

## Photo Essay on Inflation & Birr Devaluation (Sep 09)

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To see how ordinary Ethiopians are coping with the recent devaluation of the Birr and the continued inflation, we talked to a number of people in Addis Ababa varying from university students to company managers. In their own words, here is what they said.

***Ashenafi Assefa. Senior Researcher in the Institute of Health and Nutrition. Age 34. Just Married.***



Of course it affects me solidly. As an Addis dweller and a newly married couple we (me and my wife) depend on many imported staffs for daily consumables. We buy macaroni, pasta, marmalade, edible oil, detergents, cosmetics..... and, apparently, transport is one of the greater portion of our expense. Any slight increment on dollar against birr is directly felt. I am a government employee with fixed income, following the devaluation I have to cut off some of my expenses and obliged to look for options for alternative sources of income. I also need to sit with my wife and discuss on spending issue so that I will avoid unnecessary conflict home.

Indirectly, in my work, we basically use laboratory utensils and chemicals for our daily routine. Devaluation urges us to revise some of our projects and postpone or sometimes close some others. The fluctuation of birr and dollar as well together with the global economic crunch creates instability and distrust in the market. For example, we use to collect proforma from shops so that we will compare and buy an item with the list price. However, because of financial instability, businesses now provide proforma valid only for five, three or sometimes only a day short. This means it creates unnecessary burden and even sometimes inability to buy staffs that require a little detail scrutiny. They use to provide us proforma valid for a month or even six month. And many others problems are caused by the devaluation. This is just to mention few.

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***A. M. This person wants to remain anonymous.***

For me the devaluation (we ought to add the tacit devaluation which were opposed by our government some years back when launched by IMF has now practically been implemented, if so as it looks in a more natural discourse) have had a nature of a double edged knife. As I am situated partly abroad, I rip the benefit of having more birr for my dollars, but frankly it is by far offset by the locally hiking prices in all regards diminishing if not totally erasing the benefit one is eluded to think of having. Although I am not quite sure to what degree the local hike of prices in Ethiopia is related to the birr devaluation, as I do remember clearly that commodity of our basic necessities, ex. injera

and berbere, was even more expensive gauging at about 1300 birr for a 100 kg teff long before the evaluation of dollar.

Whatever you do, be it fulfilling your basic necessities or going out in our city for any kind of enjoyment leaves you scrapped. Some examples illustrating and contrasting with my experience abroad from here would do well here, which are both during my last visit to Bambis. At one occasion a fellow consumer, and European lady, queued in front of me, bought a 16 pack soft paper for about 230birr which equates to about 14 birr/piece. In Sweden good quality soft paper costs roughly 70SEK which is about 120birr (and you need to factor in the purchasing power in respective country into this), which makes the price difference daunting. Another horrific example was my search for raisins, which I like. I found out that 500g raisins costs about 62birr and in Sweden the same costs 23SEK. Both of these are imported commodities as most of the items in Bambis are.

Therefore I have resorted to consuming only locally produced items, but that is not easy either and I just really wonder and really worry how and if my fellow Ethiopians who earn their salary only in local currency manage.

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*A. G. General Manager. Private IT Company.*



The recent devaluation of Birr against the major currencies has made imports very difficult not to mention the adverse effect on our day to day activities; it has made our cost to sky rocket by a significant margin and made us less competitive with other foreign counterparts who are engaged in the same line of business. This is directly related to the process of raising capital and other related financial processes. When it comes to

personal life, it has made me change my spending habits as a whole: personally I have cut down on most of the things I used to do like entertainment, sports and other spending habits and concentrate on more basic needs and look out for cheaper get-aways.

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*Hellen Tesfaye. Pharmacist. Works in Pharmaceuticals Fund and Supply Authority. Age 28.*



It has made such a significant scale-up in the price of things without any change of quality or standard improvement of materials. Very recently, I was planning to furnish and paint the new house I moved in and I was stunned by the unbelievable cost

of house materials. Two and half years ago, I had done the same thing and it cost me about 10,000 birr and now it cost me nearly 23,000 birr. What surprised me is that the stuffs I bought are more or less similar items.

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*Milkias Gashaw. Age 23. Third Year AAU, accounting undergraduate student.*



For me further devaluation of birr is inevitable because of international pressure. The developed world always wants us to be dependent on them. Our traditional export items are very inelastic in the international market. Their price goes up and down in different times. We are still exporting agricultural produces and our industries are infant and don't produce any capital good for export or even semi-processed agro-industrial products to the world market.

Therefore, the rest of the world would like to take advantage on our poor performance of the economy and always wants to sell our produces in a very low price. Plus no one would consume more coffee for the price of coffee goes down.

Our government looks very confused and its not possible for us to resist the pressure of IMF and World Bank as this institutions are invisibly run by the United States of America and other rich countries.

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