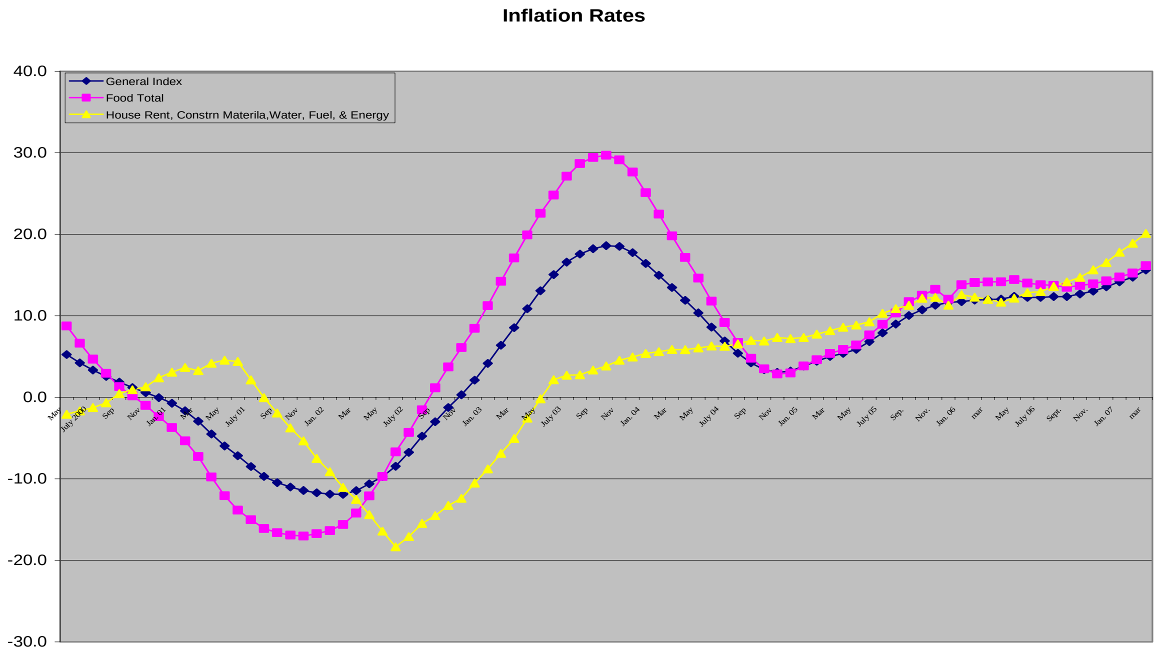
MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT

Annual Report on Macroeconomic Developments

EFY 1999 (2006/07)



Macro Economy Policy & Management Department

http://www.mofaed.org
email: mofed.macrodep@ethionet.et

November 2007
Addis Ababa
Ethiopia

TABLE OF CONTENTS

Overview

The annual report of EFY 1999 on macroeconomic developments in Ethiopia, similar to the predecessor issues, presents brief highlights on the developments of major macroeconomic variables during the fiscal year under consideration. The variables on which the economic review basis includes gross domestic product, 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.

Overall economic performance measured by growth in real GDP has registered continuous growth in the last four fiscal years. Accordingly 11.4 percent growth in the value added at basic prices was registered during EFY 1999 (2006/07) while the corresponding growth recorded in the EFY 1998 (2005/06) and EFY 1997 (2004/05) were 11.6 and 12.6 percents respectively; witnessing that the economy is in continuous and sustainable growth.

Inflation rate at a country level measured on the twelve months moving average basis, stood at 17.8% percent during the end of EFY 1999 (2006/07), showing a sharp rise compared to its level of 12.3% in the preceding fiscal year. During the end of the same fiscal year, the official (marginal) exchange rate in the inter bank foreign exchange market and the average parallel market rate stood at an amount of Birr 8.7943 and Birr 8.9570/ USD, respectively.

During EFY 1999 (2006/07), total Federal Government Revenue including Foreign Support for Protecting Basic Government Services amounted to Birr 22079 million, showing an increase of Birr 1814 million or 12 percent over the level of the preceding fiscal year, owing to a 21 percent increase in domestic revenue collection. Looking at the spending side, a total of Birr 28089 million Federal Government Expenditure including regional budget support and special program was made, showing Birr 5658 million or 25 percent increase compared to the level of the previous fiscal year. This is mainly owing to disbursements increased by 21% in recurrent including regional budget support and 31% capital expenditure including special program. The over all fiscal outturn resulted in a budget deficit of Birr 6010 million financed from external and internal borrowing.

With regard to monetary aggregates the net foreign assets position of the country showed a slight up ward movement to Birr 13927 million in July 7, 2007 from Birr 13251 million in July 7, 2006.

During the fiscal year under review, the overall balance of payment position showed a surplus of USD 85.2 million. During the period under review, the current account deficit (excluding official transfers) stood at USD 2054.5 million, narrow down by 7.4 % over the level of the same period of previous fiscal year.

Foreign loan worth USD 343.8 million has been disbursed to the various sectors of the economy during the fiscal year under consideration showing 12 percent decline compared to the level of the previous fiscal year.

In the EFY 1999 (2006/07), a total of 6472 investment projects with a total capital amounting Birr 93579 billion has been approved; showing an increment of 17 percent over the level of EFY 1998(2005/06). These projects are expected to employ a total of 763,939 employees; of which 302,598 are permanent.

1 Gross Domestic Product

1.1 GDP by Economic Activities

Ethiopian economy witnessed a broad based and sustainable growth over the past four years owing to the large scale efforts undertaken by the government in the frontiers of infrastructure, agriculture, rural development and poverty alleviation programs and investments in spite of the favorable weather condition prevailed. In line with this an average real GDP growth rate of 11.8 percent has been registered during the period EFY 1996-EFY 1999. The estimated real GDP growth attained in EFY 1999 stood at 11.4 percent with the agricultural and service sectors registered 9.4 and 13.5 percents growth respectively while industry observed 11 percent.

Owing to the boom in real estate and business activities, hotels and restaurants, financial services and education and health service activities the contribution of the service sector to the overall gross domestic product is constantly increasing averaging its share to 40.3 percent during EFY 1996-1999 while its contribution in EFY 1999 stood at 41.2 trying to balance to the agricultural share. Similarly, the industrial share is also marginally increasing with the booming construction activities. In contrast, the share of agriculture is constantly falling from its level of 56.7 percent in EFY 1989 to 46.3 percent in EFY 1999. This clearly shows that the economy is in a way of transformation or structural change (See Annex 1).

1.2 Expenditure on GDP

Gross domestic product at current market prices stood at Birr 131,672 million Birr in the fiscal year 2005/06, and it has increased by 29.8 percent and reached to 170,921 million Birr in 2006/07 fiscal year. During the last four fiscal years, GDP at current market price registered an average increase of 23.6 percent due to the continuous price growth.

Aggregate demand has increased during the last four years as government & private consumption observed an average increased of 16.5 and 24.0 percents respectively. During 2006/07 private and government consumption has constituted about 83.4 and 10.6 percents of GDP of which the share of with a slight decline in share of both government and private consumption.

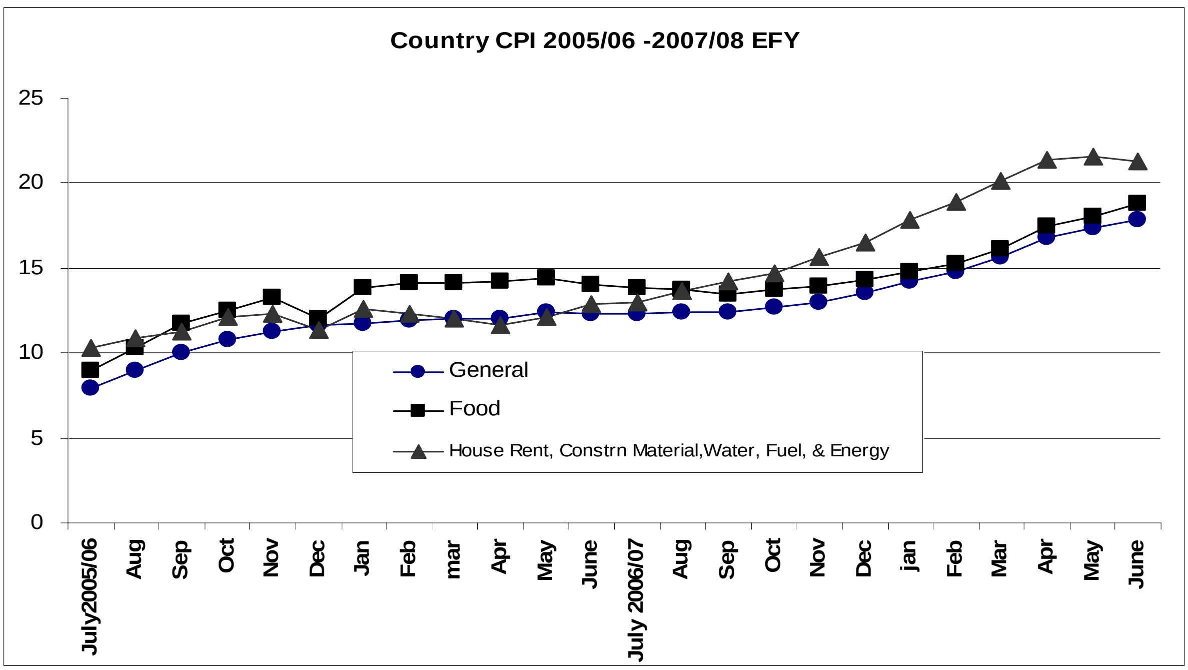
Gross capital formation increased by 33.7 in 2006/07 percent compared to the level of the previous fiscal year owing to both the private and public investment. Its share from GDP has also increased reaching 25 percent in the period under review while gross domestic saving constituted 6 percent of GDP. On the foreign trade side, exports of goods and services and imports of goods and services increased by 20 % and 14.5% in the fiscal year under review.

2 Prices

2.1 Inflation

Trends in annualized country level general inflation rate have shown that the highest rates in the country's history are recorded during the last five fiscal years. On average the rate of inflation for the last five fiscal years reached 12.1 percent in which the picks was registered during 2006/07 (17.8%) and 2002/03 (15%) with the later caused by the draught that shocked the economy tremendously.

During the fiscal year under review, the general price level has reached a record level inflation rate of 17.8% and 12.3% in the preceding fiscal year. The issue of inflation in this fiscal year was a very serious concern of the government and has taken some stabilizing policy interventions. The introduction of surtax and distribution of wheat and edible oil at subsidized price for the poor urban are some of the measures taken by the government. It was then possible to curb the inflation from further escalating if not possible to maintain it at single digit.



The increment in the general price level for the year is a reflection of both the increase of inflation in the food component and non-food component unlike in the past. During the fiscal year under review, the food inflation remains high at 18.9 percent when it is compared to the level of 14.0 percent in the preceding fiscal year. House rent, construction material, fuel & energy that has the next highest share next to food (15.4) also recorded a double digit inflation rate of 21.3 mainly as a result of the price increment in construction materials and oil price increment. Regarding the consumer price indices on different commodities; except for Cigarettes & Tobacco all the other items manifested an increase compared to that of the level in the 2005/06 (see annex 2.1 for details).

Regarding general consumer price indices at regional level during 2006/07 the highest inflation rate was recorded in the Oromiya (19.8%), Amhara (18.8 %), Addis Ababa (18.6), SNNP (17.6) and Tigray (9.9) regions which accounted for 95.9 percent of the country wide CPI.

Regarding food inflation recorded at regional level during the fiscal year under review, the highest increment was reflected in Addis Ababa; from 13% in 2005/06 to 25.2% in 2006/07. Food inflation increment during the fiscal year 2006/07 compared to fiscal year 2005/06 only Somalia, Tigray and Gambela regions has shown a smaller increment in their food inflation rate. In Afar, Oromiya, Benishangul Gumuz and SNNP food inflation rates of 19.9, 21.3, 12.7 and 20.7 percents have been recorded respectively (see annex 2.3).

2.2 Exchange Rate

During the fiscal year 2006/07, a total of 1999 trades valued at USD 198.8 million, were carried out in the inter-bank foreign exchange market. As compared to 2005/06 fiscal year the trades occurred during the fiscal year under review increased by 53.3%; likewise the amount of USD traded in the fiscal year increased by 41.7 percent. During the end of the fiscal year 2006/07, the official (marginal) exchange rate

Table 2.1: Exchange Rate Movements

Period	Rates in Birr per USD		Difference
	Weighted Average Rate	Parallel Market Rate	
2001/ 02	8.5425	8.6850	0.1425
2002/ 03	8.5809	8.7091	0.1282
2003/ 04	8.6193	8.6751	0.0558
2004/ 05	8.6518	8.7110	0.0593
2005/ 06	8.6810	9.0258	0.3448
2006/ 07	8.7943	8.9570	0.1627

Source: National Bank of Ethiopia

in the inter bank foreign exchange market and the average parallel market rate stood at an amount of Birr 8.7943 and Birr 8.9570/ USD, respectively. In this respect, the gap between the official exchange rate in the inter bank foreign exchange market and the average parallel market has narrowed down to 0.1627 cents from 0.3448 cents in the previous fiscal year.

In the year 2006/04, the average official exchange rate of Birr against USD in the inter bank foreign exchange market depreciated by 1.34 % compared to the level in the previous fiscal year. On the other hand, in the average parallel market rate the birr has appreciated by 0.76 %.

3 Fiscal Performance

3.1 Revenue

During the fiscal year 2006/07, the Federal Government mobilized Birr 22079 million revenue from both domestic and foreign sources. The overall revenue collection accounted for 89.9 percent of the annual budget, of which the domestic and the grant (Protecting Basic Services(PBS) and Debt Relief) components performed 89.1 and 92.7 percents of their corresponding annual plan respectively. Tax revenue and PBS grant collections contributed much for the better performance of the overall revenue collection as the collection from each sources stood at 93.1 and 109.5 percents of their annual budgets respectively; the contributions of the revenue mobilized from these two sources makes 80.3 percent of the total revenue mobilized. Compared to the previous fiscal year, the overall revenue collection increased by Birr 5086 million (29.9 percent) while the percentage increase of domestic and foreign components are 12.0 and 174.4 percents respectively.

Table 3.1: Federal Government Revenue

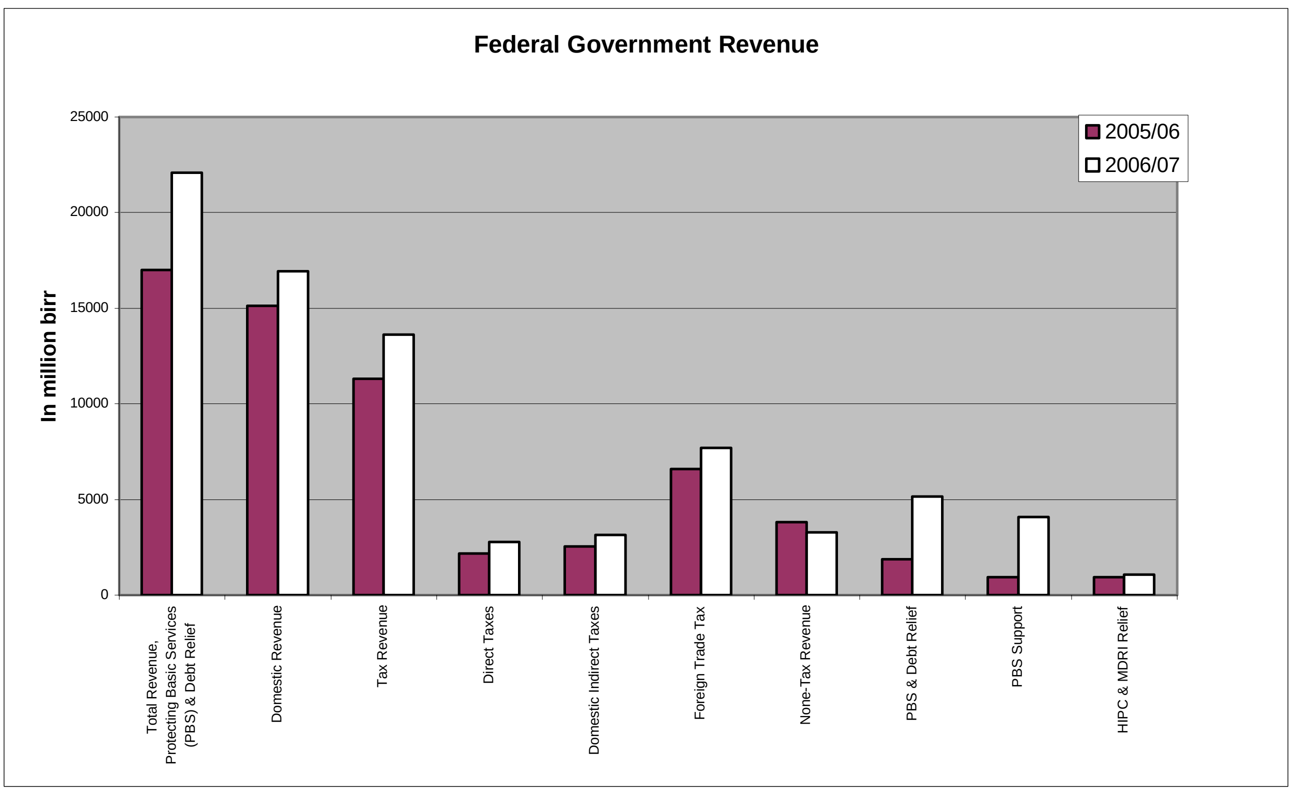
In Million Birr

Item	Annual				Difference from 2005/06	
	2006/07			2005/06		
	Budget 2006/07	Actual	In % of the budget	Actual	In Birr	In percent
Total Revenue, Protecting Basic Services (PBS) & Debt Relief	**24551**	**22079**	**89.9**	**16993**	**5086**	**29.9**
Domestic Revenue	18994	16931	89.1	15117	1814	12.0
Tax Revenue	14647	13637	93.1	11304	2334	20.6
Direct Taxes	2858	2785	97.4	2183	602	27.6
Domestic Indirect Taxes	3551	3156	88.9	2534	622	24.5
Foreign Trade Tax	8237	7697	93.4	6587	1110	16.8
None-Tax Revenue	4348	3293	75.7	3813	(520)	(13.6)
PBS & Debt Relief	5557	5149	92.7	1876	3273	174.4
PBS Support	3735	4091	109.5	950	3141	330.7
HIPC & MDRI Relief	1822	1057	58.0	926	131	14.2

Source MoFED

During the fiscal year under review, a total of Birr 16931 million was collected from domestic sources showing an increase of Birr 1814 million (12 percent) compared to the level of the same period of the previous fiscal year. Out of the total domestic sources, Birr 13637 million (61.8 percent) constitutes direct and indirect taxes while the rest Birr 3293 million (14.9 percent) is generated from non-tax sources. Improvement is registered in the contribution of tax revenue to the overall domestic revenue mobilization; its share being elevated to 80.5 percent in 2006/07 from 74.8 in 2005/06 while in contrast the share of non-tax revenue in the domestic revenue declined to 19.5 percent in 2006/07 from 25.2 percent in 2005/06 witnessing the impacts of the tax revenue measures to ascertain the source of financing of government budget in sustainable and reliable sources.

Out of the total tax revenue collected, Birr 2785 million (20.4 percent) is mobilized from direct taxes, while Birr 3156 million (23.1 percent) and Birr 7697 million (56.4 percent) are from domestic indirect taxes and foreign trade taxes, respectively. The performance of the revenue collection from direct tax, stood at 97.4 percent of its annual budget, which exhibiting an increase of Birr 602 million (27.6 percent) over the level of the preceding fiscal year; showing an immense resurgence. Similarly, domestic indirect tax performing 88.9 percent of its annual budget showed an increase of Birr 622 million (24.5 percent) over the level the previous fiscal year; significantly contributing to the under performance of the overall tax revenue collection. With regard to foreign trade tax, the performance stood at 93.4 percent of its annual budget and showed a significant increase of Birr 1110 million (16.8 percent) compared to the level of the same period of the previous fiscal year.



Source: MoFED

The non-tax revenue performance, for the period under review, stood at 75.7 percent of the budgeted amount and declined by Birr 520 million (13.6 percent) compared to the level of the same period of the previous fiscal year.

During the period under review a considerable amount of foreign grant in the form of PBS support and HIPC relief has been secured with the PBS component over performing of its budgeted amount while a significant shortfall is observed in the HIPC component.

3.2 Expenditure

3.2.1 Recurrent

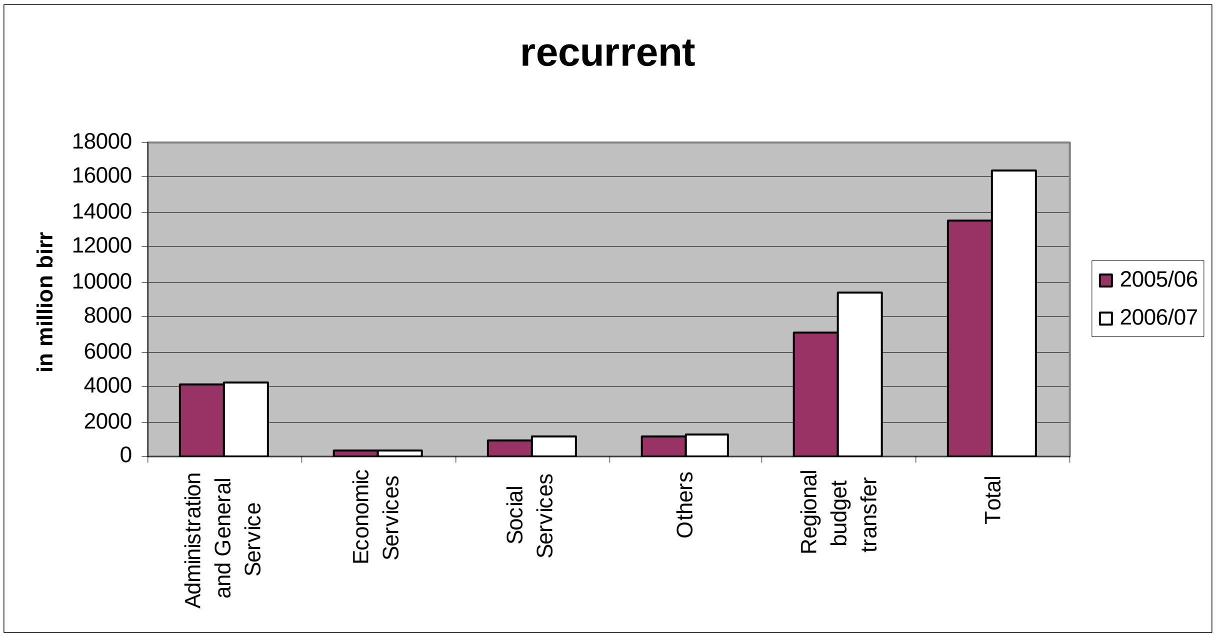
During the fiscal year 2006/07, a total of Birr 16401 million recurrent spending including the regional budget support transfer has been effected, constituting 95 percent of the budgeted amount. Compared to the preceding fiscal year, an increase of Birr 2869 million (21.2 percent) recurrent outlay has been observed. Out of total recurrent expenditure, 4287 (26.1 percent) and 334 (2 percent) million were effected for administration and general services; and economic services, respectively; while Birr 1171 (7.1 percent) and 1244 (7.6 percent) million were effected for social services and other miscellaneous expenses respectively. The remaining balance, Birr 9365 million (57.1 percent) is disbursed to regions as budget support.

Table 3.2: Federal Government Recurrent Expenditures

In Million Birr

Expenditure Type	Annual budget 2006/07	Annual			Difference from 2005/06	
		2006/07		2005/06		
		Actual	In% budget	Actual	Amount	In percent
Administration and General Service	4382	4287	97.8	4153	133	3.2
Economic Services	557	334	60.0	295	39	13.1
Social Services	1426	1171	82.1	886	285	32.2
Others	1344	1244	92.6	1126	118	10.5
Regional budget transfer	9556	9365	98.0	7072	2294	32.4
Total	**17264**	**16401**	**95.0**	**13533**	**2869**	**21.2**

Source: MoFED



3.2.2 Capital

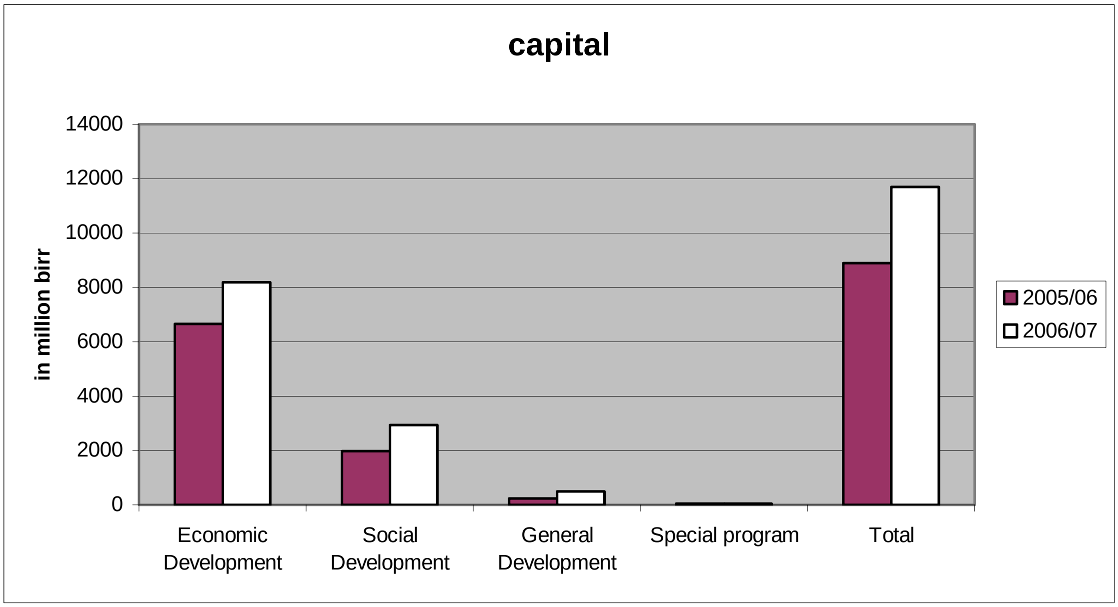
During the review period, Birr 11688 million disbursements has been made for capital outlays including special programs, making up 92.5 percent of the annual budgeted amount and showing an increase of Birr 2790 million (31.3 percent) compared with the performance of similar period of previous fiscal year. The major part of this disbursement, amounting Birr 8195 million (70.1 percent) is made for economic development in financing the infrastructure and agricultural development projects, while Birr 2944 million (25.2 percent) and Birr 604 million (4.3 percent) is disbursed for social and general development, respectively; the majority of which is to finance educational and health development projects.

Table 3.3: Federal Government Capital Expenditures \1

In Million Birr

No.	Expenditure Type	Annual budget 2006/07	Annual 2006/07 Actual	Annual 2006/07 In percent	Annual 2005/06 Actual	Difference from 2005/06 Amount	Difference from 2005/06 In percent
1	Economic Development	9319	8195	87.9	6652	1544	23.2
2	Social Development	2708	2944	108.7	1972	973	49.3
3	General Development	604	505	83.6	226	279	123.4
4	Special program	0	44		50	(5)	-10.7
5	Total	**12631**	**11688**	**92.5**	**8899**	**2790**	**31.3**

Source: MoFED
\1 Does not cover external project assistance



The major part of the capital spending (70.1 percent) is made for economic development programs such as agriculture, water, food security and road construction projects, while 25.2 percent was spent to implement the social development programs in such sectors as education and health while the remaining 4.7 percent is an outlay made for general development and special programs.

3.3 Deficit and Financing

Overall Federal Government Revenue including grants during the fiscal year 2006/07, stood at Birr 22079 million, while a total expenditure including regional transfer amounted to Birr 28089 million. This resulted in a fiscal deficit of Birr 6010 million; a slight widening of fiscal deficit is observed compared to its level of the same period of previous fiscal year in nominal terms. The resulting fiscal deficit has been financed through a net foreign borrowing of Birr 851 million and a net domestic loan of Birr 6246 million.

Table 3.4: Federal Government Deficit and Financing

In Million Birr

	Annual budget 2006/07	Annual			Difference from 2005/06	
		2006/07		2005/06		
		Actual	In percent	Actual	Amount	In percent
Total Revenue, Protecting Basic Services (PBS) & Debt Relief	**24551**	**22079**	**89.9**	**16993**	**5086**	**29.9**
Total Expenditure	**29895**	**28089**	**94.0**	**22431**	**5658**	**25.2**
Overall Surplus/Deficit	**-5345**	**-6010**	**112.4**	**-5438**	**-572**	**10.5**
FINANCING	**5345**	**6010**	**112.4**	**5438**	**572**	**10.5**
External net	1348	851	63.1	586	265	45.2
Domestic borrowing	*3996*	6246	156.3	2735	3511	128.4
Others/residual	0	-1087		2117	-3204	-151.3

4 Developments in Monetary Aggregates

4.1 Money Supply and its Determinants

In recent years, 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.

On July 7, 2006, the position of net foreign assets of the country stood at Birr 13250.7 million and showed a slight up ward movement to 13927.3 million Birr (5.1 percent) by the end of July 7, 2007. This is mainly due to the increase in the foreign asset holding of National Bank by 11.9 percent from 7311.8 to 8179.1 million Birr, though the foreign asset holding of commercial bank decreased by 3.2 percent from 59398.9 to 5748.2 million Birr. On the other hand domestic credit increased by 23.1 percent mainly due to a rise in claims on other sectors by 30.4 percent and claims on government by 16.4 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) increased by 20.5 percent from 24700.9 to 29773.4 million Birr while quasi-money (M2) increased by 18.9 percent from 22784.4 to 27086.9 million Birr.

During the fiscal year under review, demand deposits showed a 20.5 percent increase and currency in circulation showed about 20.6 percent increase. Likewise, saving deposits showed 14.6 percent increase and time deposits showed 58.7 percent increase.

Thus, development in all determinants and components of M1 and M2 resulted in an overall increase in broad money by 19.7 percent and stood at 56860.3 million Birr by the end of July 7, 2007. Expansion in domestic credit was the main reason for the growth in domestic liquidity, which increased by 23.1 while the net foreign assets of the banking system increased only by 5.1 percent.

5 Balance of Payments and External Sector

5.1 Balance of Payments

During the fiscal year 2006/07, trade deficit of 3940.9 million USD has been recorded. Compared to the preceding fiscal year, trade deficit has increased by about 9.7 percent. During the fiscal year under review, net services and private transfers have increased by 28.8 and38.3 percent, respectively. The current account deficit excluding public transfers was 2054.5 million USD, which has decreased by about 7.4 percent and current account balance including public transfers during the referred fiscal year was about 855.4 million USD, which has also decreased by 36.7 percent compared to the preceding fiscal year.

Non-monetary capital account balance has increased from 633.8 million USD in the fiscal year 2005/06 to 780.2 million USD in the fiscal year 2006/07. Thus, overall balance has improved from a deficit of 208 million USD in the fiscal year 2005/06 to a surplus of 85.2 million USD in the fiscal year 2006/07 (by 141 percent).

Table 5.1 Balance of Payments

In million USD

Particulars	2004/05	2005/06	2006/07	Percentage Change
Trade Balance	**-2785.8**	**-3592.5**	**-3940.9**	**9.7**
Exports	847.2	1000.3	1185.1	**18.5**
Imports	3633	4592.7	5126.1	**11.6**
Net Services	**242.2**	**148.1**	**190.8**	**28.8**
Current Account Balance (Excluding pub. Transfers)	**-1732.8**	**-2218**	**-2054.5**	**-7.4**
Private Transfers	**810.8**	**1226.3**	**1695.6**	**38.3**
Current Account Balance (incl. public transfers)	**-983.1**	**-1351.8**	**-855.4**	**-36.7**
Public Transfers	749.7	866.2	1199.1	**38.4**
Non-monetary Capital	**585.1**	**633.8**	**780.2**	**23.1**
Net Errors & Omissions	**296.7**	**510**	**160.4**	**-68.5**
Overall Balance	**-101.4**	**-208**	**85.2**	**-141.0**

Source:- National Bank of Ethiopia

5.2 External Sector

5.2.1 Exports

During the fiscal year 2006/07, total merchandise export earnings amounted 1185.65 million USD. Compared with the fiscal year 2005/06, total earnings have increased by about 185.35 million USD (18.5 percent). With similar comparison, earnings from coffee, Hides & Skins, Pulses, Fruits & Vegtebles, Live Animals, Gold, Flowers and Chat have increased by 19.7, 19.5, 90.2, 22.5, 33.4, 50.5, 192.3, and 4.2 percent, respectively whereas earnings from oilseeds and Meat & Meat products have decreased by 11.4 and 16.5 percent, respectively. During the period under review coffee, oil seeds, and Gold; took the first; the second and the third position having the percentage share of 35.8, 15.8 and 8.2 percent, respectively out of the total merchandise export earnings.

Table 5.2: Value of Major exports

In Million USD

Particulars	2005/06	2006/07	Difference from last year	
			In USD	In Percent
Coffee	354.3	424.2	69.9	19.7
Hides & Skins	75.0	89.6	14.6	19.5
Pulses	37.0	70.3	33.4	90.2
Oilseeds	211.4	187.4	-24.0	-11.4
Meat and Meat products	18.5	15.5	-3.1	-16.5
Fruits and Vegetables	13.2	16.2	3.0	22.5
Live Animals	27.6	36.8	9.2	33.4
Chat	89.1	92.8	3.7	4.2
Gold	64.7	97.4	32.7	50.5
flowers	21.8	63.6	41.9	192.3
Others	87.8	91.8	4.0	4.5
Total	**1000.3**	**1185.7**	**185.3**	**18.5**

Source: National Bank of Ethiopia

When we see the volume of exports: Oilseeds and Meat & Meat products have showed decreased performance of 11.5 and 26.5 percent, respectively compared to the preceding fiscal year whereas coffee, Pulses, Fruits and vegetables and Live animals have witnessed increased performance of 19.4, 43.7, 17.6, and 31.2 percent, respectively.

Table 5.3: Volume of Major Export Items

In Million kg

Particulars	2005/06	2006/07	Difference from last year	
			In Kg	In Percent

Coffee	147.7	176.4	28.7	19.4
Leather and Leather products	15.4	15.8	0.4	2.4
Pulses	110.4	158.8	48.3	43.7
Oilseeds	265.7	235.0	-30.7	-11.5
Fruits and Vegetables	34.8	40.9	6.1	17.6
Meat and Meat Products	8.0	5.9	-2.1	-26.5
Live Animals	33.3	43.7	10.4	31.2
Chat	22.3	22.7	0.4	1.8
Gold	0.01	0.01	0.01	100.0
Flowers	6.3	13.6	7.3	117.3

Source: National Bank of Ethiopia

5.2.2 Imports

During the review period, total import bill reached 5127.62 million USD. The highest expenditure is on machinery and transport capital goods, which is 1863.19 million (36.3 percent of the total merchandise import), the next is on petroleum products 856.84 million (16.71 percent of the total) followed by manufactured goods 854.96 million (16.67 percent). Chemicals and Food and live animals account for 8.6, and 4 percent, respectively and others for about 17.3 percent of the total import bill in the period under review.

Table 5.4: Value of major Import items

In Million USD

Particulars	2005/06	2006/07	Difference from last year	
			In USD	In Percent
Food and Live Animals	246.6	204.4	-42.2	-17.1
Beverages and Tobacco	14.2	16.3	2.0	14.2
Petroleum Products.	854.8	856.8	2.1	0.2
Chemicals	438.8	443.2	4.5	1.0
Manufactured Goods	826.7	855.0	28.2	3.4
Machinery and Transport	1478.4	1863.2	384.8	26.0
Others	733.4	888.8	155.4	21.2
Total	**4592.8**	**5127.6**	534.8	11.6

Source: National Bank of Ethiopia

Compared with the preceding fiscal year, total import bill for all commodities except for Food and Live Animals have increased. Thus, overall import bill have increased by about 534.81 million USD (11.6 percent) compared with the same period in the previous fiscal year.

6 Public Debt

6.1 External Debt

6.1.1 External Loan Disbursement

During the fiscal year under review, foreign loan amounting USD 343.8 million has been disbursed to various sectors of the economy. Compared to the 2005/06 fiscal year the amount of foreign loan disbursed in the fiscal year 2006/07 has declined by 12.0 percent.

Out of the total external loan disbursed during the fiscal year under review, 37.6 percent was made for electricity and power sector while the share of disbursements made to infrastructure and education including capacity building stood at 16.6 and 15.0 percents respectively.

Table 6.1: External loan Disbursement by Economic Sector, in Million USD

Sector	2005/06	2006/07	Percentage Change 2005/06to 2006/07	2006/07 percentage share
Agriculture and Food security	31.4	22.6	-28.0	6.6
Electricity and Power	163.6	129.3	-21.0	37.6
Water Works and Supply	12.3	26.1	112.9	7.6
Infrastructure	25.2	56.9	125.6	16.6
Transport and communication	44.8	2.0	-95.6	0.6
Education & Capacity building	19.8	51.4	159.9	15.0
Health	22.6	6.4	-71.9	1.9
Socio-culture, Welfare & rehabilitation	4.9	10.8	122.2	3.1
Tourism	1.8	1.6	-9.4	0.5
Emergency Recovery and Reconstruction Project	54.6	33.7	-38.3	9.8
Financial sector	9.9	3.1	-69.0	0.9
Grand Total	390.8	343.8	-12.0	100.0

Source: Credit Administration Department

Looking into the detailed sectoral disbursements, a decline in disbursement of the fiscal year 2006/07 is observed compared to the previous fiscal year for most of the sectors while increased disbursement is observed in such sectors as water works and supply, infrastructure, education & capacity building and socio-culture, welfare and rehabilitation.

6.1.2 External Debt Outstanding

The total external debt outstanding of the country as of the end of the fiscal year 2006/07, stood at USD 2282.2 million showing a 62.2 percent decline compared to the previous fiscal year's outstanding amount owing to the debt relief obtained and a decline in external loan disbursement.

Table 6.2: External Debt Outstanding Including Arrears by Source of Financing

in million USD

Fiscal year	Multilateral Organizations	Bilateral	Others (commercial)	Total Debt Outstanding	Percentage Change
2002/03	4,246.5	2,438.2	86.8	6,771.5	
2003/04	4,679.9	2,444.3	253.3	7,377.5	8.9
2004/05	4,880.8	787.6	352.6	6,021.0	-18.4
2005/06	4,884.7	796.8	354.2	6,035.7	0.2
2006/07	1,175.1	794.6	312.6	2,282.2	-62.2

Source: Credit Administration Department (MoFED)

Out of the total external debt outstanding in the fiscal year 2006/07 fiscal year, 51.5% is due to multilateral creditors while the remaining 34.8% & 13.7% is accounted as bilateral and commercial debt outstanding respectively.

6.1.3 External Debt Service and Relief

During the fiscal year under review, Birr 907 million external debts has been serviced showing an increase 3.8 percent compared with the serviced amount over the same period of previous fiscal year. Out of the total debt serviced 64 percent is paid in principal while 36 percent is paid in interest.

Table 6.3: - External Debt Service (Payments)

In million Birr

Fiscal year	External Debt services			
	Principal Payment	Interest &Charge	Total	% change
2002/03	357.7	184.8	**542.5**	-51.9
2003/04	395.7	263.7	**659.4**	21.6
2004/05	354.4	256.2	**610.6**	-7.4
2005/06	558.3	315.2	**873.4**	43.0
2006/07	579.7	327.2	**907.0**	3.8

Source:- Credit Administration Department, MoFED

**** After debt relie f***

6.2 Domestic Debt

6.2.1 Domestic Debt outstanding

During the fiscal year 2006/07 the total domestic debt outstanding was about Birr 47.8 billion. Looking the outstanding debt by instruments, direct advance accounted 43.5 percent while the share of the bonds and treasury bills stood at 30.6 and 25.8 percents respectively. Compared to the previous fiscal year, the amount of domestic debt outstanding has increased by 18.4 percent.

Table 6.5: Domestic Debt Outstanding by Types of Borrowing Instruments

In billion Birr

Fiscal Year	**Direct advance**	% Share	**Bond**	% Share	**Treasury Bill**	% Share	**Total Debt Outstanding**	% Change
2002/03	4.7	17.6	13.1	49.4	8.8	33.0	26.5	-
2003/04	4.1	12.4	13.2	40.5	15.4	47.1	32.6	23.1
2004/05	13.3	39.9	12.8	38.4	7.2	21.7	33.3	1.9
2005/06	15.6	38.6	12.5	30.9	12.3	30.6	40.4	21.4
2006/07	20.8	43.5	14.7	30.6	12.4	25.8	47.8	18.4

Source: Credit Administration Department, MoFED

When we see the components of internal debt out standing, while direct advance and bond increased by 33.5 and 17.5 percent respectively while treasury bill showed a marginal increased of 0.1 percent in the fiscal year 2006/07.

6.2.2 Domestic Debt Service

During the fiscal year under review, Birr 1030.6 million domestic debts has been serviced showing 14.9 percent increase over the level of the previous fiscal year.

Table 6.6: - Internal and external Debt Service (Payments)

In million Birr

Fiscal year	**Internal Debt Service**			
	Principal payment	**Interest & charge**	**Sub Total**	**% change**
2002/03	0.0	623.7	**623.7**	9.0
2003/04	211.6	607.9	**819.5**	31.4
2004/05	256.0	524.9	**780.9**	-4.7
2005/06	276.3	620.8	**897.1**	14.9
2006/07	304.6	726.0	**1030.6**	14.9

Source:- Credit Administration Department, MoFED

Out of the total domestic debt service during the fiscal year 2006/07 about 30 percent was made for principal payments while the remaining 70 percent was made for interest and charges.

7 Manufacturing

The recent economic growth registered in the country witnessed the source of the growth is broad based. The contribution of the manufacturing sector to the growth of the economy is also becoming very important. We have presented below the developments observed during EFY 1999 regarding the manufacturing sector with respect to employment and revenue generation, raw materials and capacity utilization based on the continued quarterly sample survey on ‘Large and Medium Scale Manufacturing Industries’ of Central Statistical Agency.

The total revenue earned by the manufacturing industries covered by the survey from both domestic and export sales during the fourth quarter of EFY 1999 amounted Birr 4.3 billion as the results of the survey revealed; showing an increase of 19.8 percent over the revenue generated during the same quarter of last year. Export performance of the manufacturing industries still remains at low level with slight improvements in the trends and the contribution stood at 7 percent of their total sale while the remaining 93 percent is earned from the sale at the domestic market.

Table 7.1: Manufacturing Industries Business Survey Results

No	Items	2005/06 Fourth Quarter	2006/07 Fourth Quarter	Difference from 2005/06 Fourth Quarter	Percentage Growth
1	Number of establishments	910	910		
2	Persons engaged	89,590	88,946	(644)	(0.7)
	Permanent (in percent)	86	87		
	Temporary (in percent)	14	13		
3	Revenue from sales (in million Birr)	3,595	4,308	713	19.8
	Local Sales (in percent)	92.7	93.0		
	Export (in percent)	7.3	7.0		
4	Reasons for using imported raw materials (%)				
	Lack of sufficient supply locally	16.8	16.3		
	Not available locally	81.7	70.9		
	Local supply is not reliable	0.2	0.2		
	Quality of locally available raw material is not reliable	1.4	10.7		
	Others	0	2.0		
5	Total value of new capital expenditure on fixed assets (in million birr)	120	136	16	13.3
6	Average capacity utilization	54.0	54.6		

Source: CSA & Staff Calculation

According to the results of the survey, with regard to employment generation of the manufacturing industries, during the fourth quarter of the fiscal year a total of 88,946 persons engaged in the manufacturing industry of which 87% and 13% are permanent and seasonal or temporary employees respectively; with observed slight decline in employment particularly with the seasonal employment. The trend in the employment is expected to rise in the first quarter of EFY 2000 as the responses on the expectations of the industries revealed. About 78 percents of the industries expressed there will be an increase in employment in the next quarter as the manufacturing industries have a plan to expand production because of an increased demand. This is evident from the fact that the manufacturing industries have already invested Birr 135.7 million to replenish their capital in the quarter under review.

The majority of the industries indicated that they are constrained by local raw materials because either they are not simply available locally or lack of sufficient supply or the quality is not reliable. From the comparison of the surveys made so far it looks these of the reasons of the industries don’t much vary from survey to survey indicating these are the permanent problems the industries are facing why they are solely depending on imported raw materials.

It is well known that the Ethiopian manufacturing industries are operating below capacity due to a number of factors. The result of the survey showed that, in the quarter under review, overall the manufacturing industries utilized only 54.6 percent of their capacities while the remaining 45.4 percent is unexploited; showing no significant improvements over the same quarter of the previous year. Among the industries covered by the survey in the quarter almost 84 percent of the industries operate below 75 percent capacity while 56 percent of them operate below 50 percent capacity.

***Table 7.2:* Number of establishments by reason for not working at full capacity**

Reasons for not working at full capacity	**2005/06 Fourth Quarter**	**2006/07 Fourth Quarter**
Shortage of raw materials	41.1	15.3
Shortage of spare parts	0.9	0.9
Shortage of foreign exchange	1.4	0.0
Lack of demand/market	39.9	45.4
Shortage of working capital	6.3	5.9
Problem with electricity and water	4.0	16.3
Repeated breaking of machinery	2.6	3.3
Problem with workers	0.0	0.0
Lack of skilled manpower	2.1	0.0
Government rules and regulations	0.0	0.0
Other reasons	1.6	13.0
Total	**100.0**	**100.0**

Source: CSA & Staff Calculation

Based on the surveys conducted during the quarter under review, among the 699 industries on which assessment is made about the causes for low capacity utilization, 76 percent are more than 8 years of age.

The findings drawn from the assessment made about major reasons for the low capacity utilization of the manufacturing industries indicated that lack of domestic and foreign demand for the products of the industries ranks the most dominant factor followed by problems related to electricity and water and shortage of raw materials. According to the same survey made in the previous year of the same quarter shortage of raw material was a major cause for industries to perform low unlike the present survey. Moreover, for some industries shortage of working capital and repeated machinery damages have been mentioned as factors for experiencing low capacity utilization. No industry mentioned such factors as 'problems with workers', 'lack of skilled manpower', 'government rules and regulations' and 'access to foreign exchange' as causes for the industries to operate below capacity. As most of the surveys conducted by the agency indicated problems with workers had never been mentioned as cause for low performance of the manufacturing sector showing industrial peace could be maintained in the sector.

8 Private Sector Development

During EFY 1999, a total of 6,472 investment projects with a total capital amounting Birr 93.6 billion has been approved; showing corresponding increments of 10.7 and 16.9 percents compared to the levels of EFY 1998 (see table 8.1). These projects are expected to employ a total of 763,939 employees; of which 302,598 are permanent employees; an increase of 38.7 percent in terms of employment creation compared to the EFY 1998. Out of the total approved projects in the fiscal year under consideration, 5,322 projects with a capital of Birr 46.6 billion are investments licensed by private domestic investors; showing a slight rise over the level of previous year records both in terms of number of projects approved and capital. The number of projects approved for foreign investors reached 1,150 with a capital of Birr 47 billion; showing a tremendous increase. The data depicts that the share of the foreign direct investment approved projects is improving and increased to 17.8 percent in the current year from 12.9 percent in the preceding year while in terms of the capital to be invested the share amazingly exceeded that owned by the domestic investors reaching 50.2 percent in the fiscal year under review from 32.3 percent in the preceding fiscal year. This is quite encouraging and signals to deepen the effort in creating conducive environment to attract private investment.

Table 8.1: **Investment Projects Approved and Employment Creation**

Description	EFY 1998	EFY 1999	Difference	Percent change
	(a)	(b)	(c) = (b)-(a)	(d)=((c)/(a)*100
Number of Approved Projects	5849	6472	623	10.65
Total Employment	550,691	763,939	213,248	38.72
Permanent	210,936	302,598	91,662	43.45
Temporary	339,755	461,341	121,586	35.79
Total Capital in Million Birr	80035	93579	13544	16.92

Source: Ethiopian Investment Agency

Table 8.2: Number of Approved Projects and Investment Capital by Type of Investment (July 2005 to end December 2005)

Description	Number off Approved Projects			Total Capital in Million Birr		
	EFY 1998	EFY 1999	Percentage Growth	EFY 1998	EFY 1999	Percentage Growth
Domestic	5090	5322	4.6	41838	46630	11.5
Foreign	753	1150	52.7	19983	46948	134.9
Total	5843	6472	10.8	61821	93578	51.4

Source: Ethiopian Investment Agency

According to the data, in terms of the capital to be invested, during EFY 1999 (2006/07) about 40.8 percent (Birr 38.2 billion) of the capital to be invested concentrated in Addis Ababa, while 27.2 percent (Birr 25.5 billion) are in Oromia, 13.5 percent (Birr 12.6 billion) in Amhara and 5.9 percent (Birr 5.6 billion) in SNNPR (See Annex 8.2).

Annexes

Annex: 1 CONSUMER PRICE INDEX AND ITS COMPONENTS

Fiscal Year & Month	General Index	Food Total	Beverage	Cigaretts & Tobacco	Clothing & Footwear	House Rent, Constrn Materila,Water, Fuel, & Energy	Furniture, Furnishing, Household Eqpt. & Operation	Medical Care & Health	Transport & Communica tion	Recreation, Entertainmen t & Education	Personal Care & Effects	Miscellaneous Goods
Weight	**100**	**60.1**	**2.0**	**0.5**	**9.3**	**15.4**	**4.9**	**1.2**	**2.0**	**1.0**	**0.9**	**2.6**
2002/03	15.1	24.8	1.1	7.5	-2.4	2.2	-1.5	0.0	4.2	-24.0	-65.6	-66.7
2003/04	8.6	11.8	0.1	-2.8	0.6	6.3	-0.2	-1.4	1.9	-0.9	6.8	0.0
2004/05	6.8	7.7	1.1	-10.5	0.8	9.3	2.4	4.9	7.9	3.3	13.5	0.0
2005/06	12.3	14.0	6.9	38.1	3.3	12.8	5.8	1.8	6.4	4.2	9.7	0.0
2006/07	17.8	18.9	10.9	-17.3	8.4	21.3	13.4	5.3	21.3	7.0	16.8	0.0
Percentage Change for 2006/07 over 2005/06	**45.1**	**34.8**	**59.2**	**-145.5**	**152.2**	**65.9**	**130.9**	**189.1**	**233.2**	**65.6**	**72.8**	**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 Average
	End Period Rates			Average Weighted Rate					
	Weighted Rate	Highest	Lowest		Total	o/w Among CBs	Total	o/w Among CBs	
2001/ 02	8.5663	8.5663	8.5651	8.5425	104.0	30.1	534.0	108.0	8.6850
2002/ 03	8.6001	8.6001	8.5663	8.5809	160.4	51.7	588.0	141.0	8.7091
2003/ 04	8.6368	8.6368	8.6003	8.6197	359.2	151.6	1302.0	485.0	8.6751
2004/ 05	8.6663	8.6663	8.6371	8.6518	138.9	22.15	1290.0	62	8.7110
2005/06	8.6949	8.6949	8.6687	8.6810	133.9	10.25	1304.0	32.00	9.0258
2006/07	9.0296	9.0296	8.6973	8.7943	189.8	59.40	1999.5	128.00	8.9570

Source:- National Bank of Ethiopia

Annex 3.1: Federal Government Revenue (2006/07 Annual)

(In Millions Birr)

DESCRIPTIONS	Revised Annual Budget 2006/07	Annual (July-June)		Difference against the same period of last year		2006/07 in % of Budget
		2006/07	2005/06	In Birr	In %	(6)=(2)/(1)*100
(0)	(1)	(2)	(3)	(4) = (2)-(3)	(5)	
Revenue and direct budget support	**24551**	**22079**	**16993**	**5086**	**29.9**	**89.9**
REVENUE	**18994**	**16930**	**15117**	**1814**	**12.0**	**89.1**
Direct Taxes	**2858**	**2785**	**2183**	**602**	**27.6**	**97.4**
o/w: Personal income tax	**598**	*556*	*481*	*75*	*15.7*	*93.0*
Business income tax	**1666**	*1658*	*1246*	*413*	*33.1*	*99.5*
Domestic Indirect Taxes	**3551**	**3156**	**2534**	**622**	**24.5**	**88.9**
Excise tax	786	603	577	26	4.5	76.7
VAT on Local Goods	1898	1701	1337	364	27.2	89.6
VAT on Services	732	748	535	212	39.6	102.1
Stamp duty	134	104	84	20	23.6	77.5
Foreign trade	**8237**	**7697**	**6587**	**1110**	**16.8**	**93.4**
Customs duty	3556	3299	2954	344	11.7	92.8
Excise tax	1156	858	644	214	33.3	74.2
Value Added Tax	3526	3541	2989	551	18.4	100.4
Non Tax revenue	**4348**	**3293**	**3813**	**-520**	**-13.6**	**75.7**
o/w: Dividend	*1500*	*1496*	*243*	*1253*	*516.2*	*99.7*
DBS grant & relief	**5557**	**5149**	**1876**	**3273**	**174.4**	**92.7**
CPF/DBS grant	*3735*	*4091*	*950*	*3141*	*330.7*	*109.5*
HPIC & MDRI relief	*1822*	*1057*	*926*	*131*	*14.2*	*58.0*

Annex 3.2: Federal Government Expenditure (2006/07 Annual)

(In Millions Birr)

DESCRIPTIONS	Revised Annual Budget 2006/07	Annual (July-June)		Difference against the same period of last year		2006/07 in % of Budget
		2006/07	2005/06	In Birr		
(0)	(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6)=(2)/(1)*100
EXPENDITURE 1/	**29895**	**28089**	**22431**	**5658**	**25.2**	**94.0**
RECURRENT	**7709**	**7036**	**6461**	**575**	**8.9**	**91.3**
Admin. & General Services	4382	4287	4153	133	3.2	97.8
o/w: Defense	*3007*	*3005*	*3009*	*-5*	*-0.2*	*99.9*
Economic Services	**557**	**334**	**295**	**39**	**13.1**	**59.9**
Social Services	**1426**	**1171**	**886**	**285**	**32.2**	**82.1**
o/w: Education	*1228*	*1012*	*744*	*267*	*35.9*	*82.4*
Health	*87*	*78*	*70*	*9*	*12.5*	*89.5*
Other Expenditure	**1344**	**1244**	**1126**	**118**	**10.5**	**92.6**
Interest &charges	1171	1207	1054	153	14.5	103.0
Domestic	478	727	621	106	17.0	152.1
External	694	480	433	47	10.8	69.2
Others	173	38	72	-35	-48.1	21.8
CAPITAL [2/]	**12631**	**11644**	**8849**	**2795**	**31.6**	**92.2**
Economic Development	9253	8255	6710	1545	23.0	89.2
o/w : Agricalture	*687*	*486*	*600*	*-114*	*-19.0*	*70.8*
Food Security	*2000*	*2005*	*1960*	*45*	*2.3*	*100.2*
Natural Resource	*1123*	*853*	*665*	*188*	*28.3*	*75.9*
Road Construction	*3809*	*3325*	*1974*	*1351*	*68.4*	*87.3*
Social Development	2870	2980	1972	1008	51.1	103.9
o/w: Education	*2592*	*2805*	*1712*	*1093*	*63.9*	*108.2*
Health	*35*	*82*	*202*	*-120*	*-59.4*	*231.6*
General Development	508	408	167	241	144.6	80.4
o/w: Cap. Exp. :						
Domestic Source	*10323*	*10164*	*7788*	*2376*	*30.5*	*98.5*
External borrowing	*2308*	*1479*	*1061*	*419*	*39.5*	*64.1*
REGIONAL TRANSFER	**9556**	**9365**	**7071**	**2294**	**32.4**	**98.0**
o/w: Recurrent transfer	*7853*	*7729*	*5686*	*2043*	*35.9*	*98.4*
Capital Transfer	*1702*	*1636*	*1385*	*251*	*18.1*	*96.1*
SPECIAL PROGRAM	**0**	**44**	**50**	**-5**	**-10.6**	**0.0**

Annex 3.3: Federal Government Financing (2006/07 Annual)

(In Millions Birr)

DESCRIPTIONS	Revised Annual Budget 2006/07	Annual (July-June)		Difference against the same period of last year		2006/07 in % of Budget
		2006/07	2005/06	In Birr	In %	(6)=(2)/(1)*100
(0)	(1)	(2)	(3)	(4) = (2)-(3)	(5)	
Overall Surplus/Deficit	**-5345**	**-6010**	**-5438**	**-572**	**10.5**	**112.5**
FINANCING	***5345***	***6010***	***5438***	***572***	***10.5***	***112.5***
External net	**1348**	**851**	**586**	**265**	**45.2**	**63.1**
External loan (project loan)	2308	1479	1061	419	39.5	64.1
CPF loan	0	0	0	0		0.0
Special programs	0	290	459	-169	-36.9	0.0
Amortization	960	919	934	-15	-1.6	95.7
Domestic borrowing	***3996***	***6246***	***2735***	***3511***	***128.4***	***156.3***
Banking system[3/]	*3996*	*4259*	*2876*	*1383*	*48.1*	*106.6*
Non bank system	*0*	*1987*	*-141*	*2128*	*-1512.5*	*0.0*
Privatization receipts	***0***	***0***	***0***	***0***		
Others/residual	**0**	**-1087**	**2117**	**-3203**	**-151.3**	

Annex 3.a: Monetary Survey

In Million Birr

	2004/05	2005/06	2006/07	Change	
				In amount	In percentage
Foreign Asset (net)	**13895.9**	**13250.7**	13927.3	676.6	5.1
National Bank	9669.5	7311.8	8179.1	867.3	11.9
Commercial Bank	4226.4	5938.9	5748.2	-190.7	-3.2
Domestic Credit	**41651.4**	**50034.8**	61585	11550.2	23.1
Claims on Govt.	23155.4	26031.5	30290.2	4258.7	16.4
National Bank	19071	18803.6	24065.2	5261.6	28.0
Commercial Banks	4084.5	7227.9	6225	-1002.9	-13.9
Claims on other sectors	18496	24003.3	31294.8	7291.5	30.4
National Bank	0	0	0	0	0.0
Commercial Banks	18496	24003.3	31294.8	7291.5	30.4
Broad money	**40452.3**	**47485.3**	56860.3	9375	19.7
Narrow Money	21428.9	24700.9	29773.4	5072.5	20.5
Currency outside banks	10062.8	11360.4	13703.7	2343.3	20.6
Demand Deposits	11366.2	13340.5	16069.7	2729.2	20.5
Quasi-money	19023.4	22784.4	27086.9	4302.5	18.9
Savings Deposits	17404.4	20687.7	23759.2	3071.5	14.8
Time Deposits	1619	2096.7	3327.7	1231	58.7

Source:NBE

Annex 8.1: Number of Approved Investment Projects by Sector and Region during EFY 1998 and 1999

Sector	1998 & 1999 EFY	Addis Ababa	Afar	Amhara	B.Gumze	Dire Dawa	Gambella	Harari	Multi regional	Oromia	SNNPR	Somali	Tigray	Grand Total
Agriculture, hunting and forestry	1998	42	16	130	7	10	1	6	37	259	189	1	38	**736**
	1999	31	15	286	39	14	5	3	49	312	190	1	158	**1103**
Construction	1998	280	0	6	0	5	0	2	5	19	2	0	14	**333**
	1999	236	0	3	2	7	0	0	4	17	1	0	13	**283**
Education	1998	77	1	36	6	1	0	4	12	47	70	1	7	**262**
	1999	137	1	40	14	5	0	8	11	49	51	0	11	**327**
Electricity, gas, steam and water supply	1998	0	0	2	0	0	0	0	4	2	0	0	0	**8**
	1999	1	0	0	0	0	0	0	0	1	1	0	1	**4**
Fishing	1998	0	0	0	0	0	0	0	0	1	1	0	0	**2**
	1999	0	0	4	0	0	0	0	1	0	0	0	0	**5**
Health and social work	1998	35	0	12	0	2	0	2	1	14	22	0	1	**89**
	1999	87	0	14	7	2	0	1	2	11	18	0	7	**149**
Hotels and restaurants	1998	63	1	33	1	3	0	2	7	160	216	0	11	**497**
	1999	177	3	75	17	10	3	1	11	72	125	0	21	**515**
Manufacturing	1998	658	3	73	2	39	0	9	38	300	122	0	86	**1330**
	1999	665	2	102	3	33	0	5	64	214	65	1	106	**1260**
Mining and quarrying	1998	8	0	1	0	0	0	0	0	5	0	0	1	**15**
	1999	7	0	0	0	1	0	0	2	3	0	0	0	**13**
Other community, social and personal service activities	1998	21	0	7	1	1	0	3	0	4	17	0	2	**56**
	1999	21	0	4	0	2	0	0	0	7	7	0	3	**44**
Real estate, renting and business activities	1998	1742	0	110	0	7	0	32	45	123	232	0	37	**2328**
	1999	1934	7	116	4	38	2	13	87	189	118	7	53	**2568**
Transport, storage and communication	1998	38	0	4	0	1	0	1	9	42	2	0	2	**99**
	1999	63	0	2	0	2	0	2	6	6	3	0	2	**86**
Wholesale, retail trade & repair service	1998	8	0	8	0	1	0	13	1	48	14	0	1	**94**
	1999	5	0	16	11	7	0	1	2	18	55	0	0	**115**
Grand Total No of Projects	**1998**	**2972**	**21**	**422**	**17**	**70**	**1**	**74**	**159**	**1024**	**887**	**2**	**200**	**5849**
	1999	**3364**	**28**	**662**	**97**	**121**	**10**	**34**	**239**	**899**	**634**	**9**	**375**	**6472**
Percentage share	**1998**	**50.81**	**0.36**	**7.21**	**0.29**	**1.20**	**0.02**	**1.27**	**2.72**	**17.51**	**15.16**	**0.03**	**3.42**	**100**
	1999	**51.98**	**0.43**	**10.23**	**1.50**	**1.87**	**0.15**	**0.53**	**3.69**	**13.89**	**9.80**	**0.14**	**5.79**	**100**

Source: Ethiopian Investment Agency

Annex 8.2: Amount of Capital to be Invested by the Approved Projects by Sector and Region during EFY 1998 & 1999

Sector	1998 & 1999 EFY	Addis Ababa	Afar	Amhara	B.Gumze	Dire Dawa	Gambella	Harari	Multi regional	Oromia	SNNPR	Somali	Tigray	Grand Total
Agriculture, hunting and forestry	1998	258	159	431	32	12	2	3	1027	3943	1243	42	66	**7218**
	1999	205	61	946	299	22	4	5	1274	8156	3097	2	310	14380
Construction	1998	3531	0	233	0	80	0	3	137	122	95	0	89	4290
	1999	1573	0	18	2	59	0	0	63	87	39	0	36	1878
Education	1998	481	0	153	6	1	0	18	538	94	139	1	24	1455
	1999	1287	2	111	19	10	0	12	106	278	159	0	54	2038
Electricity, gas, steam and water supply	1998	0	0	6611	0	0	0	0	11628	29	0	0	0	18268
	1999	10	0	0	0	0	0	0	0	18	10	0	0	38
Fishing	1998	0	0	0	0	0	0	0	0	1	3	0	0	4
	1999	0	0	99	0	0	0	0	1	0	0	0	0	100
Health and social work	1998	271	0	37	0	1	0	3	1	244	58	0	5	620
	1999	2125	0	47	8	7	0	2	6	123	346	0	38	2701
Hotels and restaurants	1998	881	0	134	0	10	0	1	89	478	530	0	104	2227
	1999	6135	18	453	20	65	5	2	220	1640	388	0	261	9206
Manufacturing	1998	6899	1	750	1	2405	0	20	2093	12863	637	0	492	26161
	1999	6862	2	8922	4	493	0	6	2473	14067	1036	1	3516	37382
Mining and quarrying	1998	51	6723	2	0	0	0	0	0	69	0	0	0	6845
	1999	63	0	0	0	1	0	0	63	52	0	0	0	179
Other community, social and personal service activities	1998	760	0	36	1	0	0	3	0	8	38	0	15	861
	1999	309	0	7	0	7	0	0	0	35	11	0	9	379
Real estate, renting and business activities	1998	8521	0	285	0	30	0	39	446	675	499	0	67	10562
	1999	19288	21	1953	6	488	1	41	979	971	348	40	387	24523
Transport, storage and communication	1998	1104	0	28	0	1	0	2	124	74	11	0	1	1345
	1999	193	0	5	0	16	0	8	20	9	15	0	4	270
Wholesale, retail trade & repair service	1998	7	0	15	0	1	0	33	1	73	20	0	31	181
	1999	112	0	83	14	27	0	22	105	40	102	0	0	505
Grand Total No of Projects	**1998**	**22764**	**6883**	**8715**	**40**	**2541**	**2**	**125**	**16084**	**18673**	**3273**	**43**	**894**	80037
	1999	**38162**	**103**	**12643**	**371**	**1194**	**10**	**98**	**5310**	**25477**	**5552**	**43**	**4615**	**93579**
Percentage share	**1998**	**28.44**	**8.60**	**10.89**	**0.05**	**3.17**	**0.00**	**0.16**	**20.10**	**23.33**	**4.09**	**0.05**	**1.12**	**100**
	1999	**40.78**	**0.11**	**13.51**	**0.40**	**1.28**	**0.01**	**0.10**	**5.67**	**27.23**	**5.93**	**0.05**	**4.93**	**100**

Source: Ethiopian Investment Agency

Annex 8.3: Employment creation and Capital to be invested by the Approved Projects by Sector during EFY 1997 & 1998

Sector	Type of Investment	No. of projects			Capital			Permanent Employment			Temporary Employment		
		1998	1999	% Growth	1998	1999	% Growth	1998	1999	% Growth	1998	1999	% Growth
Agriculture, hunting and forestry	Domestic	560	865	54.46	2941	3677	25.03	13685	23244	69.85	82547	196257	137.75
	Foreign	176	238	35.23	4277	10702	150.22	37759	38579	2.17	41782	56569	35.39
Construction	Domestic	298	237	-20.47	2069	1230	-40.55	9474	5674	-40.11	38334	42000	9.56
	Foreign	35	46	31.43	2220	649	-70.77	1388	2769	99.50	6797	4703	-30.81
Education	Domestic	241	286	18.67	1364	1821	33.50	14415	14088	-2.27	5305	6877	29.63
	Foreign	21	41	95.24	93	217	133.33	812	1626	100.25	715	973	36.08
Electricity, gas, steam and water supply	Domestic	2	4	100.00	3	38	1166.67	10	127	1170.00	34	424	1147.06
	Foreign	1	0	-100.00	59	0	-100.00	10	0	-100.00	200	0	-100.00
Fishing	Domestic	0	3	100.00		9	100.00		88	100.00		120	100.00
	Foreign	2	2	0.00	4	91	2175.00	24	58	141.67	50	166	232.00
Health and social work	Domestic	79	125	58.23	381	2009	427.30	2967	6144	107.08	1741	4432	154.57
	Foreign	10	24	140.00	239	691	189.12	341	1713	402.35	333	1152	245.95
Hotels and restaurants	Domestic	450	417	-7.33	1760	4579	160.17	10574	15448	46.09	7617	12649	66.06
	Foreign	47	98	108.51	468	4626	888.46	1550	7654	393.81	1213	6417	429.02
Manufacturing	Domestic	1095	884	-19.27	22077	14448	-34.56	63035	53658	-14.88	89028	35505	-60.12
	Foreign	234	376	60.68	10796	22933	112.42	20748	40764	96.47	16507	49600	200.48
Mining and quarrying	Domestic	12	5	-58.33	64	25	-60.94	238	182	-23.53	769	209	-72.82
	Foreign	3	8	166.67	59	153	159.32	127	421	231.50	605	485	-19.83
Other community, social and personal service activities	Domestic	52	42	-19.23	836	354	-57.66	1529	1356	-11.31	1718	1276	-25.73
	Foreign	4	2	-50.00	25	24	-4.00	266	82	-69.17	110	7	-93.64
Real estate, renting and business activities	Domestic	2129	2272	6.72	8904	17938	101.46	22203	77949	251.07	27083	28421	4.94
	Foreign	199	296	48.74	1658	6585	297.17	7107	7864	10.65	9872	1039	-89.48
Transport, storage and communication	Domestic	90	72	-20.00	1299	208	-83.99	999	1288	28.93	840	1440	71.43
	Foreign	9	14	55.56	44	61	38.64	351	186	-47.01	81	166	104.94
Wholesale, retail trade & repair service	Domestic	82	110	34.15	140	290	107.14	1028	1346	30.93	832	1379	65.75
	Foreign	12	5	-58.33	41	215	424.39	255	290	13.73	592	75	-87.33
Total	**Domestic**	**5090**	**5322**	**4.36**	**41838**	**46626**	**10.27**	**140157**	**200592**	**30.13**	**255848**	**330989**	**22.70**
	Foreign	**753**	**1150**	**34.52**	**19983**	**46947**	**57.43**	**70738**	**102006**	**30.65**	**78857**	**121352**	**35.02**
	Total	**5849**	**6472**	**9.63**	**80035**	**93573**	**14.47**	**210936**	**302598**	**30.29**	**339755**	**452341**	**24.89**

Source: Ethiopian Investment Agency