

A Study on the Determination of the Share of the Private Sector in Ethiopian Gross Domestic Product

Ramesh Kolli

**Former Head of the National Accounts and Prices Division, Central Statistical
Organisation, Ministry of Statistics & Programme Implementation, India**

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P. O. Box 2458, Mexico Square, Addis Ababa, Ethiopia
Tel: +251 (0)11 550 4570, Fax: +251 (0)11 554 2404
Email: psdhub@addischamber.com

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Acronyms and Abbreviations

AACCSA	Addis Ababa Chamber of Commerce and Sectoral Associations
CPI	Consumer Price Index
CSA	Central Statistical Agency
ECCSA	Ethiopian Chamber of Commerce and Sectoral Associations
ECE	Economic Commission for Europe
EEPCO	Ethiopian Electric Power Corporation
EFY	Ethiopian Fiscal Year
Eurostat	Statistical Office of the European Union
FISIM	Financial Intermediation Services Indirectly Measured
GCF	Gross Capital Formation (Investment)
GDP	Gross Domestic Product
GDDS	General Data Dissemination System
GFCE	Government Final Consumption Expenditure
GFCF	Gross Fixed Capital Formation (also referred to as Investment)
GNDI	Gross National Disposable Income
GNI	Gross National Income
GVA	Gross Value Added
ICLS	International Conference of Labour Statisticians
ILO	International Labour Organisation
IMF	International Monetary Fund
IPD	Implicit Price Deflators
ISIC	International Standard Industrial Classification
MoFED	Ministry of Finance and Economic Development
NAS	National Accounts Statistics
NBE	National Bank of Ethiopia
NPI	Non-Profit Institutions
NPISH	Non-Profit Institutions Serving Households
NSDS	National Strategy for Development of Statistics
OECD	Organisation for Economic Cooperation and Development
PARIS21	Partnership in Statistics in the 21 st Century
PFCE	Private Final Consumption Expenditure
PSD Hub	Private Sector Development Hub
SDDS	Special Data Dissemination Standards
Sida	Swedish International Development Cooperation Agency
SNA	System of National Accounts
TA	Technical Assistance
ToR	Terms of Reference

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1 Introduction

1.1 Role and Uses of National Accounts

National accounts statistics (NAS) are compiled by countries in order to understand the workings of an economy and to provide information on international comparability of economies. The national accounts present in a condensed way a great mass of detailed information, by following an established and internationally accepted methodology, so that they can be used for economic analysis and to inform policy decisions by government, businesses and researchers.

One of the most important and most frequently quoted macro-economic aggregate presented in the national accounts is the Gross Domestic Product (GDP). From the production side, GDP represents the total value of output of goods and services (with no double counting) produced within the country's economic territory in a given period of time (generally a quarter or a year). From the use or expenditure side, GDP represents the final uses of output of goods and services in the given period of time. It is the sum of consumption expenditure (by households, government and non-profit institutions serving households or NPISHs), capital formation (sum of gross fixed capital formation, change in stocks and valuables) and net exports (exports *less* imports)¹.

The GDP data that are produced by countries generally contain information at detailed level, such as at the level of institutional sectors (general government, corporations – disaggregated by public and private and/or financial and non-financial – households and NPISHs) and/or at the level of economic activities/ industries (agriculture, industry and services). Availability of such detailed information from the national accounts, apart from other uses, helps in understanding the role played by different sectors in terms of their growth and contribution to the country's economy.

1.2 Background to the Study

The Ministry of Finance and Economic Development (MoFED) produces GDP data following the production and expenditure approaches of compiling GDP estimates². These data provide information on GDP by broad sectors of the economy such as agriculture, industry and services, but further disaggregation into the share of different institutional sectors (public, private and households) is not available in the official publications. However, for understanding the role played by different institutional sectors in the growth of the economy and their contribution trends, it is essential that disaggregated GDP data are available for researchers, businesses and policy makers. This is more so in the case of developing economies, which are witnessing high GDP

¹ For more detailed reading on concepts and definitions and uses of national accounts, see System of National Accounts, 1993 of the international agencies.

² The publication, National Accounts of Ethiopia, Sources and Methods (2005) provides practices of compilation of GDP estimates in Ethiopia.

growth rates, for assessing which sectors/industries are the key drivers of these high growth rates. Generally, developing economies show faster structural changes (from primary economic activities to services in general) and the private sector becomes the engine of this growth with a rapid rise in its contribution to GDP and its growth.

1.3 Objectives of the Study

In order to understand the workings of an economy, national accounts are produced in a detailed manner providing data at sufficiently detailed levels of economic activities/institutional sectors. These data provide, *inter alia*, estimates, growth rates and contributions of various sectors to the GDP of an economy. Availability of such detailed data enables researchers, businesses and policymakers to understand the contributions made by different sectors of the economy to GDP and its growth, and to study the trends in their contributions over the years.

In this Study, the main objective is to estimate the contribution of private sector to Ethiopia's GDP. This, however, includes various perspectives and dimensions. Firstly, one needs to define what constitutes the private sector. Secondly, it is necessary to determine the appropriate level of disaggregation of the private sector that we need to consider for estimating the contribution to GDP, whether it will be at the level of sub-sectors (such as corporations, households, etc.) or at the level of industries (such as agriculture, industry and services) or at the level of cross-classification of sectors and industries³. Thirdly, it is essential to look at the databases available in Ethiopia which will enable us to determine at what level of disaggregation we will be able to estimate the contribution of the private sector to Ethiopia's GDP and present a detailed perspective of the private sector in the Ethiopian economy. This kind of detailed level presentation of GDP estimates will enable stakeholders to pinpoint the key contributors to the economy and key drivers of economic growth within the private sector. Finally, the Study considers an appropriate approach to show separately the estimates and contributions of the private sector in Ethiopia's GDP on a regular basis as part of the regular releases of national accounts. Thus, the objectives of the Study are to:

1. Define the private sector;
2. Examine the databases available in Ethiopia to determine at what level of disaggregation the data on the contribution of the private sector to Ethiopia's GDP can be presented;
3. Estimate the private sector contribution to GDP in Ethiopia at as detailed a sectoral/industry level as the data availability permits;
4. Suggest an appropriate approach to show separately the estimates and contribution of the private sector to Ethiopia's GDP on a regular basis as part of official national accounts releases.

³ In the System of National Accounts, sectors refer to the institutional sectors and industries refer to the economic activities; see the Glossary of statistical terms included at the end of this Report.

1.4 Structure of the Report

This report is organised in the following manner.

Section 2 of the report describes the methodology employed in carrying out the Study. In this section, the definitions adopted for the private sector and the scope of the study have been outlined in detail. This section also gives a brief account of GDP compilation practices of Ethiopia and data availability, key constraints in estimating the share of the private sector in GDP and data sources and data collection measures adopted for the Study.

Section 3 of the report presents the findings of the study, against the background of an overview of the Ethiopian economy. This section presents the findings of the analysis carried out on the shares and growth rates of the private sector in GDP, employment and investment, in its various dimensions, such as at institutional level, across industries and within industries, and also by segments of the private sector, namely, private corporations and the household/informal sector, both including and excluding agriculture. Analysis of data and findings are presented at both current and constant prices, wherever feasible.

Sections 4 and 5 present the study's conclusions and recommendations. These include the results on the shares of the private sector in the macro-economic aggregates, discussions on methodological issues of compiling national accounts, and dissemination practices. Also presented in Section 5 are proposals on the approach to show separately the estimates and contribution of the private sector to Ethiopia's GDP on a regular basis as part of regular publications of national accounts.

2 Methodology Employed

In this section, the definitions and scope adopted for the study are discussed. In addition, the section identifies the level of disaggregation at which the private sector share in GDP is presented in the report. The data requirements that arise as a consequence of these discussions, sources of data and the mechanisms of collecting the data required for the study are also discussed, while examining the compilation and dissemination practices of official GDP data in Ethiopia.

2.1 Definitions Adopted for the Private Sector

There are several definitions of the private sector available in the literature, some of which are described below⁴:

- The part of a nation's economy which is not controlled by the government;
- All organizations in an economy or jurisdiction that are not controlled by government, including privately owned businesses and not-for-profit organizations;
- That part of the economy not under the direct control of government and that functions through market processes;
- The firms in an economy owned by shareholders or individuals.

From these definitions, there appears to be a broad consensus on what constitutes a private sector. However, before defining the private sector for the purpose of this study, it is important to understand how the economy is broadly divided in the System of National Accounts (SNA) (which is a joint compilation of the United Nations, International Monetary Fund, World Bank, Organisation for Economic Cooperation and Development, and the Commission of the European Communities) into sectors and industries for the purpose of compilation of national accounts by countries.

National accounts are compiled at different levels of aggregation, such as at the level of a group of enterprises or a group of establishments, in order to provide an understanding of the workings of an economy and its structure and transactions in a detailed manner. The grouping of these enterprises/establishments is done on the basis of similarity of characteristics and behaviour in the case of enterprises and homogeneity of economic activities in the case of establishments.

Thus, SNA subdivides the economy into (i) institutional sectors and (ii) industries for the purpose of compilation of national accounts by countries.

⁴ All these definitions refer essentially to the same segment of economy.

2.1.1 The SNA Segregation of the Economy into Institutional Sectors

Institutional sectors comprise groups of institutional units that make up the total economy. An institutional unit is an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities with other entities. It takes economic decisions on what to produce and how to finance its activities and is directly accountable at law. Generally, an institutional unit corresponds to an enterprise, whether incorporated or unincorporated. The unincorporated institutional units include enterprises/establishments owned by households, also referred to as informal sector units.

The SNA recommends subdividing the economy into five mutually exclusive, resident institutional sectors:

- a) Non-financial corporations;
- b) Financial corporations;
- c) General government;
- d) Households;
- e) Non-profit institutions serving households (NPISHs).

Each of the above five institutional sectors can be divided into sub-sectors with similar objectives and types of behaviour, depending upon national requirements. For example, the non-financial and financial corporations can be sub-divided into public and private, so that separate data are available from national accounts on public and private sectors for the purpose of economic analysis of these sub-sectors.

Non-financial corporations are corporations whose principal activity is the production of market goods⁵ or non-financial services. The financial corporations include all resident corporations whose principal activity is providing financial services including financial intermediation, insurance and pension fund services, and units that provide activities that facilitate financial intermediation. The general government consists mainly of central, state and local government units together with social security funds imposed and controlled by those units, besides the autonomous government institutions engaged in non-market production. The principal functions of government are to assume responsibility for the provision of goods and services to the community or to individual households and to finance their provision out of taxation or other incomes, to redistribute income and wealth by means of transfers, and to engage in non-market production⁶.

Households consists of all resident households and include institutional households made up of persons staying in hospitals, retirement homes, convents, prisons, etc. for long periods of time and unincorporated enterprises owned by households. The non-profit institutions (NPIs) are legal or social entities, created for the purpose of

⁵ Market output is the normal situation in a market economy where producers make decisions about what to produce and how much to produce in response to expected levels of demand and expected costs of supply.

⁶ Non-market output consists of goods and services produced by NPISHs or government that are supplied free, or at prices that are not economically significant, to other institutional units or the community as a whole.

producing goods and services, whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them. In practice, their productive activities are bound to generate either surpluses or deficits but any surpluses they happen to make cannot be appropriated by other institutional units. The articles of association by which they are established are drawn up in such a way that the institutional units that control or manage them are not entitled to a share in any profits or other income they receive. For this reason, they are frequently exempted from various kinds of taxes. The non-profit institutions serving households sector consists of all resident NPIs, except those controlled by government, that provide non-market goods or services to households or to the community at large.

2.1.2 The SNA Segregation of the Economy into Industries

An industry is a grouping of establishments engaged in the same or similar kinds of economic activities, such as agriculture, forestry, manufacturing, services, etc. An establishment is an enterprise or a part of it that is situated at a single location in which only a single productive activity accounts for most of its value added. In principle, an establishment may not decide on its financial matters, which are decided by the enterprise that owns the establishment. Thus, an establishment can only serve as the statistical unit for collecting production data on economic activities or industry. To be classified as an establishment in SNA, a unit must produce output that is used by other establishments or other final consumers. An enterprise, which is an institutional unit (mentioned previously), may consist of many establishments undertaking different economic activities.

The classification of economic activities undertaken by establishments is generally the International Standard Industrial Classification (ISIC) of the United Nations. In the ISIC, establishments undertaking homogenous economic activities are grouped together at various levels of categories, namely, Section (1-digit), Division (2-digit), Group (3-digit) and Class (4-digit). At the most detailed level of classification, an industry consists of all establishments falling within a single Class of ISIC. At higher levels of aggregation, corresponding to the groups, divisions and, ultimately, sections of the ISIC, industries consist of a number of establishments engaged in similar types of activities.

2.1.3 Defining the Private Sector for the Study

Given the above international guidelines on compiling national accounts according to (i) institutional sectors and (ii) industries, countries generally further disaggregate the national accounts data to suit specific country requirements or user requirements. For example, the financial and non-financial corporations sectors are disaggregated into public enterprises and private corporations in order to understand the roles, contributions and transactions of the public and private sectors in the economy. Similarly, the Gross Domestic Product (GDP) data compiled according to industries (economic activities) in terms of gross value added (GVA) need to be disaggregated into various institutional sectors/sub-sectors if there is a need for an in-depth analysis of GDP data cross-classified by industries/institutional sectors, i.e. GDP of dif-

ferent industries coming from different institutional sectors. Also, if there is a need to understand the informal economy, a sub-sector of the informal sector⁷ is carved out of the household sector and/or industries, to have a sub-classification of informal sector units.

The focus of the present study is to estimate the contribution of the private sector to GDP in Ethiopia. Therefore, we need first to define the private sector for the purpose of this study, keeping in view international practices and the objectives and intended uses of the outcome of the study.

According to the SNA, the private sector comprises private corporations (financial and non-financial), households and non-profit institutions serving households (NPISHs). This definition clearly includes all economic activities undertaken in the economy, excluding those in the public sector, namely, the General Government, public financial corporations and public non-financial corporations. When we talk of all economic activities in the context of national accounts, these include the goods produced by households for their own consumption, such as subsistence production of agricultural and allied products, which are all included in the production boundary of SNA.

While there is the above general guideline on what constitutes the private sector in the SNA, one needs to examine whether there is a need to further disaggregate this concept of the private sector for specific purposes, such as this study on the contribution of the private sector to Ethiopian GDP. Questions that arise in this context are: (i) whether to include or exclude informal activities of the economy in the private sector; (ii) whether to include or exclude agriculture and allied activities and, if so (iii) whether to include or exclude production of goods, including subsistence production of agricultural and allied products, in the private sector⁸.

If we exclude all of (i) to (iii) above from the private sector, what remains is the private financial and non-financial corporations, which broadly correspond to the incorporated enterprises of the economy. By excluding agricultural activities but including the informal economy in the definition of the private sector, we obtain the private sector definition as all activities undertaken by both incorporated and unincorporated enterprises, outside agricultural activities. This definition has many uses, as it provides an extent of privatisation of non-agricultural activities, which in any case is mostly undertaken by the household sector in an informal manner in developing countries. Finally, if we exclude subsistence production of agricultural activities in the definition of private sector, what emerges is the goods and services that enter the market from the private sector.

Coming to international practices, in some developing countries, the private sector in the context of GDP is defined to include all enterprises outside public sector and agricultural activities (including subsistence production) – this essentially means the private sector includes all enterprises in the private sector other than agriculture.

⁷ For details, please see Chapter 25 of SNA, 2008

⁸ This kind of disaggregation of the private sector is necessary to understand the different dimensions of the private sector

However, some developed countries do not include informal sector enterprises in GDP estimation on the grounds that their contribution to GDP is small. In these developed countries, the private sector, therefore, generally corresponds to only private corporations. For example, in India, estimates of GDP are separately available for (i) the public sector – which includes government administration at all levels of governance, government-run enterprises and public enterprises, (ii) private financial corporations, (iii) private non-financial corporations, and (iv) the household sector or unorganised sector or informal sector – both including and excluding agricultural activities. With this break-up of GDP estimates, it is easy to compute institutional sectoral shares in GDP in India, and produce GDP estimates for a sector according to any set of criteria or definitions.

Given the above arguments, the general consensus on the definition of the private sector is definitely to include all private financial and non-financial corporations. The inclusion of the household sector/informal sector/agricultural activities depends on the context of the use of such data.

For this study, therefore, the private sector consists of all economic activities performed outside the public sector. However, this study provides disaggregated data within this private sector into (i) corporations, (ii) the informal sector outside agriculture, and (iii) the informal sector including agriculture. With these definitions, the availability of data required to estimate the GDP of the private sector from the national accounts or other sources for this study, as well as the national accounts compilation practices adopted by MoFED, have been examined.

2.2 Scope of the Study

Given the above objectives and definitions, the scope of the study has been to estimate the private sector's GDP and its contribution to the total Ethiopian GDP, further disaggregated into 1-digit International Standard Industrial Classification (ISIC), cross-classified by (i) private sector, (ii) private corporations, and (iii) informal (household) sector, both including and excluding agriculture, as per the discussion above.

The scope of the study is also to present the above datasets for the years from 2004-05 to 2008-09, at both current and constant prices, using secondary data sources, mainly the national accounts statistics of Ethiopia produced by MoFED⁹. The study has also looked at the results of various sample surveys conducted by official and non-official agencies, administrative statistics and statistics collected and maintained by private agencies.

Thus, the study has the following scope:

- To estimate the private sector's GDP and its contribution to Ethiopian GDP, which is further disaggregated at as detailed a level as the data availability permits;

⁹ This approach is essential to ensure consistency of the results of this study with the official GDP estimates

- These detailed levels include private sector GDP at 1-digit International Standard Industrial Classification (ISIC), cross-classified by (i) private sector, (ii) private corporations, (iii) informal sector, both including and excluding agriculture;
- The above datasets are presented for the period 2004-05 to 2008-09 Ethiopian Financial Year, at both current and constant prices;
- The study uses secondary data sources, mainly the national accounts statistics of Ethiopia produced by MoFED and results of labour force and enterprise surveys and other benchmark surveys/studies.

2.3 GDP Compilation Practices and Data Availability

The national accounts of Ethiopia are compiled by the National Accounts Department of MoFED. The framework is largely based on the 1993 SNA, with a few exceptions such as accounting for investment in intangible assets, etc. The GDP is compiled by both production and expenditure approaches, but the production GDP is treated as the firmer estimate. The base year for constant price estimates of GDP is 1999-2000. The GDP data are compiled according to the Ethiopian Fiscal Year (July 8th to July 7th) and are presented at basic prices and at market prices. MoFED follows the ISIC revision 3 classification of the United Nations for economic activities/industries. In addition to GDP, estimates of gross national income, national disposable income, national saving, investment, and net national lending (+) or net national borrowing (–) are also produced and disseminated. MoFED does not compile institutional sector accounts, supply-use tables or input-output tables, as recommended in SNA¹⁰.

The general approaches to estimating GDP are the production approach and the income approach, if complete financial statements and profit and loss statements are available for business establishments, whereas for those that have annual production survey, only the production approach is utilized. For those that have ad hoc surveys, the benchmark figures are extrapolated forward and backward by appropriate indicators. Household consumption expenditure is used as a last option to approximate production by commodity flow. For constant price estimates, single deflation of current price values added by an appropriate CPI, extrapolation of base year value added by appropriate quantity or volume indicators, and double deflation where necessary, are generally used.

The main data published on national accounts are Gross Domestic Product at current and constant (1999/2000) prices according to sectors (industries) as classified according to ISIC classification revision 3. Accordingly, the major industrial sectors are: Agriculture and allied activities, Mining and Quarrying, Manufacturing, Electricity and Water, Construction, Wholesale and Retail Trade and Hotels and Restaurants, Transport and Communications, Financial Intermediation, Real Estate and Ownership of Dwellings, Public Administration and Defence, Health, Education, Personal & Business and other services.

¹⁰ See GDDS-DQAF available at <http://dsbb.imf.org>

The major data sources used by MoFED in compiling the GDP data are:

- Agricultural sample surveys and the agricultural census (or sample enumeration) of the CSA;
- Fisheries statistics from the Ministry of Agriculture – Fisheries department
- Energy consumption survey of the Italian CESAN ANSALDO group and the Ministry of Mines and Energy (a joint survey);
- Minerals data from the Ministry of Mines and Energy and annual profit and loss statements and production data as obtained from mining companies;
- The annual census of large-scale manufacturing (defined as employing 10 persons or more and using power-driven machinery) of the CSA;
- The CSA small scale manufacturing industry survey, 1995;
- Handicraft and cottage manufacturing industry sample survey, 1995, of CSA;
- Electricity data from Ethiopian Electric Power Corporation (EEPCO) ;
- Establishment surveys of CSA;
- Distributive trade and other services survey, 1995 of CSA;
- Motor vehicle registrations from the Road Transport Authority;
- Banking and balance of payments data from the National Bank of Ethiopia;
- Five yearly household income, consumption and expenditure survey;
- Labour force survey of CSA.

The national accounts data in summary form are released through the Quarterly Bulletin of the National Bank of Ethiopia and Annual Statistical Abstract of Ethiopia of the Central Statistical Agency, as also through the MoFED website, www.mofed.gov.et. However, more detailed information is available from the National Accounts Department of MoFED upon request. Preliminary estimates are available on request from MoFED within four months, whereas final data are disseminated after 18 months. It takes a year to produce the final estimate. The estimates are available within three months of the end of the reference year. Further detailed data on GDP estimates are available to users on request.

2.4 Key Constraints to Estimating the Share of the Private Sector in GDP

The general practices adopted by developed countries and some of the advanced statistical systems of developing countries on estimating the private sector GDP are discussed briefly in section 2.1 above. When the national accounts are presented according to institutional sectors or more precisely according to cross classification of industries and institutional sectors as recommended in SNA, it is easy to disaggregate the GDP data in respect of the private sector by industry, and accordingly

estimate its share in GDP. However, the disseminated data of the Ethiopian national accounts provide estimates of GDP by industries only, without a breakdown of institutional sectors within each of the industries. This hampers estimating the share of the private sector in GDP, as per the various definitions (such as including or excluding agriculture) discussed above.

The main constraints to presenting the private sector GDP separately in Ethiopian national accounts appear to be problems related to source data, as sample surveys do not provide robust estimates at a detailed level. Moreover, the unavailability of complete sets of accounts from corporations, together with other resources to carry out detailed analysis of company accounts to transform these business accounts to national accounts concepts, are also identified as key constraints.

Despite these constraints, the worksheets used in the compilation of national accounts aim at compiling GDP/GVA estimates at as detailed a level as possible, by taking into account all available data sources. These internal worksheets, augmented with the results of labour force and enterprise surveys and other benchmark surveys and studies available in Ethiopia, enable us to estimate the contribution of different institutional sectors/industries in GDP.

2.5 Data Sources and Data Collection

The methodology adopted for carrying out the study included examining the data that are available on GDP at detailed activity/institution level, either in the public domain or from the compilation sheets of national accounts held by MoFED. The data needed were for 5 years leading up to the latest year for which such data are available (2004-05 to 2008-09). Once the detailed data are collected, the contribution of the private sector, both by its components and by activity, in GDP can be estimated.

For this purpose, firstly, the national accounts compilation sheets and the data sources used in the compilation of the Ethiopian national accounts were looked into, to see the extent of availability of GDP data at a very detailed level by various institutional sectors and sub-sectors. It is generally possible that even if the country has not implemented the 1993 SNA, the GDP estimates should be available in the working sheets of national accounts, separately for each of the institutional sectors, general government, financial corporations, non-financial corporations, household sector and non-profit institutions serving households when industry-wise GDP estimates are prepared. In such a case, it was felt that the GDP of the private sector can be estimated by taking the components of the private sector in these institutional sectors, especially in the financial and non-financial corporations, provided such details are available in the national accounts.

With this objective, the detailed working sheets of the national accounts of Ethiopia have been examined to obtain an industry/institution breakdown of GDP estimates. It has been observed that the disaggregated data needed for the study are either available from the worksheets or could be compiled using other supplementary data sources. Thus, the main sources of information for the study are (i) the internal national accounts worksheets of MoFED, (ii) data on national accounts released into the public domain by MoFED; and (iii) the results of labour force and enterprise surveys conducted by the Government of Ethiopia.

The data that have been collected included employment¹¹ (though outside the scope of the Study), and GDP by activities and institutions, for a period of 5 years ending 2008-09. Wherever feasible and subject to data availability, forecasts for 2009-10¹² have also been included in the Study. The level of disaggregation of industries is broadly at 1-digit level of ISIC. The data have been collected on both current and constant price bases. This formed quite a large database, considering that we have 16 industries, 5 institutional sectors, two parameters (employment and GDP¹³), 5 years for current price estimates and 5 years for constant price estimates.

¹¹ Employment figures have been included in the Report, since they are generally referred to in conjunction with GDP and they are helpful in estimating labour productivity. The data have been compiled from the CSA's labour force and employment & unemployment surveys.

¹² The forecast data for 2009-10 have been used only as a background to the Report for presenting an overview of the Ethiopian economy. For estimating the Private Sector shares in GDP, only the data from 2004-05 to 2008-09 have been used in this Study.

¹³ Data on investment, to the extent available, have also been included in the Study.

3 Findings

In this section, the findings of the study are presented as per the definitions and scope discussed in the previous section. In order to set the context, an overview of the Ethiopian economy is presented at the outset. At the end of the section, issues relating to compilation and dissemination practices of GDP and the adequacy of estimating the private sector share in GDP on a regular basis from the disseminated data are discussed. All the tables presented in this section are sourced from the official national accounts data of MoFED or they have been compiled specially for this study, using the national accounts framework. These tables are consistent with the official estimates of GDP of Ethiopia. The data used to present an overview of Ethiopian economy, include a forecast for 2009-10. However, the GDP data that have been used for estimating private sector shares cover only the period up to 2008-09.

3.1 An Overview of the Ethiopian Economy

With an estimated population of 78.8 million, a nominal per capita GDP of Birr 5,166 (472 USD) in 2009-10 EFY (forecast) and an average real GDP growth of 11.3 per cent between 2003-04 and 2009-10, the Ethiopian economy is one of the fastest growing economies in the world. Generally, when economies grow at this rate, the share of agriculture in GDP decreases sharply over the years while that of services increases. However, in the case of Ethiopia this has not happened to the extent that one would expect. The share of agriculture in overall GDP has fallen only slowly, from 49.4 per cent in 1999-2000 to 41.0 per cent in 2009-10 (forecast) (Table 1), with the reduction in the share being accounted for completely by the increase in the share of services in GDP, from 38.4 per cent to 46.2 per cent in the same period. The share of industry remained at more or less the same level of about 13 per cent in this period, though it increased to 13.9 per cent during the two years, 2002-03 and 2003-04. This emphasises that agriculture continues to be a major economic activity in Ethiopia and the relatively small reduction in its share over the years indicates that agriculture is keeping pace in terms of real growth with other economic activities in this high growth economy.

Table 1. GVA, growth rates and shares by broad industry group (million Birr)

Industry	1992 1999/00	1993 2000/01	1994 2001/02	1995 2002/03	1996 2003/04	1997 2004/05	1998 2005/06	1999 2006/07	2000 2007/08	2001 2008/09	2002 Forecast
Gross Value Added at Constant (1999-00) Basic Prices											
Agriculture	31,073	34,064	33,425	29,920	34,990	39,729	44,063	48,226	51,843	55,141	58,450
Industry	7,698	8,091	8,765	9,333	10,419	11,402	12,561	13,757	15,137	16,636	18,333
Services	24,137	25,397	26,228	27,797	29,536	33,312	37,748	43,535	50,522	57,588	65,938
Total	62,908	67,552	68,418	67,050	74,946	84,443	94,371	105,518	117,502	129,365	142,720
Less: FISIM	608	632	403	463	549	639	897	1,018	1,324	1,627	2,034
GVA	62,299	66,921	68,014	66,587	74,397	83,804	93,474	104,500	116,179	127,738	140,686
Growth rates in GVA (%)											
Agriculture		9.6	-1.9	-10.5	16.9	13.5	10.9	9.4	7.5	6.4	6.0
Industry		5.1	8.3	6.5	11.6	9.4	10.2	9.5	10.0	9.9	10.2
Services		5.2	3.3	6.0	6.3	12.8	13.3	15.3	16.0	14.0	14.5
Total		7.4	1.6	-2.1	11.7	12.6	11.5	11.8	11.2	9.9	10.1
Share in GVA (including FISIM) (%)											
Agriculture	49.4	50.4	48.9	44.6	46.7	47.0	46.7	45.7	44.1	42.6	41.0
Industry	12.2	12.0	12.8	13.9	13.9	13.5	13.3	13.0	12.9	12.9	12.8
Services	38.4	37.6	38.3	41.5	39.4	39.4	40.0	41.3	43.0	44.5	46.2

Table 2. Real growth rates in GVA of economic activities (%)

Industry	1996 2003/04	1997 2004/05	1998 2005/06	1999 2006/07	2000 2007/08	2001 2008/09	Average
Crop growing	25.6	19.5	15.0	11.0	8.0	6.5	14.1
Animal Farming and Hunting	8.0	5.9	4.9	7.9	7.3	7.0	6.8
Forestry	2.7	2.4	2.7	2.9	4.2	3.1	3.0
Fishing	-25.1	8.6	-8.2	7.7	34.0	26.5	5.3
Mining and Quarrying	2.0	4.1	7.2	-15.4	21.4	12.8	4.7
Large & Medium Scale Manufacturing	7.7	11.6	13.7	9.5	12.2	10.7	10.9
Small Scale and Cottage Industries	4.5	15.0	4.9	6.0	5.6	6.4	7.0
Electricity and Water	6.6	7.9	8.8	13.6	4.8	5.7	7.9
Construction	19.5	7.5	10.5	10.9	11.3	11.7	11.8
Wholesale and Retail Trade	5.1	13.1	17.5	16.8	15.8	12.1	13.3
Hotels and Restaurants	6.2	11.6	19.5	27.5	23.3	23.9	18.4
Transport and Communications	9.5	19.2	5.7	9.3	11.6	8.7	10.6
Financial Intermediation	19.7	24.2	28.7	15.1	27.3	21.4	22.6
Real Estate, Renting & Business services	4.5	7.4	14.5	15.2	17.3	16.1	12.4
Public Administration and Defence	0.2	11.6	6.4	11.8	12.5	18.4	10.0
Education	11.5	12.6	8.6	21.2	15.7	11.4	13.4
Health and Social Work	15.9	16.9	9.8	15.8	15.5	7.5	13.5
Other Community, Social & Personal Services	4.8	8.0	9.2	8.5	11.7	6.5	8.1
Private Households with Employed Persons	1.6	3.2	6.6	4.0	5.3	3.8	4.1
Total	11.8	12.7	11.8	11.8	11.4	10.1	11.6
Less: FISIM	18.5	16.5	40.3	13.5	30.0	22.9	23.3
GVA at Constant Basic Prices	11.7	12.6	11.5	11.8	11.2	9.9	11.4

The key driver of the high growth of the Ethiopian economy has been the services sector with an average growth rate of 13.2 per cent between 2003-04 and 2009-10, though agriculture and industry too recorded average growth rates of 10.1 per cent in this period.

Within the broad industry groups, the main growth engines are the activities of large and medium scale manufacturing (average growth¹⁴ of 10.9% between 2003-04 and 2008-09), construction (11.8%), wholesale and retail trade (13.3%), hotels and restaurants (18.4%), financial intermediation (22.6%), real estate and business services (12.4%), education (13.4%) and health (13.5%). Though there has been some dip in the growth rates of agricultural crops in the last two years, the activity still showed average growth of 14.1% between 2003-04 and 2008-09 (Table 2). The growth rates of 8.0 per cent and 6.5 per cent in agricultural crops in the years 2007-08 and 2008-09, though lower than the growth rates in earlier years, are themselves also generally considered to be high growth rates.

The data presented in the above two tables show that economic growth in Ethiopia is broad based with many activities, including agriculture, showing high growth rates. This augurs well for a growing economy where all economic activities are growing at more or less the same pace. The high growth witnessed in education and health, which are basically government activities, indicates significant government spending on these services and the priority attached to health and education by the government.

The impressive growth witnessed in real GDP since 2003-04 has been accompanied by high inflation, as measured through the change in GDP implicit price deflators (IPDs) (estimated as $\text{GDP at current prices} / \text{GDP at constant prices} * 100\%$). Table 3 presents inflation as measured through implicit price indices derived from GDP data¹⁵ in selected economic activities. This table shows that inflation was moderate in the years of 2003-04 and 2004-05 and also to some extent in 2005-06. However, the economy suffered high inflation in the subsequent years, especially in 2007-08 and 2008-09. In these two years, overall inflation reached 30.2 per cent and 24.2 per cent, respectively. Inflation has been especially high in agriculture, small scale and cottage industries, trade, hotels & restaurants, and transport & communications, as well as in other community, social and personal services in these two years.

¹⁴ Average growth refers to average annual growth and is computed as the geometric average of growth rates during the period

¹⁵ Also referred to as GDP deflators.

Table 3. Inflation as measured by GDP deflators (%)

Industry	1996 2003/04	1997 2004/05	1998 2005/06	1999 2006/07	2000 2007/08	2001 2008/09
Agriculture, Hunting and Forestry	4.6	15.2	15.1	18.7	43.6	29.0
Mining and Quarrying	2.0	13.7	12.7	11.1	22.4	19.2
Large & Medium Scale Manufacturing	2.6	-4.5	7.0	22.3	17.2	19.8
Small Scale and Cottage Industries	1.5	4.7	6.7	12.4	19.0	36.4
Electricity and Water	8.1	-0.2	9.0	19.2	5.9	9.7
Construction	4.8	10.7	13.7	20.8	16.3	19.9
Wholesale and Retail Trade	8.6	6.8	12.2	17.9	24.5	36.4
Hotels and Restaurants	4.5	5.2	12.3	20.5	20.5	27.3
Transport and Communications	9.3	14.2	-4.8	5.7	5.7	25.1
Financial Intermediation	-5.7	-1.6	5.1	5.0	6.2	8.9
Real Estate, Renting & Business Services	0.8	3.2	6.4	27.4	27.4	4.9
Public Administration and Defence	-0.7	2.4	9.2	4.2	17.3	4.2
Education	-5.0	2.8	16.9	5.0	16.6	5.8
Health and Social Work	0.5	4.7	4.6	5.3	15.0	4.8
Other Community, Social & Personal Services	8.6	6.8	12.2	17.9	25.2	35.7
Total	3.9	9.8	11.5	17.1	30.2	24.2

Table 4. Growth rates in GVA of economic activities at current prices (%)

Industry	1996 2003/04	1997 2004/05	1998 2005/06	1999 2006/07	2000 2007/08	2001 2008/09
Agriculture, Hunting and Forestry	22.4	30.8	27.7	29.9	54.4	37.2
Mining and Quarrying	4.1	18.4	20.8	(6.0)	48.6	34.5
Large and Medium Scale Manufacturing	10.5	6.6	21.6	33.9	31.4	32.7
Small Scale and Cottage Industries	6.0	20.4	12.0	19.2	25.7	45.1
Electricity and Water supply	15.2	7.7	18.7	35.4	11.0	16.0
Construction	25.3	19.1	25.6	33.9	29.5	33.9
Whole Sale and Retail Trade	14.1	20.8	31.9	37.7	44.2	52.9
Hotels and Restaurants	11.0	17.4	34.2	53.6	48.6	57.8
Transport and Communications	19.7	36.2	0.6	15.5	17.9	36.0
Financial Intermediation	13.0	22.2	35.2	20.8	35.3	32.3
Real Estate, Renting and Business services	5.4	10.8	21.8	46.7	49.4	21.8
Public Administration and Defence	(0.5)	14.3	16.2	16.5	32.0	23.3
Education	5.9	15.7	27.0	27.4	34.9	17.9
Health and Social Work	16.5	22.3	14.9	21.9	32.9	12.7
Other Community Social & Personal services	13.8	15.4	22.5	27.9	39.8	44.5
Total	16.1	23.7	24.6	31.0	45.0	36.7
Less: FISIM	16.8	14.9	47.4	19.2	38.1	33.9
GVA at Current Basic Prices	16.1	23.8	24.4	31.0	45.1	36.7

The high inflation and high real growth have resulted in extraordinary growth rates in nominal GDP since 2003-04 (Table 4). The nominal¹⁶ GDP growth rates are 23.8 per cent in 2004-05, 24.4 per cent in 2005-06, 31.0 per cent in 2006-07, 45.1 per cent in 2007-08 and 36.7 per cent in 2008-09. The growth rates are particularly high in the case of agriculture and allied activities in 2007-08 (54.4%) and in 2008-09 (37.2%), which has a significant share in the GDP estimates. It is interesting to note that most activities have shown growth rates of over 30 per cent in the last two years, with several activities showing over 40 per cent growth rates.

In terms of GDP expenditures¹⁷ (Table 5), the average growth in government final consumption expenditure (GFCE), private final consumption expenditure (PFCE) and gross capital formation (GCF) during 2003-04 to 2009-10 has been 18.0 per cent, 28.5 per cent and 29.2 per cent, respectively, showing that the growth in GDP is led primarily by private consumption (mostly household consumption) and investment demand. The high growth in investment is particularly good for the economy in terms of future potential output of goods and services, though the bulk of it could be on account of high inflation. Both exports and imports of goods and services are also growing at a rapid pace of 23.6 per cent and 28.0 per cent, respectively, per annum on average. Ethiopia has a significant trade deficit, which is Birr 68,593 million (16.8% of GDP) in 2009-10 (forecast). This, however, is partly offset by current transfers (net) of Birr 42,954 million (10.5% of GDP) in the same year.

In terms of average proportions to GDP between 2003-04 and 2009-10, current transfers (net) account for a significant 13.0 per cent, GFCE for 10.5 per cent, PFCE for 82.0 per cent and GCF for 24.2 per cent. Imports and exports accounted for an average of 31.8 per cent and 12.7 per cent, respectively, in this period. This again underlines the fact that it is mostly private demand and, to a lesser extent, investment which are responsible for the aggregate demand. In terms of trends, the proportion of government final expenditures in GDP has been falling over the years, from 14.6 per cent in 2000-01 to 7.6 per cent in 2009-10 (forecast). On the other hand, the PFCE's proportion has increased during this period from 75.4 per cent to 83.0 per cent. The rate of investment has been around 25 per cent in this period and imports, though they reached 36.5 per cent of GDP in 2005-06, are forecast to be at 27.3 per cent in 2009-10. Similarly, exports touched a high of 15.1 per cent in 2004-05 but have fallen to 10.5 per cent of GDP in recent years. The rate of savings as a proportion of GDP is around 20 per cent in the recent years, after reaching a high of 23.7 per cent in 2006-07.

¹⁶ The terms 'nominal' and 'current prices' have been used interchangeably in the Report

¹⁷ GDP expenditures refer to the final use side of output of goods and services in the economy.

Table 5. GDP, consumption, investment and saving at current prices

Industry	1993 2000/01	1994 2001/02	1995 2002/03	1996 2003/04	1997 2004/05	1998 2005/06	1999 2006/07	2000 2007/08	2001 2008/09	2002 Forecast
GDP at current market prices (Mn. Birr) with expenditure aggregates										
GDP at Current Market Prices	68,027	66,557	73,432	86,661	1,06,473	1,31,641	1,71,989	2,48,605	3,36,106	4,07,184
Incomes from ROW, net	(281)	(209)	(231)	(335)	107	238	415	431	(34)	(152)
Current transfers from ROW, net	6,434	6,636	9,388	9,436	15,335	18,163	25,444	34,194	44,191	42,954
GFCE	9,964	9,873	9,850	11,315	13,203	16,080	18,072	24,364	27,592	30,903
PFCE	51,260	52,690	60,645	65,026	87,012	1,09,546	1,39,012	2,10,958	2,86,320	3,37,963
GCF	14,645	16,052	16,305	22,705	25,293	33,176	44,294	56,055	75,377	96,483
Exports	8,146	8,389	9,779	12,914	16,077	18,205	21,854	28,317	35,233	42,751
Imports	16,108	17,707	20,131	27,367	37,776	48,092	55,088	76,564	96,285	1,11,344
Gross National Savings	12,956	10,420	12,094	19,421	21,700	24,416	40,765	47,908	66,351	81,120
Growth rates (%)										
GFCE	(16.4)	(0.9)	(0.2)	14.9	16.7	21.8	12.4	34.8	13.2	12.0
PFCE	5.2	2.8	15.1	7.2	33.8	25.9	26.9	51.8	35.7	18.0
GCF	8.3	9.6	1.6	39.3	11.4	31.2	33.5	26.6	34.5	28.0
Exports	1.7	3.0	16.6	32.0	24.5	13.2	20.0	29.6	24.4	21.3
Imports	1.0	9.9	13.7	35.9	38.0	27.3	14.5	39.0	25.8	15.6
Proportion of GDP at current market prices (%)										
GDP at Current Market Prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Current Transfers from ROW, net	9.5	10.0	12.8	10.9	14.4	13.8	14.8	13.8	13.1	10.5
GFCE	14.6	14.8	13.4	13.1	12.4	12.2	10.5	9.8	8.2	7.6
PFCE	75.4	79.2	82.6	75.0	81.7	83.2	80.8	84.9	85.2	83.0
GCF	21.5	24.1	22.2	26.2	23.8	25.2	25.8	22.5	22.4	23.7
Exports	12.0	12.6	13.3	14.9	15.1	13.8	12.7	11.4	10.5	10.5
Imports	23.7	26.6	27.4	31.6	35.5	36.5	32.0	30.8	28.6	27.3
Rate of gross saving	19.0	15.7	16.5	22.4	20.4	18.5	23.7	19.3	19.7	19.9

Table 6. Aggregate employment by industries ('000)

Industry	Total employment									Proportions			
	2004/05	2005/06	2006/07	2007/08	2008/09	2004/05	2005/06	2006/07	2007/08	2008/09			
Agriculture, Forestry	25181	26589	28211	28358	28553	79.2	80.5	79.1	76.5	73.8			
Fishing	27	28	27	25	24	0.1	0.1	0.1	0.1	0.1			
Mining & Quarrying	82	81	89	94	94	0.3	0.2	0.2	0.3	0.2			
Manufacturing	1941	2001	2069	2120	2175	6.1	6.1	5.8	5.7	5.6			
Electricity, gas & water supply	34	35	38	41	41	0.1	0.1	0.1	0.1	0.1			
Construction	446	483	506	588	601	1.4	1.5	1.4	1.6	1.6			
Trade	1637	1346	1717	2186	2776	5.1	4.1	4.8	5.9	7.2			
Hotels and Restaurants	769	560	715	910	1156	2.4	1.7	2.0	2.5	3.0			
Transport, communications	188	196	209	227	244	0.6	0.6	0.6	0.6	0.6			
Financial Intermediation	38	50	56	70	88	0.1	0.2	0.2	0.2	0.2			
Real Estate, & Business Services	52	65	83	106	134	0.2	0.2	0.2	0.3	0.3			
Public Administration	351	417	467	487	487	1.1	1.3	1.3	1.3	1.3			
Education	283	291	372	473	601	0.9	0.9	1.0	1.3	1.6			
Health and Social Work	92	103	105	108	115	0.3	0.3	0.3	0.3	0.3			
Community, Personal Services	439	496	632	805	1022	1.4	1.5	1.8	2.2	2.6			
Private Households with employed Persons	249	286	365	464	590	0.8	0.9	1.0	1.3	1.5			
Total	31808	33027	35661	37063	38701	100.0	100.0	100.0	100.0	100.0			
Growth in employment		3.8	8.0	3.9	4.4								

The total number of employed persons in Ethiopia is 38.7 million, accounting for about 50% of the population of 76.8 million in 2008-09¹⁸. At the broad industry group level, 28.6 million (73.9%) are employed in agriculture, 2.9 million (7.5%) in industry and 7.2 million (18.6%) in the services sector (Table 6). Within these broad sectors, maximum employment in 2008-09 has been in the agriculture sector (73.8%), followed by manufacturing (5.6%), trade (7.2%) and community, social and personal services (2.6%). Interesting aspects of this table are (i) high growth in overall employment, averaging 5 per cent during 2004-05 to 2008-09, with agricultural employment averaging a growth of 3.2 per cent, industry employment growing at 3.9 per cent and employment in services growing at a phenomenal rate of 16 per cent; and (ii) a consequent reduction in the share of employment in agriculture and in manufacturing.

3.2 The Private Sector in GDP, Employment¹⁹ & Investment

3.2.1 Findings at Institutional Sector Level

3.2.1.1 The Private Sector in GDP

Share in GDP at Current (Nominal) Prices

The share of the private sector in the GDP of Ethiopia at current prices is 84.8 per cent (Table 7) in 2008-09, if one goes strictly by the generally accepted definition of the private sector being that part of a nation's economy which is not controlled by the government. However, as we know, a major part of this share comes from the agriculture sector and, within that, the unorganised/household/ informal sector (hereinafter we refer to this as the informal sector).

Of the private sector share of 84.8 per cent in 2008-09, private corporations account for 25.1 per cent, the NPISHs account for 0.6 per cent and the informal sector accounts for the balance of 59.1 per cent, indicating that the bulk of the private sector lies within the informal sector. Within this informal sector, agriculture accounts for 48.1 per cent, and all other non-agriculture informal activities²⁰ account for a mere 11.0 per cent of the GDP, which appears to be somewhat low for a developing economy. The private sector share in GDP excluding informal agriculture, thus comes to 36.7 per cent in 2008-09.

¹⁸ Population consists of persons outside the labour force (not engaged in production) and persons within the labour force. The labour force consists of those who are actively prepared to make their labour available during any particular reference period for producing goods and services. The labour force is divided between employed persons (that is, employees plus self-employed persons) plus those who are unemployed. An unemployed person is one who is not an employee or self-employed but is available for work and actively seeking work. The concept of unemployed persons is not required in the national accounts because the unemployed do not contribute to production. Thus the population of the country can be subdivided into three categories; employed, unemployed and not in the labour force.

¹⁹ Employment data that have been used in this Study are compiled mainly from the results of CSA's National Labour Force Survey, 2005, and the results of the Urban Employment and Unemployment Survey, 2009, in respect of currently employed population, from the current status approach.

²⁰ In this Report, the terms unorganized, household and informal sector have been used interchangeably and they are all broadly referred to as informal sector.

In terms of trends, the public sector share of GDP has fallen from 19.3 per cent in 2004-05 to 15.2 per cent in 2008-09, showing a loss of 4.1 percentage points in a period of 5 years. This loss in share of public sector in GDP is almost equally distributed between the general government (share in GDP reducing from 11.0 per cent in 2004-05 to 8.8 per cent in 2008-09) and public corporations (share reducing from 8.3 per cent to 6.4 per cent in this period).

Against this, the private sector has increased its share from 80.7 per cent in 2004-05 to 84.8 per cent in 2008-09. This gain is in both private corporations (share in GDP increasing from 23.5 per cent to 25.1 per cent between 2004-05 and 2008-09), and the informal sector (share increasing from 56.6 per cent to 59.1 per cent in the same period). However, excluding informal agriculture, the private sector share in GDP was 36.2 per cent in 2004-05 and has risen marginally to 36.7 per cent in 2008-09. This shows that the non-agriculture informal sector share has actually fallen from 12.7 per cent to 11.6 per cent in this period.

The rapid rise in the share of private sector is evidently due to faster growth in the GDP of the private sector as compared to that of the public sector. However, this is in nominal terms and price differentials among the sectors' outputs can hide the actual position in real terms, as we see in the subsequent paragraphs²¹.

²¹ GDP data are compiled at both current prices and at constant prices. While the current price data are useful to estimate the level of the economy and for benchmarking various economic data sets such as imports, exports, current account balance, budget deficit, expenditures on health and education, etc., constant price data are used to estimate the growth rates and for trend analysis, besides monitoring the performance of the economy. In this Report, shares in GDP of the private sector are presented both at current and constant prices and, against the background of high inflation, the shares are somewhat different in these two measures and, therefore, their use depends on the context of analysis. Since, we have presented data for five years here, it might be preferable to use the estimates of shares of private sector in GDP compiled from constant price data for assessing the trends.

Table 7. GDP breakdown by institutional sectors (at current prices)

Institutional sectors	1997 2004/05	1998 2005/06	1999 2006/07	2000 2007/08	2001 2008/09
GDP at current prices (Million Birr)					
General Government	10,849	13,127	16,774	22,163	28,001
Public Corporations	8,172	9,762	12,481	15,493	20,404
Private Corporations	23,198	28,338	39,501	56,447	80,211
NPISHs	594	791	931	1,245	1,819
Household/Unorganised/Informal Sector	55,875	70,932	91,316	138,130	188,752
Public and Private Corporations	31,370	38,100	51,982	71,940	100,615
Public Sector	19,021	22,889	29,255	37,656	48,405
Private Sector	79,667	100,061	131,748	195,822	270,782
Total GVA	98,689	122,950	161,003	233,478	319,187
Less: FISIM	683	1,007	1,200	1,657	2,220
GVA at Current Basic Prices	98,006	121,943	159,803	231,820	316,967
Taxes on Products	8,467	9,698	12,186	16,785	19,139
GDP at Current Market Prices	106,473	131,641	171,989	248,605	336,106
Growth rates (%)					
General Government		21.0	27.8	32.1	26.3
Public Corporations		19.5	27.9	24.1	31.7
Private Corporations		22.2	39.4	42.9	42.1
NPISHs		33.1	17.7	33.8	46.1
Household/Unorganised/Informal Sector		26.9	28.7	51.3	36.6
Public and Private Corporations		21.5	36.4	38.4	39.9
Public Sector		20.3	27.8	28.7	28.5
Private Sector		25.6	31.7	48.6	38.3
Total GVA		24.6	31.0	45.0	36.7
Less: FISIM		47.4	19.2	38.1	33.9
GVA at Current Basic Prices		24.4	31.0	45.1	36.7
Taxes on Products		14.5	25.7	37.7	14.0
GDP at Current Market Prices		23.6	30.6	44.5	35.2
Proportion in GVA at current basic prices (including FISIM)					
General Government	11.0	10.7	10.4	9.5	8.8
Public Corporations	8.3	7.9	7.8	6.6	6.4
Private Corporations	23.5	23.0	24.5	24.2	25.1
NPISHs	0.6	0.6	0.6	0.5	0.6
Household/Unorganised/Informal Sector	56.6	57.7	56.7	59.2	59.1
Public and Private Corporations	31.8	31.0	32.3	30.8	31.5
Public Sector	19.3	18.6	18.2	16.1	15.2
Private Sector	80.7	81.4	81.8	83.9	84.8
Total GVA including FISIM	100.0	100.0	100.0	100.0	100.0

Share in GDP at Constant (1999-2000) Prices

The share of the private sector in the GDP of Ethiopia at constant prices is 80.1 per cent (Table 8) in 2008-09, which is lower than its share of 84.8 per cent in nominal prices, indicating that inflation (or the price deflator) is much higher in the private sector as compared to that in the public sector, which evidently is due to higher inflation in agriculture.

Of the private sector share of 80.1 per cent in 2008-09, private corporations account for 27.3 per cent (against 25.1% at current prices), the NPISHs account for 0.6 per cent and the informal sector accounts for the balance of 52.2 per cent (against 59.1% at current prices), showing again that the bulk of the private sector constitutes the informal sector, mainly agriculture. Within this informal sector, agriculture accounts for 40.0 per cent, and all other informal activities outside agriculture account for a mere 12.2 per cent. Thus, excluding informal agriculture, the private sector share in GDP in 2008-09 is 40.1 per cent (against 36.7% at current prices). It is interesting to note that the share of the private sector in GDP in 2008-09 (excluding agriculture) is higher at constant prices than at current prices, clearly showing a lower inflation rate in the non-agriculture private sector and much higher inflation in agriculture sector.

In terms of trends in the sectoral share of GDP, the share of the public sector increased from 18.5 per cent in 2004-05 to 19.9 per cent in 2008-09, which is the reverse of the picture that emerged when we calculated the share in nominal terms. Against this, the private sector's share declined from 81.5 percent in 2004-05 to 80.1 per cent in 2008-09, again a reversal of the trend in nominal terms. However, if we exclude informal agriculture from the private sector, the share of the private sector in GDP in real terms increased from 36.2 per cent in 2004-05 to 40.1 per cent, a rise of almost 4 percentage points in a period of 5 years. In real terms, the share of informal agriculture came down from 45.3 per cent to 40.0 per cent between 2004-05 and 2008-09, most of this share going to other private sector activities.

Overall, the share in GDP of the informal sector fell to 52.2 per cent in 2008-09 from 57.4 per cent in 2004-05. Within this, the share of non-agricultural activities remained more or less constant at around 12 per cent.

Another interesting aspect of this analysis is that the share of public corporations in GDP was stagnant over the 5-year period at about 8.6 per cent, whereas private corporations increased their share of GDP by 3.9 percentage points from 23.4 per cent to 27.3 per cent, bringing out the fact that growth rates of GDP were much higher in private corporations than in public corporations.

Table 8. GDP breakdown by institutional sectors (at constant prices)

Institutional sectors	1997 2004-05	1998 2005/06	1999 2006/07	2000 2007/08	2001 2008/09
GDP at constant prices (million Birr)					
General Government	8,484	9,167	10,509	12,073	14,597
Public Corporations	7,180	8,418	9,225	10,316	11,144
Private Corporations	19,760	22,166	26,814	32,824	35,289
NPISHs	534	574	505	720	759
Household/Unorganised/Informal Sector	48,528	54,140	58,744	61,565	67,576
Public and Private Corporations	26,940	30,584	36,038	43,140	46,433
Public Sector	15,663	17,585	19,733	22,390	25,741
Private Sector	68,822	76,880	86,063	95,109	103,624
Total GVA	84,486	94,465	105,839	117,498	129,365
Less: FISIM	639	897	1,018	1,324	1,627
GVA at Current Basic Prices	83,804	93,474	1,04,500	116,179	127,737
Taxes on Products	7,240	7,434	7,969	8,412	7,713
GDP at Current Market Prices	91,044	100,908	112,468	124,591	135,450
Growth Rates (%)					
General Government		8.1	14.6	14.9	20.9
Public Corporations		17.2	9.6	11.8	8.0
Private Corporations		12.2	21.0	22.4	7.5
NPISHs		7.5	-12.0	42.5	5.4
Household/Unorganised/Informal Sector		11.6	8.5	4.8	9.8
Public and Private Corporations		13.5	17.8	19.7	7.6
Public Sector		12.3	12.2	13.5	15.0
Private Sector		11.7	11.9	10.5	9.0
Total GVA		11.8	12.0	11.0	10.1
Less: FISIM		40.3	13.5	30.0	22.9
GVA at Current Basic Prices		11.5	11.8	11.2	9.9
Taxes on Products		2.7	7.2	5.6	-8.3
GDP at Current Market Prices		10.8	11.5	10.8	8.7
Proportion in GVA at Constant Basic Prices (including FISIM)					
General Government	10.0	9.7	9.9	10.3	11.3
Public Corporations	8.5	8.9	8.7	8.8	8.6
Private Corporations	23.4	23.5	25.3	27.9	27.3
NPISHs	0.6	0.6	0.5	0.6	0.6
Household/Unorganised/Informal Sector	57.4	57.3	55.5	52.4	52.2
Public and Private Corporations	31.9	32.4	34.1	36.7	35.9
Public Sector	18.5	18.6	18.6	19.1	19.9
Private Sector	81.5	81.4	81.3	80.9	80.1
Total GVA including FISIM	100.0	100.0	100.0	100.0	100.0

Growth in GDP in Real Terms (at Constant Prices)

Private sector GDP in Ethiopia grew at an average of 10.8 per cent between 2004-05 and 2008-09, lower than the average growth rate of 13.2 per cent in the public sector and the overall growth rate of 11.1 per cent. Again, this lower growth in the private sector is due to lower growth in the informal sector and especially in the agriculture sector, as we see in the following paragraphs.

A detailed analysis of private sector growth shows that private corporations showed an impressive average growth of 15.6 per cent in this period, higher than the growth rates of 8.6 per cent in the informal sector, 11.6 per cent amongst public corporations and 14.5 per cent in general government. This clearly demonstrates that private corporations have been the primary engines of growth in Ethiopia during the last few years. We will examine which activities within the private corporations are the key drivers of growth in the industry analysis later in this section. On a cautionary note, however, lower growth of 7.5 per cent was witnessed in 2008-09 in private corporations against the significant growth rate of 20.9 per cent in general government, which could perhaps be due to a rise in government spending on salaries and wages and an expansion of government activities in social sectors. We should also remember that 2008-09 was a year of global financial and economic crisis and against that backdrop, private sector growth of 9.0 per cent is a significant achievement.

Inflation from Implicit GDP Deflators

An analysis of GDP implicit price deflators (IPD²²) shows that against the average overall inflation rate of 20.8 per cent during 2004-05 to 2008-09, inflation in the private sector is 22.9 per cent and in public sector it is far lower at 11.6 per cent. Within the private sector, inflation in private corporations is somewhat lower at 18.3 per cent, while in the informal sector, it is at a high 25.3 per cent. Within the public sector, inflation in the output of general government is 10.7 per cent while that of public corporations is 12.9 per cent. Inflation was particularly high in private corporations in the year 2008-09 (at 32.2 per cent), among the major institutional sectors. Inflation has also been quite high in the informal sector in the last three years of the study period, at 18.6 per cent, 44.3 per cent and 24.5 per cent, respectively.

The reasons for the differences in shares of public, private corporations and the informal sector between current and constant prices discussed earlier during 2004-05 and 2008-09, are mainly due to far higher average annual inflation in the informal agriculture activity at 27.4 per cent during this period. If we exclude informal agriculture from the private sector, annual average inflation falls by 4.7 percentage points to 18.2 per cent in this period.

²² The IPD is obtained by dividing the estimate at current price by the estimate at constant price *100. These are broadly of Paasche type, as they use current volumes as weights.

Table 9. Inflation as measured through GDP implicit price deflators

Institutional sectors	GDP implicit price deflators (1999/2000 = 100)								Growth in IPDs (%)			
	1997 2004/05	1998 2005/06	1999 2006/07	2000 2007/08	2001 2008/09	1998 2005/06	1999 2006/07	2000 2007/08	2001 2008/09	1999 2006/07	2000 2007/08	2001 2008/09
General Government	127.9	143.2	159.6	183.6	191.8	12.0	11.5	15.0	4.5	16.7	11.0	21.9
Public Corporations	113.8	116.0	135.3	150.2	183.1	1.9	15.2	16.7	32.2	33.8	-6.1	38.6
Private Corporations	117.4	127.8	147.3	172.0	227.3	8.9	13.8	44.3	24.5	18.6	15.8	29.9
NPISHs	111.2	137.8	184.3	173.0	239.8	23.9	7.0	15.6	11.8	17.6	34.5	26.9
Informal Sector	115.1	131.0	155.4	224.4	279.3	13.8	11.4	30.6	24.2	16.9	16.9	24.2
Public & Private Corporations	116.4	124.6	144.2	166.8	216.7	7.0	15.8	15.6	29.9	13.9	13.4	11.8
Public Sector	121.4	130.2	148.3	168.2	188.0	7.2	12.4	13.4	11.8	17.6	34.5	26.9
Private Sector	115.8	130.2	153.1	205.9	261.3	12.4	11.4	30.6	24.2	16.9	16.9	24.2
Total GVA	116.8	130.2	152.1	198.7	246.7	11.4	11.4	30.6	24.2	16.9	16.9	24.2

3.2.1.2 The Private Sector in Aggregate Employment

Table 10 presents aggregate employment by institutional sectors in Ethiopia over the period 2004-05 to 2008-09. Of the total employment of 38.7 million in 2008-09, as many as 34.8 million are working in the informal (including NPISH) sector²³, accounting for almost 90 per cent of employees. Of these 34.8 million employed in informal sector, 27.3 million or 78.6 per cent are working in agriculture, with the balance 7.5 million working in non-agricultural informal activities.

The share of private sector in total employment in 2008-09 is 95.8 per cent, of which 5.8 per cent are in private corporations and the balance 90 per cent in informal sector. If we exclude informal agriculture, share of private sector in total employment comes to 25.2 per cent. The shares of general government and public corporations in total employment in 2008-09 are much lower at 3.0 per cent and 1.2 per cent, respectively. Public and private corporations, in totality, employed about 7 per cent of workforce in 2008-09.

If the growth rate of private sector employment is high, the natural corollary is the increase in the share of private sector in overall employment over the years. This can be seen from the trend in shares of different institutional sectors in the overall employment. The share of private corporations and general government in the total employment has risen from 4.6 per cent and 2.6 per cent, respectively in 2004-05 to 5.8 per cent and 3.0 per cent respectively in 2008-09. On the other hand, share of informal sector employment has reduced from 91.5 per cent to 89.7 per cent during this period. Within the informal sector, share of agriculture employment has come down from 76.1 per cent in 2004-05 to 70.6 per cent in 2008-09, but non-agriculture employment has risen from 15.4 per cent to 19.1 per cent. What emerges from here is the relatively stable share of employment in the institutional sectors, with marginal upward trends in the shares in non-agriculture informal sector and private corporate sector and corresponding downward trend in the share of agriculture sector in employment during 2004-05 to 2008-09.

²³ Though NPISH is part of the formal sector, in this report, this sector is included in the informal sector in the broad classification of institutional sectors, such as public sector, private corporate sector and household/informal sector, as we have not made a separate formal sector in this report. In most countries where data on NPISHs are not separately available, it is considered as part of the household sector.

Table 10. Aggregate employment by institutional sectors

Institutional sectors	1997	1998	1999	2000	2001
	2004/05	2005/06	2006/07	2007/08	2008/09
Total employment (in thousands)					
General Government	823	779	1,355	1,029	1,156
Public Corporations	377	415	418	425	458
Private Corporations	1,466	1,352	2,179	2,368	2,259
NPISHs	39	65	79	89	101
Informal Sector	29,102	30,415	31,630	33,152	34,727
Public & Private Corporations	1,843	1,767	2,597	2,793	2,717
Public Sector	1,200	1,194	1,773	1,454	1,614
Private Sector	30,607	31,832	33,888	35,609	37,087
Total Employment	31,808	33,027	35,661	37,063	38,701
Growth Rates (%)					
General Government		-5.3	73.8	-24.0	12.3
Public Corporations		10.0	0.8	1.7	7.7
Private Corporations		-7.8	61.1	8.7	-4.6
NPISHs		65.3	21.2	13.0	13.8
Informal Sector		4.5	4.0	4.8	4.8
Public & Private Corporations		-4.1	47.0	7.5	-2.7
Public Sector		-0.5	48.5	-18.0	11.0
Private Sector		4.0	6.5	5.1	4.2
Total Employment		3.8	8.0	3.9	4.4
Share in Total Employment (%)					
General Government	2.6	2.4	3.8	2.8	3.0
Public Corporations	1.2	1.3	1.2	1.1	1.2
Private Corporations	4.6	4.1	6.1	6.4	5.8
NPISHs	0.1	0.2	0.2	0.2	0.3
Informal Sector	91.5	92.1	88.7	89.4	89.7
Public & Private Corporations	5.8	5.4	7.3	7.5	7.0
Public Sector	3.8	3.7	5.0	3.9	4.2
Private Sector	96.2	96.4	95.0	96.0	95.8
Total Employment	100.0	100.0	100.0	100.0	100.0

In terms of growth rates, aggregate employment in Ethiopia grew at an average of 5.0 per cent per annum from 2004-05 to 2008-09. This is an impressive growth rate. Within this, the average growth in employment in private corporations was phenomenally high at 11.4 per cent in this period, similarly general government at 8.9 per cent, with public corporations at 5.0 per cent and the informal sector at 4.5 per cent. Within the informal sector, agricultural employment growth was 3.1 per cent and non-agricultural growth was 11.8 per cent. Thus private sector employment excluding agriculture showed an impressive growth rate of 12.3 per cent be-

tween 2004-05 and 2008-09. Overall, growth in employment has been quite high in almost all institutional sectors, though private corporations showed negative growth in employment in 2008-09. This may be due to negative growth in selected economic activities, which we will see in the industry-wise analysis of private corporations.

Gross Value Added per Employee

Another important dimension in comparing the performance of the private sector with other sectors is the information on gross value added per employee²⁴, which is computed as GVA/Number of employees in each of the sectors.

Table 11 presents the estimates of GVA per employee during the period 2004-05 to 2008-09, along with the growth rates. It is interesting to see from this table that in the year 2008-09 the highest GVA per employee was in public corporations at about Birr 44,540 per year, as against Birr 35,515 in the case of private corporations. As expected, the GVA per employee was considerably lower in the informal sector at Birr 5,435, on a par with informal agriculture at Birr 5,621.

In the case of the private sector, the GVA per employee was Birr 7,301 in 2008-09, while for private corporations it was Birr 35,515, and for the private sector excluding informal agriculture, it was Birr 12,008. The differences in the GVA per employee among the institutional sectors and within the private sector segments are quite glaring. However, this is true for most developing economies, where the labour-intensive informal sector has a far lower GVA per employee than the capital-intensive corporate sector.

Though GVA per employee is higher in the public sector than in the private sector, the average growth rates from 2004-05 to 2008-09 were lower in the public sector and in public corporations than in their private sector equivalents (20.4% and 20.0% as against 29.7% and 24.9%).

The above analysis has been carried out on GVA per employee at current prices, which includes an inflation component. For a more realistic picture, it is necessary to look at constant price data, which are presented in Table 12.

²⁴ The GVA per employee broadly represents the labour productivity, and is much lower in labour-intensive informal activities than in capital-intensive formal sector activities

Table 11. Gross value added per employee at current prices

Sector	GVA per Employee (Birr)					Growth Rate (%)				
	2004/05	2005/06	2006/07	2007/08	2008/09	2005/06	2006/07	2007/08	2008/09	Average
General Government	12,922	16,841	12,381	21,535	24,219	30.3	-26.5	73.9	12.5	17.0
Public Corporations	21,650	23,521	29,826	36,419	44,540	8.6	26.8	22.1	22.3	19.8
Private Corporations	15,820	20,956	18,132	23,839	35,515	32.5	-13.5	31.5	49.0	22.4
NPISHs	15,159	12,207	11,855	14,033	18,019	-19.5	-2.9	18.4	28.4	4.4
Informal Sector	1,920	2,332	2,887	4,167	5,435	21.5	23.8	44.3	30.4	29.7
Total GVA	3,101	3,723	4,515	6,299	8,247	20.0	21.3	39.5	30.9	27.7
Public Sector	15,629	19,162	16,497	25,888	29,986	22.6	-13.9	56.9	15.8	17.7
Private Sector	2,603	3,143	3,888	5,499	7,301	20.8	23.7	41.4	32.8	29.4
Informal Agriculture	1,815	2,195	2,687	4,126	5,621	20.9	22.4	53.6	36.2	32.7
Private Sector excluding Informal Agriculture	5,581	7,223	8,423	9,733	12,008	29.4	16.6	15.5	23.4	21.1
Informal excluding Agriculture	2,438	3,103	3,995	4,341	4,750	27.3	28.7	8.7	9.4	18.1

Table 12. Gross value added per employee at constant prices

Sector	GVA per Employee (Birr)								Growth Rate (%)				
	2004/05	2005/06	2006/07	2007/08	2008/09	2005/06	2006/07	2007/08	2008/09	2007/08	2008/09	Average	
General Government	10,105	11,761	7,756	11,731	12,625	16.4	-34.1	51.2	7.6	51.2	7.6	5.7	
Public Corporations	19,021	20,283	22,044	24,250	24,327	6.6	8.7	10.0	0.3	10.0	0.3	6.3	
Private Corporations	13,475	16,391	12,308	13,862	15,625	21.6	-24.9	12.6	12.7	12.6	12.7	3.8	
NPISHs	13,635	8,862	6,433	8,110	7,512	-35.0	-27.4	26.1	-7.4	26.1	-7.4	-13.8	
Informal Sector	1,668	1,780	1,857	1,857	1,946	6.7	4.3	0.0	4.8	0.0	4.8	3.9	
Total GVA	2,655	2,860	2,968	3,170	3,343	7.7	3.8	6.8	5.4	6.8	5.4	5.9	
Public Sector	12,870	14,722	11,128	15,392	15,946	14.4	-24.4	38.3	3.6	38.3	3.6	5.5	
Private Sector	2,249	2,415	2,540	2,671	2,794	7.4	5.2	5.2	4.6	5.2	4.6	5.6	
Informal Agriculture	1,580	1,656	1,703	1,766	1,896	4.8	2.8	3.7	7.3	3.7	7.3	4.7	
Private Sector excluding Informal Agriculture	4,777	5,680	5,701	5,461	5,311	18.9	0.4	-4.2	-2.7	-4.2	-2.7	2.7	
Informal excluding Agriculture	2,101	2,476	2,713	2,248	2,132	17.9	9.6	-17.1	-5.2	-17.1	-5.2	0.4	

As in the case of current price data, public corporations have a higher GVA per employee (24,327 Birr) than private corporations (15,625 Birr), in the year 2008-09 at constant (1999-2000) prices. However, the GVA per employee is much lower in the case of informal sector at 1,946 Birr in 2008-09, with agriculture sector estimated at Birr 1,896 and non-agriculture informal sector at Birr 2,132. This is the reverse of what we saw in the analysis at current prices, where GVA per employee for agriculture was higher than that in the non-agricultural informal sector. This has happened due to higher inflation in agriculture as compared to non-agriculture over the years. At broad group level, in 2008-09 the public sector's GVA per employee was Birr 15,946, while it was Birr 2,794 in the case of private sector, and Birr 5,311 if we exclude informal agriculture.

In real growth terms, GVA per employee grew at an average 5.6 per cent between 2004-05 and 2008-09 in the private sector as against the corresponding figure of 5.5 per cent for public sector, 3.8 per cent for private corporations, and 2.7 per cent for the private sector excluding informal agriculture. The informal sector excluding agriculture has shown the lowest average growth in GVA per employee in this period at 0.4 per cent. It is worthy of note here that the GVA per employee in private corporations showed significant growth rates of 21.6 per cent in 2005-06, 12.6 per cent in 2007-08 and 12.7 per cent in 2008-09.

3.2.1.3 The Private Sector in Investment

Following the discussions on GDP and employment in private sector, it is important also to look at the investment scenario. Table 13 presents the sectoral composition of gross fixed capital formation²⁵ (GFCF) in Ethiopia during the 5 years ending in 2008-09. As data on investment are available only at current prices, these are presented here.

The table shows that the bulk of investment made in 2008-09 was in private corporations, with a share of 40.5 per cent. In fact, general government, which had been the leading investor until 2007-08 with a share of 35.9 per cent, was overtaken by private corporations in 2008-09 as the largest investor among the institutional sectors in Ethiopia. However, if we consider the public sector in totality, it is still the main sector of investment, at 53.9 per cent in 2008-09, though its share has fallen from a high of 66.3 per cent in 2006-07. The private sector share in total investment in Ethiopia during 2008-09 was 46.1 per cent, of which the investment share of household sector was a mere 5.6 per cent.

²⁵ Gross fixed capital formation is also referred to here as investment, though investment generally means the gross capital formation (GCF), which in turn is equivalent to the sum of GFCF plus the change in stocks and valuables.

Table 13. Sectoral estimates of gross fixed capital formation (at current prices)

Year	Gross Fixed Capital Formation						
	General Govt.	Public Corpsns.	Private Corpsns.	Household sector	Public	Private	Total
GFCF in Million Birr							
2004/05	9,310	4,899	9,624	1,460	14,209	11,084	25,293
2005 /06	11,101	9,148	11,232	1,695	20,249	12,927	33,176
2006 /07	17,124	12,204	12,655	2,311	29,328	14,966	44,294
2007 /08	20,144	15,156	17,985	2,771	35,300	20,756	56,055
2008 /09	28,569	12,034	30,549	4,226	40,603	34,775	75,377
Growth rates (%)							
2005 /06	19.2	86.7	16.7	16.1	42.5	16.6	31.2
2006 /07	54.3	33.4	12.7	36.4	44.8	15.8	33.5
2007 /08	17.6	24.2	42.1	19.9	20.4	38.7	26.6
2008 /09	41.8	-20.6	69.9	52.5	15.0	67.5	34.5
Average	32.4	25.2	33.5	30.4	30.0	33.1	31.4
Proportions in total GFCF (%)							
2004/05	36.8	19.4	38	5.8	56.2	43.8	100
2005 /06	33.5	27.6	33.9	5.1	61.1	39.0	100
2006 /07	38.7	27.6	28.6	5.2	66.3	33.8	100
2007 /08	35.9	27.0	32.1	4.9	62.9	37.0	100
2008 /09	37.9	16.0	40.5	5.6	53.9	46.1	100
Rates of Investment (GFCF as percentage of GDP at market prices) (%)							
2004/05	8.7	4.6	9.0	1.4	13.3	10.4	23.8
2005 /06	8.4	6.9	8.5	1.3	15.4	9.8	25.2
2006 /07	10.0	7.1	7.4	1.3	17.1	8.7	25.8
2007 /08	8.1	6.1	7.2	1.1	14.2	8.3	22.5
2008 /09	8.5	3.6	9.1	1.3	12.1	10.3	22.4

In terms of rates of investment²⁶ too, the picture of investment among institutional sectors remains the same. The rate of investment of private corporations in 2008-09 was 9.1 per cent, as against the investment rate of 8.5 per cent for general government. The public and private sectors' rates of investment in 2008-09 were 12.1 per cent and 10.3 per cent, respectively. Between 2007-08 and 2008-09, the investment rate of public sector fell from 14.2 per cent to 12.1 per cent, while in the same period, private sector investment rate rose from 8.3 per cent to 10.3 per cent of GDP. The steepest fall in investment rate in this two-year period was in public corporations, which declined from 6.1 per cent to 3.6 per cent.

Private sector investment grew at an average annual rate of 34.7 per cent between 2004-05 and 2008-09; this compares with average annual growth of 30.7 per cent in the public sector. The average annual growth was highest in private corporations at 35.4 per cent, followed by general government with a growth rate of 33.2 per cent.

²⁶ This is computed as GFCF/GDP at market prices * 100

It is important to note here that, with the exception of public corporations, all institutional sectors registered average growth rates of over 30 per cent in investment during the period 2004-05 to 2008-09, which is a very positive sign for the future growth prospects of the economy.

3.2.1.4 Summing up the Datasets

The following three tables present a summary of the share of (1) the private sector; (2) the private sector excluding informal agriculture; and (3) private corporations in GDP at current and constant prices, employment and investment. These tables show a comparative picture of shares across the parameters.

From Table 14, we can see that with 95.8 per cent of employment in 2008-09, the private sector produced 84.8 per cent of output in nominal terms. However, this is a somewhat distorted picture, as the private sector here includes the informal sector and the agriculture sector, which are both very labour intensive. The private sector share of total investment during 2008-09 was 46.1 per cent.

Table 14. Share of the private sector in GDP, employment and investment (%)

Year	GDP at current prices	GDP at constant prices	Employment	Investment
2004/05	80.7	81.5	96.2	43.8
2005/06	81.4	81.4	96.4	39.0
2006/07	81.8	81.3	95.0	33.8
2007/08	83.9	80.9	96.1	37.0
2008/09	84.8	80.1	95.8	46.1

In order to present a more meaningful picture of the private sector, we need to exclude informal agriculture from this analysis. The equivalent data on the private sector, excluding informal agriculture, are shown in Table 15. This presents a more realistic picture of private sector in its various dimensions. In 2008-09, with a 25.2 per cent share in employment, this sector generated a real output share of 40.1 per cent and a nominal output share of 36.7 per cent. The share of the non-agricultural private sector in GDP is consistently significantly higher than its share in employment in all the years of study. Separate data on investment in informal agriculture are not available, hence have not been included in this Table.

Table 15. Share of private sector excluding informal agriculture (%)

Year	GDP at current prices	GDP at constant prices	Employment
2004/05	36.2	36.2	20.1
2005/06	35.3	36.1	18.2
2006/07	37.1	38.2	19.9
2007/08	36.4	40.5	23.5
2008/09	36.7	40.1	25.2

Table 15 still includes the labour-intensive non-agricultural informal sector, therefore the following Table 16 presents the data only in respect of private corporations, which is the formal segment of the private sector²⁷.

Table 16. Share of private corporations in GDP, employment and investment (%)

Year	GDP at current prices	GDP at constant prices	Employment	Investment
2004/05	25.1	23.4	4.6	38.0
2005/06	23.0	23.5	4.1	33.9
2006/07	24.5	25.3	6.1	28.6
2007/08	24.2	27.9	6.4	32.1
2008/09	25.1	27.3	5.8	40.5

Here, we can see that with an employment share of 5.8 per cent in 2008-09, private corporations generated a real GDP share of 27.3 per cent and a nominal GDP share of 25.1 per cent. However, public corporations, with just a 1.2 per cent share of employment generated a real GDP share of 8.6 per cent. This finding also emerged from the analysis carried out on GVA per employee above.

The investment share of private corporations in overall investment in the country is 40.5 per cent, which augurs well for the future growth of production of goods and services. In fact, the proportion of private corporations' investment in overall investment has risen steadily from 28.6 per cent in 2006-07 to 40.5 per cent in 2008-09.

Within the private sector, we have seen the performance of private corporations in the above table. Tables 17 and 18 present the picture of the private informal sector, including and excluding agriculture, respectively.

Table 17. Share of private informal sector including agriculture (%)

Year	GDP at current prices	GDP at constant prices	Employment	Investment
2004/05	59.7	58.1	91.6	5.8
2005/06	58.3	57.9	92.3	5.1
2006/07	57.3	56.0	88.9	5.2
2007/08	59.7	53.0	89.7	4.9
2008/09	59.7	52.8	90.0	5.6

Table 18. Share of private informal sector excluding agriculture (%)

Year	GDP at current prices	GDP at constant prices	Employment
2004/05	11.6	12.8	15.5
2005/06	12.2	12.6	14.1
2006/07	12.6	12.9	13.8
2007/08	12.2	12.6	17.1
2008/09	11.6	12.8	19.4

²⁷ Though NPISH is also considered a formal sector, in this study we have included this sector under the household/informal sector.

The contrast with private corporations is clear to see. As expected, the private informal sector is labour-intensive and therefore had a larger employment share at 19.4 per cent in 2008-09 (Table 18) as compared to the real GDP share of 12.8 per cent. What is important to note here is that although the share of GDP in real terms has stagnated, its contribution to employment has been steadily increasing, especially in the last three years, from 13.8 per cent in 2006-07 to 19.4 per cent in 2008-09, showing a declining trend in GVA per employee over the years in real terms. The informal sector's investment share also remained more or less constant at just over 5 per cent, confirming that the informal sector is essentially labour intensive.

3.2.2 GDP and Employment by Industry Sectors

In the previous paragraphs, analysis has been done on the basis of summary data at overall institutional sector level. However, one needs to see the detailed profile of private sector both across industries and within industries, to understand the concentration of private corporations and non-agriculture private sector in specific economic activities. This has been done in the following paragraphs. The analysis presented here is restricted generally to the private sector and its segments only.

3.2.2.1 Sectoral Shares in GDP by Industries²⁸

Private Sector

We have seen earlier that the GDP share of the private sector was 84.8 per cent in nominal terms in 2008-09, of which agriculture accounts for 49.9 per cent. Excluding agriculture, the private sector share in GDP is 34.9 per cent, with a 6 per cent share of GDP coming from industry and the balance of 28.9 per cent from service sectors (Table 19). Within industry, the private sector share from manufacturing and construction is 2.7 per cent and 2.6 per cent, respectively. In the service sectors, private sector has a share of 14.6 per cent from trade, 3.2 per cent from hotels and restaurants and 6.9 per cent from real estate, and business services.

At constant prices (Table 19), however, the GDP share of the private sector was 80.1 per cent in 2008-09, of which the share coming from agriculture was 42.3 per cent. This leaves the share of GDP coming from private industry at 6.8 per cent and services at 31.8 per cent. These shares are higher than those at current prices. Within industry, the private sector share comes mainly from manufacturing (3.3%) and construction (2.8%). On the other hand, the private share in GDP from services is mainly from the activities of trade (13.6%), hotels and restaurants (3.4%) and real estate and business services (8.2%).

The two tables (Table 19 and Table 20) present a picture of higher non-agriculture private sector share in GDP at constant prices. This higher share in real terms is evident in all major economic activities where there is a significant private sector presence, with the exception of trade, where the share in real terms is lower than the share in nominal prices. This indicates a higher inflation rate in trade as compared

²⁸ Industries referred to in this analysis are the tabulation categories of ISIC, and are coded with a capital letter, such as A. Agriculture & Forestry, B. Fishing, etc.

to other economic activities where the private sector presence is significant. Also, it emerges that the private sector presence is significant in service sectors and within that in trade, hotels and restaurants, and business service activities.

In terms of trends, the private sector share in overall GDP as well as in the activities where its presence is significant, is relatively constant over the period 2004-05 to 2008-09 at current prices. However, at constant prices, the share of the private sector in GDP has shown an increasing trend in trade and real estate & business services. The share of private sector GDP from agriculture is, however, showing a declining trend at constant prices, though the same is not visible at current prices, mainly due to higher inflation in agricultural output.

Table 19. Share of private sector in overall GDP at current prices by industry (

Industry	2004/05	2005/06	2006/07	2007/08	2008/09	Average
A. Agriculture & Forestry	49.9	47.1	46.7	49.8	49.9	48.7
B. Fishing	0.0	0.1	0.0	0.0	0.0	0.0
C. Mining	0.4	0.5	0.4	0.4	0.4	0.4
D. Manufacturing	2.7	2.9	2.8	2.7	2.7	2.8
E. Electricity, Gas & Water Supply	0.3	0.5	0.4	0.3	0.3	0.3
F. Construction	2.6	2.8	2.6	2.3	2.6	2.6
G. Trade	14.6	12.5	13.1	13.0	14.6	13.6
H. Hotels and Restaurants.	3.2	2.3	2.7	2.8	3.2	2.8
I. Transport, Communications	1.2	2.7	2.2	1.6	1.2	1.8
J. Financial Intermediation	0.5	0.6	0.6	0.6	0.5	0.5
K. Real Estate & Business Services	6.9	6.7	7.5	7.8	6.9	7.2
L. Public Administration	0.0	0.0	0.0	0.0	0.0	0.0
M. Education	0.5	0.6	0.7	0.6	0.5	0.6
N. Health	0.1	0.3	0.3	0.2	0.1	0.2
O. Community & Personal Services	1.6	1.6	1.6	1.5	1.6	1.6
P. Private Households with Employed Persons	0.2	0.3	0.2	0.2	0.2	0.2
TOTAL GDP	84.8	81.4	81.8	83.9	84.8	83.4
1. Agriculture	50.0	47.1	46.8	49.8	50.0	48.7
2. Industry	6.0	6.7	6.2	5.7	6.0	6.1
3. Services	28.9	27.6	28.9	28.3	28.9	28.5
Total GDP	84.8	81.4	81.8	83.9	84.8	83.4
GDP excluding Agriculture	34.9	34.2	35.1	34.1	34.9	34.6

Table 20. Share of private sector in overall GDP at constant prices by industry (%)

Industry	2004/05	2005/06	2006/07	2007/08	2008/09	Average
A. Agriculture & Forestry	46.7	46.3	45.5	43.8	42.3	44.9
B. Fishing	0.0	0.0	0.0	0.0	0.0	0.0
C. Mining	0.4	0.4	0.3	0.3	0.4	0.4
D. Manufacturing	3.1	3.2	3.2	3.4	3.3	3.2
E. Electricity, Gas & Water Supply	0.5	0.4	0.4	0.3	0.3	0.4
F. Construction	3.4	3.2	3.1	2.9	2.8	3.1
G. Trade	11.7	12.3	12.9	13.4	13.6	12.8
H. Hotels and Restaurants.	2.2	2.4	2.7	3.0	3.4	2.7
I. Transport, Communications	2.9	2.5	2.3	2.3	2.2	2.4
J. Financial Intermediation	0.7	0.7	0.8	0.9	0.9	0.8
K. Real Estate & Business Services	7.0	7.1	7.3	7.7	8.2	7.5
L. Public Administration	0.0	0.0	0.0	0.0	0.0	0.0
M. Education	0.5	0.5	0.6	0.7	0.6	0.6
N. Health	0.5	0.5	0.4	0.4	0.4	0.4
O. Community & Personal Services	1.7	1.6	1.6	1.6	1.5	1.6
P. Private Households with Employed Persons	0.2	0.2	0.2	0.2	0.2	0.2
TOTAL GDP	81.5	81.4	81.3	80.9	80.1	81.0
1. Agriculture	46.7	46.4	45.5	43.8	42.3	44.9
2. Industry	7.3	7.2	7.0	6.9	6.8	7.1
3. Services	27.4	27.8	28.8	30.3	31.0	29.1
Total GDP	81.5	81.4	81.3	80.9	80.1	81.0
GDP excl. Agriculture	34.8	35.0	35.8	37.2	37.8	36.1

Private Corporate Sector

The above analysis has been done for the entire private sector. A better picture of private sector trends will emerge if we segregate the private sector into its two segments, namely, the private corporate sector and the private informal sector.

Table 21 presents the share of private corporate sector in GDP by industries at current prices, while Table 22 presents the same data at constant prices. One important finding in this is the sizable presence of the private corporate sector in the agriculture sector, indicating the presence of commercial agriculture in Ethiopia. The private corporate sector has some presence in manufacturing activity, and among the services it is mostly in trade, hotels and restaurants, transport & communication and community and social services. The picture is the same whether we see the shares of private corporate sector in GDP either in real terms or in nominal terms (Table 21 and Table 22). It is surprising to see the negligible presence of the private corporate sector in ‘real estate and business services’, which includes information technology (IT) related activities. One would normally expect to find some presence of corporations in IT and IT-enabled services.

In 2008-09, the private corporate sector’s share in GDP was 27.3 per cent (Table 22); of this, 2.2 per cent was from agriculture, 2.9 per cent from industry and the balance of 22.1 per cent from services. Within this private corporate sector share, the largest single contributor is trade, comprising 13.6 per cent of GDP.

From these two tables, it is clear that private corporations’ output comes mainly from few activities, and that they have little or no presence in mining and quarrying, electricity, gas and water supply, construction, real estate and business services, education or health services.

Table 21. Share of private corporate sector in overall GDP at current prices by industry (%)

Industry	2004/05	2005/06	2006/07	2007/08	2008/09	Average
A. Agriculture & Forestry	1.81	0.99	2.03	2.27	1.81	1.78
B. Fishing	0.03	0.04	0.03	0.03	0.03	0.03
C. Mining	0.30	0.35	0.23	0.30	0.30	0.30
D. Manufacturing	1.53	1.45	1.53	1.58	1.53	1.53
E. Electricity, Gas & Water Supply	0.00	0.00	0.00	0.00	0.00	0.00
F. Construction	0.16	0.15	0.13	0.13	0.16	0.15
G. Trade	14.54	12.45	13.08	13.01	14.54	13.53
H. Hotels and Restaurants.	3.17	2.29	2.68	2.75	3.17	2.81
I. Transport, Communications	1.24	2.70	2.15	1.61	1.24	1.79
J. Financial Intermediation	0.49	0.55	0.59	0.57	0.49	0.54
K. Real Estate & Business Services	0.01	0.01	0.01	0.01	0.01	0.01
L. Public Administration	0.00	0.00	0.00	0.00	0.00	0.00
M. Education	0.41	0.48	0.57	0.52	0.41	0.48
N. Health	0.09	0.23	0.18	0.13	0.09	0.14
O. Community & Personal Services	1.35	1.36	1.33	1.28	1.35	1.33
P. Private Households with Employed Persons	0.00	0.00	0.00	0.00	0.00	0.00
Total GDP	25.13	23.05	24.53	24.18	25.13	24.40
1. Agriculture	1.84	1.03	2.06	2.30	1.84	1.81
2. Industry	2.00	1.96	1.89	2.01	2.00	1.97
3. Services	21.30	20.06	20.59	19.87	21.30	20.62
Total	25.13	23.05	24.53	24.18	25.13	24.40
GDP excluding Agriculture	23.29	22.02	22.47	21.88	23.29	22.59

Table 22. Share of private corporate sector in overall GDP at constant prices by industry (%)

Industry	2004/05	2005/06	2006/07	2007/08	2008/09	Average
A. Agriculture & Forestry	1.41	1.05	2.37	3.35	2.23	2.08
B. Fishing	0.01	0.01	0.01	0.01	0.01	0.01
C. Mining	0.29	0.26	0.18	0.24	0.25	0.24
D. Manufacturing	1.43	1.67	1.69	1.95	1.95	1.74
E. Electricity, Gas & Water Supply	0.00	0.00	0.00	0.00	0.00	0.00
F. Construction	0.62	0.62	0.36	0.66	0.71	0.60
G. Trade	11.69	12.28	12.81	13.36	13.60	12.75
H. Hotels and Restaurants.	2.23	2.38	2.71	3.01	3.39	2.74
I. Transport, Communications	2.90	2.45	2.29	2.26	2.18	2.42
J. Financial Intermediation	0.65	0.67	0.79	0.92	0.90	0.78
K. Real Estate & Business Services	0.01	0.01	0.01	0.01	0.01	0.01
L. Public Administration	0.00	0.00	0.00	0.00	0.00	0.00
M. Education	0.46	0.41	0.53	0.59	0.55	0.51
N. Health	0.32	0.32	0.29	0.27	0.24	0.29
O. Community & Personal Services	1.37	1.34	1.30	1.31	1.26	1.32
P. Private Households with Employed Persons	0.00	0.00	0.00	0.00	0.00	0.00
Total GDP	23.39	23.46	25.33	27.94	27.28	25.48
1. Agriculture	1.42	1.06	2.38	3.36	2.24	2.09
2. Industry	2.34	2.55	2.23	2.85	2.91	2.58
3. Services	19.63	19.86	20.73	21.73	22.13	20.81
Total	23.39	23.46	25.33	27.94	27.28	25.48
GDP excluding Agriculture	21.97	22.40	22.95	24.58	25.04	23.39

Informal Private Sector

The shares of the informal private sector in GDP broken down by industry are presented in Table 23 (at current prices) and Table 24 (at constant prices). The share of this sector at current prices is much higher, at 59.7 per cent in 2008-09, than its share at constant prices – 52.8 per cent in the same year – again due to higher inflation in agriculture sector. The bulk of the private informal sector's share of output is from the agriculture sector.

Excluding agriculture, the informal sector share of GDP was a mere 11.6 per cent at current prices in 2008-09, mostly coming from real estate and business services (6.9%), construction (2.5%) and manufacturing (1.2%).

Table 23. Share of private informal sector in overall GDP at current prices by industry (%)

Industry	2004/05	2005/06	2006/07	2007/08	2008/09	Average
A. Agriculture & Forestry	48.11	46.10	44.70	47.50	48.11	46.91
B. Fishing	0.01	0.02	0.01	0.01	0.01	0.01
C. Mining	0.09	0.20	0.16	0.10	0.09	0.13
D. Manufacturing	1.20	1.41	1.28	1.12	1.20	1.24
E. Electricity, Gas & Water Supply	0.25	0.46	0.43	0.32	0.25	0.34
F. Construction	2.46	2.64	2.43	2.20	2.46	2.44
G. Trade	0.04	0.04	0.04	0.04	0.04	0.04
H. Hotels and Restaurants.	0.01	0.00	0.01	0.01	0.01	0.01
I. Transport, Communications	0.00	0.01	0.01	0.00	0.00	0.01
J. Financial Intermediation	0.01	0.02	0.01	0.01	0.01	0.01
K. Real Estate & Business Services	6.91	6.72	7.53	7.75	6.91	7.16
L. Public Administration	0.00	0.00	0.00	0.00	0.00	0.00
M. Education	0.06	0.08	0.09	0.08	0.06	0.08
N. Health	0.05	0.12	0.09	0.06	0.05	0.07
O. Community & Personal Services	0.28	0.29	0.28	0.27	0.28	0.28
P. Private Households with Employed Persons	0.21	0.26	0.23	0.22	0.21	0.23
Total GDP	59.71	58.33	57.30	59.70	59.71	58.95
1. Agriculture	48.13	46.12	44.71	47.51	48.13	46.92
2. Industry	4.00	4.70	4.30	3.73	4.00	4.15
3. Services	7.58	7.52	8.28	8.45	7.58	7.88
Total	59.71	58.33	57.30	59.70	59.71	58.95
GDP excl. Agriculture	11.58	12.22	12.58	12.18	11.58	12.03

At constant prices, the share of private informal sector is higher, at 12.8 per cent in 2008-09. Real estate and business services account for almost two-thirds of this figure (8.2%), with construction (2.1%) and manufacturing (1.4%) once again the only other significant contributors.

The share of agriculture in informal sector output has shown a declining trend from 45.3 per cent in 2004-05 to 40 per cent in 2008-09, while that of real estate and business services increased from 7 per cent in 2004-05 to 8.2 per cent in 2008-09. All other activities' contributions to GDP remained more or less at the same level from 2004-05 to 2008-09.

Table 24. Share of private informal sector in overall GDP at constant prices by industry (%)

Industry	2004/05	2005/06	2006/07	2007/08	2008/09	Average
A. Agriculture & Forestry	45.26	45.29	43.10	40.40	40.04	42.82
B. Fishing	0.01	0.00	0.00	0.01	0.01	0.00
C. Mining	0.15	0.16	0.14	0.10	0.10	0.13
D. Manufacturing	1.67	1.57	1.49	1.41	1.37	1.50
E. Electricity, Gas & Water Supply	0.45	0.41	0.37	0.32	0.27	0.36
F. Construction	2.73	2.57	2.76	2.24	2.13	2.48
G. Trade	0.04	0.03	0.04	0.04	0.04	0.04
H. Hotels and Restaurants.	0.00	0.01	0.01	0.01	0.01	0.01
I. Transport, Communications	0.01	0.01	0.01	0.01	0.01	0.01
J. Financial Intermediation	0.02	0.02	0.02	0.02	0.02	0.02
K. Real Estate & Business Services	6.96	7.13	7.33	7.74	8.16	7.46
L. Public Administration	0.00	0.00	0.00	0.00	0.00	0.00
M. Education	0.07	0.06	0.08	0.09	0.09	0.08
N. Health	0.17	0.16	0.15	0.14	0.12	0.15
O. Community & Personal Services	0.29	0.28	0.27	0.28	0.27	0.28
P. Private Households with Employed Persons	0.25	0.24	0.22	0.21	0.20	0.22
Total GDP	58.07	57.92	55.98	53.01	52.82	55.56
1. agriculture	45.26	45.29	43.10	40.41	40.04	42.82
2. industry	5.00	4.70	4.75	4.07	3.87	4.48
3. services	7.80	7.93	8.12	8.53	8.91	8.26
Total GDP	58.07	57.92	55.98	53.01	52.82	55.56
GDP excl. Agriculture	12.81	12.63	12.88	12.60	12.78	12.74

From the above two tables, one surprise is the very low level of trade activity in the informal sector, which is in stark contrast to the situation in most developing countries. We also see a negligible informal presence in fishing, hotels and restaurants, transport & communication, and financial intermediation. It seems reasonable to conclude from this that the output of several informal activities is not adequately captured in the Ethiopian national accounts, as there are many street vendors and family-owned traders, small restaurants and transport providers in Ethiopia. The reasons for not capturing some of these informal sector activities is the lack of benchmark surveys or earlier surveys becoming obsolete. It is probable that if their output were included in the GDP estimates, the private sector share in GDP would increase further. However, it is worth remembering that underestimation of informal activities in GDP assessments is common to most countries and not specific to Ethiopia.

3.2.2.2 Sectoral Shares in Employment from Various Industries

Private Sector

In 2008-09, the private sector's share in overall employment was 95.8 per cent (against the output of share of 84.8% in nominal terms and 80.1% in real terms). Within this, the share of agricultural employment was 73.2 per cent (against the nominal and real output shares of 50% and 42.3% respectively). Excluding agriculture, the private sector accounts for 22.5 per cent of employment, 34.9% of nominal output and 37.8% of real output.

Table 25. Share of private sector in overall employment by industry (%)

Industry	2004/05	2005/06	2006/07	2007/08	2008/09	Average
A. Agriculture & Forestry	78.56	79.87	78.52	75.98	73.25	77.24
B. Fishing	0.09	0.09	0.08	0.07	0.06	0.08
C. Mining	0.26	0.24	0.25	0.25	0.24	0.25
D. Manufacturing	5.93	5.89	5.64	5.60	5.50	5.71
E. Electricity, Gas & Water Supply	0.02	0.02	0.02	0.02	0.02	0.02
F. Construction	0.74	1.22	1.19	1.33	1.30	1.15
G. Trade	5.11	4.05	4.78	5.86	7.13	5.39
H. Hotels and Restaurants.	2.40	1.69	1.99	2.44	2.97	2.30
I. Transport, Communications	0.52	0.52	0.52	0.54	0.56	0.53
J. Financial Intermediation	0.03	0.03	0.04	0.05	0.05	0.04
K. Real Estate & Business Services	0.09	0.11	0.13	0.15	0.19	0.13
L. Public Administration	0.00	0.00	0.00	0.00	0.00	0.00
M. Education	0.23	0.22	0.26	0.32	0.39	0.29
N. Health	0.16	0.16	0.15	0.15	0.14	0.15
O. Community & Personal Services	1.31	1.42	0.45	2.06	2.50	1.55
P. Private Households with Employed Persons	0.78	0.87	1.02	1.25	1.52	1.09
Total	96.23	96.38	95.03	96.08	95.83	95.91
1. Agriculture	78.65	79.95	78.59	76.05	73.31	77.31
2. Industry	6.95	7.37	7.09	7.20	7.06	7.14
3. Services	10.63	9.06	9.34	12.83	15.45	11.46
Total	96.23	96.38	95.03	96.08	95.83	95.91
Employment excl. Agriculture	17.58	16.43	16.43	20.03	22.52	18.60

Within the 22.5 per cent of the non-agricultural private sector share in employment, industry accounted for 7.1 per cent (against a 6.8% output share) and services accounted for 15.5 per cent (against a 31% output share) in 2008-09. Within industry, 5.5 per cent of employment was in manufacturing (against a 3.3% output share) and the construction share was 1.3 per cent (against a 2.8% output share). Within services, we have already seen that the output share was double that of the employment

share. Trade, with a 7.1 per cent employment share, accounted for 13.6 per cent of output; hotels and restaurants provided 3.0 per cent of employment and 3.4 per cent of output; community and social services, with 2.5 per cent of employment, accounted for 1.5 per cent of output; and private households with employed persons provided 1.5 per cent of employment but only 0.2 per cent of output in 2008-09. The most impressive output per employee came from the real estate and business services sector (with an employment share of 0.2% and output share of 8.2%). In terms of trends, the share of employment from trade, hotels and restaurants, community and social services, and private households has increased between 2004-05 and 2008-09, with a corresponding reduction in agricultural employment.

A comparative picture of employment shares and GDP shares (average for the period 2004-05 to 2008-09) is presented in Table 26 below. This table highlights the glaring differences in the shares of the different parts of the private sector in terms of employment and GDP. Generally, industries with a higher informal component employ more persons as compared to the GDP share, being more labour intensive. This is clearly evident in the case of agriculture and manufacturing (especially the small and cottage industries).

Table 26. Comparison of shares of private sector between employment and GDP by industry (%) (Average for 2004-05 to 2008-09)

Industry	Employment	GDP at current prices	GDP at constant prices
A. Agriculture & Forestry	77.24	48.69	44.90
B. Fishing	0.08	0.05	0.02
C. Mining	0.25	0.43	0.37
D. Manufacturing	5.71	2.77	3.24
E. Electricity, Gas & Water Supply	0.02	0.34	0.36
F. Construction	1.15	2.58	3.08
G. Trade	5.39	13.57	12.78
H. Hotels and Restaurants.	2.30	2.82	2.75
I. Transport, Communications	0.53	1.79	2.43
J. Financial Intermediation	0.04	0.55	0.80
K. Real Estate & Business Services	0.13	7.17	7.47
L. Public Administration	0.00	0.00	0.00
M. Education	0.29	0.55	0.59
N. Health	0.15	0.22	0.43
O. Community & Personal Services	1.55	1.61	1.59
P. Private Households with Employed Persons	1.09	0.23	0.22
Total	95.91	83.35	81.04
1. Agriculture	77.31	48.73	44.91
2. Industry	7.14	6.12	7.06
3. Services	11.46	28.50	29.07
Total	95.91	83.35	81.04
Total excl. Agriculture	18.60	34.62	36.13

Private Corporate Sector

Table 27 presents the shares of the private corporate sector in total employment. Analysis here is restricted to broad industry groups, due to lack of reliable data below this level. Against the share of 5.8 per cent in employment in 2008-09, the corporate sector produced an output share of 25.1 per cent at current prices and 27.3 per cent at constant prices in the same year. If we exclude agriculture from this, the position is even better in terms of output to employment ratios. The non-agricultural corporate sector produced 23.3 per cent of output at current prices (25.0 per cent at constant prices) with an employment share of only 3.1 per cent.

Table 27. Share of private corporate sector in overall employment by industry (%)

Industry	2004/05	2005/06	2006/07	2007/08	2008/09	Average
1. Agriculture	2.55	1.75	3.46	3.51	2.70	2.79
2. Industry	0.54	0.94	0.94	1.06	1.03	0.90
3. Services	1.52	1.40	1.71	1.83	2.11	1.72
Total	4.61	4.09	6.11	6.39	5.84	5.41
Total excl. Agriculture	2.06	2.35	2.65	2.88	3.14	2.62

Within the corporate sector, agriculture, with an employment share of 2.7 per cent in 2008-09, had a GDP share of 2.2 per cent in real terms. Industry had a share of 1.0 per cent in employment with a GDP share of 2.9 per cent, while services, with an employment share of 5.8 per cent, produced 22.1 per cent of GDP. Industry and services have increased their shares of employment over time, with industry's employment share rising from 0.5 per cent in 2004-05 to 1 per cent in 2008-09 and services employment share rising from 1.5 per cent to 2.1 per cent in the same period.

Private Informal Sector

Table 28 presents the shares of the informal private sector in total employment. Against the share of 90 per cent in employment, the informal sector produced 59.7 per cent of output at current prices and 52.8 per cent at constant prices in 2008-09. By excluding agriculture from this, the non-agricultural informal sector, with an employment share of 19.4 per cent, produced a GDP share of 12.8 per cent at constant prices in 2008-09. As expected, the employment shares are higher than those of GDP for the informal sector as these activities are labour intensive.

All the activities at broad activity level have a higher share of employment than of GDP in 2008-09: agriculture (employment share of 70.6 per cent versus a GDP share of 40 per cent); industry (6 per cent of employment and 3.9 per cent of GDP); and services (employment share of 13.3 per cent and GDP share of 8.9 per cent).

Table 28. Share of informal sector in overall employment by industry (%)

Industry	2004/05	2005/06	2006/07	2007/08	2008/09	Average
1. Agriculture	76.10	78.21	75.13	72.54	70.62	74.52
2. Industry	6.41	6.43	6.16	6.14	6.04	6.23
3. Services	9.11	7.65	7.63	11.00	13.34	9.75
Total	91.62	92.29	88.92	89.69	89.99	90.50
Total excl. Agriculture	15.52	14.08	13.78	17.14	19.38	15.98

The informal private sector is the leading employer in Ethiopia with agriculture providing the most employment, though its share has fallen from 76 per cent in 2004-05 to 70.6 per cent in 2008-09. The non-agricultural informal sector share in employment increased from 15.5 per cent in 2004-05 to 19.4 per cent in 2008-09. Within this, industry's share has remained more or less constant at around 6 per cent in this period, while the services sector share in employment has risen from 9.1 per cent in 2004-05 to 13.3 per cent in 2008-09, almost exactly mirroring the decline in the share of employment in agriculture.

A comparative picture of employment shares and GDP shares at current and constant prices (averages for the period 2004-05 to 2008-09) is presented in Table 29 below. This table brings out the shares of different industries across employment and GDP in the informal sector. Here, we witness higher employment shares as compared to GDP shares, especially in the case of labour intensive and subsistence type of activity like agriculture.

Table 29. Comparison of shares of private informal sector between employment and GDP by industry (%) (Average for 2004-05 to 2008-09)

Industry	Employment	GDP at current prices	GDP at constant prices
1. Agriculture	74.52	46.92	42.82
2. Industry	6.23	4.15	4.48
3. Services	9.75	7.88	8.26
Total	90.50	58.95	55.56
Total excl. Agriculture	15.98	12.03	12.74

3.2.2.3 Sectoral Growth in GDP and Employment

Private Sector

We have earlier seen that real GDP growth is quite high, at an average 10.8 per cent during 2004-05 to 2008-09, but if we exclude the agriculture sector, the growth rate becomes 13.6 per cent. Within these aggregate growth rates, there are significant variations amongst industries.

Table 30 presents the GDP and employment growth rates at constant prices. From this Table, we can see that manufacturing (13.1%), trade (15.5%), hotels and restaurants (23.5%), financial intermediation (20.3%), real estate and business services (15.8%), and education (16.4%) have shown very high GDP growth rates during

2004-05 to 2008-09. On the other hand, mining (5.6%), utilities (-1.8%), construction (6.7%), transport and communication (3.6%) and health (3.9%) have shown somewhat lower growth rates. Agriculture has shown an average growth of 8.5% in GDP in this period, which is quite impressive in the context of food security issues.

In comparison to the GDP growth rates, the growth in employment in private sector in this period has been 4.9 per cent per annum on an average (which too is quite significant in poverty reduction and improvement of social indicators), but if we exclude agriculture, which has shown an average growth of 3.3 per cent, the growth in employment is a phenomenal 11.8 per cent. Within this non-agricultural private sector, industry employment has grown at 5.5 per cent, and services at 17.1 per cent, which is very high and emphasises the strong role played by the private non-agricultural sector in generating employment in Ethiopia. Among the major activities that have shown significant growth rates in employment during the period 2004-05 to 2008-09 are construction (20.9%), trade (14.1%), hotels and restaurants (10.7%), financial intermediation (20.7%), real estate and business services (26.7%), education (20.7%), community and social services (23.6%) and private households with employed persons (24.1%).

Table 30. Growth rates of GDP at constant prices and employment by private sector industry (%)

Industry	GDP at constant prices					Employment				
	05-06	06-07	07-08	08-09	Avg.	05-06	06-07	07-08	08-09	Avg.
A. Agriculture & Forestry	11.0	9.9	6.8	6.4	8.5	5.6	6.2	0.6	0.7	3.2
B. Fishing	-8.2	7.7	34.0	26.5	13.8	3.0	-4.1	-6.7	-4.2	-3.1
C. Mining	7.2	-15.4	21.4	12.8	5.6	-1.6	10.0	5.8	0.3	3.5
D. Manufacturing	16.6	9.9	17.5	8.8	13.1	3.1	3.4	3.2	2.6	3.1
E. Electricity, Gas & Water Supply	0.7	0.5	-3.5	-4.9	-1.8	4.5	6.1	8.2	0.0	4.7
F. Construction	6.2	10.0	2.9	7.7	6.7	71.4	4.8	16.4	2.2	20.9
G. Trade	17.3	17.0	15.8	12.1	15.5	-17.8	27.6	27.3	27.0	14.1
H. Hotels and Restaurants.	19.5	27.5	23.3	23.9	23.5	-27.2	27.6	27.3	27.0	10.7
I. Transport, Communications	-5.5	4.6	9.7	6.1	3.6	2.6	7.4	9.4	7.8	6.8
J. Financial Intermediation	14.7	31.6	29.5	7.3	20.3	15.5	31.6	28.8	8.4	20.7
K. Real Estate & Business Services	14.5	15.2	17.3	16.1	15.8	24.8	27.6	27.3	27.0	26.7
L. Public Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
M. Education	-1.2	47.3	23.7	2.1	16.4	3.0	27.6	27.3	27.0	20.7
N. Health	11.6	1.3	3.0	0.1	3.9	2.8	2.5	2.8	0.1	2.0
O. Community & Personal Services	9.2	8.5	11.7	6.5	9.0	13.0	-65.8	375.0	27.0	23.6
P. Private Households with Employed Persons	6.6	4.0	5.3	3.8	4.9	15.0	27.6	27.3	27.0	24.1
Total	11.7	11.9	10.5	9.0	10.8	4.0	6.5	5.1	4.2	4.9
Agriculture	11.0	9.9	6.8	6.4	8.5	5.6	6.1	0.6	0.7	3.2
Industry	10.3	7.9	10.0	7.9	9.0	10.2	3.8	5.5	2.5	5.5
Services	13.3	16.3	16.4	12.9	14.7	-11.5	11.4	42.7	25.8	15.3
Total	11.7	11.9	10.5	9.0	10.8	4.0	6.5	5.1	4.2	4.9
Total excl. Agriculture	12.6	14.6	15.2	12.0	13.6	-2.9	8.0	26.7	17.4	11.8

It is worth noting that the growth in employment and GDP are comparable in the non-agricultural private sector, at 11.8 and 13.6 per cent respectively. The growth in both parameters is broad based with all the three broad industry groups showing high average growth rates. Agricultural GDP rose by an average of 8.5 per cent between 2004-05 and 2008-09 with a lower average growth in employment at 3.2 per cent; industry GDP grew at 9.0 per cent against employment growth of 5.5 per cent and services GDP grew at 14.7 per cent, slightly less than the employment growth of 15.3 per cent for the period.

It is interesting to see here that in the last two years, 2007-08 and 2008-09, the GDP growth rates were lower, at 15.2 per cent and 12 per cent respectively, compared to the employment growth rates of 26.7 per cent and 17.4 per cent. Employment growth was particularly high in services in these two years at 42.7 per cent and 25.8 per cent and was much higher than the GDP growth rates of 16.4 per cent and 12.9 per cent.

Private Corporate Sector

Within the private corporate sector, the exclusion of agriculture does not materially change the observed growth rates in either GDP or employment, as corporate agriculture is growing at the same pace as other activities in corporate sector. The corporate sector's GDP growth rate during 2004-05 to 2008-09 is 15.8 per cent on an average per annum in real terms and this is considered quite high.

Table 31. Growth rates of GDP at constant prices and employment in private corporate sector by industry (%)

Industry	GDP at constant prices					Employment				
	04-05	05-06	06-07	08-09	Avg.	04-05	05-06	06-07	08-09	Avg.
Agriculture	-16.3	151.0	56.7	-26.6	24.7	-28.9	114.1	5.3	-19.8	6.5
Industry	21.5	-1.9	41.9	12.5	17.4	81.4	6.9	17.3	1.8	23.4
Services	13.1	16.9	16.4	12.1	14.6	-4.2	31.7	10.8	20.7	14.0
Total	12.2	21.0	22.4	7.5	15.6	-7.8	61.1	8.7	-4.6	11.4
Total excl. Agriculture	14.0	14.8	18.9	12.2	14.9	18.2	21.7	13.1	13.8	16.6

Table 31 presents the GDP and employment growth rates. From this table, we can see the growth in the corporate sector is broad-based with all sectors showing very high growth rates. The growth in employment in the private corporate sector in this period has also been high at 11.4 per cent.

Private Informal Sector

Within the private informal sector, average growth in real GDP during 2004-05 to 2008-09 was 8.7 per cent on an average per annum in real terms, but if we exclude agriculture sector, the growth rate becomes 11.2 per cent. As expected, growth rates of GDP in informal sector are lower than the growth rates of GDP in corporate sector.

Table 32 presents the GDP and employment growth rates in the informal sector, by industry. From this table, we can see that within the informal sector, agriculture (7.9%) and services (15.0%) have shown high growth rates during 2004-05 to 2008-09, whereas industry (4.3%) growth has lagged behind somewhat.

Table 32. Growth rates of GDP at constant prices and employment in informal sector by industry (%)

Industry	GDP at constant prices					Employment				
	04-05	05-06	06-07	08-09	Avg.	04-05	05-06	06-07	08-09	Avg.
Agriculture	11.9	6.6	4.1	9.1	7.9	6.7	3.7	0.3	1.6	3.0
Industry	5.1	13.3	-4.9	4.7	4.3	4.2	3.4	3.8	2.6	3.5
Services	13.6	14.8	16.5	15.0	15.0	-12.7	7.6	49.8	26.6	15.5
Total	11.5	8.3	5.1	9.7	8.6	4.6	4.0	4.8	4.8	4.5
Total excl. Agriculture	10.3	14.2	8.6	11.7	11.2	-5.7	5.7	29.3	18.0	11.0

In comparison to the GDP growth rates, growth in informal employment outside agriculture in this period (2004-05 to 2008-09) has also been very high at 11.0 per cent. However, if we include agriculture, the rate of employment growth is a more modest 4.5 per cent. Agriculture and industry have shown average employment growth rates of 3.0 per cent and 3.5 per cent respectively in this period. Service activities have been the economic powerhouse of the informal sector, with employment growth of 15.5 per cent, matching the GDP growth in the same period.

3.2.2.4 *Summing up*

When examining GDP shares by industries, we find that, excluding agriculture, the private sector share in GDP is higher when measured at constant prices rather than at current prices. This is mainly due to the fact that inflation in agriculture is higher than in the non-agricultural activities of the private sector. Other than agriculture, which is far and away the most significant economic contributor, the main private sector economic activities in Ethiopia in terms of GDP shares are trade, and real estate & business services. Manufacturing, hotels & restaurants, transport & communications, and community & social services are other important economic activities in private sector.

If we exclude agriculture, private corporations account for a major part of the private sector, indicating some underestimation of the GDP contribution of the informal private sector. In terms of employment, however, the private sector share is only 18.6 per cent of the total, the major part of which is provided by the informal sector at 16 per cent, which is the opposite of the situation with regard to GDP shares. This indicates a significantly lower labour productivity in the informal sector. However, in terms of growth, the private sector and its segments' growth rates in GDP and employment are of the same order. The private corporate sector's GDP and employment have been growing on an average at 14.9 per cent and 16.6 per cent, respectively, against the informal sector average growth rates of 11.2 per cent and 11.0 per cent, respectively.

3.2.3 Private Sector Share within Industries

The following four tables²⁹ show the average shares of different institutional sectors within industries, in terms of GDP and employment, for the 5-year period 2004-05 to 2008-09. Table 33 presents the data in respect of GDP at current prices, Table 34 shows GDP at constant prices, while Table 35 provides data in respect of employment. Table 36 presents a single comparative picture of GDP and employment shares within each industry.

From Tables 33 and 34, we can see that there is very little difference in the sectoral shares between the GDP data at current and at constant prices. This is because the price deflators within an industry are same across all institutional sectors, and as such the profile of sectoral shares remains more or less same whether we analyse the data on GDP at current or at constant prices.

These tables present in a nutshell, the concentration of different institutional sectors within each economic activity, and are very important to identify the driving areas for future growth prospects. In the following paragraphs these share profiles of sectors within industries are analysed, by each industry.

²⁹ In Tables 33 to 36, the breakdown of data beyond public and private sectors by detailed activity level has not been presented, due to the data not being robust at that level.

Table 33. GDP shares of different institutional sectors within industries at current prices (Averages for the period 2004-05 to 2008-09)

Industry	General Govt.	Public Corps.	Pvt. Corps.	NPISH	House-holds	Total	Public sector	Private sector	Private Corps.	Informal
A. Agriculture & Forestry	0.00	0.74	3.53	0.00	95.72	100.0	0.74	99.26	3.53	95.72
B. Fishing	0.00	0.00	70.00	0.00	30.00	100.0	0.00	100.00	70.00	30.00
C. Mining	0.00	0.00	68.42	0.00	31.58	100.0	0.00	100.00	68.42	31.58
D. Manufacturing	0.00	35.10	34.60	0.00	30.30	100.0	35.10	64.90	34.60	30.30
E. Electricity, Gas & Water Supply	29.19	48.31	0.00	0.00	22.50	100.0	77.50	22.50	0.00	22.50
F. Construction	36.73	14.46	2.80	2.85	43.16	100.0	51.19	48.81	2.80	46.02
G. Trade	0.05	0.00	99.66	0.00	0.30	100.0	0.05	99.95	99.66	0.30
H. Hotels and Restaurants.	0.21	0.00	99.58	0.00	0.21	100.0	0.21	99.79	99.58	0.21
I. Transport, Communications	0.00	57.07	42.80	0.00	0.12	100.0	57.07	42.93	42.80	0.12
J. Financial Intermediation	0.00	65.14	34.03	0.83	0.00	100.0	65.14	34.86	34.03	0.83
K. Real Estate & Business Services	9.35	0.00	0.08	0.08	90.49	100.0	9.35	90.65	0.08	90.57
L. Public Administration	100.00	0.00	0.00	0.00	0.00	100.0	100.00	0.00	0.00	0.00
M. Education	79.58	0.00	17.65	2.77	0.00	100.0	79.58	20.42	17.65	2.77
N. Health	67.48	0.00	21.38	6.20	4.94	100.0	67.48	32.52	21.38	11.13
O. Community & Personal Services	2.50	0.00	80.53	16.88	0.09	100.0	2.50	97.50	80.53	16.97
P. Private Households with Employed Persons	0.00	0.00	0.00	0.00	100.00	100.0	0.00	100.00	0.00	100.00
Total	10.07	7.40	24.08	0.59	57.86	100.0	17.47	82.53	24.08	58.45
Agriculture	0.00	0.74	3.60	0.00	95.66	100.0	0.74	99.26	3.60	95.66
Industry	20.90	26.23	16.47	1.30	35.11	100.0	47.12	52.88	16.47	36.41
Services	19.05	9.79	51.28	1.08	18.80	100.0	28.83	71.17	51.28	19.88
Total	10.07	7.40	24.08	0.59	57.86	100.0	17.47	82.53	24.08	58.45
Total excluding Agriculture	19.45	13.59	43.26	1.13	22.57	100.0	33.04	66.96	43.26	23.70

Table 34. GDP shares of different institutional sectors within industries at constant prices (Averages for the period 2004-05 to 2008-09)

Industry	General Govt.	Pub. Corpsns.	Pvt. Corpsns.	NPISH	Households	Total	Public sector	Private sector	Pvt. Corpsns.	Informal
A. Agriculture & Forestry	0.00	0.76	3.86	0.00	95.38	100.0	0.76	99.24	3.86	95.38
B. Fishing	0.00	0.00	67.95	0.00	32.05	100.0	0.00	100.00	67.95	32.05
C. Mining	0.00	0.00	67.26	0.00	32.74	100.0	0.00	100.00	67.26	32.74
D. Manufacturing	0.00	35.26	34.88	0.00	29.86	100.0	35.26	64.74	34.88	29.86
E. Electricity, Gas & Water Supply	27.26	51.36	0.00	0.00	21.37	100.0	78.63	21.37	0.00	21.37
F. Construction	37.66	14.01	4.64	2.66	41.03	100.0	51.66	48.34	4.64	43.69
G. Trade	0.05	0.00	99.66	0.00	0.30	100.0	0.05	99.95	99.66	0.30
H. Hotels and Restaurants.	0.21	0.00	99.58	0.00	0.21	100.0	0.21	99.79	99.58	0.21
I. Transport, Communications	0.00	55.38	44.49	0.00	0.13	100.0	55.38	44.62	44.49	0.13
J. Financial Intermediation	0.00	65.01	34.16	0.83	0.00	100.0	65.01	34.99	34.16	0.83
K. Real Estate & Business Services	9.35	0.00	0.08	0.08	90.49	100.0	9.35	90.65	0.08	90.57
L. Public Administration	100.00	0.00	0.00	0.00	0.00	100.0	100.00	0.00	0.00	0.00
M. Education	79.43	0.00	17.78	2.79	0.00	100.0	79.43	20.57	17.78	2.79
N. Health	64.71	0.00	23.24	6.60	5.44	100.0	64.71	35.29	23.24	12.05
O. Community & Personal Services	2.50	0.00	80.53	16.88	0.09	100.0	2.50	97.50	80.53	16.97
P. Private Households with Employed Persons	0.00	0.00	0.00	0.00	100.00	100.0	0.00	100.00	0.00	100.00
Total	10.57	7.84	24.51	0.59	56.48	100.0	18.42	81.58	24.51	57.07
Agriculture	0.00	0.76	3.92	0.00	95.32	100.0	0.76	99.24	3.92	95.32
Industry	21.01	26.83	17.25	1.20	33.72	100.0	47.84	52.16	17.25	34.92
Services	19.52	10.17	50.31	1.08	18.92	100.0	29.69	70.31	50.31	20.00
Total	10.57	7.84	24.51	0.59	56.48	100.0	18.42	81.58	24.51	57.07
Total excluding Agriculture	19.85	14.04	42.61	1.11	22.39	100.0	33.90	66.10	42.61	23.49

Table 35. Employment shares of different institutional sectors within industries (Averages for the period 2004-05 to 2008-09)

Industry	Genl. Govt.	Pub. Corpns.	Private Corpns.	NPISH	Households	Total	Public sector	Private sector	Private Corpns.	Informal
A. Agriculture & Forestry							0.74	99.26		
B. Fishing							0.00	100.00		
C. Mining							0.00	100.00		
D. Manufacturing							2.54	97.46		
E. Electricity, Gas & Water Supply							80.75	19.25		
F. Construction							22.57	77.43		
G. Trade							0.63	99.37		
H. Hotels and Restaurants.							0.66	99.34		
I. Transport, Communications							11.63	88.37		
J. Financial Intermediation							77.02	22.98		
K. Real Estate & Business Services							46.07	53.93		
L. Public Administration							100.00	0.00		
M. Education							74.65	25.35		
N. Health							48.87	51.13		
O. Community & Personal Services							19.16	80.84		
P. Private Households with Employed Persons							0.00	100.00		
Total							4.10	95.91		
Agriculture	0.01	0.74	3.60	0.00	95.66	100.0	0.76	99.26	3.60	95.66
Industry	2.63	4.69	11.73	1.26	79.70	100.0	7.32	92.68	11.73	80.95
Services	19.08	1.73	11.97	0.77	66.45	100.0	20.81	79.19	11.97	67.22
Total	2.91	1.19	5.41	0.21	90.29	100.0	4.10	95.91	5.41	90.50
Total excl. Agriculture	13.23	2.78	11.82	0.94	71.24	100.0	16.01	83.99	11.82	72.17

Table 36. Comparative picture of GDP and employment shares within each industry (Averages for the period 2004-05 to 2008-09)

Industry	Public Sector		Private Sector		Private Corporations		Informal Sector	
	GDP	Employment	GDP	Employment	GDP	Employment	GDP	Employment
A. Agriculture & Forestry	0.76	0.74	99.24	99.26				
B. Fishing	0.00	0.00	100.00	100.00				
C. Mining	0.00	0.00	100.00	100.00				
D. Manufacturing	35.26	2.54	64.74	97.46				
E. Electricity, Gas & Water Supply	78.63	80.75	21.37	19.25				
F. Construction	51.66	22.57	48.34	77.43				
G. Trade	0.05	0.63	99.95	99.37				
H. Hotels and Restaurants.	0.21	0.66	99.79	99.34				
I. Transport, Communications	55.38	11.63	44.62	88.37				
J. Financial Intermediation	65.01	77.02	34.99	22.98				
K. Real Estate & Business Services	9.35	46.07	90.65	53.93				
L. Public Administration	100.00	100.00	0.00	0.00				
M. Education	79.43	74.65	20.57	25.35				
N. Health	64.71	48.87	35.29	51.13				
O. Community & Personal Services	2.50	19.16	97.50	80.84				
P. Private Households with Employed Persons	0.00	0.00	100.00	100.00				
Total	18.42	4.10	81.58	95.91				
Agriculture	0.76	0.76	99.24	99.26	3.92	3.60	95.32	95.66
Industry	47.84	7.32	52.16	92.68	17.25	11.73	34.92	80.95
Services	29.69	20.81	70.31	79.19	50.31	11.97	20.00	67.22
Total	18.42	4.10	81.58	95.91	24.51	5.41	57.07	90.50
Total excluding Agriculture	33.90	16.01	66.10	83.99	42.61	11.82	23.49	72.17

Table 37. GVA per employee in industries by sectors, 2008-09 (at current prices) in Birr

Industry	General Govt.	Public Corps.	Private Corps.	NPISH	Households	Total	Public sector	Private sector	Private Corps.	Informal
A. Agriculture & Forestry						5,621	5,621	5,621		
B. Fishing						5,621		5,621		
C. Mining						13,478		13,478		
D. Manufacturing						5,804	86,931	4,088		
E. Electricity, Gas & Water Supply						99,368	98,597	102,603		
F. Construction						26,727	78,069	16,646		
G. Trade						16,781	1,231	16,880		
H. Hotels and Restaurants.						8,790	2,732	8,830		
I. Transport, Communications						52,163	324,852	18,267		
J. Financial Intermediation						54,473	46,424	83,699		
K. Real Estate & Business Services						180,948	36,736	304,157		
L. Public Administration						21,173	21,173			
M. Education						12,783	13,755	9,921		
N. Health						16,986	25,184	8,083		
O. Community & Personal Services						5,241	2,476	5,396		
P. Private Households with Employed Persons						1,143		1,143		
Total						8,247	29,986	7,301		
Agriculture		5,621	5,621		5,621	5,621	5,621	5,621	5,621	5,621
Industry	158,472	56,659	15,999	13,426	5,315	11,681	84,144	7,002	15,999	5,469
Services	18,447	96,279	83,184	21,613	4,496	17,269	26,283	15,411	83,184	4,684
Total	24,219	44,540	35,515	18,019	5,435	8,247	29,986	7,301	35,515	5,472
Total excl. Agriculture	24,219	76,094	61,170	18,019	4,750	15,662	33,532	12,773	61,170	4,929

Agriculture and Forestry

This activity is dominated by the private sector and is largely informal: the informal private sector accounted for an average of 95.38 per cent of GDP over the period 2004-05 to 2008-09. Private corporations were responsible for a further 3.86 per cent, with the public sector making up the remaining 0.76 per cent.

The employment profile is almost identical, with a private sector share of 99.26 per cent and only 0.74 per cent of employment found in the public sector

Fishing

Fishing is exclusively a private sector activity. In 2004-05 to 2008-09 the average share of corporations in GDP was 68 per cent and that of the informal sector, 32 per cent.

Mining

The mining activity is also undertaken by the private sector, with the average shares during 2004-05 to 2008-09, of the private corporate and informal sectors at 67.3 per cent and 32.7 per cent, respectively.

Manufacturing

There is a sizeable public sector presence in manufacturing, averaging 35.3 per cent of GDP during 2004-05 to 2008-09. The private corporate sector contribution to manufacturing GDP is very similar, averaging 34.9 per cent, while that of the informal sector is 29.9 per cent.

In terms of employment, the public and private sectors have a share of 2.5 per cent and 97.5 per cent, respectively, showing the much higher labour intensity of private sector manufacturing, mainly in the informal sector.

Electricity, Gas and Water Supply

Electricity is predominantly a public sector activity, while gas and water supply activities are undertaken in both the public sector (mainly government) and the informal sector. There is no presence of private corporations in this activity. The public Sector accounted for 78.6 per cent of GDP and the informal sector for 21.4 per cent within this activity during 2004-05 to 2008-09.

The employment share of the public sector was 80.8 per cent, and that of the private sector was 19.2 per cent in this period.

Construction

Construction activity is undertaken by all institutional sectors, with the public and private sector shares being 51.7 per cent and 48.3 per cent respectively during 2004-05 to 2008-09. Within the public sector, the share of general government was 37.7 per cent while that of corporations was 14 per cent. Within the private sector, the corporate share was 4.6 per cent and that of the informal sector was 43.7 per cent, of which about 6 per cent was from NPISHs.

In terms of employment, the average shares during 2004-05 to 2008-09 in the public and private sectors were 22.6 per cent and 77.4 per cent, respectively.

Trade

Trade is predominantly undertaken in private sector, with a 99.9 per cent share in GDP and a 99.4 per cent share in employment.

Hotels and Restaurants

As with trade, this activity, too, is undertaken predominantly in private sector, with 99.8 per cent of GDP and 99.3 per cent of employment being generated by the private sector.

Transport, Storage and Communications

The public and private sector average shares within this activity during 2004-05 to 2008-09 in GDP were 55.4 per cent and 44.6 per cent, respectively, with the corresponding employment shares being 11.6 per cent and 88.4 per cent.

Financial Intermediation Services

The public and private sector average shares within this activity during 2004-05 to 2008-09 in GDP were 65 per cent and 35 per cent, respectively, with their employment shares being 77 per cent and 23 per cent.

Real Estate, Renting and Business Services

The private sector dominates this sector economically, with 90.65 per cent of GDP against the public sector share of 9.35 per cent. A surprisingly large 46.1 per cent of employment is provided, however, by the public sector, with 53.9 per cent from the private sector. The higher labour productivity of the private sector is likely to be a result of its relatively greater presence in business services.

Public Administration and Defence

This is essentially a government activity, therefore, the entire share of GDP and employment is from the general government. The GVA per employee in this activity is 21,173 Birr in 2008-09 at nominal prices.

Education

This is also predominantly a government activity, though private corporations and NPISHs are also engaged in this activity. The average share of public sector during 2004-05 to 2008-09 in GDP was 79.4 per cent and that of private sector 20.6 per cent. The corresponding employment shares were 74.7 per cent and 25.3 per cent, showing the higher labour intensity of the private sector.

Health

Similarly to education, the majority of health services are provided by government. The average GDP share of the public sector during 2004-05 to 2008-09 was 64.7% and that of the private sector, 35.3%. The corresponding employment shares were 48.9 per cent and 51.1 per cent, showing higher private sector employment per unit GDP than in the public sector.

Other Community, Social and Personal Services

This is predominantly a private sector activity with significant presence of NPISHs. The average share of public sector during 2004-05 to 2008-09 in GDP was a mere 2.5 per cent and that of private sector, 97.5 per cent. The corresponding employment shares were 19.2 per cent and 80.8 per cent, showing that the private sector employs fewer persons compared to its GDP than the public sector.

3.3 Findings on Compilation Practices

The national accounts³⁰ for Ethiopia are largely based on the 1993 SNA, with few exceptions. The GDP estimates are compiled by both production and expenditure approaches, but the production GDP is treated as the firmer estimate. The base year for constant price estimates of GDP is 1999-2000. The GDP data are presented in basic prices and market prices. MoFED follows the ISIC revision 3 classification of the United Nations for the economic activities/industries. In addition to the GDP, estimates of gross national income, national disposable income, national saving, investment, and net national lending/net national borrowing, are also produced and disseminated. However, accounts are not compiled for institutional sectors.

The general approach to the GDP estimation procedure is the production approach, with the income approach also applied if complete financial statements and profit and loss statements are available for business establishments, while for those that have an annual production survey, only the production approach is utilized. For those sectors subject to *ad hoc* survey, the benchmark figures are extrapolated forwards and backwards by appropriate indicators. Household consumption expenditure is used as a final option to approximate production by commodity flow. For constant price estimates, single deflation of current prices value added by appropriate CPI, extrapolation of base year value added by appropriate quantity or volume indicators, and double deflation where necessary, are generally used.

³⁰ Ethiopia is a subscriber to the GDDS of the IMF, which implies that the national accounts data meet the requisite standards of GDDS. The metadata on the national accounts of Ethiopia are available at <http://dsbb.imf.org>.

The main data published on national accounts are Gross Domestic Product at current and constant (1999/2000) prices according to sectors (industries) as classified according to ISIC classification revision 3.

The national accounts data in summary form are released through the Quarterly Bulletin of the National Bank of Ethiopia and the Annual Statistical Abstract of Ethiopia of the Central Statistical Agency; they are also available through the MoFED website, www.mofed.gov.et. However, more detailed information is available from the National Accounts Department of MoFED upon request. Preliminary estimates are available on request from MoFED within four months, whereas final data are disseminated after 18 months. It takes a year to produce the final estimates. The estimates are available within three months of the end of the reference year. Further detailed data on GDP estimates are available to users on request.

Within the above broad compilation procedures of national accounts, the GDP estimates are compiled by MoFED at detailed activity level of the ISIC and further, for each of the institutional sectors, depending upon the source data availability, though these disaggregated data are not disseminated to the public domain. The disseminated data of Ethiopian national accounts provide estimates of GDP by industries only, without the breakdown of institutional sectors within each of the industries. Thus the detailed worksheets of national accounts provide the disaggregated data on GDP estimates according to activities. These become a rich source of data for estimating the contribution of different industries to GDP and how the different industries are performing over the years with certain assumptions, but the quality of these data at very detailed level is not robust, due to limitations of source data availability at that level. Thus, the approaches/methods used by the Ethiopian National Accounts system to measure GDP are adequate to provide the required information to determine the sectoral shares in GDP at the broad industry level, though this requires considerable efforts, assumptions and the use of other data sources, especially the results of benchmark and long-term survey results on the labour force and enterprises.

The main constraints on separately disseminating the disaggregated data on GDP in Ethiopian national accounts appears to be the problem related to source data, as sample surveys do not provide robust estimates at detailed activity level. The lack of timely availability of complete sets of accounts from corporations, together with assumptions to carry out detailed analysis of company accounts to transform these business accounts to national accounts concepts, are also identified as key constraints.

While analysing the detailed data that have been used in this Report, a few compilation issues have been observed. Important amongst these are the apparent underestimation of informal economic activities, the methods adopted for deflating/ inflating current/constant price estimates and a lack of consistency at detailed activity level between the results of labour force surveys and GDP estimates³¹.

However, these issues are not specific to the national accounts of Ethiopia: they are common to most developing countries. Underestimation of the output of informal economic activities and a lack of appropriate coverage of them in the GDP estimates is a common problem area in all countries, and more so in the developing countries.

³¹ The national accounts data of Ethiopia are internally consistent across parameters such as exports, imports, government expenditures, GDP, etc. and most of the source data for GDP estimation come from independent surveys conducted by the Central Statistical Agency of Ethiopia. Therefore, cross-checking of GDP data is permissible.

4 Conclusions

The Ethiopian economy is one of the fastest growing economies in the world, with an average real GDP growth of 11.3 per cent between 2003-04 and 2009-10. The key driver of this high growth is the services sector, with an average growth rate of 13.2 per cent between 2003-04 and 2009-10, though agriculture and industry are not far behind with average growth rates of 10.1 per cent over the same period. Thus Ethiopian GDP growth is broadly based. These high growth rates have, however, been accompanied by high inflation, resulting in extraordinary growth rates in nominal GDP, with most activities growing at over 30 per cent in the last two years.

In terms of expenditures, growth in GDP is led primarily by private consumption (mostly household consumption) and investment demand. Both exports and imports of goods and services are also growing at a rapid pace. The rate of investment has been around 25 per cent in this period, while the rate of saving has been around 20 per cent in recent years.

The total number of employed persons in Ethiopia accounts for about 50 per cent of the population, with about 74 per cent of them working in agriculture. Annual employment growth was 5 per cent during the period 2004-05 to 2008-09, with employment in services growing at the phenomenal rate of 16 per cent.

The Study provides an in-depth analysis of the contribution of private sector to the Ethiopian economy in terms of labour, output and investment and highlights the importance of the private sector and its emerging role in the overall development of the Ethiopian economy. Within the private sector, the private corporate sector has emerged as the main engine of growth with increasing shares in GDP, employment and investment over the years. The private informal sector too, is clearly a key sector for employment generation. Thus, given the appropriate policy thrust and incentives, the private sector can provide the best opportunities for long-term rapid growth, job creation and poverty reduction.

4.1 GDP Breakdown

At current prices, the share of the private sector in Ethiopian GDP in 2008-09 was 84.8 per cent. Of this, corporations accounted for 25.1 per cent, the NPISHs for 0.6 per cent and the informal sector for the balance of 59.1 per cent. Within this informal sector, agriculture accounted for 48.1 per cent, and all other informal activities accounted for 11.0 per cent of GDP. The private sector share in GDP if we exclude informal agriculture thus came to 36.7 per cent in 2008-09.

At constant prices, the share of the private sector in Ethiopian GDP in 2008-09 was 80.1 per cent. The shares of private corporations, NPISHs and the informal sector were 27.3 per cent, 0.6 per cent and 52.2 per cent respectively. Within the informal

sector, agriculture accounted for 40 per cent and all other informal activities for 12.2 per cent. Thus, excluding informal agriculture, the private sector share in GDP in 2008-09 was 40.1 per cent.

Higher inflation in agriculture (27.4 per cent) than in the non-agriculture private sector (18.2 per cent) is the reason for its higher share in GDP at constant prices than in the GDP at current prices. Within the private sector's GDP share of 80.1 per cent, agriculture accounts for 42.3 per cent, industry for 6.8 per cent and services 31.8 per cent.

Within the private corporate sector share of 27.3 per cent of GDP (constant prices), almost half (13.6 per cent) is from trade. Hotels and restaurants (3.4 per cent), agriculture (2.2 per cent), manufacturing (2.0 per cent), transport & communication (2.2 per cent) and community and social services (1.3 per cent) are other significant contributors. Other activities have shares below 1 per cent of GDP.

The share in GDP of the informal private sector (including NPISHs) at constant prices was 52.8 per cent in 2008-09, of which agriculture accounted for 40 per cent, real estate & business services for 8.2 per cent, construction 2.1 per cent and manufacturing 1.4 per cent. The share of the non-agricultural informal sector is evidently underestimated, mainly because of the lack of source data.

Segmenting the private sector, private corporations increased their share of GDP at constant prices from 23.4 per cent to 27.3 per cent between 2004-05 and 2008-09, the non-agricultural informal sector's share remaining steady at around 12.8 per cent. It is interesting to see that in this period, the share of public corporations in GDP at constant prices remained at about 8.6 per cent, indicating that GDP growth rates were higher in private corporations than in public corporations and the non-agricultural informal sector.

4.2 Employment

The share of the private sector in total employment in 2008-09 was 95.8 per cent, of which 5.8 per cent were in private corporations. The other 90 per cent were in the informal sector, within which agriculture alone accounted for 70.6 per cent. Therefore, if we exclude informal agriculture, the share of the private sector in total employment comes to 25.2 per cent and that of the non-agricultural informal sector to 19.4 per cent.

In 2008-09, the private sector, with 95.8 per cent of total employment, generated 80.1 per cent of GDP in real terms. Within this, the agricultural sector (both formal and informal) had a 73.2 per cent share of employment and generated 42.0 per cent of real GDP. Excluding agriculture, the employment share of the private sector was 22.5 per cent and its GDP share was 37.8 per cent; within this, industry accounted for 7.1 per cent of employment and 6.8 per cent GDP, and services accounted for 15.5 per cent of employment and 31 per cent of GDP.

The private corporate sector, with its employment share of 5.8 per cent, produced a GDP share of 27.3 per cent at constant prices in 2008-09. If we exclude agriculture from the calculation, the corporate sector with an employment share of 3.1 per cent produced 25.0 per cent of GDP.

The informal private sector, with a 90 per cent share of employment, produced 52.8 per cent of output at constant prices in 2008-09. If we again exclude agriculture, the non-agricultural informal sector generated 12.8 per cent of GDP with an employment share of 19.4 per cent. As expected, the GDP per capita generated by the informal sector is substantially lower than that of the formal sector, showing the highly labour-intensive nature of informal activities.

The informal private sector is the leading employer in Ethiopia, with agriculture accounting for the greatest share of employment, though this share has been falling over the years from 76.0 per cent in 2004-05 to 70.6 per cent in 2008-09. The non-agricultural informal sector share in employment increased from 15.5 per cent in 2004-05 to 19.4 per cent in 2008-09. Within this, industry's share remained more or less constant at around 6.0 per cent over the period, while the services sector share in employment rose from 9.1 per cent in 2004-05 to 13.3 per cent in 2008-09, accounting for the decline in the share of employment in agriculture.

In 2008-09, the highest GVA per employee was in public corporations at 44,540 Birr per year, as against 35,515 Birr in the case of private corporations. As expected, the GVA per employee was considerably lower in informal sector at 5,435 Birr, and in informal agriculture it was marginally higher, at 5,621 Birr. Overall, the GVA per employee in the private sector was 7,301 Birr in 2008-09, but if we exclude informal agriculture, it was 12,008 Birr. The differences in the GVA per employee among the institutional sectors and within the private sector segments is quite glaring. However, this is the case for most developing economies, where the labour-intensive informal sector has a far lower GVA per employee than the capital-intensive corporate sector.

The public sector share of investment was 53.9 per cent in 2008-09, while that of the private sector was 46.1 per cent, 40.5 per cent from the corporate sector and 5.6 per cent from the household sector. In fact, the proportion of private corporations' investment in total investment has risen from 28.6 per cent in 2006-07 to 40.5 per cent in 2008-09.

The public and private sectors' rates of investment in 2008-09 were 12.1 per cent and 10.3 per cent, respectively. Between 2007-08 and 2008-09, the investment rate of the public sector went down from 14.2 per cent to 12.1 per cent, while in the same period, the private sector's investment rate rose from 8.3 per cent to 10.3 per cent. The steepest fall in investment rate in this two year period was in public corporations, from 6.1 per cent to 3.6 per cent.

The activities of agriculture, forestry, fishing, mining, trade, and hotels and restaurants are mostly undertaken in the private sector with little public sector participation. In other sectors, with the exception of public administration and defence (both entirely public sector activities), both public and private sectors make significant

contributions to economic activity. The public sector presence is large in electricity, gas and water supply (80 per cent of its GDP at current prices in 2008-09), transport and communication (69 per cent), financial intermediation (67 per cent), education (80 per cent) and health (77 per cent). The private sector presence is larger in other economic fields.

At the broad industry group level, agriculture is mainly a private sector activity and within that essentially an informal activity.

Within the broad group of activities under industry, public and private sectors have more or less equal shares in GDP, with the public sector accounting for an average 47.8 per cent and the private sector for 52.2 per cent during the period 2004-05 to 2008-09. The private sector share is split between the corporate sector share of 17.3 per cent and 34.9 per cent from the informal sector.

Within services, average shares in GDP during 2004-05 to 2008-09 in public sector and private sector were 29.7 per cent and 70.3 per cent, respectively. The share of private corporations was 50.3 per cent and that of the informal private sector was 20.0 per cent.

The above analysis is based on the internal compilation sheets of national accounts and the results of various surveys. Thus it is possible to estimate the private sector share in GDP but this requires considerable efforts and cannot be done from the data available in the public domain. Lack of adequate quality and quantity of source data required for estimation of GDP at detailed level is the main reason for MoFED not releasing such disaggregated data into the public domain.

A few issues have also been noted concerning the compilation of national accounts in Ethiopia. Important among these are (1) the apparent underestimation of informal economic activities; (2) methods adopted for deflating/inflating current/constant price estimates; and (3) lack of consistency at detailed activity level between the results of labour force surveys and GDP estimates. However, these issues are not specific to Ethiopia: they are common to most developing countries. Underestimation of output of informal economic activities and lack of appropriate coverage of them in the GDP estimates is a common problem area in all countries, especially so in the developing countries.

5 Recommendations

Estimating the private sector share of GDP is possible by using the internal worksheets of national accounts compilations, results of long-term surveys and following certain assumptions, but it is not easy from the disseminated data on national accounts to do so on a regular basis. It requires considerable efforts on the part of those who understand the compilation of national accounts to generate disaggregated data at institutional sector level.

Therefore, for monitoring the private sector role in the economy on a regular basis, it is essential that institutional changes are made in the Ethiopian Statistical System, particularly on commissioning regular labour force and enterprise surveys and use of administrative data. These will help to generate short-term economic statistics such as quarterly national accounts, indices of industrial production, turnover indices of economic activities, financial results of companies, detailed government accounts and performance indicators of economic activities in volume terms, etc., which are essential for monitoring the economy and for taking timely and appropriate policy measures. The institutional changes that need to be made in the statistical system are to launch a set of focused large scale annual surveys to capture data from enterprises on specific economic activities to collect detailed data on outputs and inputs. Another important annual survey that needs to be in place is the annual labour force survey which can provide a labour input matrix of labour deployment in different industries and institutional sectors. These data are very important, not only for compiling national accounts, but also in making labour policies and monitoring labour movements and in the identification of the availability of skills.

The commissioning of surveys and using their results in national accounts compilations, and also following the guidelines given in the SNA on compilation of GDP data as per cross-classification of industries and institutional sectors, would provide a solution to the coverage and quality of national accounts in the long-term, besides providing data on private sector regularly.

However, in the short-term, it is essential to improve the coverage of the informal sector in the national accounts, which presently appears to be underestimated. This can be done on the basis of available data sets from the surveys, however obsolete they may be. It must be understood here that the problem of underestimation of the informal sector is common to most countries in the world and especially to developing countries. Therefore, all major international agencies, such as UN, ILO, Eurostat, OECD, IMF and the Delhi Group on the Informal Sector have devoted considerable resources and undertaken research work to recommend methodologies for countries to account for the informal sector in GDP estimates and thus achieve

GDP exhaustiveness. A number of documents on the subject are available to guide countries in this context³².

Similarly, for the private corporate sector, attempts could be made to analyse all the annual accounts of companies filed with government agencies. This could improve the database of the corporate sector and assist in estimating the contribution of the private corporate sector to GDP. MoFED could be assisted by line ministries and chambers of commerce in this endeavour. Another option could be to look at the tax data on the companies and individuals available with the tax authorities, and the possibility of using these data in the national accounts compilation. The private corporate sector, like the public sector, provides complete data on its financial performance, therefore, proper accounting for this sector in the GDP estimates as per the accounts filed by the companies is important.

Most developing countries have gone through phases of rebuilding or improving their statistical systems, aimed at generating the economic statistics that are essential for monitoring the economy and for effecting policy interventions as and when required. In this context, the IMF's Special Data Dissemination Standards (SDDS) and the PARIS21's National Strategy for Development of Statistics (NSDS) could provide the requisite guidance, towards improving the statistical system in the country.

For effecting the above changes aimed at improving the national accounts compilations as per the recommendations of SNA, it is necessary to strengthen the infrastructure and other resources available for this work in MoFED. Also, the national accounts team would require external assistance to institute the changes suggested. Target-based deployment of resources with support to infrastructure available for compilation of national accounts is the key to improving the national accounts statistics.

It is hoped that the findings of the study will be useful to the policy makers in taking appropriate policy decisions towards the development of private sector in Ethiopia. It is also expected that this benchmark study on assessing the contribution of the private sector in Ethiopian GDP will be carried forward in future by the official and private agencies and researchers, to assess the trends in the contribution of the private sector to the Ethiopian economy and its role in the country's economic progress.

³² The main documents of interest are: (i) proceedings of 15th ICLS on informal sector (1993) and 17th ICLS on informal employment (2003), (ii) System of National Accounts 1993, (iii) OECD publication Measuring the non-observed Economy, A Handbook, (iv) UN-ECE publications Non-observed Economy in National Accounts: Survey of Country Practices (2003, 2008) (v) Delhi Group deliberations and recommendations, (vi) several ILO documents on informal sector and (vii) Chapter 25 on Informal Aspects of the Economy, System of National Accounts, 2008. The forthcoming manual from ILO and the Delhi Group on Manual on Surveys of Informal Employment and Informal Sector would also provide guidelines for collecting data on the informal sector and including it in GDP.

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Annex A. Glossary of Statistical Terms³³

I. Gross Domestic Product (GDP)/Gross Value Added (GVA)

Term	Definition
Constant prices	Constant prices are obtained by directly factoring changes over time in the values of flows of goods and services into two components reflecting changes in the prices of the goods and services concerned and changes in their volumes (i.e. changes in “constant price terms”).
Current transfers	Current transfers consist of all transfers that are not transfers of capital; they directly affect the level of disposable income and should influence the consumption of goods or services.
Double deflation	Double deflation is a method whereby gross value added is measured at constant prices by subtracting intermediate consumption at constant prices from output at constant prices.
Economic production	Economic production is an activity carried out under the control and responsibility of an institutional unit that uses inputs of labour, capital, and goods and services to produce outputs of goods or services.
Economically significant prices	Economically significant prices are prices that have a significant effect on the amounts that producers are willing to supply and on the amounts purchasers wish to buy. These prices normally result when (a) the producer has an incentive to adjust supply either with the goal of making a profit in the long run or, at a minimum, covering capital and other costs and (b) consumers have the freedom to purchase or not purchase and make the choice on the basis of the prices charged
Exports of goods	Exports of goods consist of exports of the following items from residents to non-residents, generally with a change of ownership being involved: general merchandise, goods for processing, goods procured in domestic ports by non-resident carriers, and non-monetary gold.
Exports of services	Exports of services consist of the following services provided by residents to non-residents: transportation; travel; communications; construction; insurance; financial; computer and information; royalties and licence fees; other business services; personal, cultural, and recreational services; and government services n.i.e.
External balance of goods and services	The external balance of goods and services is the value of exports of goods and services less imports of goods and services.
Final consumption	Final consumption consists of goods and services used up by individual households or the community to satisfy their individual or collective needs or wants.

³³ Source: System of National Accounts, 1993 and 2008)

Term	Definition
Final consumption expenditure of government	Government final consumption expenditure consists of expenditure, including imputed expenditure, incurred by general government on both individual consumption goods and services and collective consumption services.
Final consumption expenditure of households	Household final consumption expenditure consists of the expenditure, including imputed expenditure, incurred by resident households on individual consumption goods and services, including those sold at prices that are not economically significant.
Final consumption expenditure of NPISHs	Final consumption expenditure of NPISHs consists of the expenditure, including imputed expenditure, incurred by resident NPISHs on individual consumption goods and services.
FISIM – Financial intermediation services indirectly measured	Financial intermediation services indirectly measured (FISIM) is an indirect measure of the value of financial intermediation services provided but for which financial institutions do not charge explicitly.
GDP – expenditure based	Expenditure-based GDP is total final expenditures at purchasers' prices (including the f.o.b. value of exports of goods and services), less the f.o.b. value of imports of goods and services.
GDP – income based	Income-based GDP is compensation of employees, plus taxes less subsidies on production and imports, plus gross mixed income, plus gross operating surplus.
GDP – output based	Output-based GDP is the sum of the gross values added of all resident producers at producers' prices, plus taxes less subsidies on imports, plus all non-deductible VAT (or similar taxes).
GDP at market prices	GDP at market prices is the sum of the gross values added of all resident producers at producers' prices, plus taxes less subsidies on imports, plus all non-deductible VAT (or similar taxes).
GNI (gross national income)	GNI (gross national income) is GDP less net taxes on production and imports, less compensation of employees less property income payable to the rest of the world plus the corresponding items receivable from the rest of the world (in other words, GDP less primary incomes payable to non-resident units plus primary incomes receivable from non-resident units); an alternative approach to measuring GNI at market prices is as the aggregate value of the balances of gross primary incomes for all sectors; (note that GNI is identical to gross national product (GNP) as previously used in national accounts generally).
Gross capital formation	Gross capital formation is measured by the total value of the gross fixed capital formation, changes in inventories and acquisitions less disposals of valuables for a unit or sector.

Term	Definition
Gross fixed capital formation	Gross fixed capital formation is measured by the total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain additions to the value of non-produced assets (such as subsoil assets or major improvements in the quantity, quality or productivity of land) realised by the productive activity of institutional units.
Gross saving	Gross saving is gross disposable income less final consumption expenditure. It is the excess of income over expenditure.
Gross value added	Gross value added is the value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector.
GVA at Factor cost	GVA at factor cost is essentially a measure of income and not output. It represents the amount remaining for distribution out of gross value added, after the payment of all taxes on production and the receipt of all subsidies on production. GVA at factor cost could be interpreted as measuring the value of the fund out of which so-called "factor incomes" can be paid: it follows that it is equal to the total value of the "factor" incomes generated by production.
Imports of goods	Imports of goods consist of imports of the following items from non-residents to residents, generally with a change of ownership being involved: general merchandise, goods for processing, goods procured in foreign ports by domestic carriers, and non-monetary gold.
Imports of services	Imports of services consist of the following services purchased by residents from non-residents: transportation; travel; communications; construction; insurance; financial; computer and information; royalties and licence fees; other business services; personal, cultural, and recreational services; and government services n.i.e.
Intermediate consumption	Intermediate consumption consists of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital; the goods or services may be either transformed or used up by the production process.
Market output	Market output consists of output intended for sale at economically significant prices; Market producers are establishments, all or most of whose output is market production.
National income	National income is the total value of the primary incomes receivable within an economy less the total of the primary incomes payable by resident units.
NDP (net domestic product)	NDP (net domestic product) is obtained by deducting the consumption of fixed capital from gross domestic product.

Term	Definition
Non-market output	<p>Non-market output consists of goods and services produced by NPISHs</p> <p>or government that are supplied free, or at prices that are not economically significant, to other institutional units or the community as a whole; Non-market producers consist of establishments owned by government units or NPISHs that supply goods or services free, or at prices that are not economically significant, to households or the community as a whole.</p>
PPP (purchasing power parity)	A PPP (purchasing power parity) is a price relative which measures the number of units of country B's currency that are needed in country B to purchase the same quantity of an individual good or service as 1 unit of country A's currency will purchase in country A.
SNA (System of National Accounts)	The System of National Accounts (SNA) consists of a coherent, consistent and integrated set of macroeconomic accounts, balance sheets and tables based on a set of internationally agreed concepts, definitions, classifications and accounting rules.

II. Institutional Sectors

Term	Definition
Corporation	A corporation is a legal entity, created for the purpose of producing goods or services for the market, that may be a source of profit or other financial gain to its owner(s); it is collectively owned by shareholders who have the authority to appoint directors responsible for its general management.
Financial corporations	The financial corporations sector consists of all resident corporations or quasi-corporations principally engaged in financial intermediation or in auxiliary financial activities which are closely related to financial intermediation.
General government	The general government sector consists of the totality of institutional units which, in addition to fulfilling their political responsibilities and their role of economic regulation, produce principally non-market services (possibly goods) for individual or collective consumption and redistribute income and wealth.
Government units	Government units are unique kinds of legal entities established by political processes which have legislative, judicial or executive authority over other institutional units within a given area.
Household	A household is a small group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food.

Term	Definition
Institutional sectors	Institutional units are grouped together to form institutional sectors, on the basis of their principal functions, behaviour, and objectives.
Non-financial corporations	Non-financial corporations are corporations whose principal activity is the production of market goods or non-financial services.
Non-profit institutions (NPIs)	Non-profit institutions (NPIs) are legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them.
Non-profit institutions serving households (NPISHs)	Non-profit institutions serving households (NPISHs) consist of NPIs which are not financed and controlled by government and which provide goods or services to households free or at prices that are not economically significant.

III. Industries/Economic Activity

Term	Definition
Activity	An activity is a process, i.e. the combination of actions that result in a certain set of products.
Establishment	An establishment is an enterprise, or part of an enterprise, that is situated in a single location and in which only a single (non-ancillary) productive activity is carried out or in which the principal productive activity accounts for most of the value added.
Industry	An industry consists of a group of establishments engaged on the same, or similar, kinds of production activity
ISIC	ISIC is the United Nations International Standard Industrial Classification of all economic activities;

IV. Labour Force, Employment and Unemployment

Term	Definition
Economically active persons	Economically active persons are persons engaged in production included within the boundary of production of the SNA.
Employees	Employees are persons who, by agreement, work for a resident institutional unit and receive remuneration for their labour. An employee is a person who enters an agreement, which may be formal or informal, with an enterprise to work for the enterprise in return for remuneration in cash or in kind.
Employment	Employment in the SNA is defined as all persons, both employees and self-employed persons, engaged in some productive activity that falls within the production boundary of the SNA and that is undertaken by a resident institutional unit.

Term

Measuring the labour force

Definition

Not all individuals included in the population are engaged in production. Some are too young, some too old and some may simply choose not to work. Others may usually work but be temporarily not working because of illness, lack of employment or being on holiday, for example. A first step in moving from population data to data for employment, is thus to define what is meant by the labour force.

The labour force consists of those who are actively prepared to make their labour available during any particular reference period for producing goods and services that are included within the production boundary of the SNA. The labour force is further divided into those who are employed and those who are unemployed. Thus the population of the country can be subdivided into three categories; employed, unemployed and not in the labour force. A person's status depends on their activity (or lack of it) during a particular reference period.

The labour force consists of four groups of persons; residents who are employees of resident institutional units, residents who are employees of non-resident institutional units, unemployed residents and self-employed persons. (A self-employed person is necessarily associated with a resident household. If such a person provides goods and services abroad, these are recorded as exports).

Rate of unemployment

The unemployment rate is a measure of the prevalence of unemployment and it is calculated as a percentage by dividing the number of unemployed individuals by all individuals currently in the labour force.

The unemployment rate is expressed as a percentage, and is calculated as follows: $\text{unemployment rate} = \frac{\text{unemployed persons}}{\text{total labour force}}$

Self-employed persons

Self-employed persons are persons who are the sole or joint owners of the unincorporated enterprises in which they work, excluding those unincorporated enterprises that are classified as quasi-corporations.

Unemployment

To complete the picture of the labour force, it is necessary to mention unemployment because the labour force is divided between employed persons (that is, employees plus self-employed persons) plus those who are unemployed. An unemployed person is one who is not an employee or self-employed but available for work and actively seeking work. The concept of unemployed persons is not required in the national accounts because the unemployed do not contribute to production but their numbers are necessary to make the conceptual transition from the employed population to the economically active population.

Annex B. National Labour Force Survey of Ethiopia, 2005³⁴

Concepts and Definitions Adopted

The employment data that have been used in this Study are compiled mainly from the results of CSA's 2005 National Labour Force Survey and the results of the 2009 Urban Employment and Unemployment Survey in respect of the currently employed population, from the current status approach. The concepts and definitions adopted in the National Labour Force Survey on the economically active population, labour force, employment and unemployment are given below.

Economically Active Population

All persons aged ten years and over who are productively engaged or available to be engaged during the reference period are included as economically active persons. In other words, the economically active population comprises all persons aged ten years and over who are employed or unemployed in the reference period. Their complements, i.e. those who are neither engaged nor furnish their labour constitute the economically inactive population.

The lower age limit was fixed at ten years to allow comparisons with other countries and to incorporate information about those children who start taking part in many types of economic activities at young ages.

Economic activity in the survey was defined in terms of production of goods and services that fall within the United Nations System of National Accounts (SNA) production boundary (ILO, 1990). Hence, in the 2005 National Labour Force Survey, economic activity is defined as work which involves the production of goods and/or services for sale or exchange and production of certain products for own consumption.

According to the above general definition, economic activity covers production of goods and services intended for sale on the market, production of other goods and services such as government activities; production and processing of primary products (agriculture, hunting, fishing, forestry and logging; and mining and quarrying) for own consumption, processing of primary products by the producers themselves, production of other commodities where part of the output is sold on the market; and own account construction and fixed asset formation (expected life use of one year or more). Such economic activities may be performed for an individual, family or private enterprise, government establishment or public organization. The remuneration may be on a daily, weekly, monthly, yearly or contract basis. On the other hand, unpaid household chores such as preparing food, cleaning the house, taking care of children or collecting firewood for own consumption is not considered in the category of economic activity. Similarly, unpaid community and volunteer services are classified as non-economic activities.

³⁴ Source: CSA Report on the 2005 National Labour Force Survey)

Measurement Approaches of the Economically Active Population, Labour Force, Employment and Unemployment

The economically active population comprises all persons of either sex who furnish the supply of labour for the production of economic goods and services as defined by UN System of National Account (SNA) balances during a specified reference period (UN, 2000). Both usual and current status approaches were employed in the survey for measuring the economically active population.

Usual Status Approach

- In the usual status approach, all persons aged ten years and over were asked to report whether they were engaged in productive activities or available to be engaged at work at least some time during the last twelve months prior to the date of interview. Those persons who had been engaged or available to be engaged at work at any time during those months were asked the number of weeks they spent on each activity status month by month. Based on this information, persons were categorized as employed and unemployed on the basis of majority rule, i.e., persons who were working and/or available to work for at least half of the total number of weeks (twenty five weeks) during the twelve months were classified as economically active.
- Among the economically active, those who spent at least half of their active period at work were categorized as employed.
- On the other hand, persons were categorized as unemployed if their availability period was greater than the employment period.
- Those who neither engaged in nor were available to work in productive activity during most of the reference period due to homemaking, education, illness, etc. were classified as the economically inactive.

Current Status Approach

- The current status approach measures the activity status in relation to a short reference period, i.e. the seven days prior to the date of the interview. In this approach a series of enquiries related to engagement in economic activity, seeking and availability to work, reason for not being available to work, etc. were made to determine the economic activity status of each person. These questions were used to divide the population into the three mutually exclusive categories: employed, unemployed and not in the labour force. If a person experiences a combination of the three statuses in a week, a priority rule is applied, with employment taking precedence over unemployment and unemployment taking precedence over inactive.
- As with the usual status approach the employed and the unemployed populations together make up the labour force or the currently active population.
- The third category represents the population not currently active.

- The employed population based on the current activity status approach consisted of those who were engaged in productive activity for at least four hours during the seven days prior to the date of the interview.
- The unemployed population, consists of persons without work but who are willing/available and ready to work if any job was found during the one month period after the date of the interview.

Economic activity rate

Economic activity rate, also called the participation rate of a population, is calculated as the size of the economically active population over the total size of the active and the inactive populations.

Employment to Population Ratio

Employment to Population Ratio is the total number of employed people divided by the total working age population, expressed as a percentage.

Occupation and Industry

Responses of the type of occupation and industry of employed persons were based on the National Occupation and Industry Classification (NOIC) code book. The NOIC codes were adopted from the International Standard Classification of Occupation (ISCO-88) and International Standard Industrial Classification (ISIC, 1990), taking into account the prevailing national socio-economic conditions.

In this survey, the currently employed persons were asked about the type of main activity (occupation) and major product or service of the establishment or industry in which they were engaged during the survey reference period. For employed persons engaged in multiple activities, the activity that took the largest share of time spent was taken as the main type of activity.

Measurement of Unemployment

The measurement of unemployment is based on the following three criteria that must be satisfied simultaneously: “without work”, “currently available for work” and “seeking work” (ILO). The standard definition of unemployment that is based on the “seeking work” criterion refers to taking specific steps in a specified period to seek paid employment or self employment. The specific steps may include registration at a public or private employment exchange, application to employers, checking at worksites, farms, factory gates, markets or other assembly places, placing or answering newspaper advertisements, seeking assistance of friends or relatives, looking for land, buildings, machinery or equipment to establish one’s own enterprise, arranging for financial resources, applying for work permits or licences, etc.

However, in situations where the conventional means of seeking work are of limited relevance, where the labour market is largely unorganized or of limited scope, where

labour absorption is, at the time, inadequate or where the labour force is largely self-employed, the above standard definition of unemployment with its emphasis on the seeking work criterion might be restrictive and might not fully capture the prevailing employment situations in many developing countries, including Ethiopia. Hence, the International Standard contains provisions which allow for the relaxation of this criterion in certain situations.

The provisions are two types, namely partial relaxation and complete relaxation. Under partial relaxation, the definition of unemployment includes discouraged job seekers in addition to persons satisfying the standard definition. Discouraged job seekers are those who want a job but who did not take any active steps to search for work because they believe that they will not succeed.

Under the completely relaxed definition, unemployment includes persons without work and those who are available for work, including those who were or were not seeking work. That is, the seeking work criterion is completely relaxed and unemployment is based on the “without work” and “availability” criteria only. The availability in this situation is tested by asking the willingness to take up work for wage or salary on locally prevailing terms, or readiness to undertake self-employment activity, given the necessary resources and facilities.

This survey collected unemployment data using the standard, partially relaxed and completely relaxed definitions. After evaluation and assessment of the results obtained using the three measures; the rates obtained using the completely relaxed definitions were found most plausible and hence selected for reporting.

Annex C. Statistical Tables

Table 38. Estimates of value added, 1997 EFY, 2004/2005 ('000 Birr at constant, 2004-05 prices)

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	331,487	1,188,090	0	38,236,577	39,756,154
B. Fishing	0	0	10,640	0	4,560	15,200
C. Mining and Quarrying	0	0	244,285	0	123,192	367,478
D. Manufacturing	0	1,745,257	1,207,472	0	1,414,340	4,367,069
E. Electricity, Gas, and Water Supply	422,596	1,017,579	0	0	382,896	1,823,070
F. Construction	1,520,850	489,039	526,930	151,614	2,156,203	4,844,637
G. Wholesale and Retail Trade	4,579	0	9,876,802	0	29,585	9,910,965
H. Hotels and Restaurants	3,890	0	1,882,483	0	3,959	1,890,332
I. Transport, Storage, and Communication	0	2,632,362	2,453,963	0	7,543	5,093,869
J. Financial Intermediation	0	963,921	549,600	15,042	0	1,528,562
K. Real Estate, Renting, and Business Activities	607,204	0	5,122	5,122	5,874,185	6,491,633
L. Public Administration and Defence	3,550,491	0	0	0	0	3,550,491
M. Education	1,925,029	0	387,410	60,821	0	2,373,260
N. Health and Social Work	413,115	0	266,400	58,402	82,915	820,832
O. Other Community, Social and Personal Services	36,053	0	1,160,949	243,337	1,339	1,441,679
P. Private Households with Employed Persons	0	0	0	0	210,472	210,472
Total GVA	8,483,807	7,179,645	19,760,145	534,337	48,527,766	84,485,701
Agriculture, forestry and fishing	0	331,487	1,198,730	0	38,241,137	39,771,354
Mining, manufacturing, electricity & construction	1,943,446	3,251,875	1,978,687	151,614	4,076,631	11,402,253
Services	6,540,361	3,596,283	16,582,729	382,724	6,209,998	33,312,094
Total GVA	8,483,807	7,179,645	19,760,145	534,337	48,527,766	84,485,701
Total GVA excluding agriculture	8,483,807	6,848,158	18,561,416	534,337	10,286,629	44,714,348

Table 39. Estimates of value added, 1998 EFY, 2005/2006 ('000 Birr at constant, 2004-05 prices)

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/ Unorganised/ Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	371,498	991,404	0	42,779,550	44,142,451
B. Fishing	0	0	12,122	0	1,826	13,948
C. Mining and Quarrying	0	0	243,885	0	149,934	393,819
D. Manufacturing	0	1,772,072	1,574,680	0	1,483,124	4,829,876
E. Electricity, Gas and Water Supply	448,938	1,149,966	0	0	385,480	1,984,384
F. Construction	1,596,881	746,478	586,062	158,534	2,264,979	5,352,933
G. Wholesale and Retail Trade	23,972	0	11,600,611	0	24,398	11,648,980
H. Hotels and Restaurants	4,650	0	2,250,122	0	4,732	2,259,504
I. Transport, Storage, and Communication	0	3,058,299	2,317,680	0	7,761	5,383,741
J. Financial Intermediation	0	1,319,749	630,237	17,446	0	1,967,431
K. Real Estate, Renting, and Business Activities	695,341	0	5,866	5,866	6,726,844	7,433,918
L. Public Administration and Defence	3,776,815	0	0	0	0	3,776,815
M. Education	2,134,722	0	382,758	60,090	0	2,577,571
N. Health and Social Work	446,608	0	302,937	66,566	85,444	901,555
O. Other Community, Social and Personal Services	39,359	0	1,267,377	265,645	1,462	1,573,842
P. Private Households with Employed Persons	0	0	0	0	224,315	224,315
Total GVA	9,167,286	8,418,062	22,165,742	574,147	54,139,849	94,465,085
Agriculture, forestry and fishing	0	371,498	1,003,525	0	42,781,376	44,156,399
Mining, manufacturing, electricity & construction	2,045,819	3,668,516	2,404,628	158,534	4,283,516	12,561,013
Services	7,121,467	4,378,049	18,757,589	415,613	7,074,956	37,747,674
Total GVA	9,167,286	8,418,062	22,165,742	574,147	54,139,849	94,465,085
Total GVA excluding agriculture	9,167,286	8,046,565	21,162,216	574,147	11,358,473	50,308,687

Table 40. Estimates of value added, 1999 EFY, 2006/2007 ('000 Birr at constant, 2004-05 prices)

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	408,068	2,504,553	0	45,619,329	48,531,949
B. Fishing	0	0	14,392	0	630	15,022
C. Mining and Quarrying	0	0	187,743	0	145,401	333,144
D. Manufacturing	0	1,873,640	1,785,727	0	1,573,510	5,232,876
E. Electricity, Gas, and Water Supply	478,196	1,388,814	0	0	387,491	2,254,501
F. Construction	1,939,138	687,557	384,898	34,806	2,890,309	5,936,707
G. Wholesale and Retail Trade	6,286	0	13,560,630	0	40,619	13,607,536
H. Hotels and Restaurants	5,927	0	2,868,122	0	6,032	2,880,081
I. Transport, Storage, and Communication	0	3,454,726	2,423,282	0	7,987	5,885,995
J. Financial Intermediation	0	1,411,902	832,769	19,717	0	2,264,388
K. Real Estate, Renting, and Business Activities	801,147	0	6758	6,758	7,750,430	8,565,094
L. Public Administration and Defence	4,222,318	0	0	0	0	4,222,318
M. Education	2,472,877	0	563,737	88,503	0	3,125,116
N. Health and Social Work	582,843	0	305,960	67,199	87,624	1,043,626
O. Other Community, Social and Personal Services	0	0	1,374,994	288,202	1,586	1,707,482
P. Private Households with Employed Persons	0	0	0	0	233,242	233,242
Total GVA	10,508,732	9,224,706	26,813,565	505,184	58,744,188	105,839,075
Agriculture, forestry and fishing	0	408,068	2,518,945	0	45,619,958	48,546,971
Mining, manufacturing, electricity & construction	2,417,334	3,950,010	2,358,367	34,806	4,996,711	13,757,228
Services	8,091,398	4,866,628	21,936,253	470,379	8,127,518	43,534,876
Total GVA	10,508,732	9,224,706	26,813,565	505,184	58,744,188	105,839,075
Total GVA excluding agriculture	10,508,732	8,816,638	24,294,620	505,184	13,124,229	57,292,105

Table 41. Estimates of value added, 2000 EFY, 2007/2008 ('000 Birr at constant, 2004-05 prices)

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/ Unorganised/ Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	412,355	3,935,726	0	47,471,177	51,819,258
B. Fishing	0	0	10,503	0	9,629	20,132
C. Mining and Quarrying	0	0	285,544	0	118,938	404,483
D. Manufacturing	0	1,810,622	2,285,829	0	1,662,265	5,758,716
E. Electricity, Gas, and Water Supply	542,200	1,447,728	0	0	373,863	2,363,792
F. Construction	2,239,451	965,813	776,000	189,581	2,439,244	6,610,089
G. Wholesale and Retail Trade	7,277	0	15,697,483	0	47,020	15,751,780
H. Hotels and Restaurants	7,307	0	3,536,331	0	7,437	3,551,076
I. Transport, Storage, and Communication	0	3,899,898	2,658,096	0	8,218	6,566,213
J. Financial Intermediation	0	1,779,916	1,082,006	21,655	0	2,883,577
K. Real Estate, Renting, and Business Activities	939,632	0	7,927	7,927	9,090,155	10,045,641
L. Public Administration and Defence	4,751,155	0	0	0	0	4,751,155
M. Education	2,807,802	0	697,377	109,483	0	3,614,661
N. Health and Social Work	730,910	0	315,424	69,300	90,056	1,205,690
O. Other Community, Social and Personal Services	47,679	0	1,535,310	321,804	1,770	1,906,563
P. Private Households with Employed Persons	0	0	0	0	245,530	245,530
Total GVA	12,073,413	10,316,333	32,823,555	719,750	61,565,303	117,498,353
Agriculture, forestry and fishing	0	412,355	3,946,229	0	47,480,805	51,839,389
Mining, manufacturing, electricity & construction Services	2,781,651	4,224,163	3,347,374	189,581	4,594,310	15,137,079
Total GVA	9,291,763	5,679,815	25,529,953	530,168	9,490,187	50,521,885
Total GVA excluding agriculture	12,073,413	10,316,333	32,823,555	719,750	61,565,303	117,498,353
Total GVA excluding agriculture	12,073,413	9,903,978	28,877,326	719,750	14,084,498	65,658,964

Table 42. Estimates of value added, 2001 EFY, 2008/2009 ('000 Birr at constant, 2004-05 prices)

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	443,343	2,879,646	0	51,792,726	55,115,714
B. Fishing	0	0	15,216	0	10,256	25,472
C. Mining and Quarrying	0	0	321,200	0	134,960	456,160
D. Manufacturing	0	2,005,083	2,526,835	0	1,767,210	6,299,128
E. Electricity, Gas, and Water Supply	614,716	1,528,249	0	0	355,658	2,498,624
F. Construction	3,176,349	538,548	917,310	202,593	2,547,056	7,381,856
G. Wholesale and Retail Trade	8,156	0	17,594,152	0	52,701	17,655,009
H. Hotels and Restaurants	9,057	0	4,382,774	0	9,218	4,401,049
I. Transport, Storage, and Communication	0	4,311,955	2,819,546	0	8,456	7,139,958
J. Financial Intermediation	0	2,316,615	1,160,968	22,928	0	3,500,511
K. Real Estate, Renting, and Business Activities	1,090,643	0	9,201	9,201	10,551,056	11,660,100
L. Public Administration and Defence	5,623,770	0	0	0	0	5,623,770
M. Education	3,202,158	0	711,828	111,752	0	4,025,738
N. Health and Social Work	821,324	0	315,795	69,384	90,210	1,296,714
O. Other Community, Social and Personal Services	50,770	0	1,634,828	342,663	1,885	2,030,146
P. Private Households with Employed Persons	0	0	0	0	254,815	254,815
Total GVA	14,596,943	11,143,792	35,289,299	758,522	67,576,207	129,364,763
Agriculture, forestry and fishing	0	443,343	2,894,862	0	51,802,982	55,141,186
Mining, manufacturing, electricity & construction	3,791,065	4,071,880	3,765,345	202,593	4,804,884	16,635,768
Services	10,805,878	6,628,570	28,629,092	555,928	10,968,341	57,587,810
Total GVA	14,596,943	11,143,792	35,289,299	758,522	67,576,207	129,364,763
Total GVA excluding agriculture	14,596,943	10,700,450	32,394,437	758,522	15,773,226	74,223,577

Table 43. Estimates of value added, 1997 EFY, 2004/2005 ('000 Birr at current prices)

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	348,845	1,436,006	0	43,925,080	45,709,931
B. Fishing	0	0	34,890	0	14,953	49,843
C. Mining and Quarrying	0	0	384,456	0	175,322	559,778
D. Manufacturing	0	1,855,774	1,285,529	0	1,541,573	4,682,877
E. Electricity, Gas, and Water Supply	525,885	931,797	0	0	493,904	1,951,586
F. Construction	1,967,435	632,641	184,732	147,928	2,578,084	5,510,819
G. Wholesale and Retail Trade	5,377	0	11,598,480	0	34,742	11,638,598
H. Hotels and Restaurants	4,326	0	2,093,323	0	4,403	2,102,051
I. Transport, Storage, and Communication	0	3,349,011	3,465,829	0	8,750	6,823,589
J. Financial Intermediation	0	1,053,929	563,016	16,070	0	1,633,014
K. Real Estate, Renting, and Business Activities	700,227	0	5,907	5,907	6,774,106	7,486,146
L. Public Administration and Defence	4,686,859	0	0	0	0	4,686,859
M. Education	2,370,907	0	532,266	83,562	0	2,986,734
N. Health and Social Work	545,337	0	250,624	54,855	80,352	931,168
O. Other Community, Social and Personal Services	42,339	0	1,363,362	285,763	1,572	1,693,037
P. Private Households with Employed Persons	0	0	0	0	242,527	242,527
TOTAL GVA	10,848,691	8,171,997	23,198,419	594,086	55,875,366	98,688,559
Agriculture, forestry and fishing	0	348,845	1,470,897	0	43,940,033	45,759,774
Mining, manufacturing, electricity & construction	2,493,320	3,420,212	1,854,716	147,928	4,788,883	12,705,060
Services	8,355,371	4,402,940	19,872,806	446,157	7,146,451	40,223,724
Total GVA	10,848,691	8,171,997	23,198,419	594,086	55,875,366	98,688,559
Total GVA excluding agriculture	10,848,691	7,823,152	21,727,522	594,086	11,935,334	52,928,784

Table 44. Estimates of value added, 1998 EFY, 2005/2006 ('000 Birr at current prices)

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	466,078	1,222,066	0	56,680,970	58,369,113
B. Fishing	0	0	43,446	0	18,620	62,065
C. Mining and Quarrying	0	0	434,873	0	241,144	676,017
D. Manufacturing	0	2,015,470	1,788,876	0	1,729,116	5,533,462
E. Electricity, Gas, and Water Supply	633,662	1,121,237	0	0	561,128	2,316,027
F. Construction	2,378,326	1,111,772	189,430	178,290	3,063,254	6,921,071
G. Wholesale and Retail Trade	7,094	0	15,301,915	0	45,835	15,354,844
H. Hotels and Restaurants	5,807	0	2,809,967	0	5,910	2,821,683
I. Transport, Storage, and Communication	0	3,536,627	3,316,851	0	9,578	6,863,056
J. Financial Intermediation	0	1,510,772	678,018	19,582	0	2,208,373
K. Real Estate, Renting, and Business Activities	853,001	0	7,196	7,196	8,252,072	9,119,465
L. Public Administration and Defence	5,446,614	0	0	0	0	5,446,614
M. Education	3,106,596	0	593,309	93,145	0	3,793,051
N. Health and Social Work	644,062	0	281,770	142,467	1,665	1,069,964
O. Other Community, Social and Personal Services	51,881	0	1,670,616	350,165	1,927	2,074,588
P. Private Households with Employed Persons	0	0	0	0	320,724	320,724
Total GVA	13,127,042	9,761,957	28,338,332	790,845	70,931,940	122,950,116
Agriculture, forestry and fishing	0	466,078	1,265,511	0	56,699,589	58,431,179
Mining, manufacturing, electricity & construction	3,011,988	4,248,479	2,413,178	178,290	5,594,641	15,446,576
Services	10,115,054	5,047,400	24,659,642	612,555	8,637,710	49,072,361
Total GVA	13,127,042	9,761,957	28,338,332	790,845	70,931,940	122,950,116
Total GVA excluding agriculture	13,127,042	9,295,879	27,072,821	790,845	14,232,351	64,518,937

Table 45. Estimates of value added, 1999 EFY, 2006/2007 ('000 Birr at current prices)

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/ Unorganised/ Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	566,268	3,265,699	0	71,970,202	75,802,169
B. Fishing	0	0	50,991	0	21,853	72,844
C. Mining and Quarrying	0	0	370,785	0	264,827	635,612
D. Manufacturing	0	2,606,395	2,466,697	0	2,062,948	7,136,040
E. Electricity, Gas, and Water Supply	834,613	1,615,990	0	0	684,898	3,135,501
F. Construction	3,613,909	1,546,387	202,068	243,670	3,662,775	9,268,810
G. Wholesale and Retail Trade	9,766	0	21,066,987	0	63,104	21,139,856
H. Hotels and Restaurants	8,919	0	4,316,101	0	9,077	4,334,097
I. Transport, Storage, and Communication	0	4,454,708	3,462,395	0	10,484	7,927,587
J. Financial Intermediation	0	1,691,620	953,940	23,238	0	2,668,799
K. Real Estate, Renting, and Business Activities	1,251,596	0	10,558	10,558	12,108,137	13,380,850
L. Public Administration and Defence	6,342,591	0	0	0	0	6,342,591
M. Education	3,770,558	0	916,361	143,862	0	4,830,781
N. Health and Social Work	875,523	0	282,447	61,912	84,111	1,303,992
O. Other Community, Social and Personal Services	66,339	0	2,136,174	447,746	2,463	2,652,723
P. Private Households with Employed Persons	0	0	0	0	370,947	370,947
Total GVA	16,773,814	12,481,368	39,501,203	930,988	91,315,828	161,003,200
Agriculture, forestry and fishing	0	566,268	3,316,689	0	71,992,056	75,875,013
Mining, manufacturing, electricity & construction Services	12,325,291	6,146,329	33,144,963	687,317	12,648,323	64,952,224
Total GVA	16,773,814	12,481,368	39,501,203	930,988	91,315,828	161,003,200
Total GVA excluding agriculture	16,773,814	11,915,100	36,184,513	930,988	19,323,772	85,128,187

Table 46. Estimates of value added, 2000 EFY, 2007/2008 ('000 Birr at current prices)

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	812,791	5,290,165	0	110,901,003	117,003,959
B. Fishing	0	0	73,048	0	31,306	104,354
C. Mining and Quarrying	0	0	704,085	0	240,208	944,293
D. Manufacturing	0	2,950,925	3,692,922	0	2,607,549	9,251,396
E. Electricity, Gas, and Water Supply	1,071,832	1,669,057	0	0	740,108	3,480,996
F. Construction	4,344,416	2,220,944	303,393	319,946	4,811,574	12,000,273
G. Wholesale and Retail Trade	14,078	0	30,368,309	0	90,965	30,473,352
H. Hotels and Restaurants	13,251	0	6,412,775	0	13,487	6,439,514
I. Transport, Storage, and Communication	0	5,582,094	3,756,264	0	11,476	9,349,833
J. Financial Intermediation	0	2,257,635	1,325,491	27,111	0	3,610,238
K. Real Estate, Renting, and Business Activities	1,869,431	0	15,771	15,771	18,085,177	19,986,149
L. Public Administration and Defence	8,370,388	0	0	0	0	8,370,388
M. Education	5,099,032	0	1,224,271	192,202	0	6,515,505
N. Health and Social Work	1,287,686	0	293,756	64,428	86,829	1,732,699
O. Other Community, Social and Personal Services	92,741	0	2,986,318	625,938	3,444	3,708,441
P. Private Households with Employed Persons	0	0	0	0	506,429	506,429
Total GVA	22,162,856	15,493,446	56,446,567	1,245,396	138,129,556	233,477,821
Agriculture, forestry and fishing	0	812,791	5,363,212	0	110,932,310	117,108,313
Mining, manufacturing, electricity & construction	5,416,249	6,840,926	4,700,400	319,946	8,399,439	25,676,959
Services	16,746,607	7,839,729	46,382,955	925,450	18,797,807	90,692,549
Total GVA	22,162,856	15,493,446	56,446,567	1,245,396	138,129,556	233,477,821
Total GVA excluding agriculture	22,162,856	14,680,655	51,083,355	1,245,396	27,197,246	116,369,508

Table 47. Estimates of value added, 2001 EFY, 2008/2009 ('000 Birr at current prices)

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	1,152,839	5,767,587	0	153,570,716	160,491,143
B. Fishing	0	0	95,323	0	40,853	136,176
C. Mining and Quarrying	0	0	967,388	0	302,425	1,269,813
D. Manufacturing	0	3,915,012	4,890,973	0	3,814,780	12,620,765
E. Electricity, Gas, and Water Supply	1,382,072	1,852,547	0	0	802,230	4,036,848
F. Construction	6,170,837	1,535,043	513,073	595,232	7,259,669	16,073,853
G. Wholesale and Retail Trade	21,521	0	46,424,258	0	139,058	46,584,838
H. Hotels and Restaurants	20,906	0	10,117,098	0	21,278	10,159,282
I. Transport, Storage and Communication	0	8,757,514	3,949,280	0	12,562	12,719,356
J. Financial Intermediation	0	3,190,552	1,552,870	31,274	0	4,774,697
K. Real Estate, Renting, and Business Activities	2,276,360	0	19,203	19,203	22,021,873	24,336,640
L. Public Administration and Defence	10,320,218	0	0	0	0	10,320,218
M. Education	6,167,973	0	1,305,799	205,001	0	7,678,773
N. Health and Social Work	1,507,218	0	294,034	64,491	86,968	1,952,710
O. Other Community, Social and Personal Services	133,982	0	4,314,311	904,288	4,975	5,357,556
P. Private Households with Employed Persons	0	0	0	0	674,240	674,240
Total GVA	28,001,085	20,403,506	80,211,199	1,819,491	188,751,627	319,186,908
Agriculture, forestry and fishing	0	1,152,839	5,862,911	0	153,611,569	160,627,320
Mining, manufacturing, electricity & construction	7,552,908	7,302,601	6,371,434	595,232	12,179,104	34,001,279
Services	20,448,177	11,948,066	67,976,854	1,224,258	22,960,954	124,558,309
Total GVA	28,001,085	20,403,506	80,211,199	1,819,491	188,751,627	319,186,908
Total GVA excluding agriculture	28,001,085	19,250,667	74,348,288	1,819,491	35,140,058	158,559,588

Table 48. Estimates of employment, 1997 EFY, 2004/2005

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	16,432	192,172	791,068	0	24,197,468	25,180,707
B. Fishing	0	0	19,220	0	8,237	27,458
C. Mining and Quarrying	0	0	56,378	0	25,710	82,088
D. Manufacturing	0	54,622	100,658	0	1,785,265	1,940,545
E. Electricity, Gas, and Water Supply	11,419	15,942	0	0	6,521	33,882
F. Construction	159,091	51,157	14,938	11,962	208,470	445,618
G. Wholesale and Retail Trade	6,853	3,461	100,527	964	1,525,329	1,637,134
H. Hotels and Restaurants	3,425	1,667	75,227	251	688,579	769,149
I. Transport, Storage, and Communication	0	21,083	162,863	0	4,000	187,946
J. Financial Intermediation	0	28,985	7,796	1,119	0	37,900
K. Real Estate, Renting, and Business Activities	21,933	2,141	11,007	673	16,498	52,252
L. Public Administration and Defence	351,130	0	0	0	0	351,130
M. Education	211,038	0	61,942	9,724	0	282,704
N. Health and Social Work	41,254	0	5,704	2,796	42,277	92,032
O. Other Community, Social and Personal Services	16,985	6,235	59,108	11,700	344,635	438,663
P. Private Households with Employed Persons	0	0	0	0	248,595	248,595
Total employment	839,560	377,464	1,466,437	39,189	29,101,584	31,807,803
Agriculture, forestry and fishing	16,432	192,172	810,288	0	24,205,705	25,208,165
Mining, manufacturing, electricity & construction	170,510	121,721	171,974	11,962	2,025,966	2,502,133
Services	652,618	63,572	484,174	27,227	2,869,913	4,097,505
Total employment	839,560	377,464	1,466,437	39,189	29,101,584	31,807,803
Total excluding agriculture	823,128	185,292	656,148	39,189	4,895,879	6,599,638

Table 49. Estimates of employment, 1998 EFY, 2005/2006

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	212,314	556,691	0	25,820,033	26,589,038
B. Fishing		0	19,791		8,482	28,273
C. Mining and Quarrying	0	0	51,948	0	28,806	80,754
D. Manufacturing	0	56,179	109,555	0	1,834,932	2,000,666
E. Electricity, Gas, and Water Supply	11,929	16,655	0	0	6,812	35,396
F. Construction	27,261	51,953	150,442	35,578	217,403	482,637
G. Wholesale and Retail Trade	5,633	2,845	82,630	792	1,253,772	1,345,672
H. Hotels and Restaurants	2,495	1,214	54,798	183	501,588	560,278
I. Transport, Storage, and Communication	0	24,607	167,211	0	4,000	195,818
J. Financial Intermediation	0	39,545	8,938	1,364	0	49,847
K. Real Estate, Renting, and Business Activities	27,366	2,671	13,734	840	20,585	65,196
L. Public Administration and Defence	417,426	0	0	0	0	417,426
M. Education	217,369	0	63,800	10,016	0	291,185
N. Health and Social Work	50,794	0	5,975	2,796	43,451	103,016
O. Other Community, Social and Personal Services	19,186	7,043	66,768	13,216	389,298	495,511
P. Private Households with Employed Persons	0	0	0	0	285,920	285,920
Total employment	779,460	415,027	1,352,280	64,785	30,415,083	33,026,634
Agriculture, forestry and fishing	0	212,314	576,482	0	25,828,515	26,617,310
Mining, manufacturing, electricity & construction	39,190	124,786	311,945	35,578	2,087,954	2,599,454
Services	740,270	77,926	463,853	29,207	2,498,614	3,809,870
Total employment	779,460	415,027	1,352,280	64,785	30,415,083	33,026,634
Total excluding agriculture	779,460	202,713	775,798	64,785	4,586,568	6,409,324

Table 50. Estimates of employment, 1999 EFY, 2006/2007

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	210,747	1,215,392	0	26,785,088	28,211,228
B. Fishing		0	18,977		8,133	27,110
C. Mining and Quarrying	0	0	51,815	0	37,008	88,822
D. Manufacturing	0	59,712	124,030	0	1,885,679	2,069,421
E. Electricity, Gas, and Water Supply	12,652	17,664	0	0	7,225	37,542
F. Construction	28,557	54,424	157,597	37,270	227,742	505,590
G. Wholesale and Retail Trade	7,188	3,630	105,436	1,011	1,599,813	1,717,077
H. Hotels and Restaurants	3,183	1,549	69,923	233	640,026	714,915
I. Transport, Storage, and Communication	0	25,168	179,856	0	4,000	209,024
J. Financial Intermediation	0	42,170	11,941	1,618	0	55,729
K. Real Estate, Renting, and Business Activities	34,920	3,409	17,524	1,071	26,267	83,191
L. Public Administration and Defence	467,307	0	0	0	0	467,307
M. Education	277,363	0	81,409	12,781	0	371,552
N. Health and Social Work	51,691	0	6,080	2,796	44,649	105,216
O. Other Community, Social and Personal Services	471,990	0	138,534	21,749	0	632,272
P. Private Households with Employed Persons	0	0	0	0	364,834	364,834
Total employment	1,354,852	418,474	2,178,512	78,529	31,630,465	35,660,831
Agriculture, forestry and fishing	0	210,747	1,234,369	0	26,793,221	28,238,338
Mining, manufacturing, electricity & construction	41,210	131,800	333,441	37,270	2,157,655	2,701,375
Services	1,313,642	75,927	610,701	41,259	2,679,588	4,721,117
Total employment	1,354,852	418,474	2,178,512	78,529	31,630,465	35,660,831
Total excluding agriculture	1,354,852	207,726	944,142	78,529	4,837,243	7,422,493

Table 51. Estimates of employment, 2000 EFY, 2007/2008

Industry	General Government	Public Corporations	Private Corporations	NPISHs	Household/ Unorganised/ Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	196,995	1,282,170	0	26,878,928	28,358,093
B. Fishing		0	17,704		7,588	25,292
C. Mining and Quarrying	0	0	70,072	0	23,906	93,977
D. Manufacturing	0	45,036	137,664	0	1,937,279	2,119,979
E. Electricity, Gas, and Water Supply	13,692	19,115	0	0	7,819	40,625
F. Construction	33,236	63,340	183,418	43,376	265,056	588,427
G. Wholesale and Retail Trade	9,150	4,621	134,220	1,287	2,036,562	2,185,839
H. Hotels and Restaurants	4,053	1,972	89,011	297	814,753	910,087
I. Transport, Storage, and Communication	0	25,581	197,199	0	4,000	226,780
J. Financial Intermediation	0	52,981	15,579	1,888	0	70,447
K. Real Estate, Renting, and Business Activities	44,453	4,339	22,308	1,364	33,437	105,902
L. Public Administration and Defence	487,425	0	0	0	0	487,425
M. Education	353,083	0	103,633	16,270	0	472,986
N. Health and Social Work	52,914	0	6,373	2,796	45,868	107,950
O. Other Community, Social and Personal Services	31,165	11,440	108,455	21,468	632,355	804,883
P. Private Households with Employed Persons	0	0	0	0	464,434	464,434
Total employment	1,029,170	425,421	2,367,805	88,746	33,151,984	37,063,126
Agriculture, forestry and fishing	0	196,995	1,299,875	0	26,886,515	28,383,385
Mining, manufacturing, electricity & construction	46,928	127,491	391,154	43,376	2,234,060	2,843,009
Services	982,242	100,935	676,777	45,369	4,031,409	5,836,732
Total employment	1,029,170	425,421	2,367,805	88,746	33,151,984	37,063,126
Total excluding agriculture	1,029,170	228,426	1,067,931	88,746	6,265,468	8,679,741

Table 52. Estimates of employment, 2001 EFY, 2008/2009

Industry	General Government	Public corporations	Private corporations	NPISHs	Household/Unorganised/Informal Sector	Total
A. Agriculture, Hunting, and Forestry	0	205,104	1,026,121	0	27,322,016	28,553,240
B. Fishing		0	16,959		7,268	24,227
C. Mining and Quarrying	0	0	71,776	0	22,439	94,214
D. Manufacturing	0	45,036	139,010	0	1,990,457	2,174,503
E. Electricity, Gas, and Water Supply	13,692	19,115	0	0	7,819	40,625
F. Construction	33,969	64,737	187,462	44,333	270,901	601,403
G. Wholesale and Retail Trade	11,620	5,869	170,459	1,635	2,586,433	2,776,016
H. Hotels and Restaurants	5,147	2,505	113,045	377	1,034,736	1,155,810
I. Transport, Storage, and Communication	0	26,958	212,880	0	4,000	243,838
J. Financial Intermediation	0	68,726	16,749	2,178	0	87,653
K. Real Estate, Renting, and Business Activities	56,455	5,511	28,332	1,732	42,465	134,495
L. Public Administration and Defence	487,425	0	0	0	0	487,425
M. Education	448,416	0	131,614	20,662	0	600,692
N. Health and Social Work	59,848	0	6,373	2,796	45,944	114,960
O. Other Community, Social and Personal Services	39,580	14,529	137,737	27,264	803,091	1,022,201
P. Private Households with Employed Persons	0	0	0	0	589,831	589,831
Total employment	1,156,151	458,090	2,258,516	100,977	34,727,400	38,701,134
Agriculture, forestry and fishing	0	205,104	1,043,080	0	27,329,284	28,577,467
Mining, manufacturing, electricity & construction	47,661	128,888	398,248	44,333	2,291,615	2,910,745
Services	1,108,490	124,098	817,188	56,644	5,106,501	7,212,921
Total employment	1,156,151	458,090	2,258,516	100,977	34,727,400	38,701,134
Total excluding agriculture	1,156,151	252,986	1,215,436	100,977	7,398,116	10,123,667

Table 53. Value of aggregate output, consumption, investment and savings at current prices (Million Birr)

Description	1992 99/00	1993 00/01	1994 01/02	1995 02/03	1996 03/04	1997 04/05	1998 05/06	1999 06/07	2000 07/08	2001 08/09	2002 09/10
GVA at Current Basic Prices	62,299	63,069	61,779	68,204	79,185	98,006	121,943	159,803	231,820	316,967	380,389
Taxes on Products, net	4,349	4,958	4,778	5,228	7,476	8,467	9,698	12,186	16,785	19,139	26,795
GDP at Current Market Prices	66,648	68,027	66,557	73,432	86,661	1,06,473	131,641	171,989	248,605	336,106	407,184
Incomes from ROW, net	(204)	(281)	(209)	(231)	(335)	107	238	415	431	(34)	(152)
GNI at Current Basic Prices	62,095	62,789	61,569	67,973	78,850	98,113	122,181	160,218	232,251	316,933	380,237
GNI at Current Market Prices	66,444	67,746	66,347	73,201	86,326	1,06,580	131,879	172,404	249,036	336,072	407,032
Current Transfers from ROW, net	5,652	6,434	6,636	9,388	9,436	15,335	18,163	25,444	34,194	44,191	42,954
Gross National Disposable Income	72,097	74,180	72,983	82,589	95,762	1,21,915	150,042	197,849	2,83,230	380,263	449,986
GFCE	11,922	9,964	9,873	9,850	11,315	13,203	16,080	18,072	24,364	27,592	30,903
PFCE	48,728	51,260	52,690	60,645	65,026	87,012	109,546	139,012	210,958	286,320	337,963
GCF (Investment)	13,516	14,645	16,052	16,305	22,705	25,293	33,176	44,294	56,055	75,377	96,483
Exports of Goods and Services	8,010	8,146	8,389	9,779	12,914	16,077	18,205	21,854	28,317	35,233	42,751
Imports of Goods and Services	15,953	16,108	17,707	20,131	27,367	37,776	48,092	55,088	76,564	96,285	111,344
Resource Balance	(7,943)	(7,962)	(9,318)	(10,352)	(14,453)	(21,699)	(29,887)	(33,234)	(48,247)	(61,052)	(68,593)
Gross National Savings	11,447	12,956	10,420	12,094	19,421	21,700	24,416	40,765	47,908	66,351	81,120
Rate of gross Saving (as % of GDP)	17.2	19.0	15.7	16.5	22.4	20.4	18.5	23.7	19.3	19.7	19.9
Rate of Investment (as % of GDP)	20.3	21.5	24.1	22.2	26.2	23.8	25.2	25.8	22.5	22.4	23.7
Mid-year Population (in Millions)	60.0	61.6	63.2	64.8	66.5	68.3	70.0	72.4	74.9	76.8	78.8
Per Capita GDP (Birr) (Nominal)	1,110	1,104	1,053	1,133	1,303	1,560	1,880	2,375	3,320	4,375	5,166
Per Capita GDP (Birr) (Real)	1,110	1,172	1,160	1,106	1,224	1,334	1,441	1,553	1,664	1,763	1,910
Average Exchange Rate (Birr/USD)	8.14	8.33	8.54	8.58	8.63	8.65	8.68	8.79	9.24	10.42	10.94
Per Capita GDP (USD)(Nominal)	136	133	123	132	151	180	217	270	359	420	472
Per Capita GDP (USD) (Real)	136	144	142	136	150	164	177	191	204	217	235
Percentage Change in GDP Deflator	6.9	(5.8)	(3.6)	12.8	3.9	9.9	11.6	17.2	30.5	24.4	9.0

Table 54. Growth rates of aggregate output, consumption, investment and savings (%)

Description	1992 99/00	1993 00/01	1994 01/02	1995 02/03	1996 03/04	1997 04/05	1998 005/06	1999 06/07	2000 007/08	2001 08/09	2002 09/10
GDP at Current Basic Prices	13.2	1.2	(2.0)	10.4	16.1	23.8	24.4	31.0	45.1	36.7	20.0
Taxes on Products, net	16.4	14.0	(3.6)	9.4	43.0	13.3	14.5	25.7	37.7	14.0	40.0
GDP at Current Market Prices	13.4	2.1	(2.2)	10.3	18.0	22.9	23.6	30.6	44.5	35.2	21.1
Incomes from ROW, net	189.5	37.6	(25.4)	10.2	44.9	(132.1)	121.7	74.5	3.8	(108.0)	342.3
Gross National Income at Current Basic Price	12.9	1.1	(1.9)	10.4	16.0	24.4	24.5	31.1	45.0	36.5	20.0
Gross National Income at Current Market Price	13.2	2.0	(2.1)	10.3	17.9	23.5	23.7	30.7	44.4	34.9	21.1
Current Transfers from ROW, net	53.0	13.8	3.1	41.5	0.5	62.5	18.4	40.1	34.4	29.2	(2.8)
Gross National Disposable Income	15.5	2.9	(1.6)	13.2	16.0	27.3	23.1	31.9	43.2	34.3	18.3
GFCE	30.1	(16.4)	(0.9)	(0.2)	14.9	16.7	21.8	12.4	34.8	13.2	12.0
PFCE	8.5	5.2	2.8	15.1	7.2	33.8	25.9	26.9	51.8	35.7	18.0
GCF	5.2	8.3	9.6	1.6	39.3	11.4	31.2	33.5	26.6	34.5	28.0
Exports	17.3	1.7	3.0	16.6	32.0	24.5	13.2	20.0	29.6	24.4	21.3
Imports	13.0	1.0	9.9	13.7	35.9	38.0	27.3	14.5	39.0	25.8	15.6
Per capita GDP											
Nominal (USD)	1.9	(2.8)	(7.0)	7.0	14.4	19.4	20.1	24.7	33.0	16.9	12.5
Real (USD)	3.4	5.6	(1.1)	(4.6)	10.7	9.0	8.0	7.8	7.1	6.0	8.3

Table 55. Distribution of aggregate output, consumption, investment and savings (%)

Description	1992 99/00	1993 00/01	1994 01/02	1995 02/03	1996 03/04	1997 04/05	1998 005/06	1999 06/07	2000 007/08	2001 08/09	2002 09/10
GDP at Current Basic Prices	93.5	92.7	92.8	92.9	91.4	92.0	92.6	92.9	93.2	94.3	93.4
Taxes on Products, net	6.5	7.3	7.2	7.1	8.6	8.0	7.4	7.1	6.8	5.7	6.6
GDP at Current Market Prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Incomes from ROW, net	(0.3)	(0.4)	(0.3)	(0.3)	(0.4)	0.1	0.2	0.2	0.2	(0.0)	(0.0)
Gross National Income at Current Basic Price	93.2	92.3	92.5	92.6	91.0	92.1	92.8	93.2	93.4	94.3	93.4
Gross National Income at Current Market Price	99.7	99.6	99.7	99.7	99.6	100.1	100.2	100.2	100.2	100.0	100.0
Current Transfers from ROW, net	8.5	9.5	10.0	12.8	10.9	14.4	13.8	14.8	13.8	13.1	10.5
Gross National Disposable Income	108.2	109.0	109.7	112.5	110.5	114.5	114.0	115.0	113.9	113.1	110.5
GFCE	17.9	14.6	14.8	13.4	13.1	12.4	12.2	10.5	9.8	8.2	7.6
PFCE	73.1	75.4	79.2	82.6	75.0	81.7	83.2	80.8	84.9	85.2	8.0
GCF	20.3	21.5	24.1	22.2	26.2	23.8	25.2	25.8	22.5	22.4	23.7
Exports	12.0	12.0	12.6	13.3	14.9	15.1	13.8	12.7	11.4	10.5	10.5
Imports	23.9	23.7	26.6	27.4	31.6	35.5	36.5	32.0	30.8	28.6	27.3
Resource Balance	(11.9)	(11.7)	(14.0)	(14.1)	(16.7)	(20.4)	(22.7)	(19.3)	(19.4)	(18.2)	(16.8)
Gross Domestic Savings	9.0	10.0	6.0	4.0	11.9	5.9	4.6	8.7	5.3	6.6	9.4

