

## I. OVERALL ECONOMIC PERFORMANCE

### 1.1 Economic Growth

During the fiscal year 2007/08, real GDP grew by 11.6 percent. This high growth rate was achieved for the fifth time in a row (i.e. 11.7 percent in 2003/04, 12.6 in 2004/05, 11.5 in 2005/06 and 11.5 in 2006/07), which places Ethiopia among the top performing economies in the Sub-Saharan Africa. All sectors contributed

to this relatively high economic growth with the service expanding by 17.0 percent and contributing about 62.8 percent to the overall real GDP growth. The agriculture and industry sectors also grew by 7.5 and 10.4 percent, respectively. Furthermore real GDP is projected to grow by 11.2 percent in 2008/09.

**Table 1.1: Sectoral Contribution to GDP and GDP Growth**

(In Millions of Birr unless otherwise indicated)

Items		Year					
		2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Sector	Agriculture & Allied Activities	29,920	34,990	39,729	44,063	48,226	51,843
	Industry	9,331	10,420	11,402	12,561	13,841	15,276
	Services	27,799	29,536	33,312	37,748	43,146	50,477
Total		67050.0	74946.0	84443.0	94372.0	105213.0	117596.0
Less FISIM		462.8	548.7	639.0	897.6	1018.0	1301.0
Real GDP		66587.2	74397.3	83804.0	93474.4	104195.0	116295.0
Growth in Real GDP		-2.1	11.7	12.6	11.5	11.5	11.6
Real GDP per capita		1051.6	1161.6	1263.5	1362.6	1473.8	1596.8
Share in GDP (in %)	Agriculture & Allied Activities	44.6	46.7	47.0	46.7	45.8	44.1
	Industry	13.9	13.9	13.5	13.3	13.2	13.0
	Services	41.5	39.4	39.4	40.0	41.0	42.9
Growth in Real GDP per capita		2.5	10.5	8.8	7.8	8.2	8.3
Agriculture & Allied Activities	Absolute Growth	-10.5	16.9	13.5	10.9	9.4	7.5
	Contribution to GDP growth	-4.7	7.9	6.4	5.1	4.3	3.3
	Contribution in %	223.3	67.4	50.4	44.1	37.8	28.5
Industry	Absolute Growth	6.5	11.7	9.4	10.2	10.2	10.4
	Contribution to GDP growth	0.9	1.6	1.3	1.4	1.3	1.3
	Contribution in %	-42.9	13.8	10.1	11.7	11.7	11.6
Services	Absolute Growth	6.0	6.2	12.8	13.3	14.3	17.0
	Contribution to GDP growth	2.5	2.5	5.0	5.3	5.9	7.3
	Contribution in %	-118.7	21.0	39.9	46.2	51.1	62.8

Source: Ministry of Finance and Economic Development (MoFED) and NBE Staff Computation

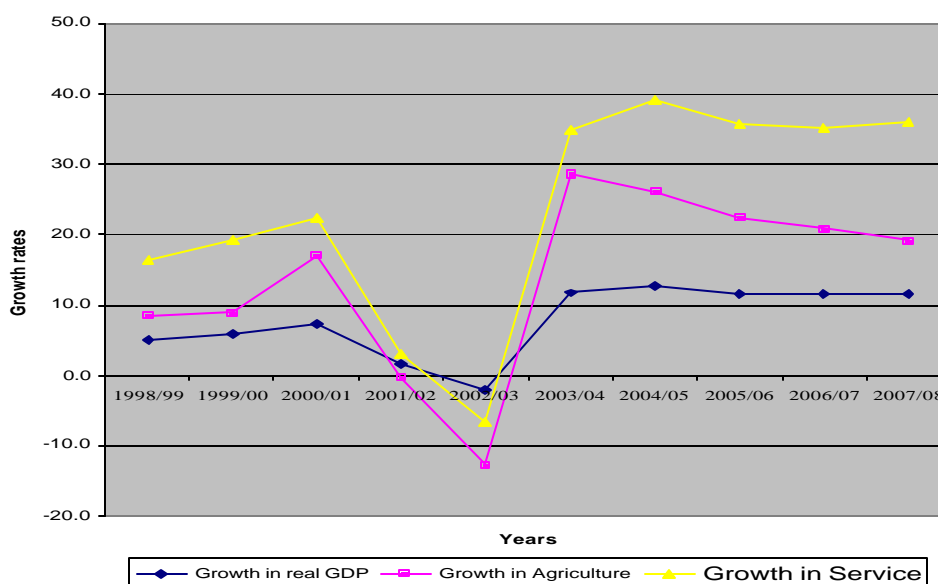
Note: Sectoral contributions will not add-up to overall GDP growth because of FISIM (Financial Intermediary Service Indirect Measurement)

## 1.2 GDP by Sector

In terms of sectoral distribution, agriculture remained the major constituent of the economy with about 44.1 percent share in the country's GDP; followed by the service and industry sectors each accounting for 42.9 and 13.0 percent, respectively.

Generally, the overall economic growth of the country has been highly associated with the performance of the agricultural sector. However, the role of the service sector is also increasing and contributed the major share to the growth in the real GDP in the review year (Fig.1.1).

**Fig. I.1: GDP Growth by Major Sectors**



Source: Central Statistical Agency (CSA)

The boost in the 2007/08 agricultural outputs can largely be attributed to improved productivity achieved through better use of modern agricultural inputs, favorable weather condition in the year as well as to a 3.4 percent expansion in cultivated land.

Looking into the sub-components of agriculture, the crop sub-sector has always been the main driving force. Accordingly, the production of major crops including cereals, pulses and oilseeds increased by about 7.8 percent in 2007/08.

**Table 1.2: Estimates of Agricultural Production and Cultivated Areas of Major**

**Crops for Private Peasant Holdings - Meher Season**

(Area and production are in thousands of hectares and quintals, respectively)

Agricultural Production	2004/05		2005/06		2006/07		2007/08	
	Cultivated Area	Total Production	Cultivated Area	Total Production	Cultivated Area	Total Production	Cultivated Area	Total Production
Cereals	7,643	100,365	8,081.0	116,243.0	8,471.9	128,797.9	8,730.0	137,169.9
(Annual % Change)	9.3	58.2	5.7	15.8	4.8	10.8	3.0	6.5
Pulses	1,349.1	13,495.8	1,292.0	12,712.0	1,379.0	15,786.2	1,517.7	17,827.4
(Annual % Change)	26.7	63.9	-4.2	-5.8	6.7	24.2	10.1	12.9
Oilseeds	824.0	5264.0	797.0	4866.0	741.8	4970.8	707.6	6169.3
(Annual % Change)	73.7	167.8	-3.3	-7.6	-6.9	2.2	-4.6	24.1
Total	9,816.1	119,124.8	10,170.0	133,821.0	10,592.8	149,555.0	10,955.3	161,166.6
(Annual % Change)	15.0	61.8	3.6	12.3	4.2	11.8	3.4	7.8

Source: CSA

Note: Oilseeds, vegetables and root crops have been included as others since 2004/05

The non-agricultural sector of the economy altogether showed 15.4 percent expansion during the review year. This was the combined effect of the 10.4 and 17.0 percent growth in industry and services, sectors respectively.

The 10.4 percent growth recorded in the industry sector mainly came from the electricity and water sub-sectors which rose by 15.9 percent. The huge investment in the hydroelectric power generating stations and expansion activities being undertaken by the Ethiopian Electric and Power Corporation (EEPCo) contributed to the rapid growth in the sector.

Manufacturing, which makes up for about 43 percent of the industry sector value added, registered an annual growth rate of 7.1 percent. Mining and quarrying as well as the construction sub-sector also expanded by 6.8 and 11.3 percent, respectively.

The share of the service sector has been growing steadily in the recent years reaching 43.4 percent in the review year from merely 36 percent in 1996/97. This was largely the outcome of the growth of wholesale and retail trade, real estate, renting and various business activities; transport and communication as well as education sub-sectors, which in the last five years registered an average annual growth rates of 13.5, 11.8, 11.5 and 14.1 percent, respectively.

### 1.3 GDP by Expenditure Component

In the review year, the share of the total consumption expenditure increased to 96.8 percent of GDP from about 93.7 percent in 2006/07. This was the result of the marginal increase in private consumption expenditure from 83.3 to 87 percent in 2007/08. The share of government consumption expenditure declined from 10.4 to 9.8 percent during the review year.

Gross domestic savings also declined from 6.3 to 3.2 percent of GDP. Similarly, gross capital formations reached 21.2 percent of GDP which is lower than 24.8 percent a year earlier. The resource gap stood wide at 19.6 percent of GDP in 2007/08.

**Table 1.3: Expenditures on GDP and Gross Domestic Savings (As Percentage of GDP)**

Year	Domestic Absorption	Consumption Expenditure			Gross Capital Formation	Resource Balance	Exports of Goods & Services	Imports of Goods & Services	Gross Domestic Savings
		Total	Govt.	Pvt.					
1997/98	109.2	88.0	9.8	78.2	21.2	(7.6)	12.8	20.5	12.0
1998/99	113.9	92.0	15.6	76.4	21.9	(12.4)	11.6	24.0	8.0
1999/00	111.3	91.0	17.9	73.1	20.3	(11.9)	12.0	23.9	9.0
2000/01	111.5	90.0	14.6	75.4	21.5	(11.7)	12.0	23.7	10.0
2001/02	117.9	94.0	14.8	79.2	23.9	(14.0)	12.6	26.6	6.0
2002/03	117.8	96.0	13.4	82.6	21.8	(14.1)	13.3	27.4	4.0
2003/04	120.5	95.0	13.1	81.9	25.5	(16.7)	14.9	31.6	5.0
2004/05	120.0	97.0	12.3	84.8	23.0	(20.4)	15.1	35.5	3.0
2005/06	120.6	96.4	12.1	84.3	24.2	(22.7)	13.8	36.5	3.6
2006/07	118.5	93.7	10.4	83.3	24.8	(19.3)	12.7	32.1	6.3
2007/08	18.0	96.8	9.8	87.0	21.2	(19.6)	11.5	31.2	3.2
Average:									
1997/98-2007/08	115.7	93.3	12.6	80.7	22.4	-14.8	12.8	27.6	6.7

Source: MoFED Based on the Newly Revised Series

## 1.5 Urban Residential Housing

### 1.5.1 Construction of Condominium Houses

The country's five-year development plan known as Plan for Accelerated and Sustainable Development to End Poverty (PASDEP), aims at reducing slum areas in the main towns by 50 percent through the construction of 400,000 new residential houses by 2009/10. As per the national integrated housing development program, the Ministry of Works and Urban Development and Regional Urban Development Offices envisage to build of 396,000 condominium houses during 2006/07 - 2009/10.

Accordingly, in 2006/07 and 2007/08 more than 112,000 condominium houses were constructed. In 2007/08 alone, the number of planned blocks and housing units reached 3076 and 83,089,

respectively. Out of the 3076 blocks, 1,590 were under construction in 59 regional towns including Addis Ababa and Dire Dawa.

The number of housing units increased by 37.2 percent compared to the preceding year although the number of blocks under construction decreased by 36.7 percent largely due to the shortage of construction materials.

Loans disbursed by banks for housing and construction purposes reached Birr 195.2 million in 2007/08 in contrast to just Birr 16.2 million last year. These loans accounted for 11.2 percent of the total loan disbursed by the banks during the review fiscal year.

**Table: 1.4 Condominium Houses Construction by Region, including Planned Blocks for 2007/08**

Regions/cities	2006/07				2007/2008				Percentage Changes		
		A	B	C		D	E	F	D/A	E/B	F/C
	Number of towns	Number of planned housing units	Number of planned blocks	Number of blocks under construction	Number of towns	Number of planned housing units	Number of planned blocks	Number of blocks under construction			
Tigray	7	4106	169	167	12	5,659	236	236	37.8	39.6	41.3
Afar	-	-	-	-	1	125	-	-			
Amhara	8	7090	298	295	12	13223	541	526	86.5	81.5	78.3
Oromia	11	9020	592	592	16	12,144	467	394	86.5	-21.1	-33.5
Somali	-				1	125	-	-			
Ben-Gumuz	-				1	125	-	-			
Gamballa	-				1	125	-	-			
SNNP	7	5291	392	392	12	9,405	380	345	77.8	-3.1	-12.0
Harari	1	1100	58	58	1	1,540	72	60	40.0	24.1	3.5
Dire Dawa	1	966	76	56	1	2,118	97	29	119.3	27.6	-48.2
Addis Ababa	1	33000	1001	950	1	38,500	1283	-	16.7	28.2	
Grand Total	36	60573	2586	2510	59	83,089	3076	1590	37.2	19.0	-36.7

Source : Ministry of Works and Urban Development

## 1.5.2 Micro and Small-Scale Enterprises

The PASDEP envisages to create a total of 12,000 Micro and Small-Scale enterprises (MSE's) each year. Micro and Small-scale Enterprises Development Program is one of the programs incorporated under Urban Development Package. The major objective of this program is creating and promoting MSEs with the aim of reducing urban unemployment down to less than 20% by the end of 2009/10. Accordingly, 3,589 MSEs were created

under the Integrated Housing Development Program. These enterprises created job opportunities for 70,562 citizens on both permanent and casual bases.

About 64 percent of the MSEs were operating in the production sector and 36 percent in construction sector. MSEs in the production sector alone generated 52 percent of job opportunities.

**Table: 1.5 Sectoral Distribution of MSEs Engaged in Construction of Condominium Houses during 2007/08**

Sector	No. of MES's	Share %	Total emp	Share %
Production sector	2285	64	36,837	52.2
Construction sector	1304	36	33,725	47.8
Grand Total	3589	100	70,562	100

Source: Ministry of Works and Urban Development

## 1.5.3 MSEs and Credit Distribution in Regions

In addition to these MSEs, there were 57,605 non-construction related MSEs established in five regions and in Addis Ababa and Dire Dawa cities in 2007/08.

About Birr 651.4 million was disbursed in loans to these MSEs through micro

finance institutions (MFIS) in 2007/08. These MSEs created employment opportunities for 506,172 citizens in 2007/08.

**Table: 1.6 Number, Amount of Credit and Jobs Created through MSEs by Region**

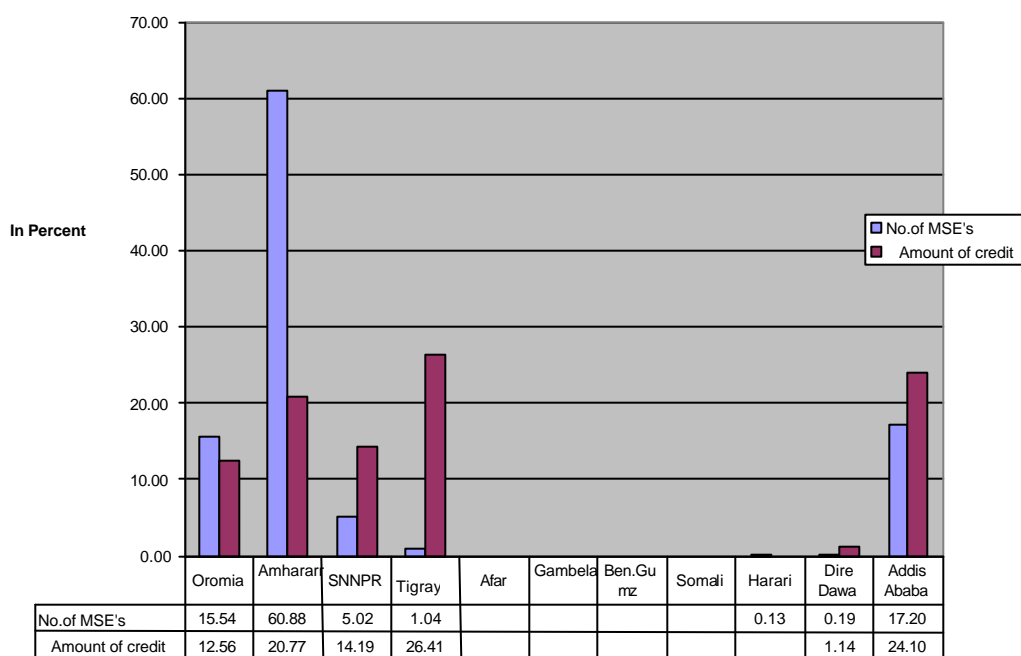
(Credit in Millions of Birr)

	Oromia	Amhara	SNNPR	Tigray	Harari	Dire Dawa	Addis Ababa	Total
No. of MSEs	8,954	35,068	2,893	601	73	107	9909	57,605
Amount of Credit	81.8	135.3	92.41	172	5.44	7.42	157	651.37
No of Total Employment	89,548	90,373	41,818	41,823	8110	11,258	223,242	506,172
Percentage Share by Region								
No .of MSEs	15.56	60.88	5.02	1.04	0.13	0.19	17.22	100.00
Amount of Credit	12.56	20.77	14.19	26.4	0.84	1.14	24.1	100.00
No of Total Employment	17.98	18.14	8.40	8.26	1.6	2.26	44.82	100.00

Source: Ministry of Works and Urban Development

As indicated under Table 1.6 above, about 60.9 percent of the total MSEs were found in Amhara; followed by Addis Ababa (17.2%), Oromia (15.5 percent) and SNNPR (5.02 percent).

Regarding the amount of credit disbursed through MFIs, Tigray accounted for 26.4 percent; followed by Addis Ababa (24.1 percent), Amhara (20.8 percent), SNNPR (14.2 percent) and Oromia (12.6 percent).

**Fig 1.2 Number of MSEs and Amount of Credit during Fiscal Year of 2007/08**



Regions

Source: Ministry of Works and Urban Development

## 1.6 Mining

Regional geological mapping coverage reached 43.4 percent in 2007/08 compared to 41 percent a year ago. Similarly, hydro geological, geophysical (gravity study) and engineering geological mapping coverage trended to increase to 33,77 and 10 percent, respectively.

The Ministry of Mines and Energy issued 57 licenses to investors with an aggregate capital of 864.2 million USD to engage in the prospecting, exploration and mining activities in 2007/08.

Concerning petroleum exploration and development, five production sharing agreements were signed with various companies that have planned to invest over Birr 308.3 million capital.

Upon going fully operational, the mining and petroleum development projects are expected to generate jobs for more than 3,657 people. In addition, some 17 artisanal (traditional) mining associations were organized in four regional states. The associations created jobs for over 232 citizens.

Some of the minerals exported include gold, rough gemstones, tantalite concentrate and platinum concentrate.

## 1.7 Developments in Education Sector

The education sector has witnessed a great leap forward over the past years. The progress made both in raising the coverage of the education sector as well as ensuring the quality was remarkable.

Primary education (1-8 grades) enrolment grew from 8.7 million in 2002/03 to 14.0 million in 2006/07. Besides, the number of primary schools reached 20,660 in 2006/07 showing a 65.7 percent growth over 2002/03. Of the total primary schools, 17,980 or 87 percent were located in the rural areas where about 85 percent of the total population lives.

On the other hand, secondary education enrolment stood at 1.4 million, 110 percent higher than 2002/03. In addition, by the end of 2006/07, the number of secondary schools (9-12 grades) reached 952 exhibiting a 94 percent growth since 2002/03. Of the total secondary schools, 803 or 84 percent were found in urban areas.

Technical and Vocational Education and Training (TVET) enrolment reached 0.2 million, 54.7 and 165 percent higher than the previous year and 2002/03,

respectively with TVET admission of 99,430 students. Parallel to this, the number of TVET institutions increased to 388 against 153 five years ago.

During the review period, the number of universities reached 21 and their enrolment capacity increased to 56,421 compared to 43,764 a year earlier. In 2006/07, the number of higher learning institutions (universities and colleges) sharply grew to 55 in comparison to 13 in 2002/03.

Some 24.6 percent of the national budget (24.6% GDP) was channelled to education sector, in 2006/07 which was 6.8 and 8.3 percentage points higher than that of 2005/06 and 2002/03, respectively.

Table 1.7 EDUCATION SECTOR DATA

Indicators	2002/03 (1995)	2003/04 (1996)	2004/05 (1997)	2005/06 (1998)	2006/07 (1999)	2007/08 (2000)
<b>Improvement of Education Service</b>						
<b>Number of primary schools</b>	12,471	13,181	16,513	19,412	20,660	NA
Urban	NA	NA	NA	NA	2,680	NA
Rural	NA	NA	NA	NA	17,980	NA
<b>• Number of secondary schools (urban, rural)</b>	491	595	706	835	952	NA
Urban	NA	NA	NA	NA	803	
Rural	NA	NA	NA	NA	149	NA
<b>• Number of TVET centers (public, private, mission)</b>	153	158	199	264	388	NA
<b>• Number of tertiary level institutions by universities (public, private), colleges (public, private)</b>	13	21	23	40	55	NA
universities	NA	NA	NA	NA	21	NA
<b>• Student intake capacity of higher education institutions</b>	NA	NA	NA	NA	43,764	56,421
<b>• Participation of women in higher education institutions (%)</b>	NA	NA	NA	NA	26	NA
Primary enrolment (in million)	8.7	9.5	11.4	12.7	14.0	NA
Secondary enrolment (in thousands)	665.0	781.0	953.0	1190	1,399	NA
TEVT enrolment	72,162	87,158	106,336	123,557	191,151	NA
Girls' primary enrolment(%)	41.2	42.6	44.2	45.2	45.9	NA
<b>• Grades (1-4) gross enrolment (%)</b>	84.2	86.9	102.7	117.6	117.1	NA
Girls' gross enrolment (%)	73.5	78.3	95.5	111.2	111.2	NA
Boys' gross enrolment (%)	94.6	95.2	109.8	123.9	122.9	NA
<b>• Grades (5-8) gross enrolment (%)</b>	42.4	47.1	52.5	58.8	61.1	NA
Girls' gross enrolment (%)	31.9	36.9	42.6	49.8	53.7	NA
Boys' gross enrolment (%)	52.5	57	62	67.4	68.3	NA
<b>• Girls' gross primary enrolment (%)</b>	53.8	59.1	71.5	83.9	85.1	NA
<b>• Boys' gross primary enrolment (%)</b>	74.6	77.4	88	98.6	98	NA
<b>• Gross Primary Enrolment (%) (urban, rural, regional)</b>	64.4	68.4	79.8	91.3	91.7	NA
Tigray	73.7	80.6	91	101.5	104.8	NA
Afar	13.8	14.8	20.9	21.9	22.2	NA
Amhara	58.5	61.8	75.9	93	93.1	NA
Oromia	66.9	72.7	87.5	97	91.4	NA
Somali	15.1	15.1	23.3	30.3	38.5	NA
Benishangul Gumuz	98.4	100.5	107.4	122.5	127.9	NA
SNNPR	71.8	74.2	78.9	89.4	97.8	NA
Gambella	124.6	106.6	127.4	137.1	181.4	NA
Harari	105.7	104.5	92.4	103.1	116.8	NA
Addis Ababa	135.4	142.6	150.2	162	146.6	NA
Dire Dawa	78.6	83.2	83.9	79	80	NA
<b>• Primary net enrolment rate (%)</b>	54	57.4	68.5	77.5	79.1	NA
<b>• No. of students registered in the first cycle primary schools(1-4) (in million)</b>	6	6.5	8	8.7	9.8	NA
<b>• No. of students registered in the second cycle primary schools(5-8) (in million)</b>	2.7	3	3.4	4	4.2	NA
<b>• Number of students registered in the first cycle secondary schools(9-10) (in million)</b>	0.6	0.7	0.9	1.1	1.2	NA
Gross enrolment rate in (9-10 grades)(%)	19.3	22.1	27.3	33.2	37.3	NA
<b>• Number of students registered in the second cycle secondary schools(11-12)(in million )</b>	0.08	0.095	0.092	0.1	0.2	NA
<b>• Preparatory admission</b>	NA	NA	NA	NA	101,367	NA
<b>• TVET Admission</b>	NA	NA	94,592	NA	99,430	NA
<b>• Completion rate of primary school (%)</b>	23.5	27.1	34.3	41.7	42.9	NA
<b>• Girls/boys ratio in primary schools</b>	0.7	0.74	0.79	0.83	0.85	NA
<b>• Girls/boys ratio in secondary schools</b>	0.55	0.52	0.53	0.54	0.59	NA
<b>• Girls/boys ratio in(9-10)</b>	0.58	0.55	0.55	0.57	0.61	NA
<b>• Girls/boys ratio in (11-12)</b>	0.4	0.37	0.37	0.35	0.5	NA
<b>• Girls/boys ratio inTVET</b>	0.93	0.9	1.05	1.01	0.78	NA
<b>• Girls/boys ratio in higher education</b>	0.18	0.2	0.24	0.24	0.25	NA
<b>• Grade 1-8(primary) repetition rates (%)</b>	6.7	3.7	3.8	6.1	NA	NA
<b>• Primary school dropout rate (%)</b>	19.2	14.8	11.8	12.4	NA	NA

Indicators	2002/03 (1995)	2003/04 (1996)	2004/05 (1997)	2005/06 (1998)	2006/07 (1999)	2007/08 (2000)
• 1st grade dropout rate (%)	NA	31.4	22.4	20.6	20.1	NA
• Text book/pupil ratio for core subjects for grade 1-8	NA	NA	NA	NA	1.5	NA
• Pupil/teacher ratio						
Grade (1-8)	64	65	66	62	59	NA
Grade (9-12)	45	48	51	54	48	NA
In higher education	13.7	20.5	28.5	35.9	24.3	NA
• Pupil/section ratio						
Grade (1-8)	73	74	69	69	64	NA
Grade (9-12)						
	77	79	78	82	79	NA
• Number of class rooms in primary schools	117,988	126,368	161,795	183,088	206,106	NA
• Pupil-textbook ratio						
Grade(1-8)	NA	NA	NA	NA	1.5	NA
Grade(9-12)	NA	NA	NA	NA	1	NA
• Pupil-school ratio						
Grade(1-8)	701.1	724	693.3	652	678.3	NA
Grade(9-12)						
	1355	1312	1350	1425	1449	NA
• Annual budget allocation is percentage of GDP	16.07	20.35	16.7	17.82	24.6	NA
• Proportion of pupils starting grade 1 who reach grade 5	NA	NA	NA	56.8	NA	NA
• Female enrolled in under graduate degree (%)	18.1	20.8	24	24.8	26	NA
• Female graduated in under-graduate degree (%)	11.2	15.2	16.4	16.2	18	NA
• Female enrolled in post-graduate degree (%)	6.9	6.7	9.2	10	10	NA
• Female graduated in post- graduate degree (%)	8.9	7.1	9	9.8	9.4	NA

Source: Education Statistics Annual Abstract, Ministry of Education and NBE Staff Computation

## 1.8 Access to Water Supply

According to the country's five-year development plan, it is planned to increase the total population having access to safe drinking water (rural and urban) from 51.5 percent in 2005/06 to 84.5 percent by the end of 2009/10. In addition, urban population having access to potable water within 0.5 km and rural population having access to potable water within 1.5 km are also expected to grow to 92.5 and 80 percent, respectively by the end of the plan

period from 80.65 and 44 percent in 2005/06.

Accordingly, the overall national access to potable water supply climbed to 59.5 percent (i.e., 86.2 percent for urban and 53.9 percent for rural) in 2007/08 from 52.5 percent (i.e., 82.02 percent for urban and 46.4 percent for rural) in 2006/07.

Similarly, urban population with access to potable water within 0.5 km went up from 82.0 percent in 2006/07 to 86.2 percent in 2007/08 depicting a 4.2 percentage point's rise over the preceding fiscal year. Besides, rural

population with access to potable water within 1.5 km reached 53.9 percent by the end of 2007/08, exhibiting a 7.5 percent growth compared to 46.4 percent in the previous year.

**Table: 1.8 Percentage of Population Having Access to Potable Water by Region**

Region	2006/07			2007/08			Change in percentage point		
	A	B	C	D	E	F	D-A	E-B	F-C
	Rural	Urban	Average	Rural	Urban	Average			
Addis Ababa	-	94.42	94.42	-	95	95	-	0.58	0.58
Tigray	51.15	60	52.8	56	72	59.1	4.85	12	6.3
Amhara	42.45	82	48	49	87.7	53.7	6.55	5.7	5.7
Oromia	45	90.4	50.9	52	97.9	58.3	7	7.5	7.4
SNNPR	58	66	59	63	72.1	63.6	5	6.1	4.6
Afar	51	73	52.98	53.1	77.4	55.4	2.1	4.4	2.42
Somali	23.26	60	29.44	32.9	61.6	37.9	9.64	1.6	8.46
Ben-Gumuz	48.72	85.56	52.33	44.3	93.1	49.3	-4.4	7.54	-3.03
Harari	29.24	21	24.13	41	27.5	32.5	11.8	6.5	8.37
Gambella	49.43	72.9	53.71	43.9	98.6	54.7	-5.5	25.7	0.99
Dire Dawa	65.07	72	70.21	75.8	72	73	10.7	0	2.79
National Average	46.39	82.02	52.46	53.9	86.2	59.5	7.51	4.18	7.04

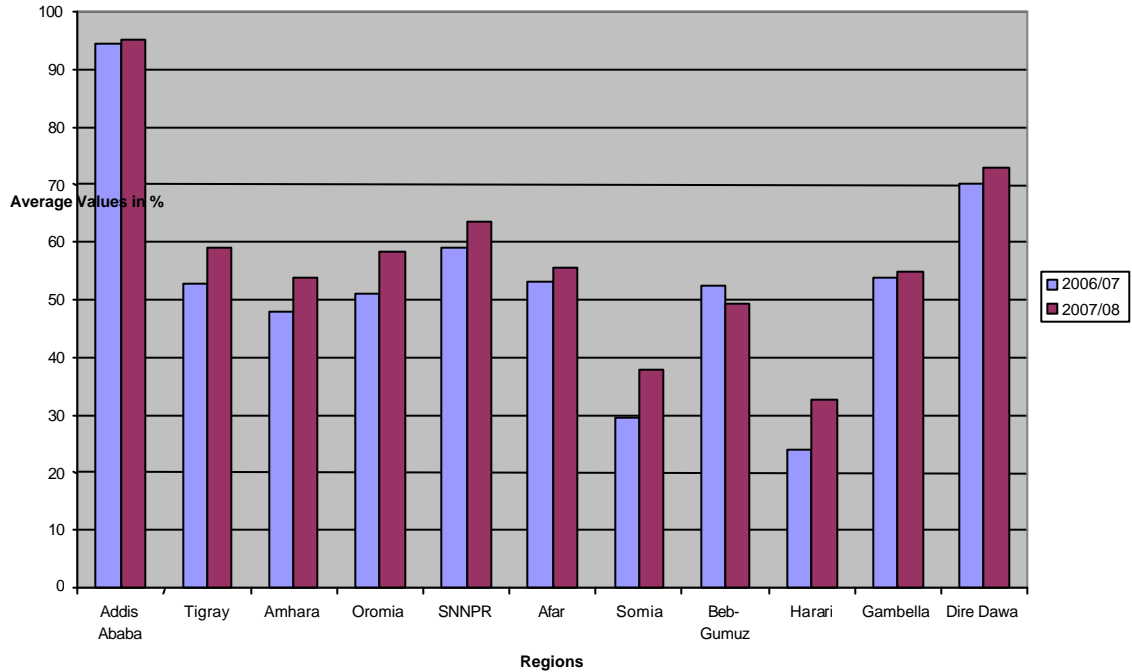
Source: Ministry of Water Resources and NBE Staff Computation

**Note:** Water supply access is calculated based on provision of 20 liters/capita /day for urban and 15 l/c/d for rural population at a radius of 0.5 and 1.5 kilo meters respectively

Regional comparisons in potable water provision revealed a significant increase in all regions (including Addis Ababa

and Dire Dawa Administrations) except Benishangul-Gumuz.

**Fig. 1.3 :Access to Water Supply by Region**



Source: NBE Staff Computation

**Note:** All the required data and information are not included in the calculation of 2007/08 water supply access since performance reports from some woredas and certain non-government organizations are not obtained. Nevertheless, the figures indicated above will definitely increase when all the remaining information is included.

## 1.9 Health and Health-Related Indicators

In the country's five-year development plan (Plan for Accelerated and Sustainable Development to End Poverty), it is envisaged to reduce infant mortality rate (IMR) per 1000, under-five mortality rate per 1000 and maternal mortality rate (MMR) per 100,000, respectively to 45, 85 and 600 by the end of 2009/10 from 69,114 and 808 in 2005/06. Brdofrd, DPT3 and primary health service coverage are expected to pick up to 80 and 100 percent respectively by the end of the plan period from 72 and 75 percent in 2005/06.

Accordingly, health and health-related indicators reveal that the ratio of the number of deaths under the age of one year occurring in a given year to the number of births in the same year (IMR per 1000) were 77 during 2007/08. The probability of dying between birth and age five per 1000, live births in a given year (under 5 morality rate per 1000) and maternal mortality ratio were 123 per 1000 and 163 per 100,000 live births, respectively

The percentage of one-year-old children immunized against measles (DPT3 coverage) increased from 73 percent in 2006/07 to 81 percent in 2007/08 depicting an 8 percentage points rise over that of last year .On the other hand, full immunization coverage reached 62.6 percent at the end of 2007/08, exhibiting a 10 percentage points increase compared to 52.5 percent last year.

Similarly, primary health service coverage showed a 2.9 percentage point growth from 86.7 in 2006/07 to 89.6 percent in 2007/08.

**Table: 1.9 Vital Statistics**

Regions	2006/07							2007/08								
	CBR per 1000	RNI	TFR	IMR per 1000	CMR per 1000	Under 5 MR per 1000	Male LE	Female LE	CBR per 1000	RNI	TFR	IMR per 1000	CMR per 1000	Under 5 MR per 1000	Male LE	Female LE
Tigray	37.3	2.7	5.1	67	42	106	52	54.9	37.5	2.7	5.1	67	42	106	52	54.9
Afar	37.3	2.2	4.9	61	66	123	56.9	50.8	31.4	2.2	4.9	61	66	123	56.9	50.8
Somali	37.3	2.6	6	57	39	93	58.7	55.4	34.3	2.6	6	57	39	93	58.7	55.4
Gambella	37.3	2.6	4	92	70	156	57.6	58.3	32.7	2.6	4	92	70	156	57.6	58.3
Ben-Gumuz	37.3	2.5	5.2	84	80	157	51.4	53.5	37.2	2.5	5.2	84	80	157	50.1	51.1
SNNPR	37.3	2.9	5.6	85	63	142	51.4	53.5	38.6	2.9	5.6	85	63	142	51.4	53.5
Amhara	37.3	2.7	5.1	94	66	154	53.4	56	36.6	2.7	5.1	94	66	154	53.4	56
Oromia	37.3	2.9	6.2	76	51	122	53	55.5	38.3	2.9	6.2	76	51	122	53	55.5
Harari	35.7	2.4	3.8	66	40	103	55.6	54.7	33.6	2.4	3.8	66	40	103	55.6	54.7
Dira Dawa	35.7	2.5	3.6	71	70	136	51.1	55.8	35.1	1.5	1.4	45	28	72	60.3	64.1
Addis Ababa	35.7	1.5	1.4	45	28	72	60.3	64.1	23.8	2.5	3.6	71	70	136	54.1	55.8
National	35.7	2.7	5.4	77	50	123	53.4	55.4	36.89	2.7	5.4	77	50	123	53.4	55.4

Source: Ministry of Health (MoH) and NBE Staff Computation

CBR: Crude Birth Rate

RNI: Rate of National Increase

IMR: Infant Mortality Rate

TFR: Total Fertility Rate

CRM: Crude Mortality Rate

LE: Life Expectancy

Vital statistics: Births and Deaths Statistics

**Note:** Maternal mortality ratio is 163 per 100,000 live births; there is no desegregation by region



**Table: 1.10 Immunization Coverage by Region**

Region	2006/07								2007/08							
	Live Births	Surviving Infants	DPT3		Measles Immunization		Full Immunization		Live Births	Surviving Infants	DPT3		Measles Immunization		Full Immunization	
			Achieved	Cov. by (%)	Achieved	Cov. by (%)	Achieved	Cov (%)			Achieved	Cov (%)	Achieved	Cov (%)	Achieved	Cov (%)
Tigray	165,948	154,825	133,435	86	125,034	80.8	114,300	73.8	170,275	158,862	133,423	84.0	125,407	78.9	117,517	74.0
Afar	52,891	49,630	21,153	43	14,715	69.6	14,715	29.6	54,048	50,715	31,298	61.7	25,560	50.4	21,387	42.2
Somali	165,761	156,318	22,840	73	28,861	18.5	14,790	9.5	170,088	160,398	49,901	31.1	42,015	26.2	37,289	23.2
Ben-Gumz	23,872	21,888	18,279	74	14,927	81.6	9,646	44.1	24,469	22,435	15,331	68.3	12,426	55.4	11,439	51.0
Gambella	9,437	8,569	2,966	15	3,404	114.8	3,390	39.6	9,661	8,772	4,015	45.8	3,709	42.3	2,254	25.7
SNNPR	571,473	522,890	477,913	84	455,233	87.1	365,520	69.9	587,289	537,361	519,418	96.7	490,636	91.3	456,368	84.9
Amhara	731,975	663,292	485,624	91	448,122	67.6	337,118	50.8	751,073	680,598	564,163	82.9	493,094	72.5	414,569	60.9
Oromia	1,018,439	941,032	700,424	35	572,873	81.8	480,281	51	1,046,899	967,329	818,236	84.6	711,813	73.6	584,320	60.4
Harari	4,750	6,765	4,619	68	4,051	59.5	3,603	53.3	4,891	6,965	5,261	75.5	5,261	75.5	5,261	75.5
Dire Dawa	9,641	13,781	8,204	43	7,059	51.2	5,985	43.3	9,997	14,290	8,279	57.9	6,962	48.7	6,312	44.2
Addis Ababa	71,581	104,297	44,618	60	40,194	90.1	38,003	36.4	73,640	107,297	49,799	46.4	42,719	39.8	42,365	39.5
National	2,825,768	<b>2,643,287</b>	<b>1,920,075</b>	73	1,714,473	64.9	1,387,351	52.5	<b>2,902,330</b>	<b>2,715,022</b>	<b>2,199,124</b>	<b>81.0</b>	<b>1,959,602</b>	<b>72.2</b>	<b>1,699,081</b>	<b>62.6</b>

Source: MoH and NBE Staff Computation

Besides, the proportion of women of reproductive age (15-49 years) who use modern contraceptive method (new and repeat acceptors) were 50.8 percent revealing 17.5 percentage point annual increase.

At the end of 2007/08, people living with HIV/AIDS (PLWHA) reached 1,345,970 from 977,394 in 2006/07. Meanwhile, adult HIV incidence declined from 0.28 percent in 2006/07 to 0.27 percent in the review year. HIV prevalence at national level stood at 2.1 in 2007/08.

**Table: 1.11 HIV Prevalence**

Regions	2006/07							2007/08						
	PLWHA	HIV prevalence %			New HIV infection		Adult HIV Incidence	PLWHA	HIV prevalence in %			New HIV infection		Adult HIV incidence
	All age	male	Female	total	All ages	Children		All ages	Male	Female	total	All ages	Children	
Tigray	69,662	2.2	3.2	2.7	9,966	1,092	0.37	97477	2.2	3.2	2.7	10499	1553	0.35%
Afar	16,445	1.5	2.3	1.9	2181	216	0.26	22620	1.5	2.3	1.9	2395	310	0.25%
Amhara	318,291	2.2	3.2	2.7	38,491	5,148	0.32	430441	2.2	3.2	2.7	41415	7191	0.32%
Oromia	236,808	1.2	1.8	1.5	28,523	3,992	0.18	323402	1.2	1.8	1.5	30142	5565	0.16%
Somali	21,279	0.6	0.9	0.8	27,00	299	0.1	29282	0.6	0.9	0.8	2891	432	0.10%
Ben-Gumuz	7,129	1.5	2.2	1.8	980	117	0.25	9928	1.5	2.2	1.8	1054	171	0.24%
SNNPR	132,410	1.2	1.7	1.4	18,739	2,305	0.21	183670	1.2	1.7	1.4	20516	3320	0.20%
Gambella	3,885	1.9	2.8	2.4	365	47	0.2	5178	1.9	2.8	2.4	369	65	0.19%
Harari	3,911	2.6	3.8	3.2	514	28	0.49	5533	2.6	3.8	3.2	570	40	0.49%
Addis Ababa	156,577	6.0	8.9	7.5	21,585	808	1.5	222828	6	8.9	7.5	23432	1186	1.49%
Dire Dawa	10,999	3.3	5	4.2	1,484	95	0.65	15611	3.3	5	4.2	1653	136	0.65%
Total	977,394	1.7	2.6	2.1	125,528	14,147	0.28	1345970	1.7	2.6	2.1	134936	19969	0.27%

Source: MoH and NBE Staff Computation

### 1.9.1 Health Infrastructures

The number of hospitals (MoH, private, OGO, and NGO) grew by 4.2 percent from 143 in 2006/07 to 149 in 2007/08. Compared with 2005/06, the number of hospitals increased by 8 percent putting average annual growth rate of hospitals during the last two years at 6 percent.

The number of beds in 2007/08 was 13,145, about 4 percent lower than a year ago.

Similarly, the number of health centers and NHC+HS reached 826 and 1517 in 2007/08 from 690 and 1376 in 2006/07, respectively registering 17.7 and 10.2 percent increase over last year.

On the other hand, the number of health posts and private clinics meant not for profit declined to 8,603 and 271, respectively in the review period from 9,914 and 397 in 2006/07.

**Table: 1.12 Health Infrastructures by Ownership**

		2005/06	2006/07	2007/08	Percentage Change	
		A	B	C	C/A	C/B
Hospitals	MoH	86	88	89	3.5	1.1
	Others **	52	55	60	15.4	9.1
	Total	138	143	149	8.0	4.2
	Beds	13,922	13,677	13,145	-5.6	-3.9
Health Center	MoH	620	671	815	31.5	21.5
	Other *	15	19	11	-26.7	-42.1
	Total	635	690	826	30.1	19.7
	Beds	1580	1495	1431	-9.4	-4.3
NHC+HS		1206	1,376	1517	25.8	10.2
Health post		5,955	9,914	8,603	44.5	-13.2
Private Clinic not for profit		480	397	271	-43.5	-31.7

Source: MoH and NBE Staff computation

Note:- \*\*Includes private, Other Governmental Organizations (OGO) and Non- Governmental Organization (NGO)

\*Facilities owned by OGO and NGO

NHC+HS=Nucleus Health Center and Health Stations

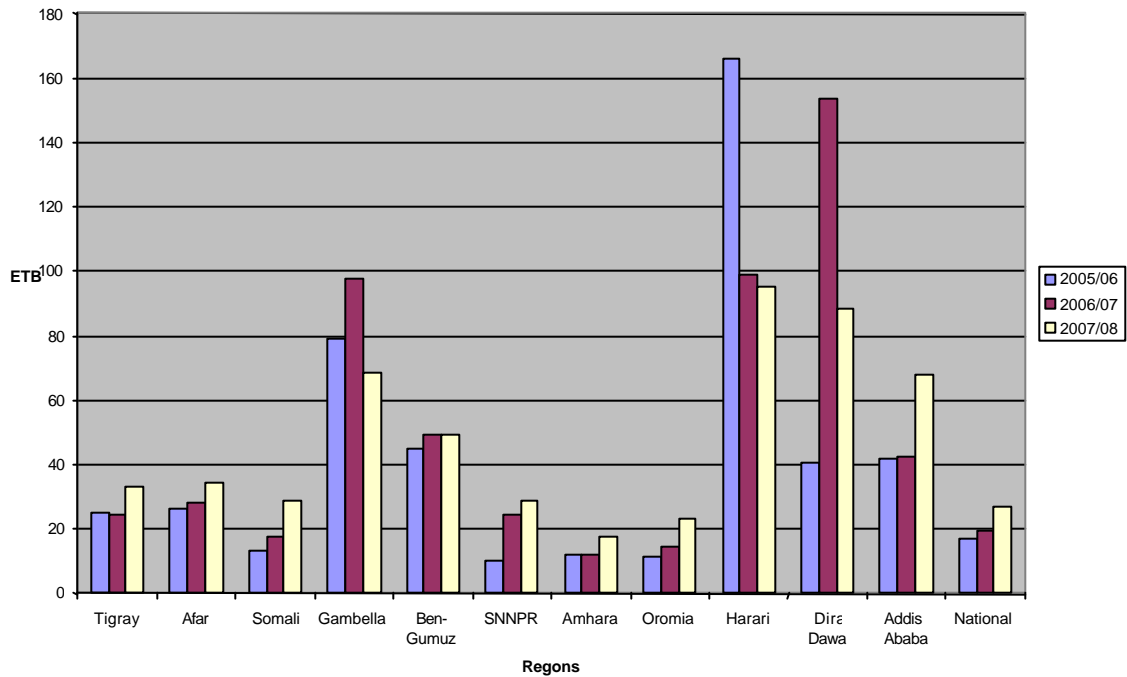
The number of beds in Addis Ababa, Dire Dawa for both years and Amhara 2007/08 fiscal year do not include private OGO &NGO beds

### 1.9.2 Health Budget per Person

During 2007/08 health budget per person at national level grew by 7.2 Birr from Birr 19.5 in 2006/07 to Birr 26.7. When we compare the regions, higher health budget per person was registered in

Harari region (Birr 95.5) followed by Dire Dawa (Birr 88.5), Gambella (Birr 68.8) and Addis Ababa (Birr 68) per person.

**Fig: I.4 Comparison of Health Budget per Person (in ETB) by Region (2005/06-2007/08)**



**Table: 1.13 Health Budget per Person by Region**

Regions	2005/06			2006/07			2007/08			Change in Point	
	A	B	C	D	E	F	G	H	I	I-C	I-F
	Population (in million)	Budget Allocation (in million Br)	Budget per person	Population (in million)	Budget Allocation (in million Br)	Budget per person	Population (in million)	Budget Allocation (in million Br)	Budget per person		
Tigray	4.3	107.9	24.9	4.4	108.3	24.3	4.6	150.8	33.0	8.1	8.7
Afar	1.4	36.3	26.2	1.4	39.7	28.0	1.4	49.4	34.1	7.9	6.1
Somali	4.3	56.8	13.1	4.4	78.3	17.6	4.6	132.5	29.1	16.0	11.4
Gambella	0.2	19.6	79.3	0.3	24.7	97.7	0.3	17.8	68.8	-10.5	-28.9
Ben-Gumuz	0.6	28.1	44.9	0.6	31.7	49.5	0.7	32.2	49.1	4.2	-0.4
SNNPR	14.9	149.2	10.0	15.3	375.5	24.5	15.7	449.9	28.6	18.6	4.1
Amhara	19.1	228.9	12.0	19.6	235.7	12.0	20.1	357.7	17.8	5.8	5.8
Oromia	26.6	300.3	11.3	27.3	399.1	14.6	28.1	652.6	23.3	11.9	8.6
Harari	0.2	32.5	165.8	0.2	20.1	99.1	0.2	19.9	95.2	-70.6	-3.8
Dira Dawa	0.4	16.2	40.7	0.4	63.4	153.8	0.4	37.9	88.5	47.7	-65.4
Addis Ababa	3.0	124.2	41.8	3.1	129.1	42.2	3.1	213.9	68.0	26.2	25.8
Federal FMOH		158.1									
National	<b>75.1</b>	<b>1,258.1</b>	<b>16.8</b>	<b>77.1</b>	<b>1,505.7</b>	<b>19.5</b>	<b>79</b>	<b>2,114.7</b>	<b>26.7</b>	<b>9.9</b>	<b>7.2</b>

Source: MoH and NBE Staff Computation

## **1.10 Transport Sector Development**

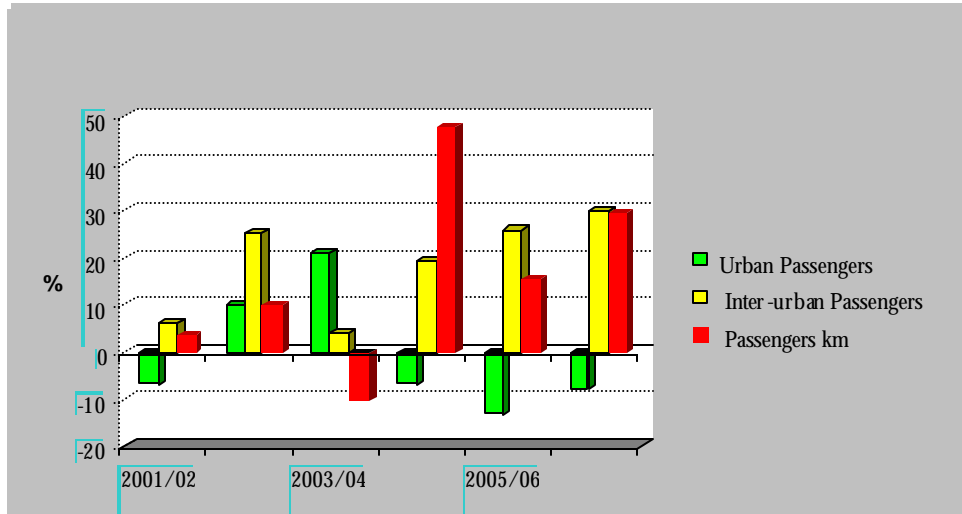
### **1.10.1 Road Transport**

In 2006/07, the total number of passengers reached 321 million where road, rail and air passengers constituted 99.31, 0.04, and 0.65 percent, respectively. Similarly, the total passenger distance was 17 billion kilometres with the respective percentage points of 57.8, 0.2 and 42 percent for road, rail and air transport. In terms of freight services, rail freight tended to slow down as others showed marginal improvement.

From the total 318.6 million road transport passengers, 185.7 million were urban passengers and the remaining 132.9 million inter-urban. The number of urban passengers declined from 249.1 million in 2003/04 to 185.8 million in 2006/07, whereas that of inter-urban passengers increased from 68.2 to 132.9 million.

The 29.7 percent annual growth in inter-urban passengers in 2006/07 highly contrasted with the 8 percent decline in urban passengers. Moreover, the annual passenger distance significantly rose by 29.4 percent in 2006/07.

**Fig I.5 Road Transport Development**



Source: Ministry of Transport and Communication and NBE Staff Computation

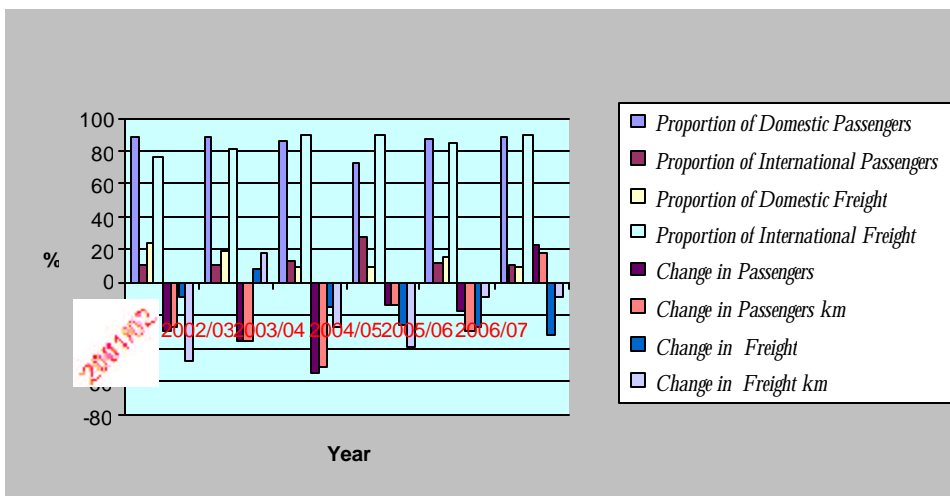
### 1.10.2 Rail Transport

The Bole Addis Ababa-Djibouti rail way transported over 126 thousand passengers in 2006/07, which was 22.4 percent higher than that of last year. About 88.6 percent of the total road transport passengers were domestic ones. Besides, the total passenger kilometre was

28.2million as compared to 24 million a year earlier.

The number of rail-way passengers and average passenger kilometre were declining over the last six years.

**Fig I.6 Rail Freight and Passengers Transport**



Source: Ministry of Transport and Communication and NBE Staff Computation



### 1.10.3. Air Transport

Of the total 2.1 million passengers in the air transport sector, domestic passengers constituted 14.6 percent and international passengers 85.4 percent in 2006/07 (Table 1.1). The number of passengers grew by 18.8 percent during the review year. In addition, the passenger route covered a

distance of over 7.2 billion kilometres, 24.3 percent higher than that of 2005/06.

**Table 1.14 Passenger Services by Sub-Sector**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>1. Rail transport</b>							
1.1. Total passengers in '000'	717.0	501.0	324.0	145.0	124.8	103.0	126.1
1.2. Total passengers km in million	173.0	127.0	82.0	40.0	34.4	24.0	28.2
<b>2. Air transport</b>							
2.1. Domestic passengers in '000'	266.0	264.0	276.0	275.0	304.0	308.0	305.0
2.2. International passengers in '000'	700.0	791.0	846.0	955.0	1,252.0	1,455.0	1,790.0
2.3. Total passengers in '000'	966.0	1,055.0	1,122.0	1,230.0	1,556.0	1,763.0	2,095.0
2.4. Total passengers km in million	2,806.0	3,044.0	3,424.0	3,837.0	4,964.0	5,829.0	7,243.0

Source: Ministry of Transport and Communication and NBE Staff Computation

### 1.10.4 Road Sector Development

During 2007/08, the Ethiopian road network reached 27,563 miles (46 percent Federal and 54 percent rural) with annual growth rate of 5 percent as a result of 1,199 miles new road constructed. Of the total 12,694 miles Federal roads, asphalt road constituted 30 percent and gravel road 70 percent.

Moreover, the share of the total paved or asphalt road reached to 13.7 percent,

about 0.9 percentage points higher than the preceding year.

The community road, which was not calculated as part of the total road network as it was non-engineered road, was 43,520 miles growing by 21 percent over the previous year.

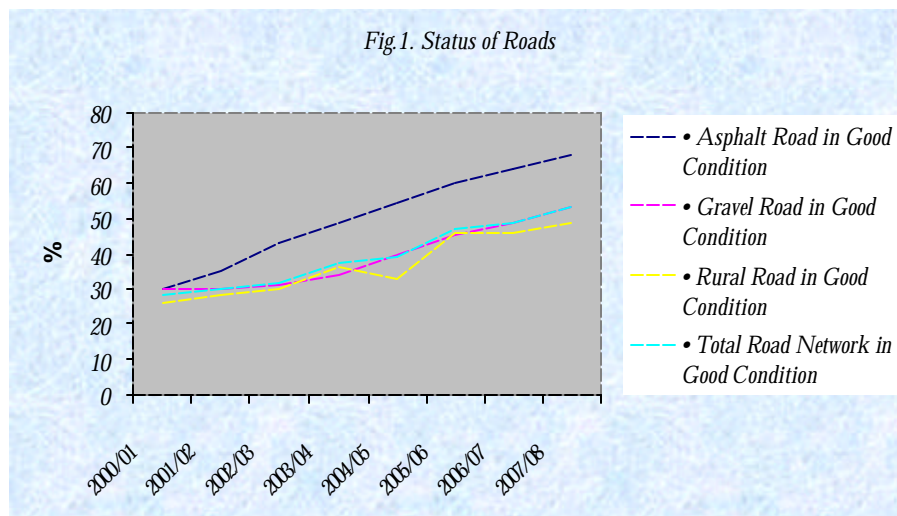
During the review year, road density including community road was 167 miles

per 1,000 square miles moving upwards by 101 units in line with the PASDEP plan. Likewise, the road density per 1000 population increased to 1.0 miles substantially above the PASDEP projection.

All-weather road (rural road) grew by 7 percent per annum constituting 54 percent or 14,869 miles of the total road network in 2007/08. Besides, the annual

average distance from all-weather roads declined to 7.7 miles from 8.1 miles during the same year.

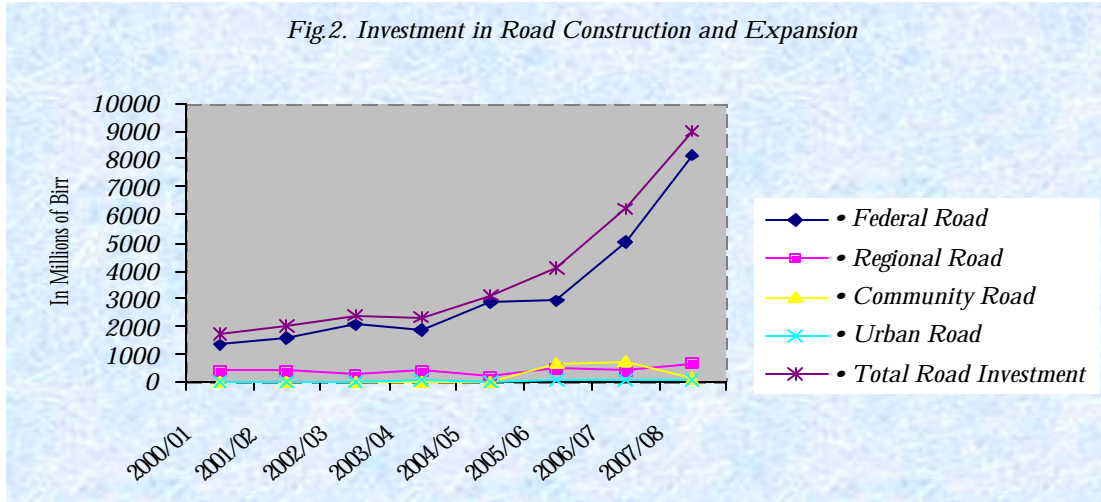
Similarly, the proportion of area more than 5 km from all weather roads which was 68 percent in 2006/07 went down to 66.8 percent in 2007/08 though the PASDEP projection for 2007/08 was 63 percent.



Source : Ministry of Transport and Communication and NBE Staff Computation

As the above figure illustrates, some 53 percent of the total road network in the country is found in good condition. This indicates 16 and 4 percentage points improvement over 2003/04 and 2006/07,

respectively. Unlike the other road types, the highest proportion of asphalt road was in good condition. At the same time, there has been an overall improvement in all types of roads during the last eight years.



Source : Ministry of Transport and Communication and NBE Staff Computation

Figure 2 depicts that the cumulative investment capital in the road construction and expansion sector had been steadily rising over the past eight years reaching Birr 9.0 billion in 2007/08. Investment in the Federal road construction and expansion also reached Birr 8.0 billion making up the lion's share of the total investment capital in the sector during the reported period.

**Table 1.15 Road Sector Development Data**

<b>INDICATORS</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
•Total Road Network (km)	32,871	33,297	33,856	36,496	37,018	39,477	42,429	44,359
•Growth rate of total road network expansion	-	1	2	8	1	7	7	5
•Federal Roads (km)	16,391	16,617	16,702	18,540	18,612	19,313	20,080	20,429
•Asphalt Road (km)	3,924	4,053	4,362	4,635	4,972	5,002	5,452	6,066
•Gravel Road (km)	12,467	12,564	12,340	13,905	13,640	14,311	14,628	14,363
•Rural Road [All-weather Road](km)	16,480	16,680	17,154	17,956	18,406	20,164	22,349	23,930
•Community Road (km)	NA	NA	NA	NA	NA	NA	57,763.74	70,038.1
•New Road Construction (km)	1,317	426	559	2,640	522	2,459	2,952	1,930
•Growth rate in the construction sector		-67.7	31.2	372.3	-80.2	371.1	20.0	-34.6
•Paved Roads (%)	11.9	12.2	12.9	12.7	13.4	12.7	12.8	13.7
• Asphalt roads in good condition (%)	30	35	43	49	54	60	64	68
• Gravel roads in good condition (%)	30	30	31	34	40	45	49	53
• Rural roads in good condition (%)	26	28	30	36	33	46	46	49
• Total road network in good condition (%)	28	30	32	37	39	47	49	53
• Area more than 5km from all-weather roads (%)	74.17	73.88	73.51	71.76	71.42	69.85	68	66.81
• Average distance to all-weather road in km	16.73	16.52	16.25	15.07	14.86	13.93	12.96	12.4
• Road Density /1,000 sq.km	29.9	30.3	30.8	33.2	33.7	35.9	38.6	40.3
• Road Density/1000 population in km	0.5	0.5	0.49	0.51	0.5	0.53	0.55	0.56
• Number of domestic construction firms	2	4	5	12	12	9	14	NA
• Number of foreign construction firms	3	1	1	2	5	3	7	NA
•Total expenditure on road construction and expansion (in mln Birr)	1,722.1	2,001.7	2,355.9	2,339.6	3,114.2	4,088.1	6,215.2	8,977.5
•Total Ethiopian population(in mln )	65.3	67.2	69.1	71.1	73.9	75.1	77.0	79.0
•Per capita expenditure on road construction and expansion	26.4	29.8	34.1	32.9	42.1	54.5	80.7	113.6
<b>iii. Investment in mln Birr</b>								
• Federal road	1313.6	1593.4	2033.6	1882.9	2848.3	2885.9	5037.4	8,124.40
• Regional road	391.1	388.3	294.3	419.3	222.9	471.2	395.2	671
• Community road	0	2.6	4.5	0	17.8	684.4	719.3	121
• Urban road	17.4	17.4	23.5	37.4	25.2	46.60	63.3	61.1
• Total	<b>1,722.1</b>	<b>2,001.7</b>	<b>2,355.9</b>	<b>2,339.6</b>	<b>3,114.2</b>	<b>4,088.1</b>	<b>6,215.2</b>	<b>8,977.5</b>

Source: Ethiopian Roads Authority (ERA) and NBE Staff Computation