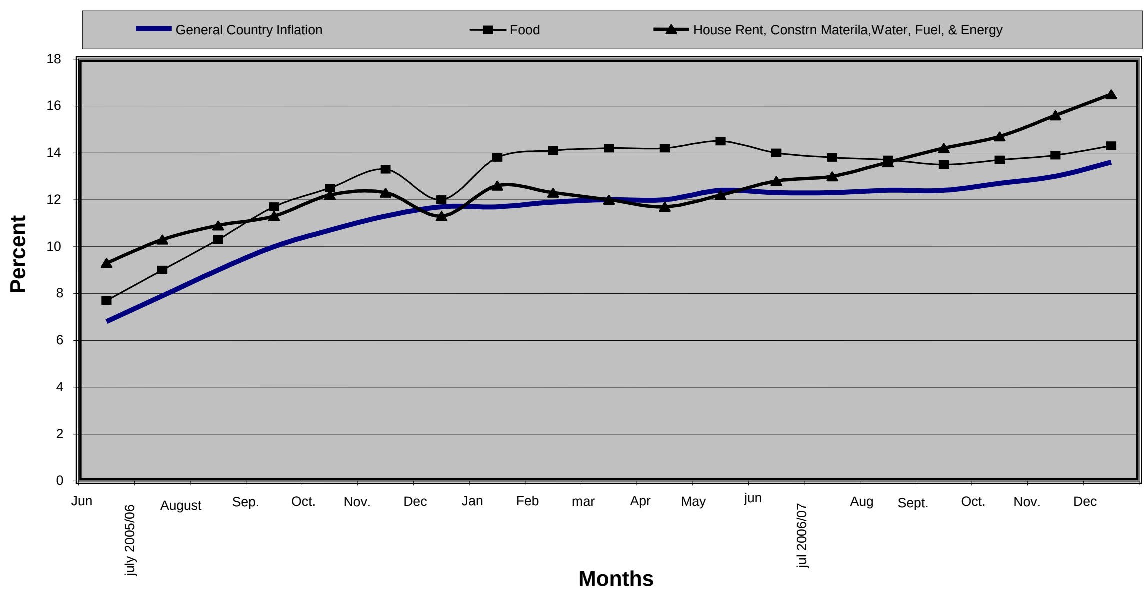
MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT

Report on Macroeconomic Developments

First Half (July-December EFY 1999 (2006/07))

General Trend in Country Inflation and Its Components



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Overview

This first half report of EFY 1999 on macroeconomic developments in Ethiopia presents brief highlights on the developments of major macroeconomic variables during the past six months of fiscal year under consideration. The variables on which the economic review aimed includes, prices, Federal Government Fiscal Performance, Monetary Aggregates, External Sector, Public Debt, Manufacturing and Private Sector Development. The exposition in this report dwells on variations of variables in both absolute and relative terms against the same period of the previous fiscal year.

Inflation rate at a country level measured on the twelve months moving average basis, stood at 13.6 percent during the end of the first half of EFY 1999 (2006/07), exhibiting a moderate increase compared to its level of 11.7 in the same period of the preceding fiscal year. The rise in inflation observed during the period is contributed by almost all the major components. In spite of considerable movement in the prices of non-food items; the food inflation reached 14.3 percent.

The average official exchange rate of the Birr against the Dollar, in the daily inter-bank foreign exchange market at the end of the first half of the fiscal year under consideration stood at 8.7197 and depreciated by 0.49 percent compared to the same period of the preceding year. On the other hand, the average parallel market rate has appreciated by 1.3 percent and stood at Birr 8.9059/ USD during the same period.

In the first six month of EFY 1999 (2006/07), overall Federal Government revenue collection including foreign support for Protecting Basic Government Services and debt relief amounted to Birr 10772.3 million, showing an increase of Birr 2869.1 million or 36.3 percent over the level of the same period of the preceding fiscal year. This significant growth in revenue collection is supported by 26.8 percent increase in revenue mobilization in the domestic component. Looking at the spending side, a total of Birr 12452.9 million Federal Government Expenditure including regional budget support and special program outlays was made, showing Birr 1880.2 million or 17.8 percent increase compared to the level of the same period of the previous fiscal year. This is mainly owing to the significant increment of resource transfer to the regions and outlays made for capital development projects in such sectors as education, road, agriculture, water and health. The fiscal deficit which stood at Birr 1680.5 million has been narrowed down compared to the same period of the preceding fiscal year.

During the period under review, the net foreign assets position of the country declined from Birr 12251 million in July 7, 2006 to Birr 11929 million in December 31, 2006. Conversely, domestic credit increased by 7.4 percent which is mainly due to a rise in claims on non-government by 19.5 percent.

The overall balance of payment position of the country showed a deficit of USD 81.6 million during the first six month of the fiscal year while the current account deficit (excluding official transfers) stood at a deficit of USD 1254.5 million, widening by 10.6 percent over the level of the same period of previous fiscal year.

Foreign loan worth USD 1224.1 million has been disbursed to the various sectors of the economy during the fiscal year under consideration showing 11.4 percent decline compared to the level of the same period of previous fiscal year.

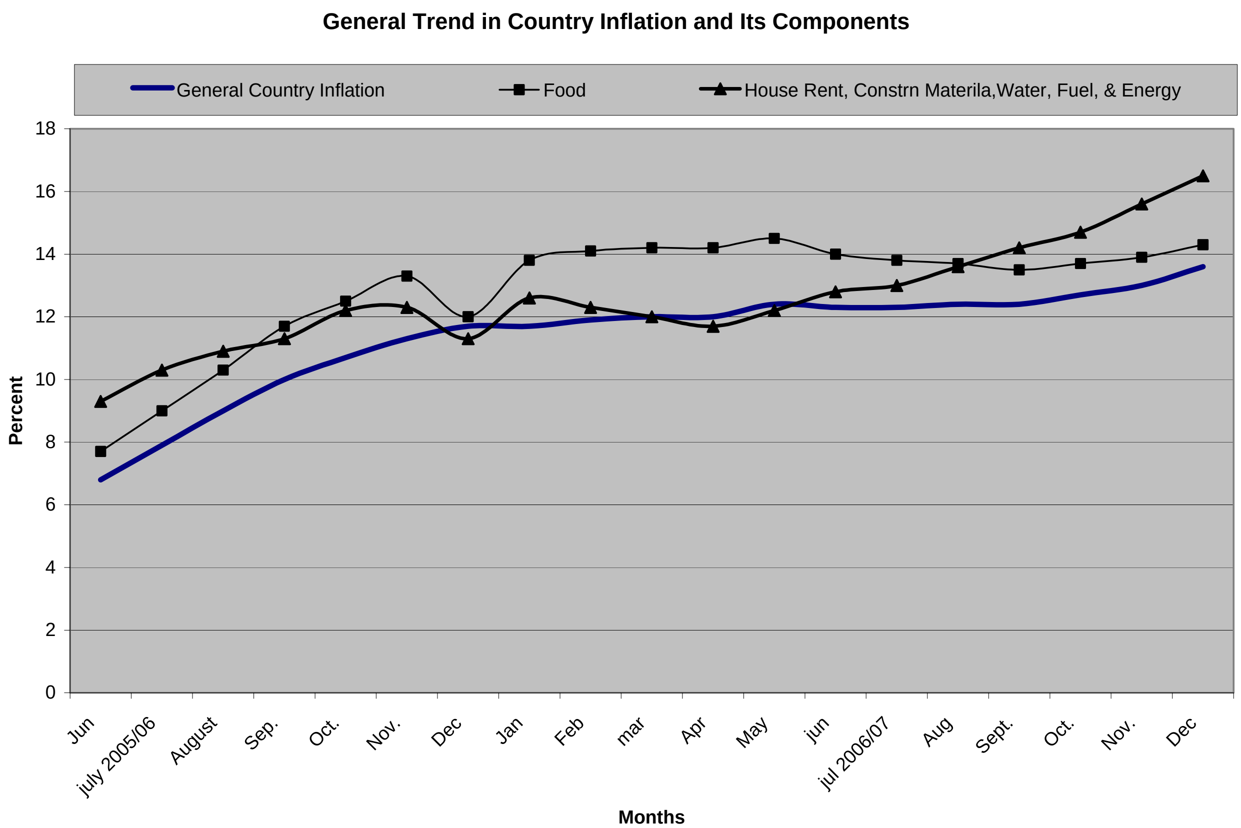
During the period under review, a net total debt service worth Birr 196.16 million has been paid out to settle external debts. As compared to the previous fiscal year, the external debt payments have declined by 27.3 percent.

In the first six months of the EFY 1999 (2006/07), a total of 2728 investment projects with a total capital amounting Birr 51 billion has been approved; showing 18 percent increment over the level of the same period of the EFY 1998 (2005/06). Foreign direct investment contribution to this overall growth in the number of approved projects during the period is also significant (showing 48 percent growth). These projects are expected to employ a total of 241,379 employees; of which 92,445 are permanent.

1 Prices

1.1 Inflation

Starting from the beginning of the second quarter of the fiscal year 2005/06, a double digit country level inflation has been registered. On the 12 months moving average basis, the country general inflation stood at 11.7 percent in the first half of the fiscal year 2005/06. The rise in trend in inflation continued and reached 13.6 percent in the same quarter of the present fiscal year (2006/07). The major contributor to the general country level inflation is food inflation and registered 14.3 during the same quarter.



As indicated in the above graph, the price index of the House Rent, Construction material, Water, Fuel, & Energy collectively have also shown a sharp rise in trend and it increased from 11.3 percent in December 2005/06 to 16.5 percent in December 2006/07. The index of this component has 15.4 percent share in the general price level index next to food price index (60.1 percent).

When we see the over all trend of country wide inflation rate for the first six months of fiscal year 2006/07 almost all the indices have shown an increment over the same period of the previous fiscal year, (see Annex 1). The inflation in Ethiopia is known to follow the weather condition which adversely affects the agricultural production. There is usually a bumper agricultural harvest whenever there is a good weather which forces the prices for agricultural produces to sharply decline and vise versa. But recently, particularly starting from the recovery of the economy from the sever draught shock in 2002/03 the economy registered a high average growth rate of 10 percent in the subsequent three successive years where the agricultural sector particularly registered a magnificent performance; but the paradox is that the price level of agricultural production and other sectors sharply rising instead of declining. Currently, a number of studies are being underway to investigate what caused this paradox.

1.2 Exchange Rate

During the second quarter of fiscal year 2006/07, the average exchange rate in the official and parallel market stood at 8.719 7/USD and 8.9059/USD respectively observing a marginal gap of Birr 0.19. The difference between the official and parallel market exchange rate could be narrowed to about Birr 0.19 by the end of the second quarter of 2006/07 from its level of Birr 0.34 during the same quarter of the previous fiscal year.

Table 1: Comparison of average official exchange rate and parallel market rate

Period	Rates in Birr per USD		Differences (b-a)
	Official (a)	Parallel Market (b)	
2005/06	8.6810	9.0258	0.34
QI	8.6702	8.9592	0.29
QII	8.6776	9.0198	0.34
QIII	8.6847	9.1280	0.44
QIV	8.6914	8.9962	0.30
2006/07			
QI	8.6986	8.8872	0.19
QII	8.7197	8.9059	0.19

During the period under review, the official exchange rate of the Birr against the dollar in the daily inter-bank exchange market depreciated by 0.49 percent compared to the level of the second quarter of 2005/06. The average parallel market rate, however, appreciated by 1.26 percent during the same period.

In the first six months of the fiscal year, the amount of dollar currency traded in the inter-bank foreign exchange market decreased from USD 36.6 million during the same period of the previous year fiscal year to 34.5 USD, observing a decline of 5.7 percent.

2 Fiscal Performance

2.1 Revenue

During the first half of the fiscal year 2006/07, total amount of Birr 10772.3 million revenue was collected from both domestic and foreign sources. This accounts for 43.9 percent of the annual budgeted amount. Out of which the domestic component performed 48.6 percent while the revenue mobilized from foreign sources stood at 27.7 percent of what is budgeted. Improvements in domestic revenue collection (Birr 9230.6 Million) has been observed compared to the same period of the previous fiscal year, showing an increase of Birr 1949.7 million (26.8 percent) owing to improved tax administration and better economic performance. Better performance has also been observed in all tax categories.

During the period under review, 47.2 percent of the total budgeted tax revenue could be collected showing an increase of 22.0 percent compared to the same period of the preceding fiscal year. Out of the total tax revenue collection, about 55 percent is from foreign trade tax and the remaining 24.5% and 20.5% from direct and domestic indirect taxes, respectively. Compared to the same period of the previous fiscal year the direct tax income has increased by 27%. The indirect tax and foreign trade tax collection also increased by 22.7% and 19.6%, respectively during the same period.

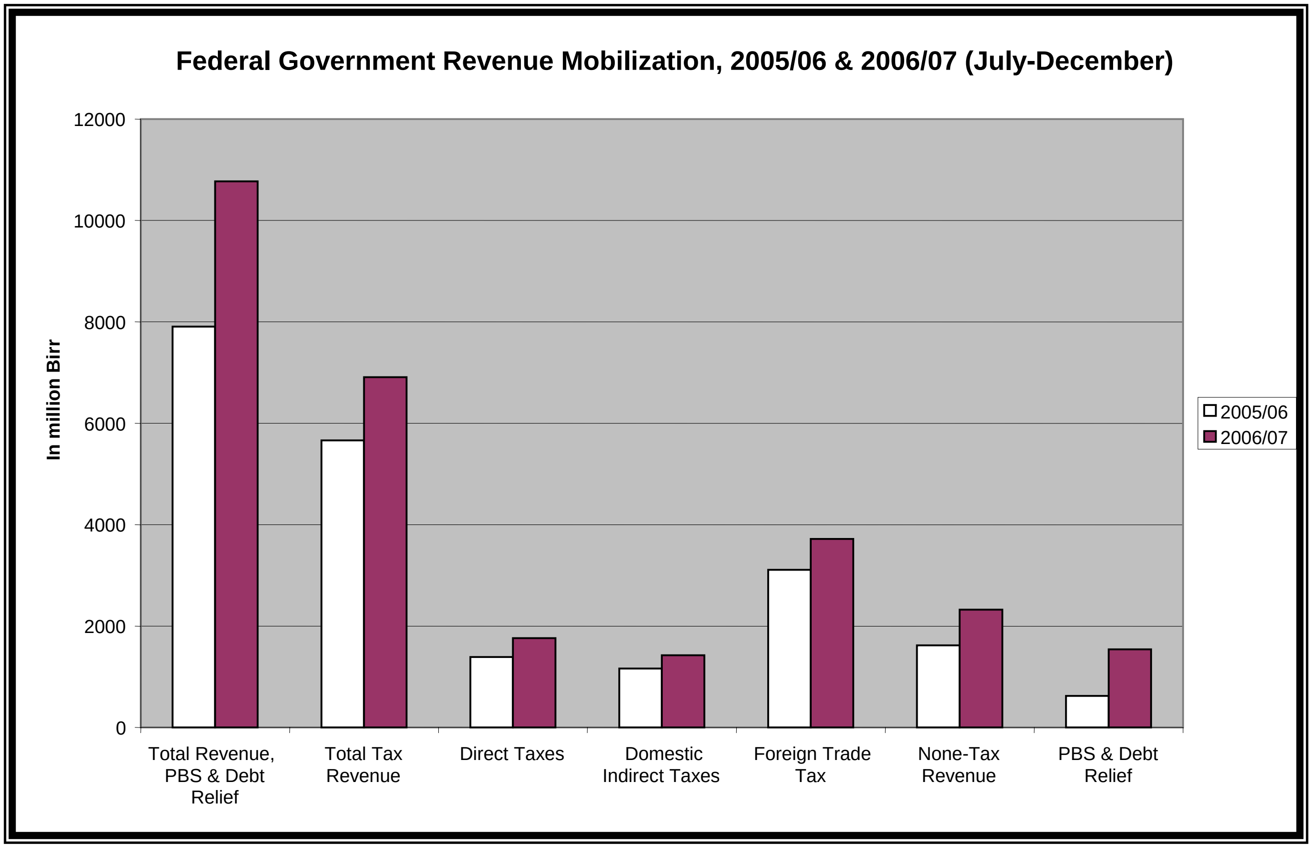
Table 2: Federal Government Revenue

In Million Birr

Item	**July-December**				**Difference from 2005/06**	
	2006/07			**2005/06**		
	Budget 2006/07	**Actual**	**in % of the budget**	**Actual**	**in Birr**	**in present**
Total Revenue, Protecting Basic Services (PBS) & Debt Relief	**24550.9**	**10772.3**	**43.9**	**7903.2**	**2869.1**	**36.3**
Tax Revenue	14646.5	6907.6	47.2	5660.1	1247.5	22.0
Direct Taxes	2858.0	1762.3	61.7	1388.1	374.2	27.0
Domestic Indirect Taxes	3551.1	1425.0	40.1	1161.6	263.4	22.7
Foreign Trade Tax	8237.4	3720.3	45.2	3110.4	609.9	19.6
None-Tax Revenue	4347.9	2322.9	53.4	1620.8	702.1	43.3
PBS & Debt Relief	5556.5	1541.8	27.7	622.3	919.5	147.8
PBS Support	3735.0	1031.3	27.6	131.8	899.5	682.5
HIPC & MDRI Relief	1821.5	510.5	28.0	490.5	20.0	4.1

Source MoFED

With regard to the performance of non tax revenue for the period under review, stood at Birr 2322.9 million, (53.4 percent) of the annual budget. This shows an increment of Birr 702.1 million (43.4 percent) as compared to the same period of the preceding fiscal year. During the same period, the foreign component of the revenue obtained as support for Protecting Basic Services (PBS) and debt relief from bilateral and multilateral institutions (HIPC and MDRI) amounted to Birr 1542.3 million, which is only 27.8 percent of the annual budget. This low performance during the quarter is attributed to the fact that due to several procedural requirements much of the donor resource disbursement has declined and expected to take place at the following quarters. However; it has shown an increment of birr 919.5 million (147.6 percent) as compared to the same period of the previous fiscal year.



Source: MoFED

2.2 Expenditure

The overall federal government recurrent and capital expenditure including regional budget transfer and special program outlays during the first half of the fiscal year 2006/07 reached Birr 12452.9 million; making up 41.7 percent of the total annual budget. During the period under review, the recurrent expenditure including the regional budget transfer amounted to Birr 7471.5 million showing 14.8 percent increase compared to the same quarter of the preceding fiscal year. Out of the total recurrent expenditure effected, about 61.4 percent is disbursed for regional budget transfer while the remaining 22.1%, 2.2%, 6.9% and 7.2% are outlays made to administrative and general, economic, social and other services, respectively.

Table 3: Federal Government Recurrent Expenditures

In Million Birr

Expenditure Type	Annual budget 2006/07	July-December			Difference from 2005/06	
		2006/07		2005/06		
		Actual	In% budget	Actual	Amount	In percent
Administration and General Service	4094.6	1654.8	40.4	2177.6	-522.8	-24.0
Economic Services	512.4	167.4	32.7	151.8	15.6	10.3
Social Services	1321.4	519.2	39.3	342.6	176.6	51.5
Others	1853.6	540.7	29.2	453.4	87.3	19.3
Regional budget transfer	9555.9	4589.4	48.0	3381.8	1207.6	35.7
Total	**17337.9**	**7471.5**	**43.1**	**6507.2**	**964.3**	**14.8**

Source: MoFED

On the other hand, Birr 4981.4 million disbursements have been made for both capital and special program outlays during the first half of the fiscal year showing an increase of Birr 1043.9 million (35.7 percent) over the level of the same period of the preceding fiscal year. Though there is an increase in capital spending compared to the same period of the preceding fiscal year, only about 39.7 percent of the annual capital budget has been utilized; signifying very much low performance.

Table 4: Federal Government Capital Expenditures

In Million Birr

No.	Expenditure Type	Annual budget 2006/07	July-December			Difference from 2005/06	
			2006/07		2005/06		
			Actual	In percent	Actual	Amount	In percent
1	Economic Development	8901.4	3821.7	42.9	3291.9	529.8	16.1
2	Social Development	3138.0	1043.7	33.3	689.8	353.9	51.3
3	General Development	518.1	84.7	16.3	60.8	23.9	39.3
4	Special program	0.0	31.3		23.0	8.3	36.1
5	Total	12557.5	4981.4	39.7	4065.5	915.9	22.5

Source: MoFED

The major part of the capital spending (76.7 percent) is made for economic development sector such as agriculture, water, food security and road construction projects, while 213 percent was spent on developments in the social sector such as education and health while the remaining 2.3 percent is an outlay for general development and special programs.

2.3 Deficit and Financing

The fiscal stance of the federal government shows that a prudent fiscal management has been in place during the first half of the current fiscal year. During the period under review the total government expenditure stood at Birr 12452.9 million while the total revenue and grant collection stood at Birr 10772.3 million resulting in a budget deficit of Birr 1680.5 million. The budget deficit has been narrowed down significantly compared to the level of the same period of the preceding fiscal year. The fiscal deficit has been financed, through a net foreign borrowing of Birr 475.4 million and a net domestic borrowing of Birr 1205.2 million from different government accounts. During the same period the government has made a repayment of Birr 512.7 million domestic borrowing.

Table 5: Federal Government Deficit and Financing

	Annual budget 2006/07	July-December			Difference from 2005/06	
		2006/07		2005/06		
		Actual	In percent	Actual	Amount	In percent
Overall Surplus/Deficit	**-5344**	**-1680.5**	31.4	**-2669.5**	989.0	-37.0
FINANCING	***5344***	***1680.5***	31.4	***2669.5***	-989.0	-37.0
External net	**1348**	**475.4**	35.3	**77.1**	398.3	516.6
Domestic borrowing	***3996***	***-512.7***		***1348.8***	-1861.5	-138.0
Others/residual	**0**	**1717.9**		**1243.7**	474.2	38.1

3 Developments in Monetary Aggregates

3.1 Money Supply and its Determinants

During the first six months of the fiscal year 2006/07, broad money and its components have witnessed a general trend of expansion. On the asset side, broad money is determined by the net foreign asset and domestic credit while on the liability side, it is determined by the developments in narrow money and quasi-money.

At the beginning of the fiscal year 2006/07, the net foreign assets of the country stood at Birr 12251 million and showed a down ward movement to 11929 million Birr at the end of the second quarter of 2006/07 fiscal year. This is mainly due to decrease in foreign asset holding of National Bank by 20.6 percent though the foreign asset holding of commercial bank increased by 3.1 percent. During the same period domestic credit has increased by 7.4 percent which is mainly due to a rise in claims on non government by 19.5 while claims on government decreased by 3.7 percent.

In the period under consideration a similar trend was also witnessed on the liability side of broad money. During this period narrow money (M1) slightly increased by 3.6 percent from its level in the beginning of the fiscal year under review. Quasi-money (M2) also showed a 6.3 percent increase during the same period.

Correspondingly demand deposits showed a 4.8 percent increase and currency in circulation showed about 2.2 percent increase from their level in July 7 2006/07. Similarly, saving deposits and time deposits have also increase by 4.8 and 21.2 percent, respectively.

Thus, development in all determinants and components of M1 and M2 resulted in an overall increase in broad money by 4.9 percent and stood at Birr 49811 million at the end of the second quarter of this fiscal year.

4 Balance of Payments and External Sector

4.1 Balance of Payments

During the first half of the 2006/07 fiscal year, the country witnessed negative trade balance of USD 1943.7 million (see table 6). Export earnings have financed only 17.8 percent of the total import bill. The trade balance widened by 36.9 percent compared to the same period of the preceding fiscal year. Merchandise export earnings and merchandise imports bill have also increased by 6.1 and 9.9 percent, respectively. This shows that the merchandise import bill is growing faster than the growth in merchandise export earnings.

On the other hand, during the first half of 2006/07, net services have shown a 73 percent decrease compared with the same period of the pervious fiscal year.

Table 6: Balance of Payments

In Million USD

Particular	2005/06 First half	2006/07 First half	Percent change
	(a)	(b)	(C)=(B-A)/A*100
Trade Balance	**(1755.6)**	**(1943.7)**	**10.7**
Exports	396.6	420.8	6.1
Imports	2152.2	2364.5	9.9
Net Services	**33.8**	**9.1**	**(73.1)**
Private Transfers	**587.1**	**680.0**	**15.8**
Current Account Balance(excl. public transfers)	***(1134.7)***	***(1254.5)***	**10.6**
Public Transfers	508.5	347.6	(31.6)
Current Account Balance(incl. public transfers)	***(626.2)***	***(906.9)***	**44.8**
Capital Account	211.4	315.1	49.1
Net Errors & Omissions	143.2	510.2	256.3
Overall Balance	**(271.6)**	**(81.6)**	**(70.0)**
Financing	**271.6**	**81.6**	**(130.0)**
Reserves (:increase)	349.7	245.8	(29.7)
Arrears	0.0	0.0	0.0
HIPC Relief	87.9	133.0	51.3

Source: National Bank of Ethiopia

During the period under consideration, the current account deficit excluding public transfers stood at 1254.5 million USD /widened by 10.6 percent/ where as current account deficit including public transfers stood at 906.9 million /widened by 44.8 percent/. This is mainly due to the increased performance in the import bill and decrease in public transfers (by 31.6 percent).

During the period under review, capital account balance stood at USD 315.1 million, which indicates a 49.1percent increase compared to the previous fiscal year. This is mainly due to the increases in net direct investment and the net long-term loan account.

4.2 External Sector

4.2.1 Exports

During the first six months of the fiscal year 2006/07, total merchandise export earnings amounted to 420.8 million USD. Compared to the same period of the fiscal year 2005/06, total earnings have increased by about 6.1 percent. With similar comparison, earnings from coffee, Pulses, Leather and Leather products, Fruits and Vegetables have increased by 67.1, 71.5, 46.5 and 17.1 percents, respectively. On the other hand, earnings from Oilseeds, Chat and Gold have decreased by 48.3, 8.6 and 3.0 percent, respectively. During the period under review coffee, oil seeds, chat and Leather and Leather products; took the first; the second, the third and the fourth position having the percentage share of 38.2, 11.5, 9.9 and 9.1 percent, out of the total merchandise export earnings respectively.

Regarding the volume of exports, coffee, pulses, and Leather and Leather products Fruits and vegetables have showed increased performance of 75.1, 71.5, 17.5 and 14 percent, respectively compared to the level of the same period of the preceding fiscal year whereas oilseeds, Chat and Gold have shown declining performance.

Table 7: Values and Volumes of Major Export Items

Values in Million USD & Volumes In thousand metric tones

Export Items	2005/06 Second Quarter		2006/07 Second Quarter		Percentage Change	
	Value	Volume	Value	Volume	Value	Volume
Coffee	96.1	41.5	160.6	72.5	67.1	74.7
Pulses	16.5	16.5	28.3	28.3	71.5	71.5
Oilseeds	93.2	124.9	48.2	66.2	-48.3	-47.0
Fruits & vegitable	4.3	17.1	6.3	19.5	46.5	14.0
Leather & leather products	32.7	32.7	38.3	38.3	17.1	17.1
Chat	45.6	11.1	41.7	10.3	-8.6	-7.2
Gold	23.1	3.8	22.4	1.4	-3.0	-63.2
Others	85.1	-	75		-11.9	
Total Exports	**396.6**	**247.6**	**420.8**	**236.5**	**6.1**	**-4.5**

Source: National Bank of Ethiopia

4.2.2 Imports

Total import bill reached 2364.5 million USD during the first half of the current fiscal year (see table 8). The highest expenditure is on capital goods, which is about 34.1 percent from the total, the next is on consumer goods which is about 28.1 percent of the total followed by fuel which account for 19.8 percent.

Table 8: Value of Major Import Items

Million USD

Particular	2005/06 First half	2006/07 First half	Percent Change
	(a)	(b)	(C)=(B-A)/A*100
Raw materials	38.4	47.6	24.0
Semi-finished goods	357.3	314.8	(11.9)
Fuel	301.3	469.2	55.7
Capital goods	723.3	806.1	11.4
Consumers goods	687.2	663.4	(3.5)
Durable	196.4	300.5	53.0
Non durable	490.7	362.9	(26.0)
Miscellaneous	44.5	63.4	42.5
Total	**2152.2**	**2364.5**	**9.9**

Source: National Bank of Ethiopia

Compared to the same period of the preceding fiscal year, total import bill for all commodities except for semi-finished and consumer goods have shown some increments. Therefore, overall import bill have increased by about 9.9 percent compared with the same period of the previous fiscal year.

5 Public Debt

5.1 External Loan Disbursement

In the first six months of the fiscal year 2005/06, foreign loan disbursement to different sectors of the economy amounted to Birr 1381.53 million while in the same period of the current fiscal year it stood at Birr 1224.1 million showing a decline of 157.47million (11.4 percent).

During the first half of the fiscal year under review, much of the external loan disbursed was made for the electric light and power sector with a share of 39 percent in the total disbursement. During the same period, the share of Transport, Communication & infrastructure stood at second with about 21 percent share (see table 9)

Table 9: External Loan Disbursement by Economic Sectors

In Million Birr

Economic Sectors	First half 2005/06 (a)	First half 2006/07 (b)	Percent Change (c)=((b)/(a)-1)*100
Agriculture and Irrigation	142.0	107.9	-24.0
Electric Light & Power	656.3	476.1	-27.4
Transport, Communication &Infrastructure	76.5	255.7	234.3
Health & Related Services	34.6	27.4	-20.8
Multisectoral HIV/AIDS	59.1	19.2	-67.5
Social Security, Welfare	59.8	94.9	58.6
Ethiopian Social Rehabilitation & Development	-	-	-
Education	4.7	12.6	166.3
Tourism, (Cultural Heritage)	5.7	-	-
Emergency Recovery &Reconstruction & Demobilization	191.6	168.2	-12.2
Capacity Building	22.3	-	-
Food Security	79.6	-	-
Structural Adjustment	-	-	-
Financial Institution	28.6	-	-
Water Works and Supply	7.6	58.8	673.0
Private sector Development	13.1	3.3	-74.8
Total	**1381.5**	**1224.1**	**-11.4**

Source: MoFED, Credit Administration Department

Compared to the first half of the previous fiscal year, external loan disbursement for transport, communication & infrastructure, social security and welfare, education and water works and supply sectors has increased where as the other sectors disbursement has decreased.

5.2 External Debt Service and Relief

During the first two quarters of the current fiscal year, a total of Birr 196.2 million foreign debts have been serviced net of the debt relief obtained. The amount paid back as principal stood at Birr 129.0 percent while the remaining Birr 62.7 and 4.5 million are paid for interest and commission, respectively. Compared to the debt service amount paid during the first six months of 2005/06 fiscal year, it has decreased by 27.3 percent.

Table 10: Quarter External Debt Service*

In Million Birr

Description	First half 2005/06 (a)	First half 2006/07 (b)	Percent Change (c)=((b)/(a)-1)*100
Principal	173.1	129.0	-25.5
Interest	90.9	62.7	-31.1
Commission	6.0	4.5	-24.5
Total	**269.9**	**196.2**	**-27.3**

Source: MoFED
**** After debt relief***

Table 11: HIPC Relief

In Million Birr

Description	First half 2005/06 (a)	First half 2006/07 (b)	Percent Change (c)=((b)/(a)-1)*100
Principal	355.8	364.2	2.4
Interest	134.8	147.1	9.1
Total	**490.5**	**511.2**	**4.2**

Source: MOFED

Debt relief obtained from different multilateral and bilateral creditors as HIPC and MDRI initiatives during the six months of the current fiscal year stood at Birr 511.2 million showing a 4.2 percentage increase compared to similar debt relief obtained in the same period of the preceding fiscal year. Out of this amount Birr 364.2 is obtained from the due amount in principal repayment while the remaining is Birr 147.1 million is from interest repayment.

5.3 Domestic Debt outstanding

As of December of the preceding fiscal year the government's domestic debt position was about Birr 36,864.94 million while the level has increased to Birr 42,459 during the same period of the current fiscal year showing 15.2 percent growth. As depicted in Table 12, most of the domestic debt owed by the government is held instruments like treasury bills and bonds.

Table 12: Domestic Debt Outstanding

In Million Birr

Borrowing Instrument	As of December 2005/06 (a)	As of December 2006/07 (b)	Percent Change (c)=((b)/(a)-1)*100
Direct Advance	16,995.0	17,749.0	4.4
T. Bills	7,223.5	12,396.0	71.6
Bonds	12,646.4	12,314.0	(2.6)
Total	**36,864.9**	**42,459.0**	**15.2**

Source: MOFED

5.4 Domestic Debt Service

During the six months of the current fiscal year, a total amount of Birr 350.8 million domestic debts has been serviced showing a 2.6 percent increase from its level of the same period of the previous fiscal year. Out of the total amount of domestic debt services, the highest amount is serviced for the debt held in direst advance (about 60 percent) as a result a huge increase (111.5 percent) is observed in domestic debt service paid in direct advance compared to the amount paid in the same period of the preceding fiscal year.

Table 13: Domestic Debt Service

In Million Birr

Borrowing Instrument	First half 2005/06					First half 2006/07					Percent Change
	Prn. (a)	Int. (b)	Discount (c)	Service Charge (d)	Total (e)	Prn. (f)	Int. (g)	Discount (h)	Service Charge (i)	Total (j)	(k)=((j)/(e)-1)*100
Direct Advance	-	128.1	-	-	**128.1**	-	135.5	-	135.5	**271.0**	***111.5***
T. Bills	-	-	0.61	5.9	**6.5**	-	-	1.9		**1.9**	***90.9***
Bonds	45.7	39.8	-	-	**85.5**	49.7	28.2	-		**77.9**	***-9***
Total	**45.7**	**167.9**	**0.61**	**5.9**	**220.1**	**49.7**	**163.7**	**1.9**	**135.5**	**350.8**	***2.6***

Source: MOFED, Loan Administration Department

6 Manufacturing

The ongoing quarterly sample surveys on Large and Medium Scale Manufacturing Industries being conducted by the Central Statistical Authority has published quantitative and qualitative data on the current developments of the manufacturing industries for the second quarter of fiscal year 2006/07. The quarterly survey findings focus on employment, revenue generation, raw materials and capacity utilization.

As the survey results indicate, in the second quarter of 2006/07 a total of 89,907 persons were engaged in the manufacturing industries, out of which 85.7 percent of the workers were permanent, while the remaining 14.3 percent were seasonal or temporary employees. The result shows that there is a slight decline in employment from the level of the same quarter of last year particularly with regard to permanent workers. Akin to the preceding surveys, the results of this second quarter survey also indicated, among the industrial groups, manufacturing of textile and food product are found to be the major employers; absorbing about 42.2 percent of the total employment, while the chemical and non-metal, beverage and tanning leather product establishments employed 18.7, 11.2 and 8.1 percent of the permanent and seasonal labor respectively.

Table 14: Manufacturing Industries Business Survey Results

No	Items	2005/06 Second Quarter	2006/07 Second Quarter
1	Number of establishments	910	910
2	Persons engaged	90,769	89,907
	Permanent (in percent)	*86.4*	*85.7*
	Seasonal (in percent)	*13.6*	*14.3*
3	Revenue from sales (in million Birr)	3262.5	3782.4
	Local Sales	*3071.9*	*3612.3*
	Export	*190.6*	*170.0*
4	Reasons for using imported raw materials (%)		
	Lack of sufficient supply locally	*5.7*	*29.0*
	Not available locally	*66.9*	*56.8*
	Local supply is not reliable	*19.9*	*9.2*
	Quality of locally available raw material is not reliable	*7.5*	*5.0*
	Others	-	-
5	Value of new capital expenditure on fixed assets (in millions)	83.3	107.1
6	Average capacity utilization	59.4	54.3

Source: CSA

With regard to the sales of the manufacturing industries, the survey indicated that total revenue of Birr 3782.4 million earned during the quarter by the establishments from the sales of their produce; showing 16 percent growth from the level of the same quarter of the previous fiscal year. Unlike the total sales of the manufacturing establishments, the survey revealed that in such sectors as textiles, wearing apparel, wood and products of cork, basic iron and steel and furniture industries the quarterly sale declined compared to the sales of the same quarter of the previous fiscal year. The establishments sold the lion share of their products at the local market (95.5 percent) and exported the remaining to the international market (4.5 percent) with the latter showing a slight decline compared to its level of the same quarter of the previous fiscal year. As it was the case in the preceding surveys, manufacturing of food product establishments are found to have the major share of the total revenue generated (20 percent), where as apparel industries with total revenue of 11.2 million are at the bottom during the same quarter. Only a few establishments, such as beverage, textiles, manufacture of footwear, luggage and hand bags, and manufacture of rubber products sold their products in the international market. According to the results of the survey, the export sales of the food, textile wearing apparel, non-metallic and furniture manufacturing industries showed a sharp declined compared to the level of the same quarter of the previous fiscal year while the sales from beverage, foot wear, luggage and hand bags and rubber products showed a sharp increase.

The manufacturing establishments largely depend on imported raw materials. The survey then tried to assess the developments in raw material usage and the factors that influenced the industries to highly depend on imported raw materials. In this regard the survey finding similar to the results of the previous surveys indicated that among the total establishments the survey covered, 365 establishments (56.7 percent) pointed out unavailability of raw materials locally is the major reason for relying on imported raw materials. Lack of sufficient local supply also makes 187 or 29.1 percent of the establishments to depend on imported raw materials for their production activities. Unreliable local supply is also found to be a sole reason for the manufacturing establishments of metal products. For some of the establishments (5 percent) the quality of locally produced raw materials is found to be one of the reasons forced them to depend on imported raw materials.

The other important aspect of the survey assessed about the industries is the issue of the working capacity of the manufacturing industries. To assess the current capacity utilization of the industries the survey posed two types of questions to the manufacturers: the first question is with regard to the existing level of capacity utilization by the establishments in the different industrial groups, while the second question is about the reasons for operating under capacity. According to the survey result based on the responses obtained, the establishments utilized only 54.4 percent of their full capacity during the quarter which shows they were in quite a worst situation compared to the position they were during the same quarter of last year (59.4 percent). Similar to the results of the survey conducted during the same quarter of the previous fiscal year relatively high degree of capacity utilization is observed in wood and wood product industries (99.8 percent-major improvement over the same quarter of previous fiscal year) and manufacturing of paper and paper products (86.1 percent). On the other hand, a low level of capacity utilization is observed in manufacture of furniture and manufacturing of other non-metallic products (26.9 and 35 percents respectively). The rest of the manufacturing industries were operating between the ranges of 43.8 and 74.9 percent of their capacity while the number of establishments operated above 50 percent of their capacity remains to be 461 (60.4 percent); which is low compared to the figure obtained during the same quarter of the previous fiscal year (66.5 percent).

Table 15: Number of establishments by reason for not working at full capacity

	2005/06 Second Quarter		2006/07 Second Quarter	
	No. of estab	**In %**	**No. of estab**	**In %**
Shortage of raw materials	109	14.0	97	13.8
Shortage of spare parts	-	-	1	0.1
Shortage of foreign exchange	-	-	-	-
Lack of demand/market	498	63.8	439	62.3
Shortage of working capital	18	2.3	9	1.3
Problem with electricity and water	69	8.9	98	13.9
Repeated breaking of machinery	25	3.2	29	4.1
Problem with workers	1	0.1	1	0.1
Lack of skilled manpower	57	7.3	-	-
Government rules and regulations	-	-	1	0.1
Other reasons	3	0.4	30	4.3
Total	**780**	**100**	**705**	**100**

Source: CSA and MoFED staff calculation

Having described the status of the capacity utilization of the manufacturing industries during the quarter, the question remain to be answered is what factors have influenced the industries to operate below capacity. The survey assessment indicated that, the majority of the establishments (62.3 percent) attributed lack of demand/market for their products to be the major factor that influenced for not operating at their full capacities. Water and electricity supply problems (13.9 percent), shortage of raw material (13.8) and repeated breakage of machineries (4.1 percent) are also mentioned as causes. Government rules and regulations and shortage of foreign exchange have not been the causes for low capacity utilizations of the industries according to the assessment made.

7 Private Sector Development

During the first six months of the E.F.Y 2006/07, the Ethiopian Investment Agency approved 2728 total investment projects with over all capital of around 51 billion birr. Out of the total number of projects, foreign investors have been involved in 528 investment projects with a total capital of birr 32.5 billion and the remaining 2200 investment projects are from domestic sources with a total capital of birr 18.4 billion. The approved projects are expected to create job opportunities for 92445 permanent and 148934 temporary employees. (See table.16)

Table 16: Number of Approved Projects and Investment Capital (July-Dec)

Description	2005/06 First half	2006/07 First half	Difference	Percent change
	(a)	(b)	(c) = (b)-(a)	(d)=((b)/(a)-1)*100
Total Number Projects	**22314**	**2728**	**414**	**17.9**
Domestic	1951	2200	249	12.8
Foreign	360	528	168	46.7
Public	3	-	-	-
Total Capital in Million Birr	**41580.66**	**50909.16**	**9328.5**	**22.4**
Domestic	15564.23	18427.73	2863.5	18.4
Foreign	8856.55	32481.43	23624.88	266.7
Public	17159.87	-	-	-
Total Employment	**214944**	**241379**	**26435**	**12.3**
Permanent	87406	92445	5039	5.8
Temporary	127538	148934	21396	16.8

Source: Ethiopian Investment Agency

Compared with the same quarter of the previous fiscal year, during the fiscal year under review; the total number of projects has increased by 17.9 percent and the over all project cost increased by 22.4 per cent. At the same time the number of projects from foreign and domestic sources also increased by 46.6 and 12.7 percents, respectively.

The profile of approved projects during the fiscal year under review reveals that 54 percent are in the real estate, retaining and business activities, 16.9 percent in the manufacturing and 11.7 percent in the Agriculture, hunting and forestry sectors. The constriction and the education sectors had a share of 5 & 4 percent, respectively, while the other sectors accounted for the remaining 8 percents of these projects. (See annex 4).

Distribution of investment projects among regional governments showed wide variation whereby the Addis Ababa Administration accounted for 65.2 percent of approved investment projects during the second quarter of the fiscal year 2006/07. Oromia and SNNPR also managed to attract 13.3 and 10.8 percent of the approved investment projects. The rest of the regions have had a 10.7 percent share in over all approved investment project during this period of which 3.8 percent has gone to Tigray region and 3.7 percent to multi Regional. (See Annex.4)

Annexes

Annex: 1 CONSUMER PRICE INDEX AND ITS COMPONENTS

Fiscal Year & Month	General Index	Food Total	Beverage	Cigarettes & Tobacco	Clothing & Footwear	House Rent, Constrn Materila,Water, Fuel, & Energy	Furniture, Furnishing, Household Eqpt. & Operation	Medical Care & Health	Transport & Communication	Recreation, Entertainment & Education	Personal Care & Effects	Miscellaneous Goods
Jun	6.8	7.7	1.1	-10.5	0.8	9.3	2.4	4.9	7.9	3.3	13.5	0.0
july 2005/06	7.9	9.0	1.3	-7.6	0.9	10.3	2.6	4.9	8.5	3.7	13.4	0.0
August	9.0	10.3	1.3	-4.9	1.2	10.9	3.0	4.4	9.2	4.4	13.5	0.0
Sep.	10.0	11.7	2.1	-2.6	1.3	11.3	3.3	3.8	9.3	5.1	13.7	0.0
Oct.	10.7	12.5	2.8	-0.5	1.1	12.2	3.6	3.4	9.1	4.9	13.5	0.0
Nov.	11.3	13.3	3.0	1.5	1.2	12.3	4.0	3.3	8.8	4.4	12.8	0.0
Dec	11.7	12.0	3.2	3.5	0.8	11.3	4.2	2.7	7.7	4.6	11.0	0.0
Jan	11.7	13.8	3.8	4.3	0.8	12.6	4.7	2.6	7.7	4.7	11.9	0.0
Feb	11.9	14.1	4.4	5.8	0.9	12.3	5.0	2.6	7.1	4.5	11.1	0.0
mar	12.0	14.2	5.1	7.2	1.6	12.0	5.1	2.6	6.3	4.3	10.0	0.0
Apr	12.0	14.2	5.7	8.7	2.5	11.7	4.8	2.3	5.8	4.3	9.4	0.0
May	12.4	14.5	6.3	10.4	3.2	12.2	5.4	1.7	6.0	4.1	9.5	0.0
jun	12.3	14.0	6.9	38.1	3.3	12.8	5.8	1.8	6.4	4.2	9.7	0.0
jul 2006/07	12.3	13.8	7.4	37.8	3.9	13.0	6.6	2.0	6.8	4.1	10.1	0.0
Aug	12.4	13.7	8.1	36.7	4.1	13.6	7.1	2.5	7.4	3.9	10.4	0.0
Sept.	12.4	13.5	7.7	35.5	4.5	14.2	7.7	2.8	8.6	4.2	10.6	0.0
Oct.	12.7	13.7	7.6	33.9	5.2	14.7	8.3	3.2	10.2	4.6	11.2	0.0
Nov.	13.0	13.9	7.7	32.6	5.5	15.6	8.8	3.3	11.9	5.2	12.0	0.0
Dec	13.6	14.3	8.2	31.4	6.9	16.5	9.3	3.7	13.8	5.3	12.6	0.0

Source: - Central Statistics Authority and Staff Calculation

Annex: 2 Exchange Rates in the Inter bank Foreign Exchange Market

Period	Rates in Birr per USD				Amount Traded in millions of USD		Number of Trades		Parallel Market	
	End Period Rates			Average Weighted Rate	Total	o/w Among CBs	Total	o/w Among CBs	End Period	Average
	Weighted Rate	Highest	Lowest							
2005/06	**8.6949**	**8.6949**	**8.6687**	**8.6810**	**134.0**	**10.3**	**1304.2**	**32.0**	**8.8700**	**9.0258**
Qtr. I	**8.6739**	**8.6739**	**8.6687**	**8.6702**	**36.2**	**4.3**	**198.0**	**17.0**	**9.0000**	**8.9592**
July	8.6687	8.6687	8.6687	8.6676	12.0	2.1	50.0	6.0	8.8850	8.9165
August	8.6715	8.6715	8.6715	8.6702	12.7	1.2	63.0	5.0	8.9850	8.9810
September	8.6739	8.6739	8.6739	8.6728	11.5	1.0	85.0	6.0	9.0000	8.9800
Qtr. II	**8.6813**	**8.6813**	**8.6763**	**8.6776**	**36.6**	**6.0**	**302.0**	**15.0**	**9.1150**	**9.0198**
October	8.6763	8.6763	8.6763	8.6752	11.1	0.5	86.0	3.0	8.9850	8.9981
November	8.6787	8.6787	8.6787	8.6775	13.5	4.5	101.0	10.0	9.0250	8.9924
December	8.6813	8.6813	8.6813	8.6801	12.0	1.0	115.0	2.0	9.1150	9.0690
2006/07										
Qtr. I	**8.7019**	**8.7019**	**8.6973**	**8.6986**	**31.0**	**0.0**	**549.5**	**0.0**	**8.9600**	**8.8872**
July	8.6973	8.6973	8.6973	8.6962	10.0	0.0	153.5	0.0	8.8900	8.8645
August	8.6998	8.6998	8.6998	8.6986	11.5	0.0	215.0	0.0	8.8900	8.8882
September	8.7019	8.7019	8.7019	8.7009	9.5	0.0	181.0	0.0	8.9600	8.9089
Qtr. II	**8.7758**	**8.7759**	**8.7043**	**8.7197**	**34.5**	**0.0**	**576.0**	**0.0**	**8.9000**	**8.9059**
October	8.7043	8.7043	8.7043	8.7032	10.0	0.0	197.0	0.0	8.9100	8.9305
November	8.7067	8.7067	8.7067	8.7056	11.0	0.0	198.0	0.0	8.8900	8.9068
December	8.7758	8.7759	8.7758	8.7504	13.5	0.0	181.0	0.0	8.9000	8.8805

Source:- National Bank of Ethiopia

Annex 3.1: Federal Government Revenue (July-December 2006/07)

(In Millions Birr)

DESCRIPTIONS	Annual Budget 2005/06	December		(July-December)		Difference against the same period of last year		6 month Cumulative in % of annual Budget
		2006	2005	2006	2005	In Birr	In %	(8)=(4)/(1)*100
(0)	(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)	
Revenue and direct budget support	**24550.9**	**2837**	**1142**	**10772.3**	**7903**	**2869.2**	**36.3**	**43.9**
REVENUE	**18994**	**2143.5**	**997.7**	**9230.6**	**7280.9**	**1949.7**	**26.8**	**48.6**
Direct Taxes	**2858**	**185.3**	**85.1**	**1762.3**	**1388.1**	**374.2**	**27.0**	**61.7**
o/w: Personal income tax	**598**	*24.3*	*27.0*	*249.9*	*211.3*	*38.7*	*18.3*	*41.8*
Business income tax	**1666**	*113.4*	*25.0*	*1241.1*	*973.9*	*267.2*	*27.4*	*74.5*
Domestic Indirect Taxes	**3551**	**241**	**185.2**	**1425.0**	**1161.6**	**263.4**	**22.7**	**40.1**
Excise tax	786	43.2	40.6	251.5	253.7	-2.1	-0.8	32.0
VAT on Local Goods	1898	135	94.0	761.4	611.5	149.8	24.5	40.1
VAT on Services	732	53	43.5	356.0	266.4	89.6	33.6	48.6
Stamp duty	134	10.0	7.1	56.1	30.0	26.1	87.2	41.8
Foreign trade	**8237**	**636.8**	**550.6**	**3720.3**	**3110.4**	**609.9**	**19.6**	**45.2**
Customs duty	3556	271.5	269.5	1598.1	1403.5	194.6	13.9	44.9
Excise tax	1156	81.3	51.1	429.8	303.2	126.6	41.8	37.2
Value Added Tax	3526	284.0	230.0	1692.4	1403.7	288.7	20.6	48.0
Non Tax revenue	**4348**	**1080.2**	**176.7**	**2322.9**	**1620.8**	**702.2**	**43.3**	**53.4**
o/w: Dividend	*1500*	*1000.3*	*0.0*	*1372.6*	*2.7*	*1369.9*	*50736.8*	*91.5*
DBS grant & relief	**5557**	**694**	**144**	**1541.8**	**622**	**919.5**	**147.8**	**27.7**
CPF/DBS grant	*3735*	*574.5*	*131.8*	*1031.3*	*131.8*	*899.5*	*682.5*	*27.6*
HPIC & MDRI relief	*1822*	*119*	*13*	*511*	*491*	*20.0*	*4.1*	*28.0*

Annex 3.2: Federal Government Expenditure (July-December 2006/07)

(In Millions Birr)

DESCRIPTIONS	Annual Budget 2005/06	December		(July-December)		Difference against the same period of last year		6 month Cumulative in % of annual Budget
		2006	2005	2006	2005	In Birr	In %	(8)=(4)/(1)*100
(0)	(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)	
EXPENDITURE 1/	**29895**	**1757.7**	**1361.7**	**12452.9**	**10572.7**	**1880.2**	**17.8**	**41.7**
RECURRENT	**7782**	**486.9**	**579.0**	**2882.2**	**3125.4**	**-243.2**	**-7.8**	**37.0**
Admin. & General Services	4094.6	275.5	394.6	1654.8	2177.6	-522.8	-24.0	40.4
o/w: Defense	*3000*	*209.3*	*286.3*	*1141.9*	*1646.2*	*-504.3*	*-30.6*	*38.1*
Economic Services	**512.4**	**30.0**	**32.0**	**167.4**	**151.8**	**15.6**	**10.3**	**32.7**
Social Services	**1321.4**	**94.1**	**64.5**	**519.2**	**342.6**	**176.6**	**51.5**	**39.3**
o/w: Education	*1127*	*81.2*	*47.7*	*442.9*	*270.0*	*172.9*	*64.0*	*39.3*
Health	*87*	*5.5*	*9.3*	*35.6*	*36.2*	*-0.6*	*-1.7*	*41.1*
Other Expenditure	**1853.6**	**87.3**	**87.9**	**540.7**	**453.4**	**87.3**	**19.3**	**29.2**
Interest &charges	1481	86.9	87.9	526.8	432.9	94.0	21.7	35.6
Domestic	942	49.7	48.9	316.9	273.4	43.6	15.9	33.6
External	539	37.2	39.0	209.9	159.5	50.4	31.6	39.0
Others	372	0.4	0.0	13.9	20.5	-6.6	-32.4	3.7
CAPITAL [2/]	**12557**	**463.1**	**241.0**	**4950.0**	**4042.5**	**907.5**	**22.4**	**39.4**
Economic Development	8901	430.7	226.7	3821.7	3291.9	529.8	16.1	42.9
o/w : Agricalture	*709*	*50.8*	*13.6*	*599.6*	*1261.6*	*-662.0*	*-52.5*	*84.5*
Food Security	*2000*	*0.0*	*0.0*	*0.0*	*70.2*	*-70.2*	*-100.0*	*0.0*
Natural Resource	*1110*	*75.1*	*118.6*	*253.4*	*219.2*	*34.2*	*15.6*	*22.8*
Road Construction	*3495*	*200.0*	*87.5*	*1863.9*	*470.5*	*1393.4*	*296.1*	*53.3*
Social Development	3138	22.7	4.5	1043.7	689.8	353.9	51.3	33.3
o/w: Education	*2865*	*10.9*	*2.6*	*955.4*	*619.9*	*335.5*	*54.1*	*33.3*
Health	*33*	*2.6*	*0.2*	*52.7*	*56.6*	*-3.9*	*-6.8*	*157.7*
General Development	518	9.8	9.8	84.7	60.8	23.9	39.2	16.3
O/W Cap. Exp. :								
Domestic Source	*10249*	*423.4*	*239.0*	*4156.3*	*3524.7*	*631.7*	*17.9*	*40.6*
External borrowing	*2308*	*39.7*	*2.0*	*793.7*	*517.9*	*275.9*	*53.3*	*34.4*
REGIONAL TRANSFER	**9555.9**	**798.7**	**540.1**	**4589.4**	**3381.8**	**1207.5**	**35.7**	**48.0**
o/w Recurrent transfer	*8116*	*626.7*	*421.1*	*4166.4*	*3086.8*	*1079.5*	*35.0*	*51.3*
Capital Transfer	*1440*	*172.0*	*119.0*	*423.0*	*295.0*	*128.0*	*43.4*	*29.4*
SPECIAL PROGRAM	**0**	**9.0**	**1.6**	**31.3**	**23.0**	**8.3**	**36.2**	**0.0**

Annex 3.3: Federal Government Financing (July-December 2006/07)

(In Millions Birr)

DESCRIPTIONS	Annual Budget 2005/06	December		(July-December)		Difference against the same period of last year		6 month Cumulative in % of annual Budget
		2006	2005	2006	2005	In Birr	In %	(8)=(4)/(1)*100
(0)	(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)	
Overall Surplus/Deficit	**-5344**	**1079.7**	**-219.7**	**-1680.5**	**-2669.5**	**989.0**	**-37.0**	**31.4**
FINANCING	***5344***	***-1079.7***	***219.7***	***1680.5***	***2669.5***	***-989.0***	***-37.0***	***31.4***
External net	**1348**	**-64.4**	**-73.1**	**475.4**	**77.1**	**398.3**	**516.7**	**35.3**
External loan (project loan)	2308	39.7	2.0	793.7	517.9	275.9	53.3	34.4
CPF loan	0	0.0	0.0	0.0	0.0	0.0		0.0
Special programs	0	0.0	33.5	168.0	160.2	7.8	4.9	0.0
Amortization	960	104.2	108.6	486.4	601.0	-114.6	-19.1	50.7
Domestic borrowing	***3996***	***-1655.3***	***399.2***	***-512.7***	***1348.8***	***-1861.5***	***-138.0***	***-12.8***
Banking system[3/]	*3996*	*-1665.1*	*515.1*	*-966.2*	*1509.7*	*-2475.9*	*-164.0*	*-24.2*
Non bank system	*0*	*9.8*	*-115.9*	*453.5*	*-160.9*	*614.4*	*-381.8*	*0.0*
Privatization receipts	***0***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***
Others/residual	**0**	**640.0**	**-106.3**	**1717.9**	**1243.7**	**474.2**	**38.1**	

Annex 4: Monetary Survey (July7, 2006-December 2006)

In Million Birr

	July 7, 2005/06	First half 2006/07	Change	
			In amount	In percentage
Foreign Asset (net)	12251	11929	(322)	(2.6)
National Bank	7312	5807	(1505)	(20.6)
Commercial Bank	5939	6122	183	3.1
Domestic Credit	50035	53739	3704	7.4
Claims on Govt.	26032	25065	(967)	(3.7)
National Bank	18804	20861	2057	10.9
Commercial Banks	7228	4204	(3024)	(41.8)
Claims on other sectors	24003	28674	4671	19.5
National Bank	0.0	0.0	0	0.0
Commercial Banks	24003	28674	4671	19.5
Broad money	47485	49811	2326	4.9
Narrow Money	24701	25593	892	3.6
Currency outside banks	11360	11606	246	2.2
Demand Deposits	13341	13986	645	4.8
Quasi-money	22784	24219	1435	6.3
Savings Deposits	20688	21677	989	4.8
Time Deposits	2097	2542	445	21.2

Annex 5: Number of Approved Investment Projects by Sector and Region (July - December, 2006)

Sector	Addis Ababa	Oromia	SNNPR	Amhara	Dire Dawa	Tigray	Harari	B.Gumze	Afar	Gambella	Multi regional	Grand Total
Manufacturing	287	83	4	35	7	28	-	-	-	-	16	**460**
Education	44	27	2	21	1	5	1	6	-	-	6	**113**
Mining and quarrying	3	1	-	-	-	-	-	-	-	-	-	**4**
Construction	117	7	-	1	5	5	-	-	-	-	2	**138**
Agriculture	16	108	5	128	4	24	-	9	2	-	23	**319**
Electricity, gas, steam and water supply	-	1	1	-	-	-	-	-	-	-	-	**2**
Health and social work	32	7	1	5	2	5	-	3	-	-	2	**57**
Hotels and restaurants	51	24	2	23	1	2	-	-	-	1	3	**107**
Other community, social and personal service activities	6	2	-	1	-	-	-	-	-	-	-	**9**
Real estate, renting and business activities	1193	101	10	73	6	35	2	3	5	-	44	**1474**
Transport, storage and communication	29	1	-	-	-	-	-	-	-	-	3	**33**
Wholesale, retail trade & repair service	2	1	-	5	1	-	-	-	-	-	-	**9**
Total No. of proj	**1780**	**363**	**25**	**294**	**27**	**104**	**3**	**22**	**7**	**-**	**100**	**2728**
Percentage Share	65.2	13.3	0.9	10.8	1.0	3.8	0.11	0.8	0.25	0.04	3.7	**100**

Source: Ethiopian Investment Agency