

Brief Note on the 2002 Ethiopian Fiscal Year(July. 2009 to June. 2010) GDP Estimates series and the 2003 Ethiopian Fiscal Year (July 2010- June 2011) Forecast

A. The major results of the 2002 GDP estimates

• Gross Domestic Product

The economic growth (GDP at constant basic price) for 2002 EFY is estimated to be 10.4 %. As per the estimates, annual growth rates of the major sectors, i.e. Agriculture, industry and service were 7.6 %, 10.6 % and 13.0 %; respectively and their shares out of the total GDP were 42%, 13% and 45 %, respectively.

Over the last seven consecutive years; i.e. during 1996-2002 EFY the economy has registered rapid growth. Accordingly, in this period the annual average growth rate of GDP was 11.3 %. The agriculture, industry and service sectors' annual average growth was 10.3 %, 10.2 % and 13 %; respectively. In this Period a slight structural change is observed in the economy. The agricultural sector's share of GDP is decreasing and that of service sector is increasing. The industry sector's share is more or less constant. (Table 4C).The GDP deflator (annual percentage change) decreased to 1.7%.

The GDP deflator (percentage change) for 2002 EFY has decreased to 1.7 %

• Expenditure on Gross Domestic Product

As per the estimate in 2002 EFY;

1. Consumption has registered about 94.4% of GDP of which the share of Government is 8.3% and the remaining balance (86.1%) is attributed to the Private final consumption.
2. Rate of Investment has reached 22.3% of GDP and has registered 27.5 % annual average growth over the last seven years.
3. Domestic saving has been 5.5% of GDP
4. Export has been 13.6% of GDP and has registered 27.4 % annual average growth over the last seven years.

5. Import has been 33% of GDP and has registered 30.3 % annual average growth over the last seven years.
6. Real Per capita GDP has reached 238 USD. The annual average growth rate of real per capita GDP over the last seven years was 8.3 %.

The details are shown in the tables attached.

B. The 2003 EFY GDP Forecast

Gross domestic product at constant basic price is projected to grow by 11.1 % in the forecast year. As per the forecast the sectoral growth at base year price will be;

- Agriculture 8.5 %
- Industry 14.0 %
- Service 12.5 %

From the demand side the forecast indicates;

1. Consumption will take about 92.6% share of GDP (out of which Government consumption will account for 8.6% and Private consumption will be 84.0%)
2. Domestic saving will be 7.4% of GDP
3. Export growth will be 42.6%
4. Real Per capita GDP will reach 269 USD.
5. Investment is projected to be 22.8% of GDP.
6. The GDP deflator (annual Percentage change) is assumed to be 6.0%.

Underlying Assumptions of the Forecast:

1. Agricultural products growth is set at 8.5 % based mainly on the assumption that favorable weather condition will continue to prevail for the forecast year. Besides this, various efforts already undergoing like:
 - Water and soil conservation activities,
 - Specialization and diversification of agricultural products,

- Market development and penetration system establishment,
 - Efforts to deliver various agricultural inputs on time and on sufficient amount,
 - Capacity building activities like various training programs, acquisition of new technology etc .are expected to contribute a lot to achieve the set target.
2. The macroeconomic stability and growth achieved over the past seven successive years are assumed to continue for the forecast year.
 3. The forecast assumes the inflow of foreign resources will continue to support the projected investment rate.
 4. The projected investment rate entails, in addition to foreign resource inflow, enhanced effort to mobilize domestic resources.

In setting the major targets or goals, the forecast has considered the assumptions put in the 2003-2007 (EFY) five year growth and transformation plan of the country.

Source: - F.D.R. Ethiopia Ministry of Finance and Economic Development.