sugar Plant Project, citing a broader cross-default situation in the country.⁸ Two years later, China Eximbank withheld \$339 million in loan disbursements while reviewing Ethiopia's debt standing amid debt-extension negotiations and wider debt-sustainability concerns.⁹

In 2020, to help alleviate debt burdens during the pandemic, China Eximbank participated in the G20-initiated Debt Service Suspension Initiative (DSSI). Through the DSSI framework, China suspended nearly \$115 million in principal and interest payments due to China Eximbank from Ethiopia between May 2020 and June 2021. This was not debt forgiveness—the suspended payments must be paid back on a net present value (NPV)-neutral basis.¹⁰ The suspended payments are scheduled to be repaid through 2026. China Eximbank did not opt to grant DSSI suspensions for the last DSSI period (July - December 2021).

More recently, under the G20 Common Framework, the Ethiopian authorities reported in August 2023 that China had agreed to suspend debt service payments through July 7, 2024. While this measure provides temporary fiscal space, the terms of the deal remain opaque. Neither the amount of suspended debt service nor the nature of Ethiopia's repayment obligations after July 2024 are known.

In August 2024, it was reported that China Eximbank, CDB, and Ethiopia had negotiated a debt restructuring plan, though the details of the plan are unclear.¹¹ Apart from DSSI and the comprehensive restructuring plan, some Chinese state-owned creditors (ZTE, ICBC, CET, and MOFCOM) have provided debt relief on a case-by-case basis between 2013 and 2023 for 19 loans via maturity and grace period extensions. A key example is the multi-loan restructuring for the Addis Ababa–Djibouti railway project. The loans that financed this project received several rounds of relief—initially in 2018, again under the DSSI in 2020 and 2021, and most recently with a 1.5-year principal suspension from January 2023 to July 2024. The serial nature of debt restructurings for this project highlight Ethiopia's continued challenges in meeting repayment obligations to Chinese creditors.

⁸ <https://addisfortune.news/omo-kuraz-sugar-estate-remains-a-sweet-dream>

⁹ <https://addisfortune.news/china-exim-bank-withholds-339m-in-loans-amid-debt-reworks>

¹⁰ Net present value (NPV)-neutral basis means that the Chinese lenders would still receive full repayment and interest payments after the suspension period is over. For more information, please see <https://doi.org/10.5089/9798400248504.001>

¹¹ Yewondwossen, M. (2024). China pledges support and debt relief in major economic restructuring deal. Capital Newspaper. <https://capitalethiopia.com/2024/08/05/china-pledges-support-and-debt-relief-in-major-economic-restructuring-deal/>

What does Ethiopia’s current public debt exposure to China look like—and what payments are due?

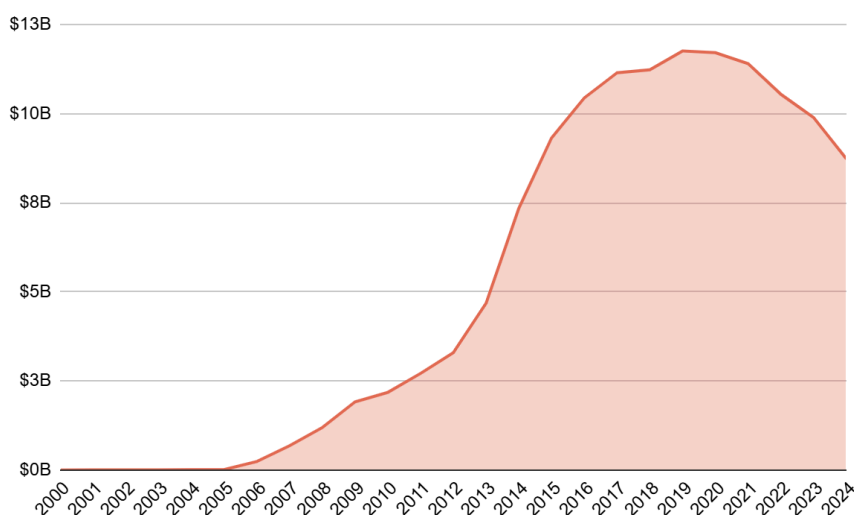
What is “public debt exposure”?

After a loan agreement is signed, financial outflows and reflows take place over many years through a sequence of disbursements (from the creditor to the borrower) and repayments (from the borrower to the creditor).

To understand the timing and magnitude of these financial flows, the 2.0 version of AidData’s Chinese PPG Loan Performance Dataset (LP 2.0) tracks PPG loan disbursements, repayments, arrears, and restructuring events—and how much debt is owed—over time.

Unlike loan commitment totals—that measure what was initially promised—LP 2.0 measures what is still owed at specific points in time and how repayment pressures evolve over time. In this sense, a country’s level of “public debt exposure” refers to its outstanding PPG repayment obligations. All financial amounts in this section are reported in nominal USD.

Figure 1.10: Outstanding Chinese PPG Debt Stock (nominal USD)



Note: This data is drawn from AidData’s Chinese PPG Loan Performance Dataset, Version 2.0. For more information, please see the methodology.

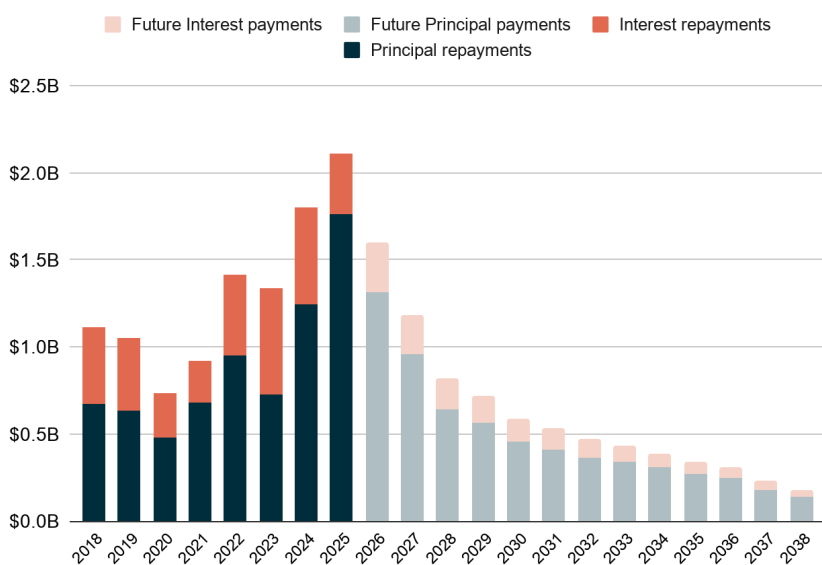
Figure 1.10 shows Ethiopia’s outstanding Chinese PPG debt stock, which is the total amount of principal that has been disbursed and remains unpaid at the end of each year as well as any unpaid interest or fees. These estimates are based on loan-level data on disbursements and repayments, which are used to track how outstanding balances evolve over time.

By the end of 2024, Ethiopia owed an estimated \$8.7 billion in outstanding PPG debt to official sector creditors in China. This was equivalent to about 26% of Ethiopia’s total PPG external debt stock to all external creditors, indicating that China is a dominant bilateral creditor in Ethiopia’s sovereign debt liabilities.¹² The total PPG debt stock owed to China represented 6% of Ethiopia’s GDP in 2024.

Ethiopia’s outstanding PPG debt to China is tied to 76 loans: 12 of these loans are in their original repayment periods, two are in their original grace period, and 62 have been subjected to debt restructuring agreements with China. By contrast, only six PPG loans have been fully repaid. Based on existing loan commitments through 2023, Ethiopia is expected to continue paying down its debt to Chinese creditors until 2044.

¹²World Bank, International Debt Statistics.

Figure 1.11: Ethiopia’s principal and interest payments to Chinese creditors under PPG loans



Note: This data is drawn from AidData’s Chinese PPG Loan Performance Dataset, Version 2.0. For more information, please see the methodology.

Figure 1.11 shows Ethiopia’s principal and interest payments due to Chinese creditors, excluding the additional restructuring relief. Specifically, it displays principal and interest payments 2018-2025 and future principal and interest payments from 2026-2038. The estimated principal payments are calculated by adding all principal payments due each year. Future interest and principal payments are projected from loan terms.

Figure 1.11 estimates Ethiopia’s debt service in 2024 is \$1.8 billion, highlighting the magnitude of near-term obligations if relief is not secured. The repayment spike that Ethiopia has been facing has been steep—reaching over \$2 billion for 2025. However, Ethiopia reportedly secured an Official Creditor Committee (OCC) agreement in November 2023 to suspend debt service obligations maturing between January 1, 2023 and December 31, 2024, while restructuring talks continue. This means the 2024-2025 payment schedule may actually be lower than the estimates shown in Figure 1.11, while payments in 2026 and after would increase once the suspension ends.

In 2024, Ethiopia’s government revenue is estimated to be \$10.8 billion, making Chinese PPG debt service alone roughly 17% of annual government revenue. This large near term burden helps explain Ethiopia’s push for debt relief and restructuring discussions, including principal payment suspensions and potential conversion of some USD denominated Chinese debt into RMB.¹³ Within the Chinese PPG portfolio, repayment stress is also visible in arrears. In 2023, estimated principal and interest arrears to Chinese creditors stood at \$205 million, indicating that a portion of scheduled debt service was not yet paid.

¹³ Hill, M., & Tadesse, F. (2025, October 20). Ethiopia in Talks With China to Convert Dollar Loans Into Yuan. *Bloomberg*. <https://www.bloomberg.com/news/articles/2025-10-20/ethiopia-in-talks-with-china-to-convert-dollar-loans-into-yuan>

What kind of project implementation challenges has China faced in Ethiopia?

Chinese-financed infrastructure projects in Ethiopia:

106

infrastructure projects supported by grants and loans from China

\$17.9 billion

in loan and grant commitments supporting infrastructure projects

Examples of infrastructure implementation risks:

Environmental: increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.

Social: poor labor law compliance, human rights abuses, displacement of local residents, loss of livelihood, or archaeological or cultural heritage site degradation.

Governance: corruption, money laundering, lack of transparency, and non-competitive bidding processes.

From 2000 to 2023, infrastructure projects accounted for 64.5% of China's development finance portfolio in low- and middle-income countries. These infrastructure projects often face project implementation delays caused by environmental, social, and governance (ESG) risks, episodes of debt distress, or political instability in the recipient country. In Ethiopia, the 1,870 megawatt (MW) Gilgel Gibe III Hydropower plant project illustrates these implementation challenges, as significant ESG risks translated into adverse environmental, social, and governance impacts after the project reached completion.



The 1,870 MW Gilgel Gibe III Hydropower plant is located on the Omo River in the South Ethiopia Regional State. The purpose of the project was to increase electricity output and protect the Lower Omo Valley from intense flooding. Construction of the dam began in 2006,

but ICBC and China Eximbank entered the project in 2010. ICBC supported the supply and installation of electrical and mechanical equipment (turbines), while China Eximbank financed the construction of electricity transmission lines. By 2010, the World Bank, the European Investment Bank, and the African Development Bank had all withdrawn potential financing for the project due to significant concerns about potential environmental and social impacts.

The core environmental and social issues associated with this project include its impact on Lake Turkana, the Lower Omo Valley, and the communities that depend on them. Lake Turkana, which spans Kenya and Ethiopia, is the world's largest permanent desert and alkaline lake. Its importance for scientific research in botany, zoology, and paleoanthropology led to its designation as a UNESCO World Heritage Site in 1997. Similarly, the lower valley of the Omo is a UNESCO World Heritage Site due to its significance in paleoanthropology, including the discovery of early human fossils. The Gilgel Gibe III Hydropower plant is located upstream from these two sites. Since over 80% of Lake Turkana's water is supplied by the Omo River, and indigenous communities in both Lake Turkana and the Lower Omo Valley rely on this river, the project poses a high risk of ecological harm and loss of livelihood.

Since the completion of the hydropower plant, satellite remote sensing revealed that modified hydrological cycles reduced the seasonal flood volume of the Omo River which indigenous populations rely on for farming and fishing. Lake Turkana also relies on these flood periods for nutrients to sustain the lake's ecology.¹⁴ These floods were supposed to be controlled annual occurrences in order to prevent the loss of livelihood and negative ecological impacts. However, the Ethiopian Power Corporation stated this was only a temporary measure until the local indigenous communities were socio-economically transitioned away from this traditional livelihood.

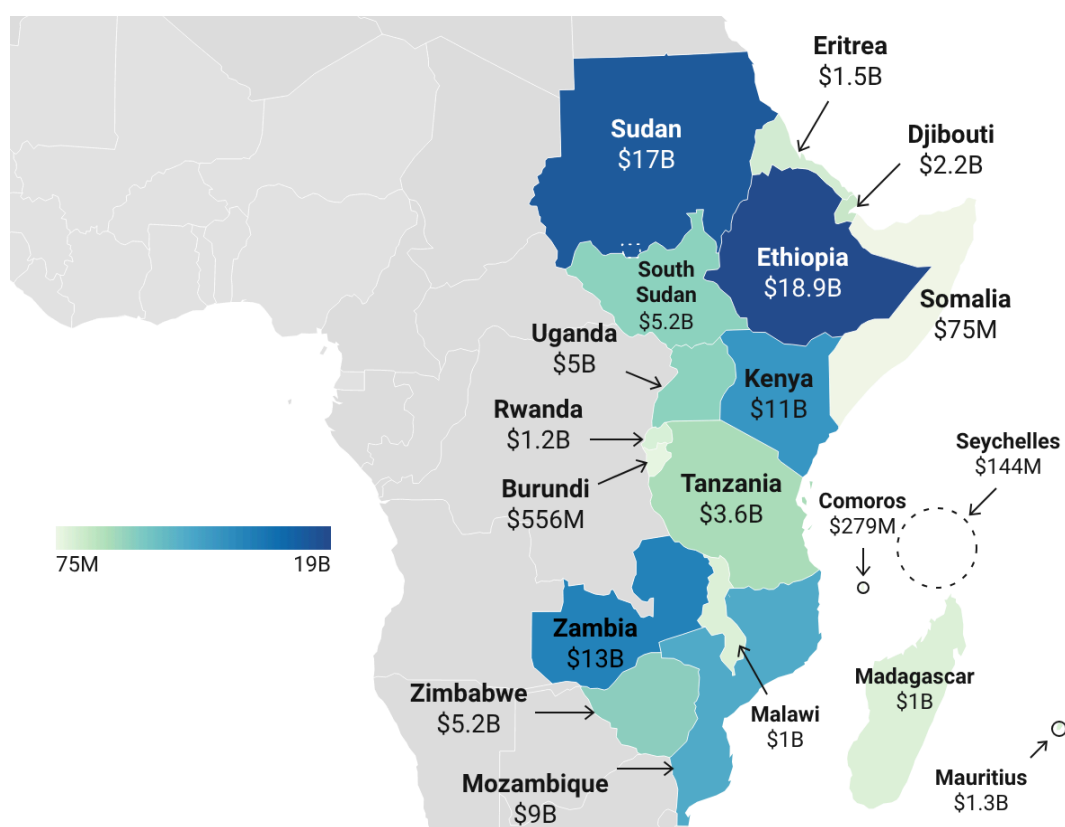
China's involvement in this project led to a protest and petition from international environmental groups, civil society and other individuals led by Friends of Lake Turkana, a grassroots, indigenous organization. Despite this opposition, Chinese financing continued. ICBC was directly involved in financing the dam's core components, while China Eximbank's support was limited to substations and transmission infrastructure rather than the dam itself. Given that multiple major international lenders withdrew due to environmental and social concerns, ICBC's participation may have been critical to the project's completion.

¹⁴ Tebbs, E. J., Avery, S. T., & Chadwick, M. A. (2020). Satellite remote sensing reveals impacts from dam-associated hydrological changes on chlorophyll-a in the world's largest desert lake. *River Research and Applications*, 36(2), 211–222. <https://doi.org/10.1002/rra.3574>

How does Chinese financing to Ethiopia compare to other countries in Eastern Africa?

Between 2000 and 2023, Chinese official sector financiers directed 3,454 loans and grants to Eastern Africa worth \$98 billion. Figure 1.12 provides a cumulative view of China’s aid and credit portfolio in the region. 89% (\$88 billion) of China’s financing to the region occurred between 2000 and 2017, the pre-BRI and early BRI periods. The average annual financing during these years was \$4.9 billion, with commitments exceeding \$10 billion in peak years (2013 and 2014). In the late-BRI period, there was a notable dip in 2021 and 2022 during the COVID-19 pandemic, with annual commitments falling below \$1 billion. Ethiopia received 19% of all Chinese financing to Eastern Africa, making it the largest recipient of Chinese loans and grants in the region.

Figure 1.12: Cumulative financial commitments from China to Eastern Africa, 2000-2023¹⁵



Although Ethiopia has received the most Chinese financing, it does not rank first in any of the top three sectors. In the transport and storage sector, Kenya leads by a margin of \$1.3 billion, largely driven by major projects such as the Standard Gauge Railway. In the energy sector, Sudan is the top recipient, with \$5.6 billion in financing, including more than \$2.2 billion for the Merowe hydroelectric power plant. Meanwhile, Mozambique dominates the industry, mining, and construction sector, securing over \$5 billion in Chinese financing—approximately double Ethiopia’s total in that sector. These allocations demonstrate the breadth of China’s loan and grant-giving portfolio to Ethiopia.

¹⁵Seychelles is a high income country.

Appendix A: Public opinion and bilateral diplomatic visits between China and Ethiopia in the BRI era

Ethiopia’s citizens have maintained favorable views towards China. Per data captured by Gallup between 2006 and 2024, Ethiopian citizens held an average approval rate of 81% toward China’s political leadership.¹⁶ This is over 21% higher than the global average of 59.5%. Favorability peaked at 90.6% in 2015, possibly due to the opening of the Addis Ababa Light Rail and the beginning of power generation at the Gilgel Gibe III Dam—two Chinese-funded projects. By 2024, the approval rate reached 78.3%.

Figure A.1: Ethiopia’s approval of Chinese leadership, 2006-2024¹⁷

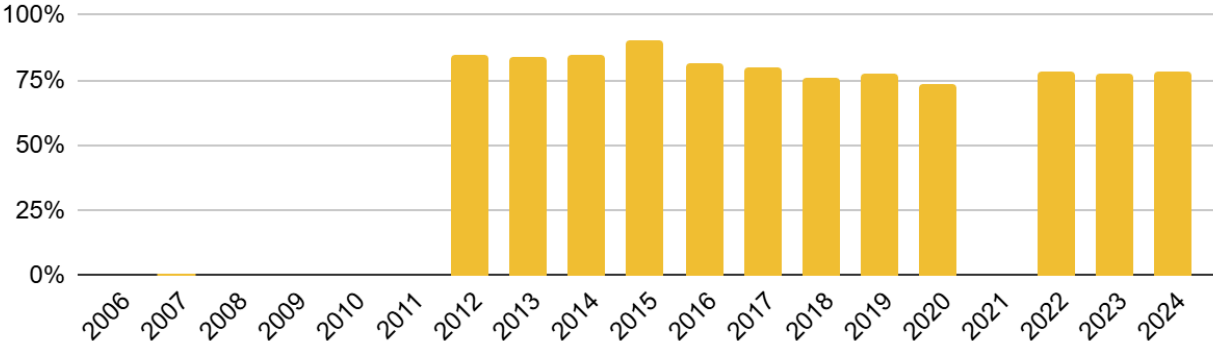


Figure A.2: Bilateral diplomatic visits between China and Ethiopia

2014 MAY	Chinese Premier Li Keqiang visited Addis Ababa and signed 16 loan and cooperation agreements.
2016 JAN	Chinese Foreign Minister Zhang Ming met with Ethiopian Prime Minister Hailemariam Desalegn in Addis Ababa ahead of the African Union Summit.
2017 JUN	Chinese Foreign Minister Wang Yi visited Addis Ababa and held diplomatic talks with Ethiopian Foreign Minister Workineh Gebeyehu.
2019 APR	New Ethiopian Prime Minister Abiy Ahmed Ali visited China, met with President Xi Jinping ahead of the Belt and Road Forum for International Cooperation, and held talks about deepening bilateral ties.
2023 OCT	Prime Minister Ali visited China and met with President Xi to elevate their bilateral relationship to that of an all-weather strategic partnership.
2024 SEP	Prime Minister Ali met with President Xi ahead of the Forum on China-Africa Cooperation (FOCAC) in Beijing.

¹⁶This data comes from Gallup’s World Poll which started in 2005. Gallup conducts the survey in various frequencies on a country-by-country basis; therefore, the years AidData has data for vary and there are gaps pre-2006 and, in some cases, between 2006 and 2024. For Ethiopia, there is no Gallup data prior to 2012 and no data for 2021. For more information on the Gallup methodology see <https://www.gallup.com/178667/gallup-world-poll-work.aspx>

¹⁷The data for the graph and approval rate is based upon Gallup’s Rating World Leaders’ report and dataset.

Appendix B: Methodology & definitions

Capturing Chinese development finance methodology:

The insights in this profile are derived from AidData's China Global Loans and Grants 1.0 dataset. For more details regarding the methodology used to assemble the data, please refer to the Tracking Loans and Grants from China to Low-, Middle-, and High-Income Countries: An Application of AidData's TUFF 4.0 Methodology. All financial values reported in this profile represent USD Constant 2023 prices, unless otherwise stated.

Definitions of finance types:

- Aid: Includes any grant, in-kind donation, or concessional loan (i.e., loans provided at below-market rates and categorized as ODA in CLG 1.0).
- Non-concessional loans: Captures export credits and loans that are priced at or near market rates (i.e., non-concessional and semi-concessional debt categorized as OOF in CLG 1.0).
- Vague: Any official financial flows that could not be reliably categorized as "aid" or "non-concessional loans" because of insufficient information in the underlying source material.

Definitions of instrument types:

- Grant: The donation of money or an in-kind donation of goods from an official sector institution in China (e.g. donations of supplies or equipment, humanitarian aid or disaster relief, or financing for the construction of a government building, school, hospital, or sports stadium).
- Free-standing technical assistance: Skills training, instruction, consulting services, and information sharing by official sector entities and experts from China. Training provided by Chinese entities outside of China is classified as technical assistance.
- Scholarships/training in the donor country: Funding from an official sector institution in China that allows a citizen from the host country to study at a Chinese university or other educational institution. This includes training programs and activities that are sponsored by an official sector institution in China and held for host country citizens in China.
- Debt forgiveness: The total or partial cancellation of debt owed by a borrowing institution in the host country to a Chinese government or state-owned entity.

Development finance to Ethiopia from other donors

All data on development finance from other donors came from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) Creditor Reporting System (CRS). The CRS is the OECD's aid activity database, which compiles activity-level statistics from all providers who report to the OECD. For the analysis in Figure 1.2, 'Aid' represents Official Development Assistance (ODA) grants and loans. Non-concessional loans represent the Other Official Flows (OOF) measure. However, the flows captured in CRS (which are project-level records) specifically exclude export credit flows (due to their potentially sensitive nature). Data on export credits is available in OECD's DAC2B database in aggregate form. DAC2B provides data on OOF loans and grants and gross export credits. However,

consistent and comprehensive data on export credits from one development partner to a specific country are not available. Gross export credits to a specific country are available at an aggregate level, such as G7 or all DAC Members.

Financial Distress:

This profile includes a measure of “financial distress,” defined as loans that show evidence of principal or interest arrears, default on repayment obligations, borrower bankruptcy, or the renegotiation of loan terms (including suspensions of principal or interest payments). The inclusion of restructured loans in this definition represents a methodological change; as a result, the share of cumulative loan commitments classified as distressed in this version of the profile may be higher than in previous versions.

Project implementation challenges methodology:

To better understand the implementation challenges within China’s overseas infrastructure portfolio, AidData developed a new coding framework to systematically identify and categorize environmental, social, and governance (ESG) problems associated with Chinese-financed infrastructure projects in low- and middle-income countries. Under this framework, AidData flags projects when there is credible evidence of a significant environmental, social, or governance issue arising before, during, or after the implementation of a Chinese-financed infrastructure project.

Common ESG challenges in infrastructure projects:

- Environmental: Negative effects on the environment due to building, rehabilitating, or maintaining a physical structure. These include an increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.
- Social: Negative effects on different groups of people due to the infrastructure project, such as employees, nearby residents, Indigenous populations, or community members. Such negative effects include poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.
- Governance: Negative effects related to the infrastructure project’s financial, legal, and ethical management during the design and implementation of the project. These can include corruption, money laundering, lack of transparency, and non-competitive bidding processes that lead to higher project costs and/or poor project quality.

Loan Performance Methodology

AidData’s Chinese PPG Loan Performance Dataset 2.0 is a loan-level dataset that tracks the disbursement, repayment, arrears, restructuring, and outstanding debt trajectories of public and publicly guaranteed (PPG) loans issued by Chinese state-owned creditors to low- and middle-income countries. Building off the detailed loan commitment records captured in the 3.1 version of AidData’s Global Chinese Development Finance dataset, the 2.0 version of the Loan Performance dataset tracks 3,100 Chinese PPG loans issued to 124 borrowing countries between 2000-2022. The dataset synthesizes over 11,000 independently-sourced, loan-level performance observations drawn from public debt reports and repositories, stock exchange filings, bond prospectuses, and audited financial statements. These pieces of information are leveraged in conjunction with amortization schedule modeling techniques to create the best approximation of each loan’s financial performance over time.

Each loan is represented through three complementary amortization models. The “planned model” constructs an amortization schedule based only on original commitment terms and assumes full and timely repayment without deviations. The “perfect compliance” model incorporates observed disbursements and time-varying interest rate benchmarks (for floating-rate instruments) while still assuming payments occur as scheduled. The “actual performance” model integrates observed disbursement and repayment behavior, time-stamped debt stock values, and credit events including arrears, missed payments, and restructuring agreements (e.g., DSSI-related deferrals) to reconstruct each loan’s realized trajectory. Together, these models enable comparisons between the repayment burdens implied at signing and the repayment burdens realized over time, and they support consistent aggregation of debt service and debt stock across loans and countries.

The debt stock statistics in this profile are calculated from “actual performance” model outputs and are aggregated across all PPG loans for a given borrower country and calendar year. Figure 1.10 displays the country’s outstanding Chinese PPG debt stock by year. This measure captures the estimated balance of loan amounts outstanding at the end of each calendar year across all Chinese PPG loans to the borrower. The measure combines observed debt stock data with modeled amortization schedules and includes both remaining principal and any unpaid interest charges. Figure 1.11 shows the country’s annual debt service payments on Chinese PPG loans, including both principal and interest payments. These variables include normal debt service as well as altered payments associated with debt service suspensions and restructuring agreements.

We thank Oshin Pandey for her detailed comments and suggestions for this profile; Sheng Zhang for providing data analysis support; and John Custer for supporting the formatting and data visualization design of the profile. Cover design by Sarina Patterson; cover image shows the Gilgel Gibe III Dam in Ethiopia. Photo by Mimi Abebayehu, licensed under CC BY-SA 4.0.

AidData gratefully acknowledges financial support from the Swiss Agency for Development and Cooperation (SDC), the United States Agency for International Development (USAID), and the Ford Foundation. The findings and interpretations in this profile are entirely those of the authors. AidData's research is guided by the principles of independence, integrity, transparency, and rigor. A diverse group of funders support AidData's work, but they do not determine its research findings or recommendations.

The insights in this profile are primarily derived from the 1.0 version of AidData's China's Global Loans and Grants dataset and the 2.0 version of AidData's Chinese PPG Loan Performance Dataset, although it also draws upon ancillary data from other sources. CLG-Global 1.0 is a uniquely comprehensive and granular dataset that captures 33,580 projects across 217 low-, middle-, and high-income countries supported by loans and grants from official sector institutions in China worth \$2.2 trillion. It tracks projects over 24 commitment years (2000-2023) and provides details on the timing of project implementation over a 26-year period (2000-2025). An accompanying report, [Chasing China: Learning to Play by Beijing's Global Lending Rules](#), analyzes the dataset and provides myth-busting evidence about the changing nature, scale, and scope of China's overseas finance program.

For the subset of grant- and loan-financed projects and activities in the dataset that have physical footprints or involve specific locations, AidData has extracted point, polygon, and line vector data via OpenStreetMap URLs and produced a corresponding set of GeoJSON files and geographic precision codes. The GCDF 3.0 geospatial data and precision codes are provided in [AidData's Geospatial Global Chinese Development Finance Dataset, Version 3.0](#) (Goodman et al, 2024).

For any questions or feedback on this profile, please email china@aiddata.org.



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