Ethiopia: The Implementation of IPoA (2011-2020)

Planning and Development Commission

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Outline

- Country Profile
- IPOA Implementation in Ethiopia
- Productive Capacity and sustained Economic growth
- Challenges identified
- Proposing the next LDCs agenda

Country Profile

- Ethiopia is a multi-ethnic and multicultural nation and officially named the **FDRE** having nine regional states and two city administrations.

- Ethiopia is the second most populous country in Africa with an estimated population of 99M (CSA forecast for 2019)

- The Government has set an overriding objective of poverty eradication and sustainable development which is clearly framed in the Constitution of the country

Country Profile…

- **The National Vision:-** "To become a country where democratic rule, good governance and social justice reign, upon the involvement and free will of its people, and once extricating itself from poverty to reach the level of a middle–income economy as of 2025."

- The ultimate objective of National Development Policy of the government has been to building a market-oriented economy where:-
    - All Ethiopian citizens are beneficiaries,
    - The country can ensure food security,
    - Attain sustained economic growth and social development,
    - Ensure environmental sustainability

IPoA Implementation in Ethiopia

- The country uses medium-term (5 year) development plans as an instrument to achieve its national vision
- NDPs are comprehensive enough to encompass global and regional goals
- The country has a long tradition of integrating/ mainstreaming global goals such as MDGs, SDGs, IPoA and VPoA
- The IPoA has been under-implementation into two national medium term development plans (GTPI (2010/11-2014/15 and GTPII (2015/16-2019/20)

IPOA Implementation in Ethiopia

- All the eight priority areas of the IPoA have been fully mainstreamed in the two National Development Plans
- Progress reports have been prepared for NDPs as well as IPoA and submitted based on requests
- Consultations have been conducted on APRs with various stakeholders including development partners as part of the progresses of NDPs

IPoA Implementation in Ethiopia

Main Indicators	2010/11	2014/15	2018/19
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
% population below Poverty line	38.7(04/05)	29.6(10/11)	23.5(2015/16)
Life expectancy at Birth		64	66
Gin Coefficient	0.30	0.30	033
Urban Unemployment rate	11.4	16.8	19.24

IPoA Implementation in Ethiopia

Main Indicators	2010/11	2014/15	2018/19
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 (%)		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)

IPoA Implementation in Ethiopia

Main Indicators	2010/11	2014/15	2018/19
Social Sector			
Pr-primary enrolment rate		34	38.3
Number of primary schools		33373	38302(17/18)
Primary school (1-8) NER	85	93.7	97
Health service Coverage			98
Maternal mortality	676 (2011EDHS)		412 (2016EDHS)
Neonatal mortality	37 (2011EDHS)		29 (2016EDHS
Under-five mortality	88 (2011EDHS)		67 (2016EDHS
Infant mortality	59 (2011EDHS)		48 (2016EDHS

IPoA Implementation in Ethiopia

Major Achievements

- The country has been in a rapid growth path registered with an average growth higher than the target (7%) set to achieve MDGs or SDGs.
- There has been high rates of accumulations with encouraging capital formation and domestic savings
- Impressive results in terms of economic infrastructure (road, railway , energy etc.)
- Massive expansion of health and education facilities and services which resulted in further improvement in HDI and life expectancy indicators
- The rapid growth has been robust enough to significantly reduce poverty and increase longevity

Productive Capacity and Sustained Growth

Highlight of Strategic pillars to enhance productive capacity and sustain growth

- Sustain rapid, broad-based and equitable economic growth and development witnessed during the last decade (GTP I and before)
- Creating favorable conditions for the industry to play a key role in the economy(GTP I),
- Enhancing quality, productivity and competitiveness of productive sectors mainly agriculture and manufacturing industries sectors
- Ensuring economic structural transformation thereby reaching the economy's production possibility frontier

Productive Capacity and Sustained Growth…..

Major Interventions

- Enhancing smallholder/ pastoral agriculture to be the main source of growth (crop and livestock)
- Strengthening demand driven agricultural research works
- Modernizing the agriculture sector (extension services, mechanization, commercial farming, irrigation development)
- Natural resource conservation (soil conservation and afforestation)
- Infrastructure development (railway, roads, energy …) to enhance forward and backward linkages

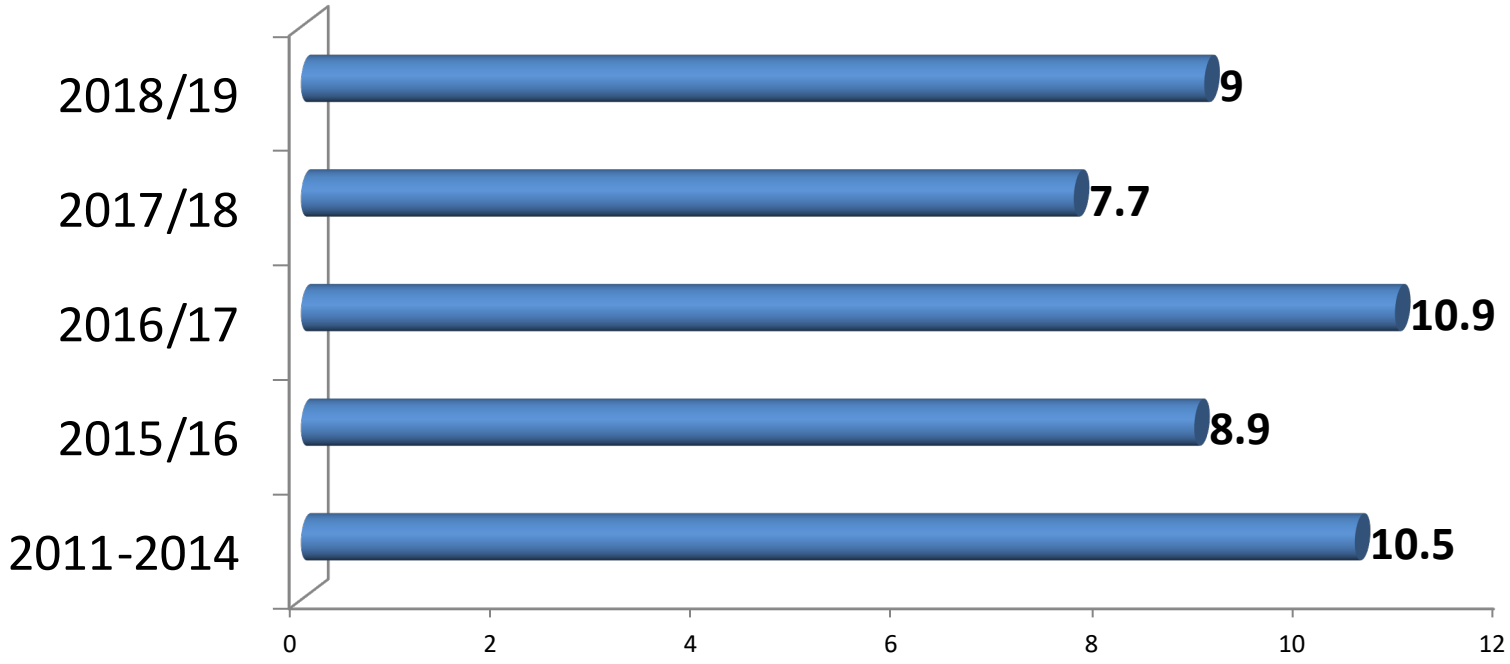
Productive Capacity and Sustained Growth

Major Interventions

- Strengthening the Role of Public Enterprises and Strengthening their Capacity
- Development of Micro and Small Enterprises
- Encouraging Prioritized and Selected Manufacturing Industries
- Ensuring Access to Credit and Foreign Exchange
- Providing Comprehensive Support to Manufacturing Industry
- Massive investment on Industrial parks, agro-processing zones and ICT parks
- The state has been actively participated in some sectors of the economy (Sugar, telecom, fertilizer..)
- Provision of incentives for both domestic and foreign investors

Productive Capacity and Sustained Growth

Fast economic growth (9.5% average growth rate in the last 9 years)



Productive Capacity and Sustained Growth

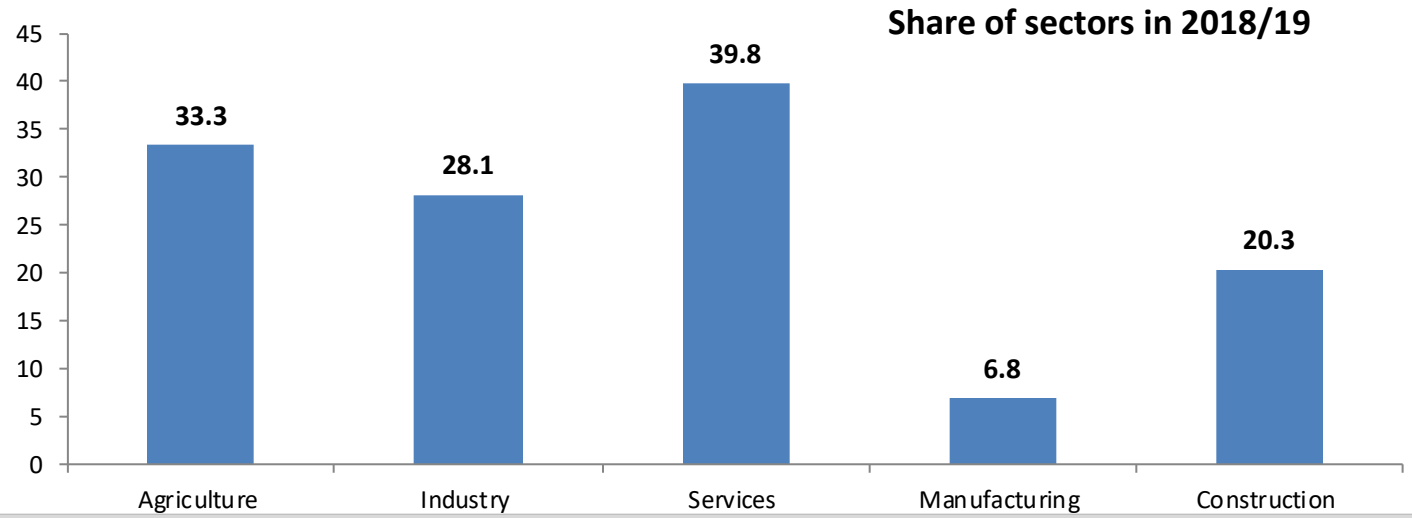
Key Economic Achievements

- Nominal GDP (2018/19): 96 billion USD (2.69 trillion Birr)
- Per capita GDP (2018/19): 985 USD (27, 625 Birr)
- Exports (2018/19): 7.7 billion USD (213.4 billion Birr)
- Imports (2018/19): 19.98 billion USD (561.2 billion Birr)
- Gross domestic savings (2018/19): 22.3 percent of GDP
- Gross capital formation (2018/19): 35.2 percent of GDP
- Poverty headcount ratio at national poverty line decreased from 39% in 2004 to 30% in 2010 and further to 24 in 2016
- Life Expectancy at birth has significantly increased and estimated to be 66.34 years in 2019

Productive Capacity and Sustained Growth

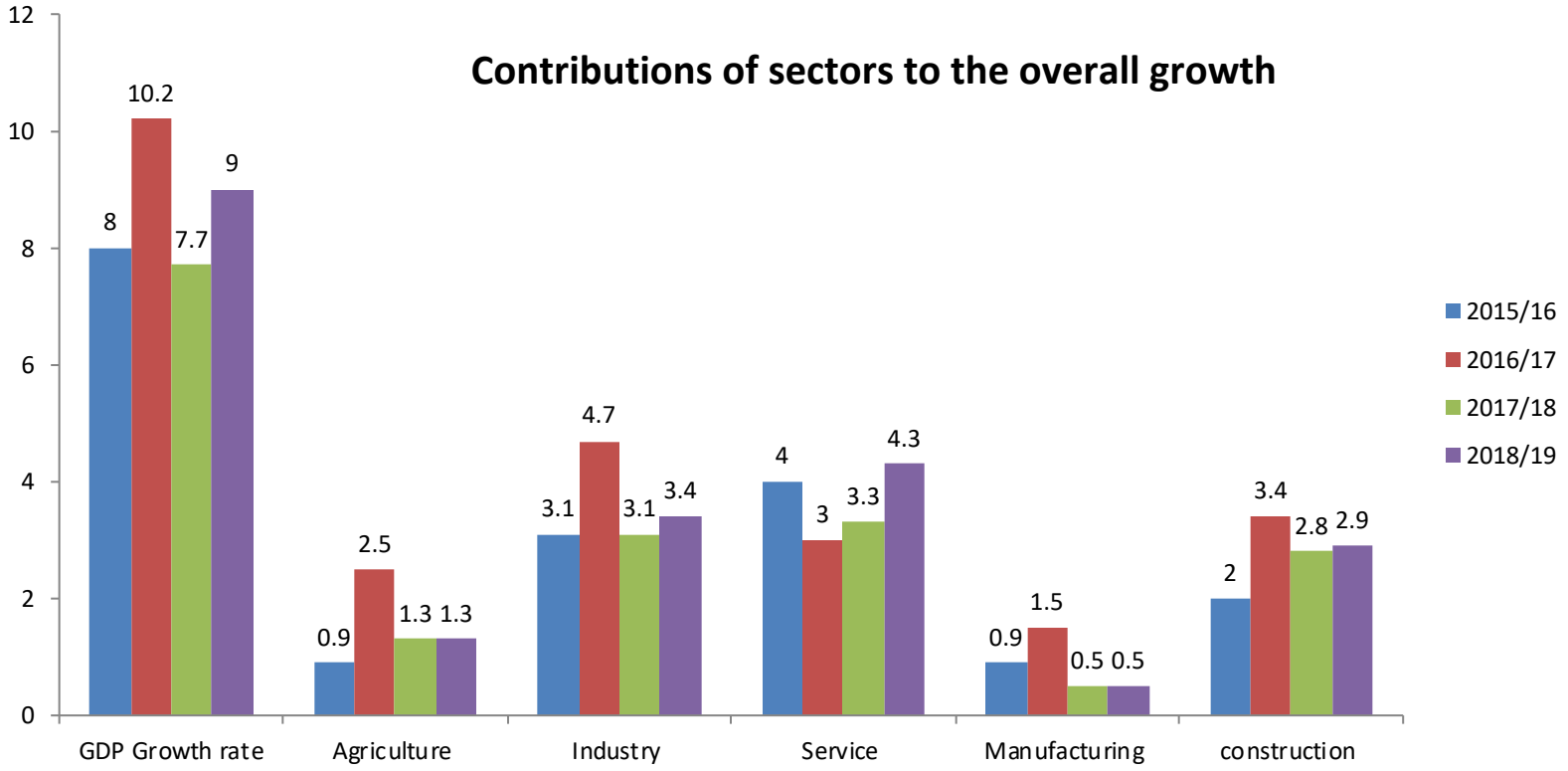
Key Economic Sectors Performance

- Agriculture grew on average by 5.5% between 2010/11-2018/19
- Industry grew on average by 18.4 percent which is rapid
- The service sector on the other hand grew on average by 10.1 percent in the same period



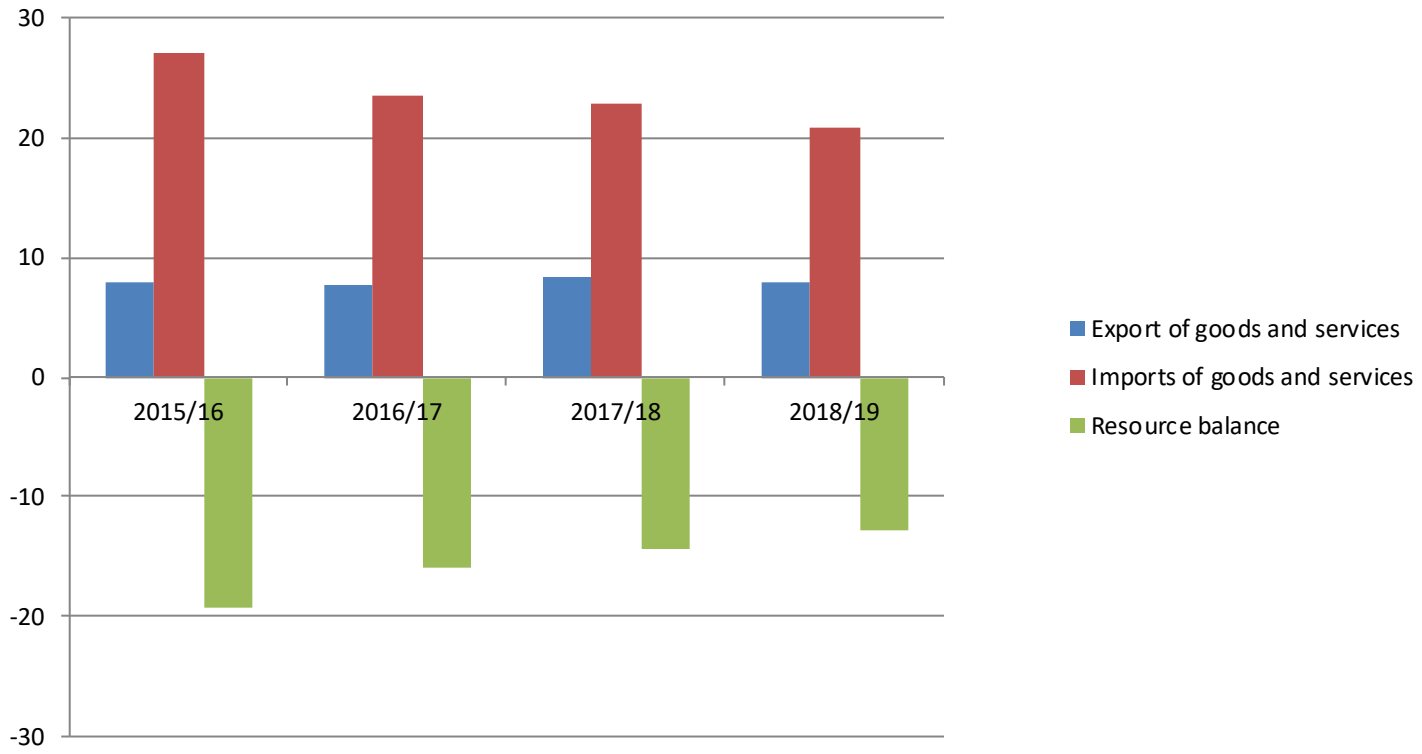
Productive Capacity and Sustained Growth

Growth mainly driven by construction and service sectors



Productive Capacity and Sustained Growth

Resource gap is declining due to a decline in imports not an increase in exports



Challenges

- Inadequate yield growth in the agriculture sector due to inefficient provision of inputs and services delayed irrigation projects and lack of agriculture-specific financial services.

- The manufacturing sector remains underdeveloped despite the various efforts to stimulate the sector.

- Ethiopia's vast and diverse mineral resources remain untapped due to a variety of constraints mainly institutional and technical barriers

- Though there is a huge potential, sufficient efforts have not yet been put into the tourism sector(limited accessibility and attractiveness, insufficient marketing and branding, and weak supporting institutions)

Challenges

- Structural Transformation which was one the objectives of GTP II was quite slow though there are signs observed
- Mega infrastructure projects unbearably delayed and efforts to finance public investment programs caused rapid accumulation of debt, and
- Large investments in some manufacturing areas were not successful
- Access to reliable electricity, limited access to affordable and reliable high-speed internet, and high cost of IT equipment
- Underdeveloped e-commerce and government monopoly in telecom and energy sectors
- Lack of strong institutions

Proposing the Next agenda

- Ensuring quality economic growth (rapid, inclusive, broad-based)
- Enhancing productivity and competitiveness thereby ensure structural transformation
- Building human capabilities and institutions:
- Building vibrant private sector:
- Inclusive urbanization and social and economic infrastructure:
- Building Green and Resilient Economy:
- Innovation and technological development:
- Ensuring adequate finance for development (fully implementing the AAAA)

Thank You