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Ethiopia's economy is expected to maintain a growth rate of 11% in 2012/2013, newly-appointed premier Hailemariam Desalegn said, predicting a slump in crippling inflation rates that have plagued the country in recent years. The International Monetary Fund in June raised its economic growth forecast for Ethiopia to 7 percent from 5.5 percent owing to slowing inflation. Official estimates have tended to be generally higher than the Washington-based body's growth projections. The inflation rate slowed to 19% last month from 20.2% in August, helped by a slowdown in the rate of food price rises. The IMF has said tight monetary and fiscal policies have contributed to declining inflation, through the termination of central bank financing of the budget and significant sales of foreign exchange (Reuters, Oct. 16).

The second round of peace talks between the Ethiopian government and the ONLF ended. According to the ONLF's press statement, the negotiation panel mediated by Kenyan Defense Minister, Mohamed Yusuf Haji, was conducted between Ethiopia's Defense Minister, Seraj Fegesa, and ONLF's Foreign Secretary, Abdirahman Mahdi. The ONLF said In the first formal talks, the process went smoothly and the parties reached an agreement on the modalities, general principles and an agenda for the talks. (However), in the second round of the talks, the Ethiopian government delegation did not respect the principles agreed upon. The Ethiopian delegation tabled a contentious issue that was a key element of the conflict, by insisting that the continuation of the talks depend on the ONLF accepting the Ethiopian constitution. ONLF's statement added (Awramba Times, Oct. 18).

Ethiopia and the World Bank signed two loan agreements amounting to 1.15bio USDs to support the Promotion of Basic Services Phase III project and the transport sector. The two parties signed a 600m USD agreement providing for the Promotion of Basic Services Phase III project. The project aims at expanding access and improving the quality of basic services delivery by funding regional governments. It also supports activities to enhance the capacity, transparency, accountability and financial management of regional governments and local authorities. - The two parties also signed a 415m USD loan agreement to support the transport sector project. The ongoing 2nd Road Sector Development Program and Adaptable Lending Program IV are included in this project. Improving the condition of selected regional trade corridors and upgrading link roads is the objective of the project (ENA, Oct. 18).

Private banks have submitted to the National Bank of Ethiopia (NBE) bonds worth 14bio birr . The bonds sale was facilitated following the issuance of a directive that private banks spend 27% of their loans on buying bonds. The 14 billion birr bond sale was effected during the 2004 (E.C.) year and the first quarter of the 2005 year (Reporter, Oct. 16).