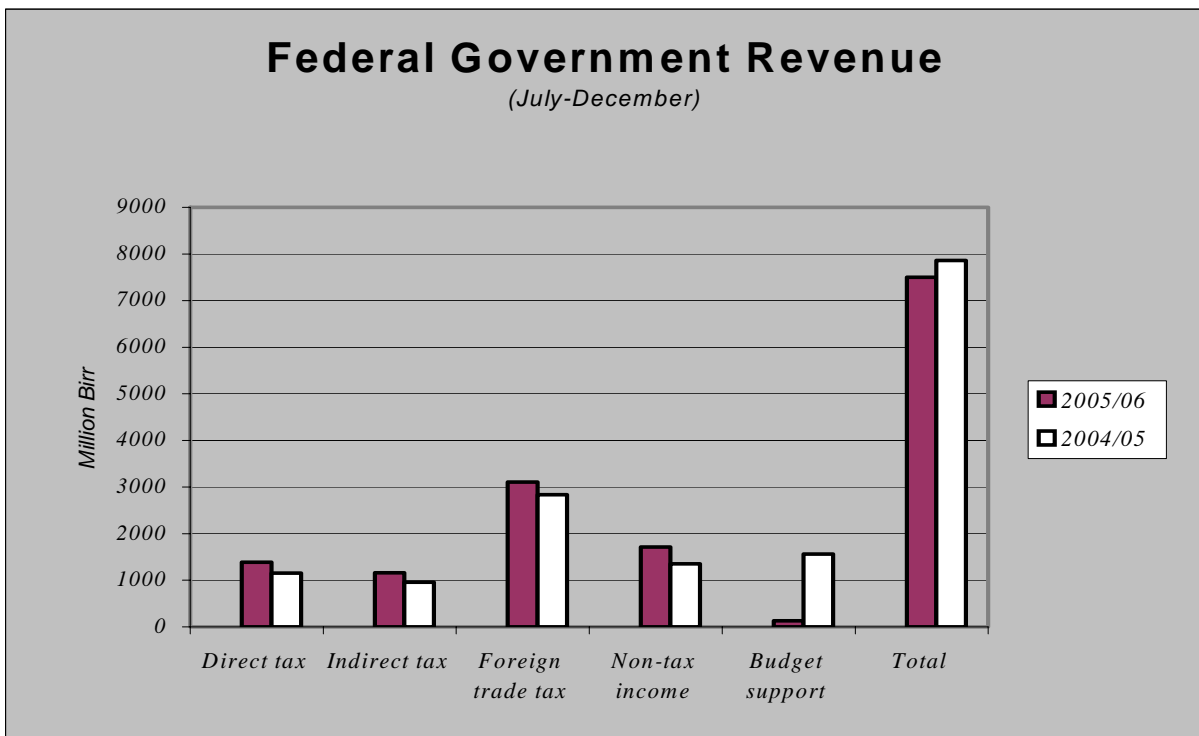


MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT

MACROECONOMIC DEVELOPMENTS IN ETHIOPIA (SECOND QUARTER 2005/06)



Macro Economy Policy & Management Department

The

Ministry of Finance and Economic Development

March 2006
Addis Ababa

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Overview

This second quarter macroeconomic development report presents brief highlights on the developments of major macroeconomic variables during the second quarter of the 2005/06 fiscal year. The economic variables monitored on a quarter and a half-year basis 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 3.2 percent during the end of the second quarter of fiscal year 2004/05, and surged up to 10.4 percent during the same period of the 2005/06 fiscal year. The up ward movement of food and construction materials prices at a country level, which increased to 12.0 and 11.3 percentages respectively contributed to this considerable increase in the general country level inflation.

The official exchange rate of the Birr against the Dollar, in the daily inter-bank foreign exchange market depreciated very slightly. The average during the first half of 2005/06 stood at Birr 8.6739/USD while the average during the same period of 2004/05 was Birr 8.6446/ USD. Similarly, the average parallel market rate depreciated by 3.14 percent comparing the average rate of the first six months period of the year 2005/06 which stood at Birr 8.9885/ USD with the average rate of similar period of 2004/05.

During the second quarter of the fiscal year 2005/06, total Federal Government Revenue including Budget Support amounted to Birr 7503.6 million, showing a decrease of Birr 356.5 million or 4.5 percent over the same period of the preceding fiscal year, owing to a decrease in direct budget support inflow. Looking at the spending side, a total of Birr 10505.3 million Federal Government Expenditure was made, showing Birr 1038.3 or 11 percent increase compared to the same period of the previous fiscal year. This is mainly owing to disbursements increased by 17% capital expenditure and 16.3% regional transfer. The over all fiscal outturn resulted in a budget deficit of Birr 3002.8 million.

With regard to monetary aggregates the net foreign assets position of the country decreased from 13895.9 million Birr at the end of July 2005 to 12371.1 million Birr on December 30th 2005. However, domestic credit increased by 11.0 percent due to a rise in claims on government. This resulted in an increase in Broad Money by 4.1 percent over the amount on July 30th 2005.

During the second quarter of the fiscal year 2005/06, the overall balance of payment position showed a deficit of USD 151.1 million. During the period under review, the current account deficit (excluding official transfers) stood at USD 882.5 million, which is more by 36.9 % than the same period of previous fiscal year.

Spanning the same period of 2005/06, foreign loan worth Birr 990.34 million has been disbursed to the various sectors of the economy. The amount was higher by 64.2 percent compared to the second quarter of the previous fiscal year.

During the year under review, a total debt service worth Birr 86.38 million has been paid out to settle external debts. As compared to the previous fiscal year, the external debts payments have decreased by 55.49 percent

In the first half of fiscal year 2005/06, 2124 investment projects with a total capital of Birr 67.67 Billion were approved. These projects are expected to employ 81989 permanent and 115461 temporary, a total of 197450 employees.

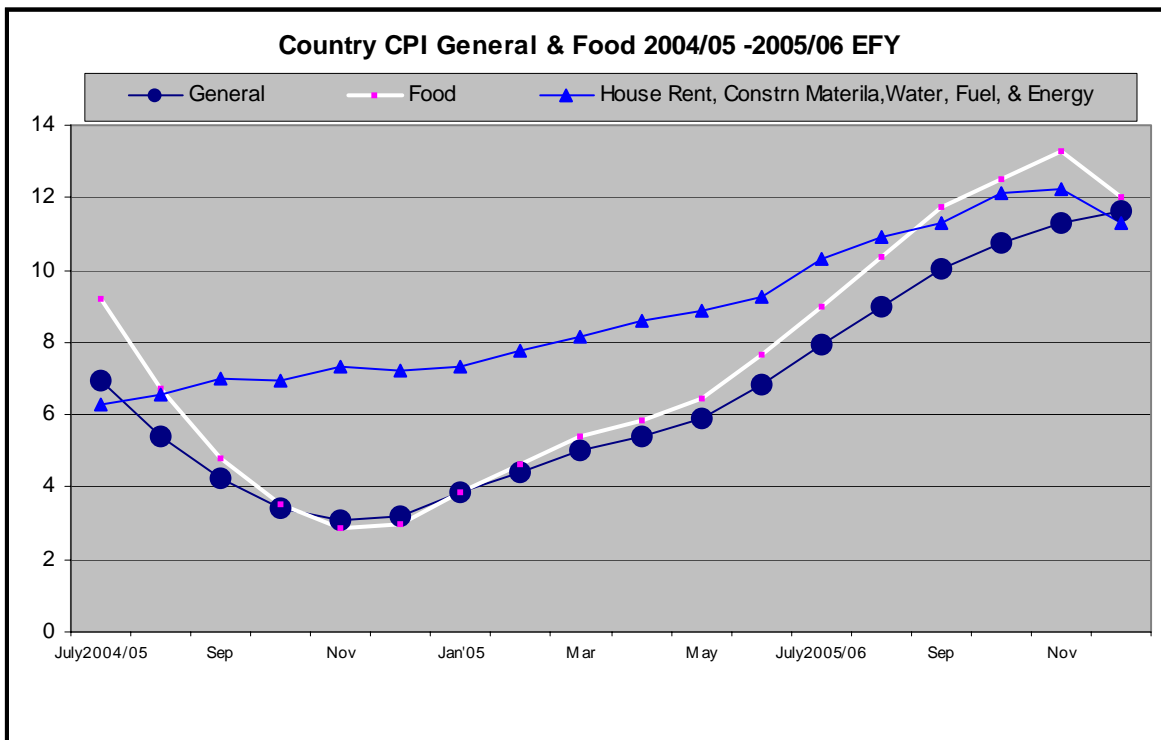
1 Prices

1.1 Inflation

On twelve months moving average basis, the general countryside price level in December 2005/06, the last month of the second quarter period indicated an inflation rate of 10.4 percent. The level in the same period of the previous fiscal year was 3.2 percent. Regarding food inflation, it also increased from 3.0 percent to 12.0 percent during the period under review. The rate of house rent, construction material, water, fuel & energy also up surged from its level of 7.2 percent at the end of the first half 2004/05 to 11.3 percent at the end of the first half of 2005/06.

Table 1: Trends in Country Level Inflation Rate (%)

Months	2004/05			2005/06		
	General	Food	House rent, Construction material, Water, Fuel & Energy	General	Food	House rent, Construction material, Water, Fuel & Energy
July	6.9	9.2	6.3	7.9	9.0	10.3
August	5.4	6.7	6.6	9.0	10.3	10.9
September	4.2	4.8	7.0	10.0	11.7	11.3
October	3.4	3.5	6.9	10.7	12.5	12.2
November	3.1	2.9	7.3	11.3	13.3	12.3
December	3.2	3.0	7.2	10.4	12.0	11.3



The increase in the general inflation level for the second quarter is mainly a reflection of the increase of inflation in the food and house rent, construction material, water, fuel & energy components, which on a twelve months moving average basis stood at 12.0, and 11.3 indicating 300 percent and 57 percent increase respectively compared to the last month of the previous quarter.

Regarding the general and detailed consumer price indices on annualized basis, on the last month of the second quarter all other items except clothing & footwear, medical care & health, transport & communication and personal care & effects manifested an increasing trend.

1.2 Exchange Rate

During the end of the first half of fiscal year 2004/05, the official exchange rate and the parallel market rate in the inter bank foreign exchange market stood at an amount of Birr 8.6446 and Birr 8.7148 USD, respectively. When we come to the second quarter of 2005/06, the official exchange rate of Birr against USD in the inter bank foreign exchange market depreciated by 0.34 percent compared to the level in the same period of the previous fiscal year and became Birr 8.6739 USD. Likewise the parallel market rate has depreciated by 3.14 and stood at Birr 8.9885 compared to the previous period.

Table 2: Trends in Exchange Rates

Period	Rates in Birr Per US\$		Differences (c)=(b)-(a)
	Official Rate (a)	Parallel Mkt. Rate (b)	
1 st Quarter	8.6408	8.7143	0.07
2 nd Quarter	8.6483	8.7152	0.07
First half 2004/05 (average)	8.6446	8.7148	0.07
3 rd Quarter	8.6554	8.6961	0.04
4 th Quarter	8.6625	8.7185	0.06
2004/05(annual average)	8.6518	8.7110	0.06
1 st Quarter 2005/06	8.6702	8.9571	0.29
2 nd Quarter	8.6776	9.0198	0.34
First half 2005/06 (average)	8.6739	8.9885	0.31

Source: National Bank of Ethiopia

The difference between the official and the average parallel market exchange rate, which stood at 0.07 at the end of second quarter of 2004/05 widened to 0.31 at the end of the second quarter of 2005/06.

The amount traded in the inter bank foreign exchange market, showed an increase from 67.2 million USD in the second quarter of the previous year to 72.7 million USD in the second quarter of 2005/06, which is an increase of 8.2 percent. Only 14.1 percent was traded through commercial banks. In the same way, of the total number of 500 trade activities conducted only about 32, which is 6.4 percent was transacted through commercial banks.

2 Fiscal Performance

2.1 Revenue

Fiscal data of the federal government indicate, in the first six months of the current budget year, Birr 7503.6 million revenue including foreign direct budget support could be mobilized from different sources. This accounts for 37.9 percent of the annual budget for the year while the domestic component performed better. Compared to last year's similar period performance, it declined by Birr 806.5 million (10.3%) and this is mainly due to the low direct budget support secured this year.

In the first half of 2005/06 a total of Birr 7371.8 million was collected from domestic sources showing an increase of Birr 1075.6 million (17.1%) compared to the level of the same period of the previous fiscal year. Out of the total domestic sources, Birr 5660.1 million (76.8%) constitutes direct and direct taxes while the rest Birr 1711.7 million (23.2%) is generated from non-tax sources.

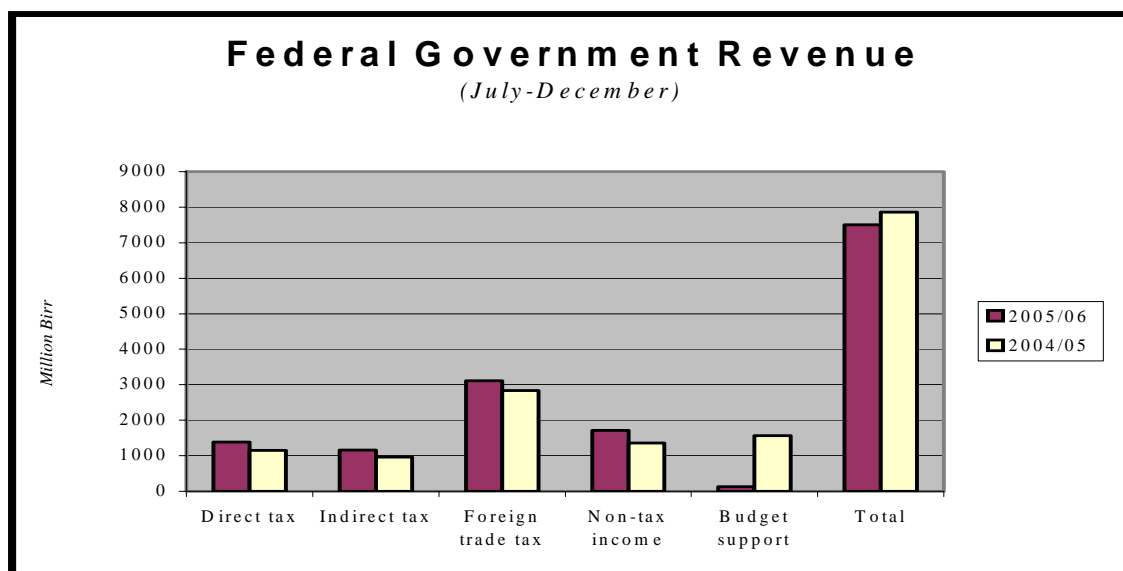
Table 3: Federal Government Revenue

In Million Birr

Items	July-December			Difference from 2004/05		
	2005/06			2004 Actual	Amount	In percent
	Budget	Actual	In % of the Budget			
Direct Taxes	2382	1388.1	58.3	1151.2	236.9	20.6
Domestic Indirect Taxes	2735	1161.6	42.5	957.4	204.2	21.3
Foreign Trade Tax	6887	3110.4	45.2	2834.4	276.0	9.7
Non-Tax Revenue	4292	1711.7	37.9	1353.2	358.5	22.5
Domestic Revenue	16291	7371.8	45.2	6296.2	1075.6	17.1
Direct Budget Support	3506	131.8	3.8	1563.9	(1432.1)	(91.6)
Total Revenue	19802	7503.6	37.9	7860.1	(806.5)	(10.3)

Out of the total tax revenue collected, Birr 1388.1 million (24.5%) is mobilized from direct taxes, while Birr 1161.1 million (20.5%) and Birr 3110.4 million (55%) are respectively from domestic indirect taxes and foreign trade taxes. The performance of the revenue collection from direct tax, stood at 58.3% of its annual budget, while exhibiting an increase of Birr 236.9 million (20.6%) over the level of the same period of the previous fiscal year. Similarly, domestic indirect tax amounting 42.5% of its annual budget has been collected; showing an increase of Birr 204.2 million (21.3%) over the level of the same period of the previous fiscal year. With regard to foreign trade tax, the six months collection is about 45.2% of its annual budget; showing a significant increase of Birr 276.0 million (9.7%) over the same period of the previous fiscal year.

The non-tax revenue performance, for the period under review, stood at Birr 1711.7 million, increased by Birr 358.5 million (22.5%) over the same period of the previous fiscal year. A very small portion of foreign direct budget support has been secured (3.8% of the budgeted amount) in the first half of 2005/06.



2.2 Expenditure

During the first half of fiscal year 2005/06, a total of Birr 6348.1 million recurrent spending including the regional budget support transfer has been effected, constituting 44.8 percent of the annual recurrent budget. A slight increase of Birr 605.7 million (10.5%) in this outlay has been observed compared to the level of similar period of previous year. Out of this total recurrent expenditure, Birr 2179.8 and 151.8 million were effected for administration and general service; and economic service respectively; while Birr 342.6 and 587.1 million were effected for social services and other miscellaneous expenses. The remaining balance, Birr 3086.8 million is disbursed for regions for budget support.

Table 4: Federal Government Recurrent Expenditures

In Million Birr

Expenditure Type	Annual budget for 2005/06	July-December			Difference from 2004/05	
		2005/06		2004/05	Amount	In percent
		Actual	In percent	Actual		
Administration and General Service	3835	2179.8	34.3	2072.9	106.9	5.2
Economic Services	452	151.8	2.4	133.3	18.5	13.9
Social Services	942	342.6	5.4	310.5	32.1	10.3
Others	1872	587.1	9.2	688.1	(101.0)	(14.7)
Regional Budget Support	7066	3086.8	48.6	2537.7	5491.1	21.6
Total Recurrent Expenditure	14167	6348.1	100	5742.5	605.6	10.5

Source: MoFED

Similarly, during the same period, Birr 4135.2 million disbursements has been made for capital outlays, where this expenditure is 35.6 percent of the total annual capital budget. Capital expenditure during the period under review has shown an increase Birr 485.9 million (13.3%) compared with the performance of similar period of previous fiscal year. The major part of this disbursement is made for economic

development (Birr 3040.9 million or 73.5%), while Birr 688.8 million (16.7%) and Birr 110.5 million (2.7%) is disbursed for social and general development respectively.

Table 5: Federal Government Capital Expenditures

In Million Birr

No.	Expenditure Type	Annual budget for 2005/06	July-December		Difference from 2004/05		
			2005/06		2004/05	Amount	In percent
			Actual	In percent	Actual		
1	Economic Development	8822.1	3040.9	73.5	2345.5	695.4	29.6
2	Social Development	2056	688.8	16.7	840.5	(151.7)	(18.0)
3	General Development	358	110.5	2.7	94.3	16.2	17.2
4	Regional Budget Support	390	295.0	7.1	369	(74)	(20.0)
5	Special Program	0	23.0		75.4	(52.4)	(69.5)
6	Total	1162.5	4135.2	100	3649.3	485.9	13.3

Source: MoFED

Apart from recurrent and capital expenditures an outlay that amounted to Birr 23 million has been expended for special programs.

2.3 Financing

Overall federal government revenue including grants during the first six months of 2005/06 fiscal year stood at Birr 7053.6 million, while a total expenditure amounting to Birr 10506.3 million has been effected. This resulted in a fiscal deficit of Birr 3002.8 million for the Federal Government. The resulting fiscal deficit has been financed, through a net foreign borrowing of Birr 567.6 million and a net domestic loan of Birr 2435.2 million.

3 Developments in Monetary Aggregates

3.1 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.

The July 7, 2005 position of net foreign assets of the country stood at Birr 13895.9 million and showed a downward movement to 12371.1 million Birr by the end of December 2005. During this period though the foreign asset holding of National Bank decreased by 31.2 percent from 9669.5 to 6653.9 million Birr, the foreign asset holding of commercial bank increased by 35.3 percent from 4226.4 to 5717.2 million Birr. On the other hand domestic credit increased by 11.0 percent due to a rise in claims on government by 6.5 percent, from 23155.4 to 24665.2 million Birr.

In the period under consideration a similar trend was also witnessed on the liability side of broad money. During this period narrow money (M1) decreased by 1 percent from 21428.9 to 21205.8 million Birr whereas quasi-money (M2) showed a 9.8 percent increase.

During the first half demand deposits, showed a 1.9 percent increase while currency in circulation showed about 4.4 percent decrease. On the other hand, saving deposits showed 9.9 percent increase and time deposits showed 9.3 percent increase during the bi-annual period.

Thus, development in all determinants and components M1 and M2 resulted in an overall increase in broad money by 4.1 percent and stood at Birr 42098.9 million by the end of December 2005.

4 External Sector and Balance of Payments

4.1 Balance of Payments

As in the first quarter, during the second quarter of the 2005/06 fiscal year, the country witnessed negative trade balance of USD 882.5 million USD (see table 6). Export earnings have financed only 22.9 percent of the total import bill. Compared with the same period of the preceding fiscal year, the trade balance widened by 36.9 percent. Merchandise export earnings and merchandise imports bill have increased by 34 and 36.4 percent, respectively, compared with the same period of the preceding fiscal year. This shows that the merchandise import bill is growing faster than the growth in merchandise export earnings.

On the other hand, during the second quarter of 2005/06, net services have shown a positive balance of USD 64 million USD. Compared with the same period of the previous fiscal year, a 27.1 percent decline has been observed.

Table 6: Summary of the Balance of Payments

In Million USD

Particular	2004/05 Second Quarter	2005/06 Second Quarter	Percent change (c)=((b)/(a)-1)*100
	(a)	(b)	
Trade Balance	(644.6)	(882.5)	36.9
Exports	150.5	201.98	34.2
Imports	795.0	1084.44	36.4
Net Services	87.8	64.0	-27.1
Private Transfers	217.6	232.7	6.9
Current Account Balance(excl. public transfers)	(339.1)	(585.8)	72.7
Public Transfers	286.2	85.1	(70.3)
Current Account Balance(incl. public transfers)	(53.0)	(500.7)	845.4
Non-monetary Capital	40.1	138.2	244.5
Net Errors & Omissions	57.3	211.3	269.0
Overall Balance	44.5	(151.1)	(439.9)
Financing	(44.5)	151.1	(439.9)
Reserves (:increase)	(58.7)	94.5	(260.9)
Arrears	0.0	0.0	
Debt Relief	14.3	56.6	297.2

Source: National Bank of Ethiopia

During this second quarter, the current account deficit excluding public transfers stood at USD 585.8 million where as including public transfers, it stood at 500.7 million. There is an increase in the current account deficit excluding public transfers by about 72.7 percent, and including public transfers by about 845.4 percent compared with the same period of the previous fiscal year mainly due to the increased performance in the import bill and decrease in public transfers (by 70.3 percent).

Non-monetary capital account balance stood at USD 138.2 million. Compared with the same quarter of the previous fiscal year it has increased by 244.5 percent. This is mainly due to the increases in net direct investment and the net long-term loan account.

During the quarter, overall balance of payments has shown a deficit of USD 151.1 millions. This balance, when compared to the performance during the second quarter of the preceding fiscal year, has shown a decline by about 439.9 percent (from a positive balance of 44.5 million to a negative balance of 151.1 million). The deficit was financed from reserves and debt relief.

4.2 Exports

Although it has been planned to perform an export value of 494.9 million dollars in the first half of 2005/06 the actually performed value was 389.8 million dollars, which is equal to 86.7 percent of the plan. This consists only 32.8 percent of the annual plan.

Among the export items those which performed more than the planned are cereals, pulses, oil seeds, cotton, sugar, ethanol, natural gum, wax, meat and live animals, chat, coffee, civet-, gold, hides and skin, vegetables and fruits. On the other hand those that performed less than the planned are flower, drinks, tea, textiles and clothing's, and honey (see Annex-7).

Compared to the 292.6 million dollar performance of the 2004/05 first six months export the performance of 2005/06 exceeds by 97.2 million dollars or 33 percent

At the end of the second quarter of the 2005/06 fiscal year total merchandise export earnings amounted 201.98 million USD (see table 7). Compared with the same period in the 2004/05 fiscal year, total earnings have increased by about 34.2 percent. With similar comparison, earnings from coffee, hides and skins, pulses, and chat have declined by 24.3, 16.6, 9.8 and 0.7 percent, respectively whereas earnings from oilseeds, fruit and vegetables, gold and other export items have increased by 264.7, 14.3, 11.1 and 111.4 percent, respectively.

Table 7: Values of Major Export Items

Particular	<i>Values in Million USD</i>		
	2004/05 Second Quarter	2005/06 Second Quarter	Percent age Change
	(a)	(b)	(c)=((b)/(a)-1)*100
Coffee	46.26	35.02	-24.3
Hides & skins	18.79	15.68	-16.6
Pulses	9.97	9.00	-9.8
Oilseeds	14.52	52.96	264.7
Fruits & Vegetables	2.31	2.64	14.3
Chat	22.22	22.07	-0.7
Gold	12.30	13.67	11.1
Others	24.10	50.95	111.4
Total	150.48	201.98	34.2

Source: National Bank of Ethiopia

When we see the performance of the volume of exports during the second quarter of 2005/06, items like coffee, leather and leather products, pulses and chat have shown a decreasing performance (declined by 40.4, 33.4, 21.6 and 4.9 percent, respectively) compared with the same period in the preceding fiscal year whereas oilseeds, fruits and vegetables and gold have witnessed increased performance (increased by 280.4, 15 and 27.1 percent, respectively).

Table 8: Volume of Major Export Items

In Million Kg

Particular	2004/05 Second Quarter	2005/06 Second Quarter	Percent age Change
	(a)	(b)	(c)=((b)/(a)-1)*100
Coffee	26.5	15.8	-40.4
Leather and Leather products	4.6	3.0	-33.7
Pulses	36.4	28.5	-21.6
Oilseeds	17.9	68.0	280.4
Fruits & Vegetables	8.5	9.8	15.0
Chat	5.4	5.1	-4.9
Gold	0.0	0.0011	27.1

Source: National Bank of Ethiopia

4.3 Imports

Total import bill reached 1084.44 million USD during the second quarter of the 2005/06 fiscal year (see table 9). The highest expenditure is on machinery and transport capital goods, which is 382.2 million (about 35.2 percent from the total), the next is on manufactured goods which is about 207.6 million (19.1 percent of the total) followed by petroleum products which account for 113.1 million (10.4 percent).

Table 9: Value of Major Import Items

Million USD

Particular	2004/05 Second Quarter	2005/06 Second Quarter	Percent age Change
	(a)	(b)	(c)=((b)/(a)-1)*100
Food and Live Animals	11.4	110.0	865.4
Beverages and Tobacco	2.1	4.5	113.9
Petroleum Products.	112.5	113.1	0.6
Chemicals	89.1	85.1	-4.6
Manufactured Goods	154.2	207.6	34.7
Machinery and Transport	279.0	382.2	37.0
Others	146.7	181.8	23.9
Total	795.0	1084.44	36.4

Source: National Bank of Ethiopia

Compared with the same period in the preceding fiscal year, total import bill for all commodities except for chemicals has increased. Overall import bill have increased by about 36.4 percent compared with the same period in the previous fiscal year.

5 Public Debt

5.1 External Loan Disbursement

During the second quarter of 2005/06 fiscal year, foreign loan amounting to Birr 990.34 million have been disbursed to various sectors of the economy (see table 10). The amount has increased by about 387.33 million (64.2 percent) from the same period in the 2004/05 fiscal year. Compared to the same period of the previous fiscal year (2004/05) loan disbursement for Electric and Power, Multisectoral HIV/AIDS, Social Security and Welfare, and Capacity Building have increased where as the other sectors have decreased disbursement.

Table 10: External Loan Disbursement by Economic Sectors

In Million Birr

Economic Sectors	Second Quarter 2004/05	Second Quarter 2005/06	Percent Change
	(a)	(b)	(c)=((b)/(a)-1)*100
Agriculture and Irrigation	71.1	47.46	(33.2)
Electric Light & Power	77.1	641.99	732.7
Transport, Communication & Infrastructure	161.97	21.35	(86.8)
Health & Related Services	55.1	31.33	(43.1)
Multisectoral HIV/AIDS	25.06	26.83	7.1
Social Security, Welfare	2.11	2.48	17.5
Ethiopian. Social Rehabilitation & Development	15.44	0	(100.0)
Education	26.75	3.97	(85.2)
Tourism, (Cultural Heritage)		4.95	
Emergency Recovery & Reconstruction. & Demobilization	151.93	140.1	(7.8)
Capacity Building	2.11	15.98	657.3
Food Security	0	35.13	
Structural Adjustment	0	0	
Financial Institution	0	11.33	
Water Works and Supply	14.34	7.44	
Private sector Development	0	0	
Total	603.01	990.34	64.2

Source: MoFED, Loan Administration Department

5.2 External Debt Service

During the second quarter of the 2005/06 fiscal year a total of Birr 86.381 millions external debt have been serviced. Of these amount 56.1 percent (48.5 million) is the principal while 41.5 percent (35.8 million) is the interest. Compared with the same period of the previous fiscal year the total external debt service has decreased by 55.5 percent.

Table 11: Quarter External Debt Service*In Millions Birr*

Description	2004/05 Second Quarter	2005/06 Second Quarter	Percent Change
	(a)	(b)	(c)=((b)/(a)-1)*100
Principal	117.682	48.468	-58.81
Interest	71.930	35.842	-50.17
Commission	4.461	2.071	-53.57
Total	194.073	86.381	-55.49

Source: MoFED

5.3 External Debt Relief

In the second quarter of 2005/06 fiscal year a total of Birr 219.8 million-debt relief have been obtained from HIPC initiative. All the debt relief was obtained from multilateral creditors. Out of this amount 157.2 million (71.5 percent) is principal and 62.6 million (28.5 percent) is the interest. Compared to the same period of the previous fiscal year the principal has increased by 80.6 percent, while the interest and the total debt service increased by 43.7 and 68.2 percent respectively.

Table 12: HIPC Relief*In Million Birr*

Description	2004/05 Second Quarter	2005/06 Second Quarter	Percent Change
	(a)	(b)	(c)=((b)/(a)-1)*100
Principal	87.056	157.197	80.57
Interest	43.584	62.611	43.66
Total	130.640	219.808	68.25

Source: MOFED

5.4 Outstanding Domestic Debt

In the second quarter of 2005/06 fiscal year a total domestic debt of Birr 36764.9 million was owed by the government. Out of this amount direct advance account to 46.2 percent, bonds to 34.4 percent and treasury bills for 19.4 percent. Compared with the same period of the previous fiscal year, total outstanding domestic debt has increased by 23.3 percent.

Table 13: Domestic Debt Outstanding*In Million Birr*

Borrowing Instrument	2004/05 Second Quarter	2005/06 Second Quarter	Percent Change
	(a)	(b)	(c)=((b)/(a)-1)*100
Direct Advance	12514.000	16995.000	35.8
T. Bills	4799.485	7123.485	48.4
Bonds	12510.421	12646.440	1.1
Total	29823.906	36764.925	23.3

Source: MOFED

5.5 Internal Debt Service

During the second quarter, Birr 220.13 millions has been serviced to the three borrowing instruments (Direct Advance, Treasury Bill and Bonds). The highest is for direct advance, which is Birr 128.133 million. Treasury bills accounted for 6.515 million while bonds account for 85.486 million. Compared with the same period of the previous fiscal year the total debt service has shown an increment by Birr 17.4 million (8.6 percent).

Table 14: Domestic Debt Service

In Million Birr

Borrowing Instrument	2004/05 Second Quarter					2005/06 Second Quarter					Change (in Birr) (k)=(j)-(e)	Percent Change (l)=(k)/(e)*100
	Prn.	Int.	Discount	Service Charge	Total	Prn.	Int.	Discount	Service Charge	Total		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)		
Direct Advance		121.974			121.974		128.133			128.133	6.159	5.0
T. Bills			1.814	3.990	5.804			0.620	5.895	6.515	0.710	12.2
Bonds	45.684	29.2387			74.923	45.684	39.802			85.486	10.563	14.1
Total	45.684	151.213	1.814	3.990	202.701	45.684	167.935	0.620	5.895	220.133	17.432	8.6

Source: MOFED, Loan Administration Department

6 Manufacturing

Since the beginning of the last fiscal year, the Central Statistical Authority has started conducting quarterly sample surveys on Large and Medium Scale Manufacturing Industries. So far, six quarterly survey results have been published. The quarterly survey findings focused on employment, revenue generation, raw materials and capacity utilization.

The survey results indicate that in the second quarter of 2005/06 overall 90769 persons were engaged in the manufacturing industry of which 78390 or 86.4 percent of the workers were permanent, while the remaining 12379 or 13.6 percent were seasonal or temporary employees. Among the industrial groups, manufacturing of food product establishments are found to be the major employers where they employed 18016 persons or 19.8 percent of the total employment. On the other hand, the tobacco industry is found to be the least in terms of its employment such that it only offers an employment opportunity for only 773 persons which accounts for 0.9 percent of the total employment.

Total revenue earned in the second quarter of 2005/05 by the manufacturing industries totaled Birr 3.3 billion of which 3.1 billion or 94.2 percent was generated from local sales, while the remaining Birr 0.19 billion or 5.8 percent, was generated from exports. Manufacturing of food product establishments are found to be the biggest in terms of total revenue generated (i.e., Birr 568.6 million) during the quarter, whereas apparel industries with total revenue of 17.1 million are at the bottom during the same quarter. Most of the establishments sold their products locally except manufacturing of foot wear, luggage and hand bags industries, which earned 64.5 percent of their revenue from export. This indicated not only the low export performance of Ethiopian manufacturing sector, but also export was an affair of very few industries.

Majority of the Ethiopian manufacturing establishments are known for their high dependence on imported raw materials in their production activities and this urges one to ask the reason for such a huge dependence. Among the total respondents, 542 establishments, constituting 66.9 percent of the total reported that the unavailability of raw materials locally is the major reason for relying on imported raw materials. Lack of sufficient local supply also makes 161 or 19.9 percent of the establishments to depend on imported raw materials for their production activities. Unreliable local supply is also found to be a major reason in furniture manufacturing establishments for using imported raw materials. Some of the establishments (7.5 percent) are unhappy with the quality of locally produced raw materials and this forces them to depend on imported raw materials to produce their products. Lack of sufficient local supply also made 5.7 percent of the establishments to depend on imported raw materials for their production activities.

In almost all short-term business surveys, capacity utilization is found to be an important variable in studying the level of capacity utilization of manufacturing industries overtime. For this reason, two questions were forwarded to the respondents during the survey: the first question was about the existing level of capacity utilization by the establishments in the different industrial groups, whereas the second question was about the reasons for operating under capacity. During the quarter only 59.4 percent of the total capacity is being utilized by the manufacturing industries, while 41.6 percent of the total capacity remained unexploited. A relatively high degree of capacity utilization is observed in wood and wood product industries (91.5 percent) while a low level of capacity utilization is observed in manufacture of motor vehicle, tailor and semi-tailor industries (35.2 percent). The rest of the manufacturing industries were operating between the ranges of 35.2 and 91.5 percent of their capacity.

Among the total manufacturing industries included in this study, 4.9 percent of the industries were found to operate under 25 percent of their full capacities. The survey result also indicated that none of the firms in beverage, tobacco, textile, leather & footwear, wood and products of cork, paper & paper products, fabricated metal products and basic iron & steel manufacturing industries have been operating below 25 percent of their full capacities. The number of firms, which utilize between 26 and 50 percent of their full capacities, constitute around 28.6 percent of the total manufacturing industries. Most of the industries (54.1 percent) fall between 51 and 75 percent capacity utilization level and this category is found to be dominated by furniture manufacturing industries which constitute around 42.8 percent of the firms

classified under this category followed by food processing manufacturing industries which constitute around 24.8 percent. Only 12.4 percent of the firms were operating at a capacity utilization level of 76 percent and above which indicates the low level of capacity utilization in Ethiopian manufacturing industries.

The level of capacity utilization in this quarter is higher than the previous year's same quarter which was about 53.9 percent. The number of establishments, which operated below 25 percent of their full capacities, was around 10.1 percent in the previous quarter while this figure is only 4.9 percent in this quarter. However, the number of establishments which were able to utilize above 75 percent of their full capacities have shown a decline in this quarter compared to the previous year's same quarter which was around 20 percent

The above observation would compel one to ask: "What was behind this weak level of capacity utilization?" According to the responses from the establishments, majority of the establishments (around 64 percent) attested that lack of demand/market for their products as a major cause for not operating at their full capacities. On the other hand, around 14 percent of the establishments reported " shortage of raw material" as a major reason for not utilizing their full capacities followed by 8.9 percent of the establishments which reported "problem with water and electricity" as their major hindrances. None of the establishments reported "shortage of spare parts", " shortage of foreign currency" and "government rules and regulations" as problems for not operating at full capacity.

Table 15: Manufacturing Industries Business Survey Results

No	Items	2004/05 Second Quarter	2005/06 Second Quarter
1	Number of establishments	910	910
2	Persons engaged	92686	90769
	Permanent (in percent)	80.9	86.4
	Temporary (in percent)	19.1	13.6
3	Revenue from sales (in million Birr)	2265.9	3262.5
	Local Sales	2047.0	3071.9
	Export	218.8	190.6
4	Reasons for using imported raw materials (%)		
	Lack of sufficient supply locally		5.7
	Not available locally		66.9
	Local supply is not reliable		19.9
	Quality of locally available raw material is not reliable Others		5.7
5	Value of new capital expenditure on fixed assets (in millions)		83.3
6	Average capacity utilization		59.4

Source: CSA

Table 16: Number of establishments by reason for not working at full capacity

	Second Quarter (2004/05)		Second Quarter (2005/06)	
	No. of estab	%	No. of estab	%
Shortage of raw materials	102	12.35	109	13.97
Shortage of spare parts	2	0.24	-	-
Shortage of foreign exchange	-	-	-	-
Lack of demand/market	486	58.84	498	63.85
Shortage of working capital	6	0.73	18	2.31
Problem with electricity and water	46	5.57	69	8.85
Repeated breaking of machinery	13	1.57	25	3.21
Problem with workers	-	-	1	0.13
Lack of skilled manpower	1	0.12	57	7.31
Government rules and regulations	5	0.61	-	-
Other reasons	165	19.98	3	0.38
Total	826	100	780	100

Source: CSA

7 Private Sector Development

During the first six months of 2005/06, 2124 investment projects with a total capital of Birr 67.67 Billion were approved (see table 17). These projects are expected to employ 81989 permanent and 115461 temporary, totaled 197450 employees. When we see the source of investment, 1763 projects with a capital of Birr 41.66 billion are from private domestic whereas 358 projects with a capital of Birr 8.85 billion are from foreign sources. The remaining 3 with a capital of Birr 17.16 billion are from public source (see table 18).

Compared with the same period of the previous fiscal year, the number of projects approved has increased by 745 while the expected capital to be invested also increased by 45.63 billion.

Table 17: Investment Projects Approved

Description	2004/05 First half (July 2004 to December 2004)	2005/06 First half (July 2005 to December 2005)	Difference (c) = (b)-(a)	Percent change (d)=((c)/(a)-1)*100
	(a)	(b)		
Number off Approved Projects	1,379	2,124	745	54.0
Total Employment	130,474	197,450	66,976	51.3
Permanent	62,449	81,989	19,540	31.3
Temporary	68,025	115,461	47,436	69.7
Total Capital in Million Birr	22,038.74	67,671.51	45,633	207.1

Source: Ethiopian Investment Agency

Table 18: Number of Approved Projects and Investment Capital by Type of Investment (July 2005 to end December 2005)

Description	2004/05 First half (July 2004 to December 2004)		2005/06 First half (July 2005 to December 2005)	
	Number off Approved Projects	Total Capital in Million Birr	Number off Approved Projects	Total Capital in Million Birr
Domestic	1,093	12,587.96	1,763	41,658.29
Foreign	283	4,399.79	358	8,853.35
Public	3	5,050.99	3	17,159.88
Total	1,379	22,038.74	2,124	67,671.51

Source: Ethiopian Investment Agency

Regarding the regional distribution of the investment projects 900 (42.3 percent) are in Addis Ababa, 553 (25 percent) in Oromia, 232 (10.9 percent) in SNNPR, 181 (8.5 percent) in Amhara, 97 (4.57 percent) in Tigray, 51 (2.4 percent) in Dire Daw, 45 (2.12 percent) in Harari, 8 (0.38 percent) in Benishangul Gumuz , 5 (0.24 percent) Gambela, and 1 in Afar, and the remaining 71 (3.34 percent) are multi-regional (see annex 8).

Annexes

Annex 1: Country Level General 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, Furnishi ng, Household Eqpt. & Operatio n	Medic al Care & Health	Transp ort & Commu nication	Recre ation, Entert ainme nt & Educa tion	Personal Care & Effects	Miscella neous Goods
Twelve Months Moving Average												
July2004/05	6.9	9.2	-0.1	-5.7	0.6	6.3	0.0	-1.1	1.8	-0.8	7.7	0.0
Aug	5.4	6.7	0.1	-7.8	0.9	6.6	0.1	-0.6	1.4	-0.6	8.4	0.0
Sep	4.2	4.8	-0.1	-9.3	1.1	7.0	0.3	0.0	1.7	-0.7	9.2	0.0
Oct	3.4	3.5	-0.3	-10.2	1.4	6.9	0.5	0.7	2.2	-0.4	10.1	0.0
Nov	3.1	2.9	0.2	-10.8	1.6	7.3	0.7	1.2	2.9	0.6	11.2	0.0
Dec	3.2	3.0	0.1	-11.9	2.0	7.2	0.9	2.0	3.5	0.9	12.2	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	12.04	3.23	3.53	0.79	11.31	4.18	2.66	7.73	4.61	11.01	0.00
Annualized inflation												
July2004/05	1.0	0.4	-0.2	-24.8	1.1	5.2	0.9	2.3	2.9	0.7	13.8	0.0
August	0.6	-0.6	1.9	-19.8	0.7	7.3	0.4	5.9	1.8	-1.2	11.8	0.0
September	1.8	0.4	-0.9	-15.3	1.6	9.5	1.0	5.9	6.6	-1.2	12.2	0.0
October	3.8	4.0	-1.1	-11.4	2.7	5.4	0.9	5.1	7.2	4.0	13.6	0.0
November	5.8	5.8	4.5	-10.5	1.7	10.3	1.3	4.1	8.2	7.9	16.5	0.0
December	7.9	9.6	0.5	-12.1	2.1	6.6	2.1	6.1	8.6	1.1	15.3	0.0
july 2005/06	13.6	15.6	2.9	9.8	1.6	17.7	3.4	2.3	10.1	5.3	11.7	0.0
AUGUST	13.2	15.1	1.8	13.9	4.9	14.3	5.1	-0.4	9.6	7.9	13.7	0.0
SEPTEMBER	14.0	16.2	8.9	12.5	2.5	14.3	5.0	0.0	7.8	6.3	14.3	0.0
OCTOBER	11.9	13.1	7.4	14.6	0.8	15.8	4.5	0.1	6.1	2.5	11.1	0.0
NOVEMBER	12.5	14.7	5.6	14.3	3.1	11.7	6.2	2.9	4.5	1.8	8.7	0.0
DECEMBER	12.3	14.9	5.1	13.8	-3.3	12.6	6.2	-0.9	3.7	6.2	9.9	0.0

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

Fiscal Year & Month	Rates in Birr Per US\$				Amount Traded in millions of US\$		Number of Trades		Parallel Mkt. Rate (Birr/US\$)
	Weighted Rate	Highest	Lowest	Average weighted Rate	Total	o/w Among CBs	Total	o/w Among CBs	
2004/05	8.6663	8.6663	8.6371	8.6518	138.897	22.15	1290	62	8.711025
Qtr. I	8.6446	8.6446	8.6371	8.6408	28.802	0.6	281	9	8.7143333
July	8.6396	8.6396	8.6371	8.6383	7.077	0.6	60	9	8.7155
August	8.6421	8.6421	8.6397	8.6409	7.525	0	103	0	8.69775
September	8.6446	8.6446	8.6422	8.6433	14.2	0	118	0	8.72975
Qtr. II	8.6521	8.6521	8.6446	8.6483	38.38	0.5	429	3	8.7152
October	8.6469	8.6469	8.6446	8.6458	11.69	0	160	0	8.73225
November	8.6495	8.6495	8.6471	8.6483	13.3	0.5	139	3	8.70575
December	8.6521	8.6521	8.6496	8.6508	13.39	0	130	0	8.7076
First half 2004/05	8.6521	8.6521	8.6371	8.6446	67.182	1.1	710	12	8.7148
2005/06									
Qtr. I	8.6763	8.6739	8.6687	8.6702	36.1	4.25	198	17	8.9571
July	8.6687	8.6687	8.6687	8.6676	12	2.1	50	6	8.9159
August	8.6715	8.6715	8.6715	8.6702	12.6	1.15	63	5	8.9754
September	8.6763	8.6739	8.6739	8.6728	11.5	1	85	6	8.9800
Qtr. II	8.6813	8.6813	8.6763	8.6776	36.55	6	302	15	9.0198
October	8.6763	8.6763	8.6763	8.6752	11.1	0.5	86	3	8.9981
November	8.6787	8.6787	8.6787	8.6775	13.5	4.5	101	10	8.9924
December	8.6813	8.6813	8.6813	8.6801	11.95	1	115	2	9.0690
First half 2005/06	8.6813	8.6813	8.6687	8.6739	72.7	10.25	500	32	8.9885

Source: National Bank of Ethiopia

Annex 3: Federal Government Revenue (July-December 2005/06)

(In Million Birr)

DESCRIPTIONS	Annual Budget 2005/06	Tahisas (December)		Difference against The same month of last year		6 months (July-Dec.)		6 month Cumulative In % of Annual Budget
		2005	2004	In Birr	In %	2005	2004	
		(2)	(3)	(4=2-3)	5	6	7	
Revenue and CPF Grants	19802	1005.1	1144.5	-139.4	-12.2	7503.6	7860.1	5.1
REVENUE	16296	1005.1	841.3	163.8	19.5	7371.8	6296.2	6.2
Direct Taxes	2382	85.1	75.1	10.0	13.3	1388.1	1151.2	3.6
<i>O/w: Personal income tax</i>	498	27.0	30.6	-3.6	-11.7	211.3	191.2	5.4
<i>Business income tax</i>	1389	25.0	18.2	6.8	37.7	973.9	791.4	1.8
Domestic Indirect Taxes	2735	164.2	148.2	16.0	10.8	1161.6	957.4	6.0
Excise tax	581	40.6	37.4	3.2	8.6	253.7	170.7	7.0
Tax on Local Goods	1451	94.0	80.9	13.1	16.2	611.5	524.7	6.5
<i>O/w: Turnover Tax</i>	0	5.8	0.8	5.0	634.2	13.4	7.6	0.0
Value Added Tax	1451	88.2	80.1	8.1	10.1	598.1	517.1	6.1
Service Tax	591	22.5	24.8	-2.3	-9.3	266.4	220.9	3.8
<i>O/w: Service Turnover Tax</i>	0	2.6	1.2	1.4	117.6	16.9	27.8	0.0
Service Value Added Tax	591	19.9	23.6	-3.7	-15.7	249.6	193.1	3.4
Stamp duty	112	7.1	5.1	2.0	38.6	30.0	41.1	6.3
Foreign trade	6887	550.6	499.4	51.2	10.3	3110.4	2834.4	8.0
Customs duty	2993	269.5	212.5	57.0	26.8	1403.5	1236.0	9.0
Excise tax	957	51.1	79.7	-28.6	-35.9	303.2	406.3	5.3
Value Added Tax	2937	230.0	207.2	22.8	11.0	1403.7	1192.1	7.8
Non-tax revenue	4292	205.2	118.6	86.6	73.1	1711.7	1353.2	4.8
<i>O/w: Dividend</i>	423	0.0	0.3	-0.3	-100.0	-0.3	2.7	0.0
Direct Budget Support(DBS)	3506	0.0	303.2	-303.2		131.8	1563.9	0.0

Annex 4: Federal Government Expenditure (July-December 2005/06)

(In Million Birr)

DESCRIPTIONS	Annual Budget 2005/06	Tahisas (December)		Difference against The same month of last year		6 months (July-Dec.)		6 month Cumulative In % of Annual Budget
		2005	2004	In Birr	In %	2005	2004	
		(2)	(3)	(4=2-3)	5	6	7	
(0)	(1)	(2)	(3)	(4=2-3)	5	6	7	
EXPENDITURE 1/	26320	1401.4	1487.1	-85.6	-5.8	10506.3	9468.0	5.3
RECURRENT	7710	611.5	733.5	-122.0	-16.6	3261.3	3204.7	7.9
Admin. & General Services	3815	393.1	306.8	86.3	28.1	2167.9	2064.5	10.3
<i>O/w: Defense</i>	3000	286.3	246.8	39.5	16.0	1646.2	1605.7	9.5
Economic Services	473	33.5	27.7	5.8	20.9	163.6	141.6	7.1
Social Services	947	97.1	70.7	26.3	37.2	349.1	316.5	10.3
<i>O/w: Education</i>	798	44.0	48.1	-4.1	-8.6	245.6	243.2	5.5
<i>Health</i>	74	9.3	6.2	3.1	50.1	36.2	32.3	12.6
Other Expenditure	2476	87.9	328.3	-240.4	-73.2	580.6	682.1	3.6
Interest & charges	1385	87.9	137.6	-49.6	-36.1	432.9	478.0	6.3
Domestic	846	48.9	79.7	-30.8	-38.6	273.4	239.9	5.8
External	539	39.0	57.9	-18.9	-32.7	159.5	238.1	7.2
Others	1091	0.0	190.7	-190.7	0.0	147.8	204.1	0.0
CAPITAL ^{2/}	11155	248.1	271.3	-23.1	-8.5	3840.2	3281.3	2.2
Economic Development	8822	226.7	169.4	57.3	33.8	3039.9	2344.7	2.6
<i>o/w : Agriculture</i>	2556	13.6	67.7	-54.1	-79.9	1126.4	1302.7	0.5
<i>Food Security</i>	0	0.0	0.0	0.0		70.2	30.2	0.0
<i>Natural Resource</i>	1030	118.6	4.9	113.7	2313.7	219.2	116.1	11.5
<i>Road Construction</i>	2473	87.5	73.6	13.8	18.8	470.5	642.2	3.5
Social Development	2058	4.5	88.0	-83.6	-94.9	689.8	841.3	0.2
<i>o/w: Education</i>	2018	2.6	76.9	-74.4	-96.7	619.9	684.6	0.1
<i>Health</i>	14	0.2	8.8	-8.6	-98.3	56.6	142.4	1.1
General Development	275	16.9	13.8	3.1	22.6	110.5	95.3	6.1
<i>O/W Cap. Exp. :</i>								
<i>Domestic Source</i>	9364	247.0	142.5	104.5	73.3	3322.4	2380.9	2.6
<i>External borrowing</i>	1953	2.0	128.8	-126.8	-98.5	517.9	900.4	0.1
REGIONAL TRANSFER	7456	540.1	480.4	59.7	12.4	3381.8	2906.7	7.2
<i>o/w Recurrent transfer</i>	7066	421.1	430.4	-9.3	-2.1	3086.8	2537.7	6.0
<i>Capital Transfer</i>	390	119.0	50.0	69.0	138.0	295.0	369.0	30.5
SPECIAL PROGRAM	0	1.6	1.9	-0.3	-15.0	23.0	75.4	0.0
Overall Surplus/Deficit	-6518	-396.3	-342.6	-53.7	15.7	-3002.8	-1607.9	6.1

Annex 5: Federal Government Financing (July-December 2005/06)

(In Million Birr)

DESCRIPTIONS	Annual Budget 2005/06	Tahisas (December)		Difference against The same month of last year		6 months (July-Dec.)		6 month Cumulative In % of Annual Budget
		2005	2004	In Birr	In %	2005	2004	
		(2)	(3)	(4=2-3)	5	6	7	
FINANCING	6389	396.3	342.6	53.7	15.7	3002.8	1607.9	6.2
External net	1988	-60.6	315.7	-376.3	-119.2	567.6	1156.5	-3.1
External loan (project loan)	1953	2.0	128.8	-126.8	-98.5	517.9	900.4	0.1
CPF loan	0	0.0	208.3	-208.3	0.0	0.0	286.9	0.0
Special programs	0	33.5	0.0	33.5	0.0	160.2	107.9	0.0
HIPC relief	1015	12.5	64.1	-51.7	-80.6	490.5	299.9	1.2
Amortization	980	108.6	85.4	23.2	27.1	601.0	438.6	11.1
Domestic borrowing	4001	-391.0	-378.2	-12.8	3.4	1338.8	-740.4	-9.8
<i>Banking system^{3/}</i>	<i>4001</i>	<i>-518.1</i>	<i>-526.8</i>	<i>8.7</i>	<i>-1.7</i>	<i>1499.7</i>	<i>-933.0</i>	<i>-12.9</i>
<i>Non bank system</i>	<i>0</i>	<i>127.1</i>	<i>148.6</i>	<i>-21.5</i>	<i>-14.5</i>	<i>-160.9</i>	<i>192.6</i>	<i>0.0</i>
Privatization receipts	0	0.0	0.0	0.0	-	0.0	0.0	0.0
Others/residual	400	848.0	405.1	442.9	109.3	1096.4	1191.8	

Annex 6: Monetary Survey (July-December 2005/06)

In Million Birr

	July 7, 2005	December 30, 2005	Change	
			In amount	In percentage
Foreign Asset (net)	13895.9	12371.1	-1524.8	11.0
National Bank	9669.5	6653.9	-3015.6	31.2
Commercial Bank	4226.4	5717.2	1490.8	35.3
Domestic Credit	41651.4	46249.3	4597.9	11.0
Claims on Govt.	23155.4	24665.2	1509.8	6.5
National Bank	19071.0	23092.4	4021.4	21.1
Commercial Banks	4084.5	1572.8	-2511.7	61.5
Claims on other sectors	18496.0	21584.1	3088.1	16.7
National Bank	0.0	0.0	-	-
Commercial Banks	18496.0	21584.1	3088.1	16.7
Broad money	40452.3	42098.9	1646.6	4.1
Narrow Money	21428.9	21205.8	-223.1	1.0
Currency outside banks	10062.8	9623.3	-439.5	4.4
Demand Deposits	11366.2	11582.5	216.3	1.9
Quasi-money	19023.4	20893.1	1869.7	9.8
Savings Deposits	17404.4	19122.9	1718.5	9.9
Time Deposits	1619.0	1770.2	151.2	9.3

Annex 7: Export items and their performance

No.	Product Type	Performance of 2004/05 first half		Performance of 2005/06 first half		Difference in percentage	
		Amount	Revenue	Amount	Revenue	Amount	Revenue
1	Coffee	57099	95630	40480	93364	-29.1	-2.4
2	Meat and Live animals		11291		27549		144.0
3	Leather and Leather Products	7540	31964	6817	33485	-9.59	4.76
4	Textiles and Clothing's	1092	3840	1464	5578	34.1	45.3
5	Cotton	947	1408	1943	2234	105.3	58.7
6	Cereals, Oil Seeds	108215	50416	174023	107984	60.8	114.2
7	Chat	11333	44484	10987	44986	-3.1	1.1
8	Vegetables and Fruits	16684	4668	17228	4428	3.5	-5.2
9	Flower	22	4124	65	7007	200.4	69.9
10	Sugar	10893	5262	14100	8245	29.4	56.7
11	Natural Gum	1769	2270	1456	2365	-17.7	4.2
12	Tea	646	794	290	400	-55.1	-49.7
13	Grain	9429	4989	33716	12167	257.6	143.9
14	Wax	164	564	151	674	-7.9	19.5
15	Gold	2.44	23161	1.94	23114	-20.23	-0.20
16	Tantalum			40	1426		
17	Molasses			15000	975		
17	Ethanol			3317	735		
19	Civet			0.205	90		
20	Drinks			177	147		
21	Honey			4	14		
22	Others	42694	7784	33083	12783	-22.51	64.21
	Total		292648		389751		33.18

Annex 8: Number of Approved Investment Projects by Sector and Region (July - December, 2005)

Sector	Addis Ababa	Oromia	SNNPR	Amhara	Dire Dawa	Tigray	Harari	B.Gumze	Afar	Gambella	Multi regional	Grand Total
Manufacturing	180	136	38	38	28	50	5	1			15	491
Education	23	22	22	15	1	2	1	2	1		4	93
Mining and quarrying	3	1		1		1						6
Construction	81	7		3	4	6					1	102
Agriculture	10	136	62	60	7	17	3	3	4	1	16	319
Electricity, gas, steam and water supply		2		2							2	6
Health and social work	8	10	2	5	1		2				1	29
Hotels and restaurants	24	104	56	13	2	5	2	1			5	212
Other community, social and personal service activities	7	2	4	3	1	2	1	1				21
Real estate, renting and business activities	538	48	43	33	5	13	22				21	723
Transport, storage and communication	18	36	1	2	1	1	1				5	65
Wholesale, retail trade & repair service	8	29	4	6	1		8				1	57
Total No. of proj	900	533	232	181	51	97	45	8	5	1	71	2,124
Percentage Share	42.37	25.09	10.92	8.52	2.40	4.57	2.12	0.38	0.24	0.05	3.34	100.00

Source: Ethiopian Investment Agency