



Federal Democratic Republic of Ethiopia

Istanbul Program of Action (2011-2020) National Report

**Planning and Development Commission
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Executive Summary

The government of Ethiopia has set a national vision of joining a lower middle income economy by 2025. Macro and sectoral policies have been formulated and implemented to achieve this vision. The government has also devised medium-term (5 year) development plans to move towards achieving the national vision. To this end, the government has formulated and implemented about four medium term development plans namely SDPRP, PASDEP, GTP I and GTP II. These national development frameworks use global goals (such as MDGs, IPoA, VPoA and SDGs) as a basis for setting priorities and targets.

Ethiopia has a long tradition of integrating and mainstreaming global goals into its national development plans and frameworks. As a result, the country's performance towards achieving the Millennium Development Goals was very strong evidenced by attaining six out of the eight goals. This has been a lesson for other initiatives as well. The Istanbul Plan of Action (IPoA), comprising about eight priority areas which are relevant for LDCs, has been at the center of the national planning process in tandem with MDGs and SDGs in the last decade. These priority areas of the IPoA has been part of national development plans either directly or indirectly. Productive capacity, agriculture, food security and rural development, trade, commodities, private sector development, human and social development, multiple crises and mobilizing financial resources have been a priority for the government of Ethiopia in the last decade. Ethiopia has made considerable progresses in some of these areas though there are still several issues which need more efforts.

Economic growth has been rapid with an average growth rate of 9.5 percent in the last 9 years. The construction sector has been the dominant source of growth in these years. In 2018/19, the share of manufacturing and construction sectors in GDP stood at 6.8 percent and 20.3 percent, respectively. Structural transformation has been slow but better in the second Growth and Transformation Plan compared to the first as the two national plans cover the IPoA period. Due to the rapid growth registered, national per capita income increased from \$396 in 2010/11 to \$985 in 2018/19 which is fast by any standard.

In terms of productive capacity, all whether road networks increased to 126,656 km in 2017/18 far more than double in the last 8 years while railway network is also growing slowly. The aviation industry has also been growing fast in the last decade which has been supporting the trade sector through facilitating cargo transportation, increasing international flight destinations and building domestic airports. Similarly national electric power generation capacity increased to 4269.5 MW in 2017/18 while access to electricity increased to 58.1%. The total number of active mobile subscribers has reached 40.41 million while the total number of data and internet users grew to 17.98 million in 2017/18. Besides, the government is constructing industrial parks and agro-processing clusters to facilitate and accelerate structural transformation in the economy

through by creating forward and backward linkages. Most of the industrial parks are built and inaugurated and became operational but not at full capacity.

Agriculture, food security and rural development are also among the priorities of both the government of Ethiopia and IPoA. The government has been keen to increase agricultural production and productivity and thereby ensure food security in the last decade. To this end, the productivity of major food crops has been fairly increasing and average productivity reached 24.5 quintals per ha while total production increased to 306 million quintals in 2017/18. In addition, the government has also designed a productive safety net program which has been benefiting nearly 8 million beneficiaries who are chronically food-insecured. Similarly, more than 370 thousand urban citizens have been benefited from the urban food security program. The proportion of total population which lives below food poverty line declined to 24.8 percent in 2015/16 and expected to further since then.

Trade is an engine for growth and accelerates structural transformation when there is an effective integration into the global value chain. The government has embarked on preparatory works which will enable the country to join the World Trade Organization and this is at the center of the current economic reform. Ethiopia has already joined the African Continental Free Trade Areas (AfCTA) which is ratified by the House of Peoples Representatives. Besides, trade agreements have been signed with five countries and trade agreement have been prepared and become ready for signing with other nine countries. A revised national AGOA Response Strategy has also been finalized. Despite all these efforts, the contribution of the trade sector to the overall economy is not significant.

Structural transformation has been a priority in the last decade. However, the process was very slow. The export revenue of the country in the last three years (USD 2.87 billion in 2015/16, USD 2.91 billion in 2016/17 and USD 2.87 billion 2017/18) has been quite small. Agricultural exports continued to maintain their dominant share of the earnings and accounted for 75% of the exports. Hence, the structure of the merchandize export revenue did not exhibit a notable change.

Ethiopia has made strides in terms of access to education, health and potable water services. The net enrolment of primary school (1-8) has increased to 97% (male 105.1%, female 96%) in 2017/18. The number of schools and universities has also been increasing and adult education and TVET programs have also been growing. On the other hand, the health service coverage of the country has reached 98 percent by expanding access to health institutions, training and deploying health workers and etc. Life expectancy at birth has reached 66.34 years in 2019. National potable water coverage has reached 71.1 percent in 2018/19.

Resource mobilization and effective utilization have been a priority and the country has also hosted the third International Conference on Financing for Development (FfD). Tax revenue increased from Birr 59 billion in 2010/11 to Birr 235.2 billion in 2017/18 though tax to GDP ratio is not still more than 11%. Foreign Direct Investment flow has increased from USD 1.24

billion in 2010/11 to USD 3.72 billion in 2016/17 and USD 3.72 billion in 2017/18. Official Development Assistance (ODA) has remained unpredictable and after declining in 2015/16 and 2016/17, it has showed an upsurge in 2017/18 and reached Birr 17.9 billion. Remittances has also been increasing and reached USD 5.1 billion in 2017/18.

Despite all these encouraging performances, the country has also been facing several challenges in the last decade. These include macroeconomic imbalances (import versus export and saving versus investment), inflation and foreign exchange shortage. Slow structural transformation, low level of productivity and production capacity due to constraints such as energy, poor input quality and social services. Other constraints include shortage of development finance which led the country into high risk indebtedness, climate change induced drought, a decline in the price of export items and instability in some parts of the country.

After conducting a thorough review and assessment, the government is now taking bold and holistic economic and political reforms. The government is taking forward looking priority areas which inter alia include ensuring quality economic growth, enhancing productivity and competitiveness, building institutions and human capabilities, building vibrant private sector, ensuring inclusive urbanization and building social and economic infrastructure, following green and resilient development pathway, promoting innovation and technological development and securing adequate finance for development.

I. Introduction

Ethiopia is a multiethnic and multicultural nation officially named Federal Democratic Republic which comprises 9 regional states and 2 city administrations. It is the second most populous country in Africa with an estimated population of more than 99 million in 2018/19. The overriding objective of the Ethiopian Government is poverty eradication and sustainable development through ensuring peace, political stability, democracy and good governance. Poverty eradication being the overriding development agenda of the Ethiopian Government, its national development policies, strategies, plans and programs are geared towards eradicating poverty.

Ethiopia's national vision is to join the lower middle income status by 2025 where democracy and good governance are maintained through the participation of citizens, good will and social justice are secured and an industrial sector plays a leading role in the economy with modern and technology enhanced productive agriculture. To effectively implement its pro-poor and pro-growth development policies and strategies thereby realize its national vision, the government has been devised medium-term development plans as a tool to guide and manage the development process of the country. Hence, the government has implemented four Medium-Term National Development Plans namely Sustainable Development and Poverty Reduction Program (SDPRP: 2002/03-2004/05), a plan for Accelerated and Sustained Development to End Poverty (PASDEP: 2005/06-2009/10), the First Growth and Transformation Plan (GTP I: 2010/11-2014/15) and the Second Growth and Transformation Plan (GTP II: 2015/16-2019/2020).

With remarkable performance in the Millennium Development Goals (MDGs) era, Ethiopia has continued to effectively implement other global goals as integral parts of its national development plans, i.e. the first Growth and Transformation Plan (GTP I) and the Second Growth and Transformation Plan (GTP II). Ethiopia is one of the 48 LDCs which responded positively to the Istanbul Program of Action (IPoA) for the LDCs for the period 2011-2020. Accordingly, the country has adopted, contextualized, owned and mainstreamed the IPoA into its first Growth and Transformation Plan (GTP I: 2010/11-2014/15) and has continued owning, mainstreaming and implementing the IPoA and SDGs into its Second Growth and Transformation Plan (GTP II: 2015/16-2019/2020).

Ethiopia has no parallel plans for the implementation of internationally agreed global initiatives such as the IPoA and SDGs. These initiatives have been effectively mainstreamed into national development frameworks for their implementation across appropriate sectors so as to avoid duplication of efforts, increase efficiency and synergy among these sectors and thereby realize the objectives of these global goals. The monitoring and evaluation of these global goals is also part of the national M&E system of these development plans.

The Istanbul Programme of Action (IPoA) has been part of the two national development plans. Annual reports have been directly taken from the progress reports of these comprehensive plans. Hence, this report is prepared using these national reports and IPoA reports which has been prepared and submitted annually. The progress reports of the two five year plans, the challenges and lessons identified and relevant to the Istanbul Program of Action (IPoA) are also considered. Data/information from surveys and administrative sources has been used as an input. The Planning and Development Commission (PDC) which is a focal institution for the follow up of the implementation of the IPoA has prepared this report. Discussions and consultations were also made with various stakeholders as part of the national plan. The rest of the report is organized as follows. Section II introduces the national development planning process while section III assesses the progress and challenges in the implementation of the IPoA. Coherence and linkages with the 2030 Agenda and other global processes are also discussed in section IV while the next LDCs agenda is presented in V. The last Section, section VI, presents statistical annex on major indicators.

II. National Development Planning process

As stipulated in the Constitution of the country and guided by a national vision, the government is managing the development process of the country through formulating comprehensive medium-term development plans. These national plans are prepared on the basis of the national vision, sectoral policies and strategies, lessons drawn from plans implemented and regional and global economic situations as well as global goals such as SDGs and IPoAs and VPoAs. It should be noted that Ethiopia has never had a separate plan for global goals and initiatives such as SDGs and IPoAs. They are implemented as integral part of the national plans.

Ten national development priorities have been identified in the second Growth and Transformation Plan (GTP II) i.e. a recent plan which is under implementation and ending by 2020. These include (1) the agriculture sector remains to be the main source of the rapid economic growth in the GTP II period; (2) expediting the transformation of the economic structure by enabling the manufacturing industry to grow rapidly; (3) prioritizing productivity, quality and competitiveness by increasing efficiency in order to reach the full capacity frontier of the economy; (4) correcting the imbalance between the gross demand level and the gross supply level; (5) building/reinforcing capacities in the construction industry and project management; (6) adopting urban planning and management methods comparable with the rapid urbanization, industrialization and structural changes; (7) transforming the domestic private sector; (8) supporting the human resources development efforts with technology; (9) building climate resilient green economy; and (10) upholding developmental perspectives by eliminating rent-seeking attitudes.

On the other hand the Istanbul Program of Action Priority Areas include (A) Productive Capacity including infrastructure, energy, science, technology and innovation and private sector development (B) Agriculture, food security and rural development including eradicating poverty, investment in rural infrastructure, emergency food assistance (C) Trade including increasing the share of trade of LDCs in global trade, early and successful conclusion of the Doha Round of trade negotiation (D) Commodities including broaden economic base for LDCs in order to reduce commodity dependence (E) Human and Social Development including education and training, population and primary health, youth development, shelter, water and sanitation, gender equality and empowerment of women, social protection (F) Multiple crises and emerging challenges including economic shocks, climate change and environmental sustainability, disaster risk reduction (G) Mobilizing financial resources for development and capacity building including domestic resource mobilization, official development assistance, external debt, foreign direct investment and remittance and (H) Good Governance at all levels .

All the eight priority areas of IPoA are fully integrated with Ethiopia's National Development Priorities which have been set in the First Growth and Transformation Plan (GTP I:2010/11-2014/15) and Second Growth and Transformation Plan (GTP II: 2015/16-2019/20).

As indicated above, the government has set a national vision to join the lower middle income status by 2025. This vision is supported by macro and sectoral policies which are formulated to speed up economic growth and transformation and poverty reduction. Thus, the government of Ethiopia has set the vision to graduate from LDCs by 2025 which is after five years.

III. Assessment of progress and challenges in the implementation of the IPoA for the decade 2011-2020

Integrated with the first and second Growth and Transformation Plans (GTP I&II), the implementation of both IPoA and SDGs is well progressing in Ethiopia. Growth has been rapid with an average 9.5 percent in real GDP in the last 9 years (2010/11 to 2018/19). Agriculture, industry and service sectors have been growing on average by 5.5%, 18.4% and 10.1%, respectively in the same period. The construction sector has been the major source of growth despite all the sectors have been contributing to the growth achieved. Looking the contribution of each sector, the share of agriculture was 40.6% in 2010/11 and declined to 38.6% in 2014/15 and to 33.3% in 2018/19. The share of the industry sector was 12.7% in 2010/11 and increased to 15.1% in 2014/15 and further increased to 28.1% in 2018/19. The share of the service sector on the other hand was 45.8% in 2010/11 and increased to 46.3% in 2014/15 and declined to 39.9 in 2018/19. In 2018/19, the shares of the manufacturing and construction subsectors to GDP have been 6.8% and 20.3%, respectively. Economic structural transformation has been very slow in that the share of the manufacturing sector has remained very low despite there were signs in

structural transformation which has been better in GTP II compared to GTP I as the two national plans cover the IPoA period.

As a result the size of the economy has increased from Birr 529 billion to Birr 2.7 trillion in the same period. All economic sectors have been contributing for the growth achieved though some sectors such as construction and crop subsectors have been major contributors. With the same token, national GDP per capita increased from \$396 in 2010/11 to \$985 in 2018/19 which is fast by any standard.

The growth rate achieved so far has been rapid and broad-based which is higher than the 7 percent growth rate which LDCs should register to fully achieve the SDGs and the growth rate recorded also doubles the 4.7 percent growth projected for LDCs by International Monetary Fund (IMF) and it is also significantly higher than the 5.4 percent target for LDCs by the World Bank for 2011/18. This will therefore further enable the country to achieve the SDGs and its vision of becoming a lower middle income status by 2025 at least from per capita perspective. The rapid growth has further enabled the country to significantly reduce poverty from one of the highest at 38.7% in 2004/05 to 23% in 2014/15.

The rate of GDP growth achieved between 2010/11 and 2018/19 was remarkable (9.5% average) despite the fact that the slowdown in the global economy which resulted in a decline in international prices of major export commodities particularly in recent years and climate change induced drought mainly in 2015/16 and in some areas after.

However, the economy is still facing structural challenges such as slow structural change, problems related to foreign trade, production capacity and unemployment. Productivity in the agriculture sector is very low and the sector still depends on rain which is susceptible to drought and other extreme weather.

The performances achieved on the eight priority areas of the Istanbul Programme of Action (IPoA) are discussed below.

A) Productive Capacity

There are several factors which determine the productive capacity of a nation. These factors can be categorized into two ways. These are infrastructure development (road, railway, energy and etc.) and economic structural transformation (including value addition and competitiveness of the economy). The performances achieved in these areas are discussed below.

- The road sector has continued to be a priority for the government and massive resources have been spent in this sector. As a result, all weather road networks increased from 53,100 km in 2010/11 to 126,656 km in 2017/18 which is far more than double over a decade. Hence, average time it takes to reach to the nearest all weather roads declined from 3.4 hours in 2010/11 to 1.4 hours in 2017/18. The road sector has been and continued to be the

top priority of the government. Despite these increments, there is still a huge gap in terms of connecting all kebeles¹ of the country to the main roads.

- The national railway network which aims to connect potential areas of the country to the nearest port is expected to provide economies of scale by transporting massive imports and exports. In this regard, several railway projects have been designed but only a couple of them were executed and became operational. The Addis Ababa Light Railway which is a 34.8 km has become operational and it has provided transportation service for about 38.4 million passengers and collected Birr 115.2 million in 2017/18 only. The Ethio-Djibouti project was also completed and inaugurated in 2016 and 2017. There are also other two railway projects Awash-Woldia/ Harra Gebeya and Woldia/Harra Gebeya-Mekelle. The former is at 90% while the latter is at 54% performance in 2018/19.
- The aviation industry was the other means of transportation which has been flourishing during the IPoA period. This industry is supporting the country to facilitate exports and imports. To this end, the number of international flight destinations has been growing and reached 99 while the number of domestic airports reached 20 in 2017/18. In addition, the volume of cargo transportation, the number of planes and the number of passengers have also been increasing particularly in the second five years of the IPoA period.
- Energy is a very key input in terms of enhancing the productive capacity of the economy. Studies have shown that power shortage is adversely affecting the capacity utilization of the manufacturing industry. The government has been investing a lot to develop the power sector and make the country a power hub in the region given its massive potential in renewable energy. The national electric power generation capacity increased from 2049 MW in 2010/11 to 4269.5 MW in 2017/18. The length of electric power transmission lines also increased to 19,664 km in the same period. As a result, the number of cities which has access to electricity rose to 7,068 in 2017/18 while coverage of electric services grew from 45% in 2010/11 to 58.6% in 2017/18.
- The application of ICT to improve service delivery in public institutions is gradually increasing, though not as rapidly as expected. To this end, only 20% of public services in government institutions were delivered by electronic means. This slow performance is mainly attributed to the inadequate appreciation of technology-based services and fast turnover of the ICT staffs. However, there are also massive efforts to enhance the electronic based service delivery in the country and it is envisaged to convert 169 types of services in 34 government institutions into electronic-base. Furthermore, there are also initiatives to develop the ICT sector in the country through developing ICT park thereby generate more jobs for the youth in the industry.

¹ The lowest administration level

- The total number of active mobile phone subscribers has reached 40.41 million at the end of the fiscal year 2017/18. The mobile phone penetration rate has increased to 68.37 percent while the national service coverage is 85 percent. On the other hand, the total number of internet and data users (broadband as well as narrow band) increased to 17.98 million in 2017/18 while its density increased to 18.6 percent in the same period. Telecom service has been one of the areas which has witnessed a rapid growth particularly in the number of mobile and internet subscribers despite the inadequate and poor quality service from state monopoly i.e. ethio-telecom. The government has already finished preparatory works to open up the telecom industry for the private sector in the coming years.
- Tourism is one of the potential areas of the country with several cultural and natural destinations. The contribution of the sector to the overall economy is still very low and the emphasis given to the sector was not adequate. For example, in 2017/18, 934,920 foreign tourists visited the country where there was instability in several parts of it. There is a growing trend in terms of employment, foreign exchange generation and image building as a result of a five-year tourism marketing strategy master plan and a change in the national tourism brand from 13 months of sunshine to **Land of Origins**. The government has realized that there is a need to give a due emphasis for this promising sector to exploit the potential and the sector is identified as one priority area in the next 10 year perspective development plan.
- The government is also embarking on constructing agro-processing industrial zones and Industrial Parks to facilitate and accelerate the economic structural transformation of the country. To this end, most of the Industrial Parks are being completed and inaugurated and became operational. Connecting the agro-processing clusters and industrial parks which will create the backward and forward linkage of the agriculture and industry sectors is expected to accelerate economic structural change.

B) Agriculture, Food Security and Rural Development

Agriculture has been the priority sector for the government. This is due to the critical role the sector plays in terms of food security, poverty reduction and eradication of hunger. The overall development strategy of the country that is Agricultural Development Led Industrialization (ADLI) was focusing mainly on the agriculture sector which aimed at realizing initial industrialization through robust agricultural growth and close linkage between the agriculture and the industrial sectors. It envisages an economically transformed society within which agriculture will grow rapidly and sustainably and provides long-term development framework for economic transformation. It focuses on poverty reduction and sustainable development and gears towards sustainable use of the country's resources; i.e. land and labor.

In order to modernize the sector and thereby increase productivity and commercialization, efforts have been made to ensure adequate agricultural input supply and strengthen agricultural extension services. As a result the agriculture sector has continued to be the source of growth and means of poverty reduction. Agricultural Growth Program (AGP) can be named as a successful flagship in the area of food security and rural development as a crucial component of the poverty reduction strategy.

- The productivity of major food crops has been fairly increasing and average productivity increased from 16.5 quintal per hectare in 2010/11 to 24.15 quintal per hectare in 2017/18 while total production increased from 221.8 million quintals to 306 million quintals in the same period. Training of farmers, agricultural input (improved seed and fertilizer) supply and agricultural extension services have been the contributing factors. The extension service benefits both male and female headed households. As a policy principle 30 percent of the beneficiaries are expected to be women farmers while 10 percent should be youth. Expanding access to extension services has been a priority in the sector and as a result the number beneficiaries of the extension services increased from 15,200,000 in 2014/15 to 16, 975,000 farmers in 2017/18. Agricultural input supply and mechanization have also been growing despite their contribution towards improving agricultural productivity was not impressive.
- With regard to food security, disaster prevention and preparedness, according to the 2016 HICE and WMS data analysis report, the proportion of total population, that lives below food poverty line has declined from 49.5 per cent (rural 51.6 per cent, urban 36.5 per cent) in 1995/96 to 24.8 per cent (rural 27.1 per cent, urban 15.2 per cent) in 2015/16. There would also be further decline in recent years as well. The government of Ethiopia has developed a food security strategy and there is a productive safety net program (PNSP) to address those citizens who are under chronic food shortage. It was a great success for the government that the drought incidence in 2015/16 was not claiming human life as it was not changed into hunger. The contribution of the safety net programs can be mentioned. For example 2017/18 alone 7.97 million citizens (11.5% females) have been benefited from the productive safety net program. The other component of the food security program is the family level credit package which is designed to enable households to build assets using the credit facility. Moreover, in urban areas 370,343 beneficiaries living below the poverty line have benefited from urban food security and employment program. Moreover, during the same period, 70,542 urban citizens that are living under the national poverty line have benefited from direct cash transfer through urban safety net program. The government is therefore working relentlessly to eradicate hunger and ensure food security at household level.

- To combat climate change related shocks, the government have formulated and implementing a Climate Resilient Green Economy Strategy (CRGE strategy) to build green economy and combat the adverse effects of climate change. The main objective of the strategy is to achieve a middle income status by 2025 in a climate resilient green economy aiming at realizing a zero net emission at the same time. This has been translated into practical actions by promoting afforestation through planting trees, wetland conservation and developing renewable energy and also implementing climate compatible development paths. Sustainable development is well framed in the Constitution of the country which clearly acknowledges the three dimensions of it. The green growth strategy targets on selected seven sectors such as agriculture (crop and livestock), industry, urban sector, energy and transport. Priority sector has also been identified in the National Adaptation Plan (NAP) of the country. Such sectors include agriculture, health, water, energy, transport, industry and urban development sector.

C) Trade

Trade is an engine for growth and accelerates structural transformation when there is an effective integration into the global value chain. The objectives of trade sector in Ethiopia is to scaling up the implementation capacity of the sector through continuously building the capacity of trade champions, establishing modern, fair and competition-based trade system and creating efficient and effective marketing expansion linkages as well as increasing foreign exchange earnings. Hence, in relation to trade sector development, there are initiatives to improve the competitiveness of the domestic market to leverage foreign trade. In order to push the WTO accession, various documents on licensing, customs valuation, and legislative action plan and subsidy notification have been prepared.

The Council of Ministers also approved the directive which can help to guide the WTO accession negotiations in a firm and organized manner. A technical committee for the WTO and Regional Integration negotiations is formed by selecting members from relevant government institutions and the committee has already started working. The necessary documents for the fourth-round negotiation with member countries were also reviewed. A roadmap was prepared for the fourth-round working group meeting and the roadmap was revised based on the economic reforms currently conducted in our country.

Ethiopia has already joined the African Continental Free Trade Area (AfCFTA) and the agreement has already ratified by the house of peoples representatives which was signed by 44 countries in Kigali-Rwanda. This is expected to enhance the integration of the country's economy into the region.

Besides, to expand export market access, bilateral trade agreements have been signed with five countries (Morocco, Punt land, Djibouti, Algeria, and South Sudan). A bilateral trade agreement

document have been prepared and been ready for signing with other 9 countries (India, Belarus, Mauritius, Kazakhstan, Zambia, Somaliland, EURO Asia, Malawi and Qatar). A revised national AGOA Response Strategy has been finalized, and possible to inform the US government based on its detail requirements in bilateral trade agreements. In addition, border trade agreements have been signed with South Sudan.

Despite all the efforts indicated above, the contribution of the trade sector to the overall economy is not significant. There are constraints and challenges which are mainly attributed to structural problems of the economy. The country exports agricultural products while imports processed and capital goods. There is still a huge gap in the trade balance of the country. The export sector is highly vulnerable to international price shocks. The export performance of the country which has been a major challenge in the last decade in general and in recent years in particular is discussed in the next section.

D) Commodities

Ensuring economic structural transformation was a priority in the last decade. However, the envisaged structural transformation has been very slow particularly in terms of improving the merchandise export of the country. In the first five years of the IPOA period the government focused on creating an enabling environment for structural transformation while in the second the country set a goal of ensuring economic structural transformation. However, this structural transformation has been minimal and the share of the manufacturing sector in the overall economy didn't grow as expected. Export revenue has been volatile and no change observed in terms of export diversification. The export revenue from the manufacturing sector has been very low. Looking at the export revenue of the country in the last three years (2.87 billion USD in 2015/16, 2.91 billion USD in 2016/17 and 2.87 billion USD in 2017/18), it has been quite feeble in its performance. The structure of merchandise export revenue did not exhibit significant change in 2017/18. Agricultural exports continued to maintain their dominant share of the earnings and accounted for 74.5% of the total revenue in 2017/18. On the other hand, in the same period, industrial exports, including electricity, raised their share of the total merchandise export revenue from 13.0% to 18.9%. The increase in the share of merchandise export is not achieved by an increase in export items; it is rather a reflection of a sharp decline by the mining sector, whose share of export revenue sharply dropped to 4.3% in 2017/18 from 10.8% in 2015/16. The country has massive potential in renewable energy such as hydropower, wind and geothermal. The government is generating foreign exchange by exporting electricity for neighboring countries. Electricity has become a new export item but the export sector is mainly dominated by coffee, oilseeds and pulses.

To improve the aforementioned poor performances in the export sector and thereby ensure economic transformation, the government is building Industrial Parks in almost every region of the country. This aims to attract FDI and other domestic investment to the Parks, accelerate industrialization and structural transformation and thereby promote export. Some of the parks

became functional and started exporting. This is expected to contribute towards reducing vulnerabilities associated with external economic shocks such as commodity price volatility by enhancing diversification and value addition.

E) Private Sector Development

The government is fully aware that the private sector should play a key role in the economy. In this regard, massive infrastructure development including the logistics sector and creating favorable conditions and an enabling environment have been undertaken in the last decade. Efforts have also been continued to create an enabling environment for private investment through constructing industrial parks (IPs) and clusters (ICs) so as to eliminate challenges in connection with land, logistics and custom services problems. Creating linkage among small, medium and large scale industries and to transfer technologies and create employment opportunities to citizens.

In the Second Growth and Transformation Plan, ensuring the transformation of the domestic private investment in tandem with attracting foreign direct investment has been one of the strategic pillars. Accordingly Foreign Direct Investment (FDI) flow has increased from 1.24 billion USD in 2010/11 to 4.2 billion USD in 2016/17 and slightly declined to 3.72 billion USD in 2017/18. Substantial public spending has been there in the infrastructure sector of the economy to crowd in the private sector. However, the private sector has not been growing as expected. As a result, the role of the state in the economy has been substantial and there were selected areas in which the government actively participated. However, the government realized that transferring these sectors to the private sector is extremely important and there are comprehensive reforms to create a dynamic private sector in the country.

F) Human and Social Development

Health, education and water and sanitation are among the top priorities of Ethiopian government and they continue to be a priority in the coming decade as well.

In terms of access to education, gross enrolment rate of pre-primary school education has reached 38.3 percent (male 39.1% and female 37.5%) in 2017/18. In the same period, encouraging results have been registered in the primary education. The government had actively mobilized the educators, non-governmental institutions and the public at large to make schools accessible for children within less than three kilometers from their homestead. Accordingly, the number of primary schools increased to 38,203 in 2017/18. The gross enrolment rate of primary education (1-8) grew to 108% (113% male and 102% female) in 2017/18 while the net enrolment of primary school (1-8) has increased from 93.7% (male 96.9%, female 90.5%) in 2014/15 to 97% (male 105.1%, female 96%) in 2017/18.

Similarly, the total number of secondary schools has reached to 3703 in 2017/18. As a result, the secondary education (9-10) gross enrolment rate has increased to 47% (male 49%, female 45%)

in the same period. The preparatory level gross enrolment rate (11-12) has increased to 12.5% (male 13.4 and 11.5% female) in 2017/18.

Looking at the Integrated Functional Adult Education, during the fifth education sector development cycle, it was planned to enroll 12.2 million adults in functional adult education and during the last recent three years, 3,664,728 adults were able to complete the two year program. Regarding enrolment, in 2015/16, 2016/17 and 2017/18 a total of 6,903,065, 5,479,633 and 4,941,062 adults participated in the Integrated Functional Adult Education programs. Nationally there are more males enrolled in IFAE, with 53.6% of the total enrolment.

In terms of TVET, the enrolment was 304,139 in 2015/16 and in 2016/17 a total of 302,083 students were enrolled. In 2017/18 the enrollment has estimated to be 348,253 (96.69%) in a regular training program. Female trainees constitute 51 percent from the total trainees.

In relation to higher education, the number of government universities increased to 46. On top of that, there are 125 private higher education institutions in the country. A total of 895,675 students, including newly-enrolled 140,082 students, were attending in public, private, regular and non-regular programs in 2017/18. Gross enrollment rate reached 12.3% in the same period while the number of postgraduate program students increased to 70, 276. It was planned to enroll 4,834 students in the third-degree program and 4225 student enrolled in this program. The share of female students in higher education was 34.53 % from the total.

In tandem with access, ensuring education quality has been another focus area. Several policy and operational issues have been identified and implemented in terms of assuring the quality of education. These include massive training of qualified teachers, availing books and other school facilities such as access to electric, computer and water etc.

The Constitution of the FDRE in Article 90 sub-article 1 says ‘to the extent the country’s resources permit, policies shall aim to provide all Ethiopians access to public health and education, clean water, housing, food and social security’. Article 41 sub article 4 decreed ‘the State has the obligation to allocate ever increasing resources to provide to the public health, education and other social services’. Health policies, strategies and programs are basically preventive rather than curative and designed to address the anticipated and existing health related problems in the country. The health extension program has been implemented in rural and urban areas of the country to effectively and efficiently implement the health policy. By constructing health institutions, training health workers and deploying them in every corner of the country, the health service coverage of the country has reached 98 percent by constructing health institutions, training health workers and deploying them in every corner of the country.

Reducing maternal mortality was one of the MDGs and there has been already an encouraging achievement. According to the 2016 Ethiopian Demographic and Health Survey (EDHS), the Maternal Mortality Ratio (MMR) has decreased to 412 deaths/100,000 live births compared to the MMR of 676 deaths/100,000 live births in 2011 due to the efforts made to improve maternal

health. Similarly contraceptive acceptance rate has increased to 70% in 2017/18, as a result of activities made to raise awareness on family planning. Concerning contraceptive prevalence rate (CPR), the 2016 Ethiopian Demographic and Health Survey (EDHS) shows that the CPR reached 36%. Moreover, the same survey depicted that total fertility rate has declined from 4.8 in 2011 to 4.6 per woman (2.3 in urban and 5.2 in rural areas) in 2016.

The coverage of the first antenatal care has increased from 96.9% in 2014/15 to 100% in 2017/18. The antenatal care coverage (at least 4 visits) has increased from 68% in 2014/15 (base year) to 72% in 2017/18.

According to the 2016 Ethiopian Demographic and Health Survey, infant mortality rate has decreased to 48 deaths/1000 live births from 59 deaths/1000 live births in 2011. The under-five mortality rate has decreased from 88 deaths/ 1000 live births in 2011 to 67 deaths/1000 live births in 2016. With the same token, the stunting rate among children under-5 stood at 38 percent (25 percent in urban and 40 percent in rural areas) declined from 44 percent in 2011. Similarly the proportion of wasted among children under-5 has reached 10 percent while the proportion of underweight has reached 24 percent declined from 29 percent in 2011.

Ethiopia has achieved a significant improvement both in health and education sectors. Access to health and education services has been increasingly expanding in the last one and half decades. As a result life expectancy and Human Development Index has improved significantly. To this end, the country's Human Development Index increased from 0.283 in 2000 to 0.463 while life expectancy improved from 51.94 years in 2000 to 65.48 years in 2016 and 66.34 years in 2019.

With regard to gender equality and empowerment of Women, policies and packages for both women and youth have already been put in place and are being implemented. The youth policy also gives priority to women and enabling the youth to benefit from and to participate in the political and development process of the country. In this regard, trainings have been given for women and youth in various areas such as agriculture, micro and small businesses and others. In 2017/18, about 4,324,453 women in micro and small enterprises, 3,219,013 women in self-help, and 7,183,443 women in cooperatives have been benefited. About 2,714,004 women have participated and benefited from agricultural and non-agricultural activities. In addition, women have received land ownership certificates and have been trained on various income generating activities.

The government is constructing urban houses to alleviate housing problems and 30% of the urban condominiums are provided for women. The remaining 70% is distributed to both men and women via lottery mechanism. Women are also made beneficiaries of social services (education, health...).

Women's political participation in Ethiopia has been growing. After the new political reform, 50% of the cabinet is female and the current president is Her Excellency Sahle-work Zewde.

About 38.7 percent of members of the HPR are women. In the regional states, women's participation in the regional-HPRs has reached 48 percent.

The government has designed social protection programs such as the PSNP and Urban Social Safety Net Programs which aim at benefiting the poorest of the poor and eradicating poverty and hunger. The programs are discussed above.

G) Multiple crises and other emerging challenges

Despite its strong performance in the last 10 years, Ethiopia's economy has also been vulnerable to various shocks such as drought, world price reductions and instability created in some parts of the country. In the first two years (2015/16-2016/17) of the Second Growth and Transformation Plan the country faced social and economic problems. In 2015/16, about 10 million people were highly affected by the severe drought and they were aid-dependent to survive. This forced the government to reallocate resources from development to humanitarian activities. The climate change induced drought effect continued in 2016/17 in some water-stressed areas of the country. This challenge has posed considerable risks by way of threatening the full-capacity implementation of GTP II which fully captures the objectives of IPoA and SDGs. The adverse effects of the drought have been seen in the growth performance of the country in that growth has been below the target set for the two consecutive years. The country has witnessed instability in some regions in the last three years. This has also posed another challenge in the investment and free movement of people, goods and services and export performance of the country. Fully implementing the CRGE strategy is the next agenda for the government to create green and resilient economy as discussed above.

Ethiopia has a huge irrigation potential for small, medium and large schemes. The government has been studying, designing and building irrigation schemes though the overall impact is very minimal and agriculture is still rain-fed as mentioned earlier. The government therefore reiterated to expand irrigation in the coming 10 years given the potential of the country.

Factors such as declining commodity prices and expanding illegal trade have also contributed to the poor performance of the export trade. To this end, the impact of the decrease in the global commodities prices has particularly affected the export of some commodities such as gold and the export performance other commodities have also been very unstable particularly in the last three years (2015/16-2017/18). On the other hand, this revealed the impact of illegal border trade as well as reductions in domestic gold production due to the prevailing security problem in the mining areas.

In 2017/18, nearly USD 3.5 billion of external loan was disbursed to finance various development programs, registering a 21.2% increase over the preceding fiscal year's total disbursements. On the other hand, in the same year, Ethiopia made repayments totaling USD 1.3 billion (compared to USD 1,288.1 billion in the preceding year) for servicing external loan

obligations, including the principal, interest and bank transfers, of the central government and public enterprises. The country's total external public debt outstanding stood at USD 26.4 billion in 2017/18 and amounted to 31.3% of GDP. It showed an increase of 11.3% from USD 23.7 billion (or 29.2% of GDP) a year earlier. This is a huge burden, especially in view of the country's poorly performing export earnings. It underscores the need for further strengthening of prudence in external debt management, along with sustained efforts to improve export performance and domestic resource mobilization, as well as speeding up the implementation of projects financed with external loans. The government is now taking measures to reduce the current debt burden and ensure debt sustainability.

G) Mobilization of Financial Resources

Effective and efficient domestic resource mobilization and utilization have been the priority focus of the government in the last decade. The Addis Ababa Action Agenda (AAAA) is the guiding principle focusing on the seven action areas suggested. The government also mainstreams global goals such as IPOA, VPoA and SDGs in its national development plan so that they can be financed by national budget like other domestic initiatives. Resources are crucial to achieve both national and global development goals. The government has been working to improve the tax revenue of the country through modernizing the tax system, improving tax policy and tax collection systems. This has been done to tap the revenue from the rapidly growing economy. Other efforts to pool domestic resources are being pursued including (1) promoting saving culture among the people at large, (educating, motivating) (2) expanding financial institutions and services (3) improving interest rates (4) expanding private and public social security coverage and (5) utilizing saving facilities like savings for housing, selling bonds etc.

Due to the efforts mentioned above, total land revenue increased from Birr 69.1 billion in 2010/11 to Birr 269.6 billion in 2017/18 which has been encouraging. Domestic saving as a percent of GDP has also been increasing from a very low 7.4% in 2010/11 to 24.5 percent in 2017/18. However, tax revenue as percent of GDP has been witnessing ups and downs and remained almost the same at 10.7% in 2017/18 despite the fact that tax revenue increased from 59 billion birr in 2010/11 to 235.2 billion birr in 2017/18. This denotes that domestic resource mobilization particularly tax revenue is not keeping pace with the rapid growth of the economy which further evidences that the existing potential for tax revenue is not being fully exploited.

Foreign Direct Investment (FDI) is also another financing mechanism through attracting foreign investors via creating conducive business climate and offering tax holidays. The country has been successful in attracting FDI in the last decade. To this end, Foreign Direct Investment (FDI) flow has increased from USD 1.24 billion in 2010/11 to 4.2 billion USD in 2016/17 and modestly decreased to USD 3.72 billion in 2017/18. Starting from 2016/17, various measures have been undertaken to further improve the business climate for private investors through the

development of industrial parks and clusters, enhancing the efficiency of service delivery (one window service) and formulating investment promotion strategy. The government is also working to improve the doing business ranking of the country by establishing a committee chaired by His Excellency Prime Minister Abiy Ahmed.

Looking at the Official Development Assistance (ODA), the flow has been unpredictable which has been declining in 2015/16 and 2016/17 and showed a strong recovery in 2017/18 and stood at Birr 17.9 billion. The country is under a deep and holistic reform and the rise in the external grants reflects the strong support of development partners to this reform.

External debt is also another source of finance for development. External debt has been instrumental to finance the infrastructure development of the country. However, the outstanding debt has been increasing particularly in recent years. It has increased from USD 18.99 billion in 2014/15 to USD 26.42 billion in 2017/18 which is 31.3% of GDP. The country has also been active in debt services (for example in 2017/18, the country has made USD 1.3 billion debt repayment). It is a huge burden on the economy especially comparing the debt with the weak export performance of the country. It thus calls for the need to strengthen debt sustainability and management along with sustained efforts to improve export performance and domestic resource mobilization as well as ensuring the implementation of public projects financed by external borrowing without delay and cost overrun.

The other sources of finance which have been contributing towards improving the balance of payment are the remittances. At the start of the Second Growth and Transformation Plan (2014/15) remittances stood at USD 3.79 billion while in 2017/18 reached at USD 5.1 billion which exhibited a strong performance in these years. The government is also taking measures to further enhance the flow of remittances through facilitating smooth and reliable legal money transfers.

H) Good Governance at all levels

Deepening good governance at all levels has been one of the strategic pillars in the first and second Growth and Transformation Plans (GTP I & II). The focus areas include improving the capacity of government institutions, public expenditure management, tax law enforcement and ethics and anti-corruption mechanisms. Besides improving the justice system to enhance rule of law and reduce human rights violations and improving the democratization process and ensuring transparency have also been set as goal. Capacity building strategies have been implemented in three dimensions at national level. Various programs have also been designed to implement the above priority areas.

Ensuring the supremacy of laws and combating corruption and rent-seeking attitude which is believed to be a major challenge in the country has been given a due emphasis by the government. In the process of building a democratic country, several measures have been taken

in terms of building democratic system by invigorating the capacity of people's representatives and direct participation of the public, strengthening organized public mobilization, enhancing institutional capacity and deepening democratic culture.

To improve the effectiveness and working system of public institutions, Job Evaluation and Grading has been done while inspection of customers' satisfaction has been conducted in 201 federal institutions.

The government has designed and implemented the Public Expenditure Management Reform Program to realize efficient, effective, transparent and accountable public finance system. The Integrated Financial Management Information System is being implemented in government organs. A series of training and awareness creation activities have been undertaken to tackle corruption and maladministration. As part of combating corruption, The Ethiopian Anti-Corruption Commission investigated 10,172 applications and prosecuted on 9,086 cases. In 2017/18, alone Birr 40.3 million was returned to the government treasury from the culprits.

The criminal laws, human rights and the ombudsman strategies are being pursued in protecting basic human rights including child rights, anti-human trafficking, protecting sexual violence, and policy guarantees for public access to information. Ethiopia has set independent Human Rights Commission and Institute of Ombudsman to protect human rights as enshrined in the constitution. The government has also organized The Federal Vital Event Registration Agency that all new born children and other vital events are registered. Hence, up to the year 2017/18, 22 percent of new born children in Ethiopia have got birth certificate.

In order to improve the justice system, a number of activities have been carried out. To this end, the Federal Ministry of Justice has been newly restructured as the office of Federal Attorney General. As a result, all the court cases carried out by the Ministry of Justice, Ethics and Anti-corruption Commission, Ethiopian Revenue and Customs Authority, and Trade and Consumer Protection Authority have been reorganized under Federal Attorney General. As a result, encouraging results have been seen in terms of improving the court cases clearance rate, reconciliation rate and free justice service provisions.

In line with the government pardon, 2670 inmates were pardoned and released from federal and regional prisons. Similarly, in 2018, His Excellency Abiy Ahmed (PhD) has become the new Prime Minister and several political and economic reforms are now being carried out. The Ministry of Peace has been established so that the law enforcement to ensuring peace and security on one hand and improve conflict resolution on the other are being properly undertaken.

Good governance and change management programs have also been designed and implemented focusing on those sectors (land administration, revenues and customs, government procurement, maritime and logistics services) that are vulnerable to rent-seeking and mismanagement.

The Planning and Development Commission undertook an assessment study on the current M&E system of the country. The findings have indicated that there are limitations in the structures of

M&E units, manpower capacity and required budget to effectively monitor and evaluate the implementation of national development plans that integrate SDGs and other global goals especially at lower levels. Transparency and accountability are not also strong. Based on these findings, a guideline is prepared to strengthen the national M&E system and thereby ensure transparency and accountability.

Despite all these efforts, good governance problems have continued to be a major challenge and seriously affecting economic and social services. Most underperformance of development goals set in the various sectors of the economy can be associated with lack of good governance. The problem reached in its peak point in 2016/17 fiscal year which led to political unrest, citizens' displacement and death. Corruption, lack of democracy and other factors will continue to be a threatening factor to sustain the rapid economic growth registered in the last decade, despite the diverse reforms which are currently undertaken in the country.

Therefore, to combat the above challenges and change them into opportunities, as well as sustain the rapid economic growth registered over the last decade is extremely important. It is also essential to enhance the overall economic, social and political transformation of the country by maintaining the rapid growth momentum achieved in the previous periods.

I) Progress Towards Graduation

The government of Ethiopia has set a vision of becoming a lower middle income country by 2025 which has been the basis for the development planning process of the country as mentioned several times in this document. Each sector has been working towards achieving the vision. The country uses development planning as a tool towards achieving this vision and there has been four medium-term plans implemented including the current GTP II.

As indicated above Ethiopia's economic growth has been rapid and stable in the last fifteen years and accelerated economic progress started in 1992 with a shift to an even higher gear in 2004. Real GDP growth averaged 10.9 percent in 2004-2014. Growth rate has been rapid during the IPoA period as well. Between 2010/11 to 2018/19, real GDP growth rate has been 9.5 percent on average. As a result, GDP growth per capita has also been growing rapidly with a national population growth of 2.4 percent per annum. The growth rate of per capita income has therefore been more than 8 percent. Looking at the GNI per capita (USD 985 in 2018/19), Ethiopia came closer to its goal of achieving middle income status by 2025. This pace of growth is the fastest that the country has ever experienced and it also exceeds what was achieved by low-income and Sub-Saharan African countries in the same period.

The government is now looking forward and it is preparing a 10 year perspective development plan (2020-2030) which focuses on mainly sustaining a rapid and inclusive economic growth taking the country on a path to prosperity, building a resilient and diversified middle level economy, eradicating extreme poverty and hunger, building human capabilities, building an emerging market economy and institutions, building climate resilient green economy and

building an efficient, resilient, and well-functioning financial market system that provides affordable access to finance to investors and households.

However, joining the middle level economy with resilient and diversified economic sectors and ensuring irreversible graduation will not be easy. There will be challenges even after graduation and sustaining a rapid growth and realizing structural transformation would also be challenging. Recognizing this fact and drawing lessons from other countries, the government is now taking measures through conducting a holistic reform on the economy. These include the following

- Building a dynamic private sector
- Raising agricultural productivity by modernizing agriculture
- Diversification, technological upgrading, and innovation
- Inclusive and sustainable industrialization, urbanization and infrastructure
- Inclusive digital economy

IV. Coherence and Linkages with the 2030 Agenda and Other global processes

It is well known that the 2030 development agenda is a plan of action for people, planet and prosperity according to the UN Declaration. It fully recognizes that eradicating poverty in all its forms and dimensions, including extreme poverty is the greatest global challenge and an indispensable requirement for sustainable development. It also calls for all countries and all stakeholders to implement these goals collaboratively and in partnership. It assures to take the bold and transformative steps which are urgently needed to shift the world into a sustainable and resilient path. The basic principle of the SDGs is **to leave no one behind**. The agenda came with 17 Sustainable Development Goals and 169 targets. SDGs are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environment.

Owning the 2030 Sustainable Development Agenda: After the culmination of MDGs in 2015, Ethiopia has undertaken MDGs performance assessment which was used as a basis to formulate the 2030 sustainable development agenda. Several consultations were made to understand the needs of the general public. The country also ratified the SDGs as a UN member state. It has also integrated these goals in its five year development plan (GTP II) by taking lessons from the implementation of MDGs. Moreover, the country has prepared and the 2017 VNR and presented to the UN-HLPF after two years of implementation. Ethiopia has been following one comprehensive development plan that integrates global development agenda and one progress report that encompasses the progresses made towards them. GTP II is the governing development plan which guides any development interventions undertaken by development actors/stakeholders. Under the leadership of the FDRE all stakeholders shall remain engaged in

implementing the SDGs and GTP II. The IPoA has been implemented both in MDGs and SDGs era as part of the development plans of the country.

Integrating the SDGs with National Development Frameworks: The SDGs' integration into the GTP II (which spans the period 2015/16 to 2019/20) was made possible by taking into account the strategic directions which include creating macroeconomic stability, ensuring fast & sustained economic development, infrastructure development, human resources and technological capacity building, ensuring good governance and building democratic system. The remaining periods of the SDGs will be accompanied by a 10 year perspective plan which is now under preparation.

In light of implementing the 2030 Sustainable Development Agenda, the government also appreciates the meaningful contribution of the SDGs to the country's aspirations to eradicate poverty and bring prosperity for its people. SDGs have been used as one of the basis to formulate the GTP II. GTP II is a comprehensive development plan which constitutes the three dimensions of sustainable development goals. To further enhance citizens' ownership on the national development planning and SDGs, awareness creation workshops were conducted at various government administrative levels in order to implement the SDGs in Ethiopia's context.

Existing institutional arrangements and mechanisms have been used in implementing the SDGs. GTP II is the first five year phase (2015/16 to 2019/20) of the 15 years SDG implementation that spans the period (2015-2030). GTP II and its integral part SDGs have been under implementation with close monitoring and evaluation at all levels of government administration. Various stakeholders (private sector, CSOs, NGOs, youth and women associations, persons with disabilities, pastoral communities) have been engaged in the formulation of GTP II expediting the joint implementation of it.

In the formulation of the GTP II, the Government has identified ten national development priority areas. These priority areas are aligned with Sustainable Development Goals and other global goals such as agenda 2063, Istanbul Programme of Action (IPoA), Vienna Programme of Action (VPoA) and etc.

The alignment of these goals has been made possible in that the national planning framework is comprehensive enough to encompass all the sectors and priority areas. These goals are used as one of the basis to set priorities and targets in the formulation of national development plans.

These priority areas of the GTP II are integrated with the SDGs as shown below

Figure Integration of Ethiopia’s National Development frameworks (priorities) and SDGs

No	National Development Priorities	Sustainable Development Goals(SDGs)
1	Agricultural Sector development to remain as the main driver of rapid growth and development	<p>SDG 1: No Poverty (ጎደባት ማጥፋት) SDG 2: Zero Hunger (ግድብ ማጥፋት) SDG 6: Clean Water and Sanitation (ጥቅል ውሃና ጥቅል ለውጥ) SDG 8: Economic Growth (ግብይት ለማደግ) SDG 9: Industry, Innovation and Infrastructure (ኢንዱስትሪ ለማደግ) SDG 10: Reduced Inequalities (አካል ለማጠፋት) SDG 12: Responsible Consumption and Production (በጥበቃ ለመጠቀም) SDG 13: Climate Action (አየር ጥቅል ለመቀነስ) SDG 14: Life Below Water (ውሃ ስር ለሕይወት) SDG 15: Life on Land (ውሃ ላይ ለሕይወት) SDG 17: Partnerships for Goals (ግብይት ለማደግ)</p>
2	Bringing concrete structural transformation in the economy through the development of the manufacturing subsector	<p>SDG 1: No Poverty (ጎደባት ማጥፋት) SDG 2: Zero Hunger (ግድብ ማጥፋት) SDG 4: Quality Education (ጥሩ ጥምር ለማግኘት) SDG 6: Clean Water and Sanitation (ጥቅል ውሃና ጥቅል ለውጥ) SDG 8: Economic Growth (ግብይት ለማደግ) SDG 9: Industry, Innovation and Infrastructure (ኢንዱስትሪ ለማደግ) SDG 10: Reduced Inequalities (አካል ለማጠፋት) SDG 12: Responsible Consumption and Production (በጥበቃ ለመጠቀም) SDG 17: Partnerships for Goals (ግብይት ለማደግ)</p>
3	Increasing efficiency and focusing on the productivity, quality and competitiveness of the productive sectors to achieve high economic productivity	<p>SDG 1: No Poverty (ጎደባት ማጥፋት) SDG 2: Zero Hunger (ግድብ ማጥፋት) SDG 4: Quality Education (ጥሩ ጥምር ለማግኘት) SDG 7: Affordable and Clean Energy (ጥሩ እና ጥሩ ኃይል) SDG 8: Economic Growth (ግብይት ለማደግ) SDG 9: Industry, Innovation and Infrastructure (ኢንዱስትሪ ለማደግ) SDG 12: Responsible Consumption and Production (በጥበቃ ለመጠቀም) SDG 15: Life on Land (ውሃ ላይ ለሕይወት) SDG 17: Partnerships for Goals (ግብይት ለማደግ)</p>
4	Focusing on the imbalance between demand and supply and through rapid growth, correcting the imbalance in the macro economy	<p>SDG 8: Economic Growth (ግብይት ለማደግ) SDG 10: Reduced Inequalities (አካል ለማጠፋት) SDG 12: Responsible Consumption and Production (በጥበቃ ለመጠቀም) SDG 17: Partnerships for Goals (ግብይት ለማደግ)</p>

No	National Development Priorities	Sustainable Development Goals(SDGs)
5	Implementing the construction sector policy and strategy framework in order to achieve developmental and effective project management	    
6	Prioritize urban administration and management to bring about accelerated urbanization and structural change in a manner coping with the accelerated industrialization	     
7	Prioritizing the transformation of domestic investors	   
8	Prioritizing the development of human resources supported with technological capacity building	       

No	National Development Priorities	Sustainable Development Goals(SDGs)
9	Building Climate Resilient Green Economy	        
10	Eliminating rent seeking attitudes and ensuring predominance developmental mindset	    

V. Towards the next LDCs Agenda

Ethiopia has been implementing the Istanbul Programme of Action (IPoA) in tandem with other global goals and national priorities. The country has made strong stride in some areas. Access to social and economic infrastructure has been expanding. As a result the economy has been growing fast and it has been possible to reduce poverty significantly in the last decade.

However, there are still gaps in terms of expanding access to education, health, energy and safe drinking water in remote areas. Furthermore, the productivity of the agriculture sector is also below the world average while the size of the industry sector particularly the manufacturing subsector is small despite the efforts made to attract both foreign investment and encourage domestic investors in the sector. It only constitutes a 6.8% in GDP. The next IPoA agenda should build on the existing priority areas and it should also be forward looking. Taking into account these performances in the last decade, the following priority areas are suggested for the next agenda. These are the agenda on which the Ethiopian government will focus on these issues.

- Ensuring quality economic growth:** Ethiopia has seen a rapid economic growth in the last decade growing on average by 9.5 percent in the last nine years. However, the quality of the growth in terms of creating jobs, expanding exports and thereby narrowing trade deficits was quite limited. Hence, to look at beyond middle income status and set a path to prosperity, rapid and inclusive growth is very essential so that the country can also avoid middle income traps and other related challenges.

- **Enhancing productivity and competitiveness:** productivity is low in almost all sectors of the economy. Agricultural productivity and the capacity utilization of the manufacturing sector are also low. The economy in general is producing below its production frontier. Productivity and competitiveness are key factors not only to sustain growth but also to generate the foreign exchange which is crucial for sustained growth. Increasing labor productivity through trainings and skill development and improving technology and enhancing innovation and entrepreneurial competencies should be a priority to enhance productivity as well as global competitiveness.
- **Building strong institutions and human capabilities:** Human capabilities and strong institutions are important to sustain the growth and development of a country. Creating capability among different categories of the society enables them to share benefits from and contributes to the development process of the country. Human capabilities can be brought through the provision of affordable health care, quality education to relevant school-age children, safe drinking water and affordable, reliable and clean energy and transportation services. Strong institutions should also be established so that they can leverage sustainable development.
- **Building vibrant private sector:** It is known that the private sector is an engine for growth. Creating the enabling environment for the development of the private sector should be the role of the state. In this regard, attracting foreign direct investment through improving the doing business ranking and other services should be primarily undertaken by the government. In addition, developing vibrant domestic private sector should also be a priority so that they can be competitive in the global market as well. Joint ventures and Public-Private Partnerships (PPPs) other arrangements should be designed to bring domestic and foreign investments together. The government is also encouraging the private sector through privatizing and liberalizing public enterprises which is an opportunity for both foreign and domestic investors.
- **Inclusive urbanization and social and economic infrastructure:** Urbanization is rapid in Ethiopia despite it is not well-planned and managed. Urban centers should be inclusive of the different segments of the society capable of providing basic amenities and creating jobs. Urban areas should also be conducive for dwellers and provide standardized services. Developing social and economic infrastructure is also another area which enhances competitiveness. Expanding health and education and other social infrastructures which promote human capabilities should be prioritized in the next decade. Roads, railways networks which connect potential areas with ports and big markets should be constructed. In addition, energy is also very critical for sustained growth and development. Developing energy from clean and renewable sources should get a due attention.

- **Building Green and Resilient Economy:** Ethiopia has been frequently negatively affected by climate change induced drought, floods and landslides. Recognizing these facts, the government has formulated and launched climate resilient green economy strategy in 2011. The strategy has been implemented in the last decade and various encouraging outcomes are also achieved. Implementing the strategy has to continue for the next decade and as the country is embarking on industrialization, strengthening the green and resilient development path to ensure sustainable development is quite essential.
- **Innovation and technological development:** Technology is the major difference between developed and developing countries. The contribution of technology is significant in terms of increasing productivity and competitiveness. Supporting innovation centers through research and development programs should be undertaken. Developing inclusive digital economy and modernizing the telecom sector by engaging the private sector into the industry is extremely important.
- **Financing for development:** Development financing is a global issue and it is also a concern for LDCs. Creating sustainable way of financing for development should be a priority in the next agenda. Implementing the Addis Ababa Action Agenda (AAAA) should be given a due priority. These include increasing domestic public resources, facilitating domestic and international private business and finance, augmenting international development cooperation; expediting international trade as an engine for development, debt and debt sustainability and improve science, technology and innovation as well as building capacity. Developing various funding schemes for health, education and other SDGs should be given a due attention in the next agenda.

VI. Statistical Annex

Major Indicators	2010/11	2014/15	2018/19
Macro Indicators			
GDP Growth rate (%)	11.4	10.2	9
Agriculture sector Growth rate (%)	9	6.7	3.8
Industry growth rate (%)	18.7	19.8	12.6
Service Sector rate (%)	12.4	11.2	11
GDP per capita @CMP(USD)	396	693	985
Total export share to GDP (%)	16.7	9.4	7.9
Total import share to GDP (%)	31.5	30.3	20.8
Investment share to GDP ratio (%)	31.4	39.4	35.2
Gross domestic saving to GDP ratio (%)	17.2	21.9	22.2
Resource gap (%)	(14.9)	(17.4)	(12.9)
Total revenue to GDP (%)	16.6	15.4	13.1
Tax revenue to GDP (%)	11.5	12.7	10.7
Government debt to GDP ratio (%)	25	32.1	60 (2018)
% population below Poverty line	38.7 (2004/05)	29.6 (2010/11)	23.5 (2015/16)
Life expectancy at Birth	62.5	65	66.34
Gin Coefficient	0.30	0.30	0.33
Urban Unemployment rate	11	16.8	19.24
Economic Sectors			
Share of agriculture to GDP (%)	44.7	38.50	33.3
Average productivity of food crops(quintal n/ha)	16.5	21.53	24.15 (2017/18)
Total production of major food crops(mml quintal)	221.82	270.40	306.13 (2017/18)
Share of industry in GDP (%)	15	15	28.1
Share of manufacturing in GDP (%)	5	4.8	6.8
Share of construction in GDP (%)	5.9	8.5	20.3

Infrastructure			
Length of all-weather road('000km)	53.1	110.4	127 (2017/18)
Average time to reach to all whether road(hrs)	3.4	1.7	1.4 (2017/18)
Hydroelectric power generating capacity (MW)	2049	4180.0	4269.5
Coverage of electricity services (%)	45	55	58.1
Number of mobile telephone subscribers (mln)	10.5	38.8	65.71 (2017/18)
Number of internet service subscribers (mln)	0.129	9.4	17.88 (2017/18)
National Water Supply coverage	52.12	58	71.1 (2017/18)
Social Sector			
Pre-primary enrolment rate		34	38.3
Number of primary schools	26951 (2009/10)	33373	38302 (2017/18)
Number of Secondary schools		2,830	3703
Primary school(1-8) NER	85	93.7	97
Health service Coverage	90		98
Maternal Mortality	676 (2011EDHS)		412 (2016 EDHS)
Neonatal Mortality	37 (2011EDHS)		29 (2016 EDHS)
Under-five Mortality	88 (2011EDHS)		67 (2016 EDHS)
Infant Mortality	59 (2011EDHS)		48 (2016 EDHS)