



Federal Democratic Republic of Ethiopia



Growth and Transformation Plan
2010/11 - 2014/15



Volume I: Main Text

Ministry of Finance and
Economic Development
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Addis Ababa



The Federal Democratic Republic of Ethiopia

Growth and Transformation Plan (GTP) (2011-2015)

**Consultation with the Ethiopian Diaspora
April 2011
USA**



What it is, *the GTP?*



- Five Year (2011-2015) Development & Poverty Eradication Plan, Based on Long Term *National Vision*, and *MDGs*.
- A *Transformation* Plan of *the Economy* & *Lives of Citizens*.
 - Provides Government Policies and Strategies with *Vision*, Objectives and Targets.
 - Prepared through Public Participation.
 - Federal Strategy Approved Parliament – A Binding Legal Document.
 - Full Ownership and Internally Driven Plan.



Part One

Performance Under PASDEP (2006-2010)

1. Overview of Growth Performance of PASDEP

Bases of PASDEP

- ⇒ Development policies & strategies pursued thus far, & lessons drawn from their implementation,
- ⇒ The country's vision,
- ⇒ The MDGs.

Objectives of PASDEP

- ⇒ Accelerated, sustained, and people-centered economic development,
- ⇒ Contribute to the attainment of the MDGs by 2015.

1. Overview of Growth Performance of PASDEP

Two Growth Scenarios Under PASDEP

1. Base Case Scenario:

- Based on the requirements of achieving MDGs,
- An average annual real GDP growth rate of 7%.

2. High Case Scenario:

- Based on Ethiopia's vision of becoming a middle income country,
- An average annual real GDP growth rate of 10%.

1. Overview of Growth Performance of PASDEP

Growth Performance: Real GDP Growth Rate (%)

Classification	Average Growth Targeted (2005/06-2009/10)		Average Growth Achieved (2005/06-2009/10)
	Base Case	High Case	
Agriculture	6.0	6.4	8.4
Industry	11.0	18.0	10.0
Services	7.0	10.3	14.3
Real GDP	7.0	10.0	11.0

1. Overview of Growth Performance of PASDEP

Poverty Reduction

Classification	2004/05	2009/10
Total poverty head count (%)	39.0	29.2 (estimate)

1. Overview of Growth Performance of PASDEP

Agriculture and Rural Development

Crop production:

⇒ Production

⇒ 2005 – 119 million qtls

⇒ 2010 – 191 million qntls

⇒ Productivity

⇒ 2005 – 12.1 quintal/ha

⇒ 2010 – 17.0 quintal/ha



1. Overview of Growth Performance of PASDEP

Agriculture and Rural Development

➔ Horticulture development:

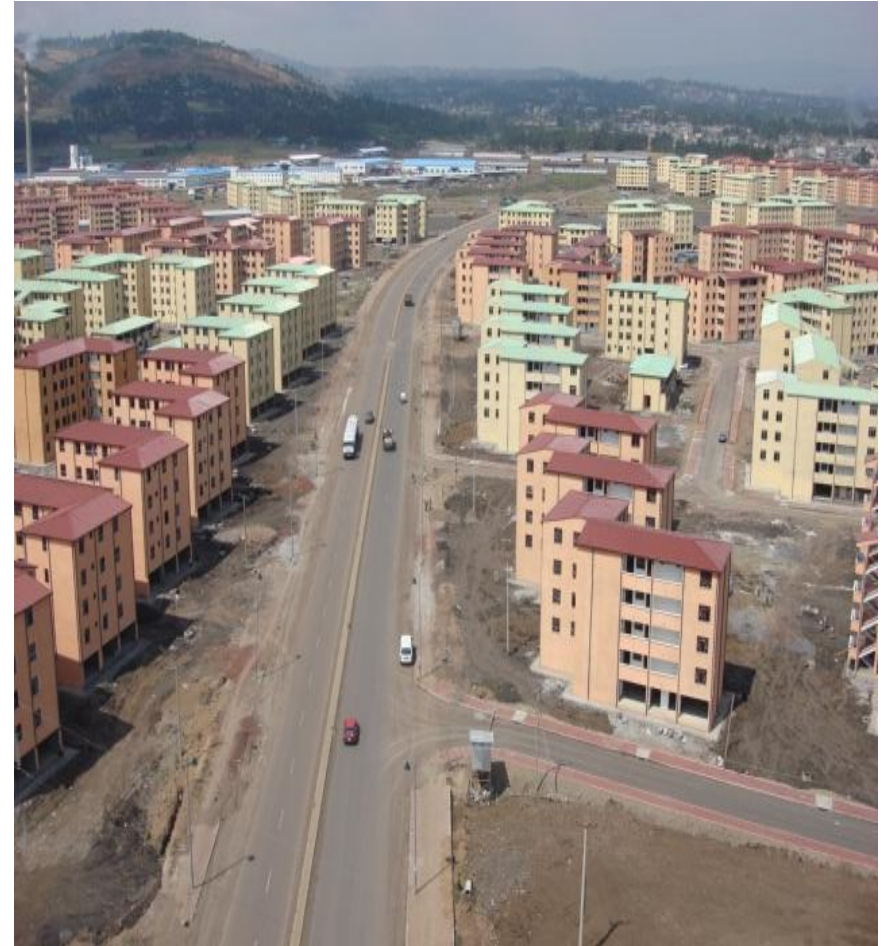
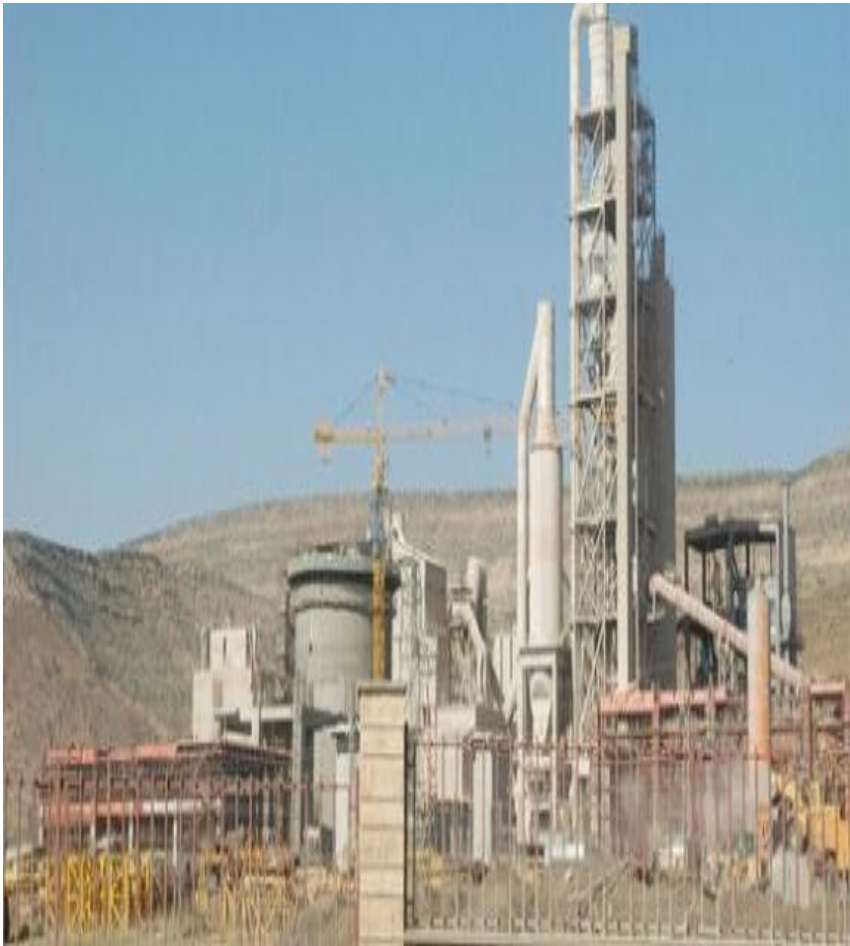
- Export earning from flower - 170 USD

➔ Coffee development:

- ➔ 2005 – 300,000 tons,
- ➔ 2010 – 341,000 tons.



1. Overview of Growth Performance of PASDEP Industry and Urban Development Sector



1. Overview of Growth Performance of PASDEP

The Industry & Urban Development

- ➔ 1.5 million jobs created.
- ➔ Medium and large scale industries in textiles, leather, food and chemical industries expanded.
- ➔ 213 thousand housing units in Cities.



1. Overview of Growth Performance of PASDEP

Infrastructure Development Performance



Road Development	Base year 2004/05	End year (2009/10)
Road Length (Excluding rural roads)	36,400km	48,800km
Road in Good Condition (%)	64	81
The time taken, on average to reach all weather roads (hours)	5.7	3.7



1. Overview of Growth Performance of PASDEP

Energy and Water	2005	2010
Hydropower generation capacity (MW) G-II, Beles, & Tekeze	714	2000
Towns & villages with access to electricity	648	5,163
Access to Safe Drinking water(National)	36	68.5



1. Overview of Growth Performance of PASDEP

Infrastructure Development Performance

Telecommunication	Base year 2004/05	End year 2009/10
No. of Kebeles with telecom service	3000	13000
Number of Mobile Customers (million)	0.56	6.5



1. Overview of Growth Performance of PASDEP

Education



1. Overview of Growth Performance of PASDEP-Education

Item	2005	2010
Primary School Gross Enrollment Ratio (%)	79.8	94.2
Primary School Net Enrolment Ratio (%)	69	88
No. of Primary schools	16,513	25,217
No. secondary schools	706	1,202
TVET Trainees	106,336	717,603
University Students (undergraduates)	78,232	185,788
No. of Universities (Public)	13	22

1. Overview of Growth Performance of PASDEP

Health



1. Overview of Growth Performance of PASDEP-Health

Description	2005	2010
No. of Health Extension Workers		34,000
No. of Health Posts/Clinics	4,211	14,416
No. of Health Centers	644	1,787
No. of Hospitals	79	111
Access to health services	30%	89%
Under five mortality rate	123/1,000	101/1,000
Maternal mortality rate	871/100,000	590/100,000
HIV/AIDS Prevalence Rate	3.5%	2.4%
HIV Incidence Rate		0.28%

Good Governance and Democracy

- **Democratic federal and decentralized governance Strengthened .**
 - Strengthened public participation, accountability, and effective public service delivery.
- **Free, Fair and Democratic Fourth Election Conducted.**
- **Ethiopia has increasingly become a stable and peaceful nation.**
- **Its Continental and Global Role Increasing: e.g., Peacekeeping, Environment, etc.**

Challenges and Lessons Under PASDEP

Challenges

- 1. Foreign exchange constraints, and Inflationary pressure.**
- 2. Inadequate domestic revenue (tax revenue) collection.**
- 3. Low level of domestic savings.**
- 4. Limited Implementation capacities.**

Lessons

- 1. Economic Management and Leadership.**
- 2. Implementation of huge infrastructure projects through own resources.**
- 3. Best Agricultural Technology and Best Farming Practices of Best Farmers for Increasing Productivity.**



Part Two

Growth and Transformation Plan (GTP) (2011-2015)



Bases of the GTP

1. The country's vision.

- *To become a country where democratic rule, good-governance and social justice reigns, upon the involvement and free will of its peoples; and once extricating itself from poverty and becomes a middle-income economy.”*
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2. MDGs.

3. The Achievements Under PASDEP.

Objectives of the GTP

1. *Average real GDP growth rate of 11.2%, and attain MDGs.*
2. *Expand and ensure the qualities of education and health services, and achieve MDGs in the social sector.*
3. Establish suitable conditions for sustainable nation building through the creation of *stable, democratic and developmental state.*
4. Ensure the sustainability of growth by realizing all the above objectives within a *stable macroeconomic framework.*

Pillar Strategies of the GTP

1. Rapid, Sustainable and equitable *economic growth*,
2. Maintaining *agriculture* as major source of economic growth,
3. Creating conditions for the *industry* to play key role in the economy,
4. Enhancing expansion and quality of *infrastructure* development,
5. Enhancing expansion and quality of *social development*,
6. Building *capacity* and deepen *good governance*, and
7. Promote *gender and youth* empowerment and equity.

1. Rapid, Sustainable & Equitable Economic Growth

Such growth is critical for:

- **Poverty reduction.**
- **Sustainably financing social services and infrastructure.**
- **Ensuring good governance.**

1. Rapid, Sustainable & Equitable Economic Growth

Two growth scenarios are considered under GTP:

1. Base Case Scenario:

- Maintain the last five years growth momentum,
- An average annual real GDP growth of 11.2%,
- More than achieving MDGs target with regard to poverty reduction.

2. High Case Scenario:

- Based on Ethiopia's vision of becoming a middle income country (2020-2023).
- An average annual real GDP growth rate of 14.9%.
- The agricultural value added and GDP doubling by 2015.

1. Rapid, Sustainable & Equitable Economic Growth

Projection of Average Annual Real GDP Growth Rate (%)

Classification	Average Growth Achieved (2005/06-2009/10)	Average Growth Targets (2011-2015)	
		Base Case	High Case
Agriculture	8.4	8.6	14.9
Industry	10.0	20.0	21.3
Services	14.3	10.6	12.8
<i>Real GDP</i>	11.0	11.2	14.9

1. Rapid, Sustainable and Equitable Economic Growth

- ➔ Continued focus on infrastructure & social development.
- ➔ Enhance productivity of agriculture and ensure its continuity to be the major source of economic growth.
- ➔ Strengthen the enabling environment for the rapid development of the industrial sector
- ➔ Promote economic growth that generates adequate jobs.

2. Agriculture – the Major Source of Economic Growth

Why focus on Agriculture?

- **Huge Potential for productivity improvements, and hence for rapid economic growth,**
- **Significance to vision of becoming middle income country,**
- **Significance to MDGS target of halving poverty,**
- **Ensure food security,**
- **Significance to mitigating inflation pressure,**
- **Enhancing foreign exchange,**
- **Significance for industrial development (inputs, market, finance).**

2. Agriculture – the Major Source of Economic Growth

- ➔ Focus on market oriented production.
- ➔ Focus on small holders *farming* and *pastoralists* to enhance productivity.
- ➔ Expand use of better technologies and farming practices:
 - ➔ Priority focus on *Scaling up Best Technologies and Practices* used by model farmers to all other farmers -.
 - ➔ New technologies will also be delivered to farmers and pastoralists.
- ➔ Strengthening the agricultural extension system.
- ➔ Expansion of *livestock development*, irrigation developments and better use of natural resources.

2. Agriculture – the Major Source of Economic Growth

- Large private investors in agriculture will be encouraged:
 - High value horticulture products: E.g. floriculture.
 - Large-scale Commercial farms encouraged.
- Improved system of agricultural marketing:
 - Integrated market: ECX with primary markets,
 - Strengthening Cooperatives.

3. Enabling industry to play key role in the economy

Rapid industrial growth for:

- **Generating adequate jobs,**
- **Enhancing foreign exchange earnings,**
- **Sustaining the agricultural growth,**
- **Promoting entrepreneurship & private sector development.**

Primary focus on

- **Small & micro industries,**
- **But adequate focus to medium & large scale industries too.**

3. Enabling industry to play key role in the economy

❑ MSE Development through

- Promoting Entrepreneurship,**
- Industrial extension support via TVET,**
- Micro-finance supports,**

❑ Medium and large –scale industries

- Better regulatory environment & government services,**
- Skilled manpower supply and technological support,**
- Better credit facilities,**
- Devt. of industrial zones and parks.**

4. Enhancing Expansion & Quality of Infrastructure Devt.

- ➔ **Priority Infrastructures: Roads, energy, railway, telecommunication, irrigation, water & sanitation, housing.**
- ➔ **Strategy:**
 - ➔ **Increasing *access/coverage* and improve *quality*,**
 - ➔ **Promoting domestic capacity building,**
 - ➔ **Job creation,**
 - ➔ **Environmental conservation and protection,**
 - ➔ **Focus on renewable energy – green growth.**
 - ➔ **Focus on pro-poor infrastructure,**
 - ➔ **Integrated water resource development.**

5. Enhancing Expansion & Quality of Social Services

1. Improve access and quality of education & training:

- Strengthen the ongoing effort in *expanding and ensuring quality of* general education, and meet the MDG targets,
- Strengthen the ongoing TVET program in an integrated manner with industrial development,
- To ensure the quality and relevance of higher education through prioritizing science and technology (70/30),
- Expand access to pre-primary education and functional adult literacy.

5. Enhancing Expansion & Quality of Social Services

2. Improve access and quality of health service

- **Provide effective community based primary health care and disease prevention,**
 - **Strengthen the health extension program.**
- **Enhance provision of quality curative hospital services,**
- **HIV/AIDS prevention and control that centers the community,**
- **To enhance the sector's human capacity by increasing training of health professionals,**
- **Promote role of private investment in health sector.**

6. Building Capacity and Deepen Good Governance

1. Strengthen capacities of government structure at all levels:

- Effectively implementing the *Civil Service Reform Program*,
- To strengthen the ongoing *justice reform* system to ensure accessibility, efficiency, independence, transparency, and accountability.

2. ICT Development

- ICT infrastructure and service devt in connection with higher education,
- Private sector participation & devt of ICT Park,
- Ensuring security.

6. Building Capacity and Deepen Good Governance

3. Ensuring transparency and combating corruption from its source :

- a. Improve the tax administration system,**
- b. Improve land administration through land registration/cadaster,**
- c. Improved public procurement system,**
- d. Registration and disclosure of wealth and income of public servants;**
- e. Standardized vital statistics and identification of citizens.**

6. Building Capacity and Deepen Good Governance

4. Ensure Public Participation:

- Strengthen representative participation,
- Promote direct public participation.

5. Enhance democratization process

- Strengthening institutions to deepen democracy and good governance,
- Capacitate the house of people representative offices and institutions accountable to them,
- Capacitate law enforcement institutions,
- Strengthen the federal democratic and developmental government system.

6. Building Capacity and Deepen Good Governance

6. Promote Women & Youth participation & Equity

- Strengthening women & youth organizations,
- Strengthening the conducive environment for participation and equity,
- Effective coordination.

7. Environment

- Building a green & climate change resilient economy through adaptation and mitigation measures.

Selected Macroeconomic and Sector Targets

Sector/Indicator	2010	2015
Total Poverty Head Count (%)	29.2	22.2
Gross domestic saving as% of GDP	5.5	15.0
Tax revenue as% of GDP	11.3	15.0

Selected Macroeconomic and Sector Targets

Sector/Indicator	2010	2015
Agriculture		
Crop productivity (qt/ha)	17.0	22.0
Major food crop production in million qntls	191.3	267.7
Industry		
Sugar production (000 tonnes)	315	2250
Export of sugar (USD mln)	0	662
Textile & garment export (USD mln)	22	1000
Leather exports (USD mln)	76	497
Cement producing capacity (mln ton)	2.7	27

Selected Macroeconomic and Sector Targets

Sector/Indicator	2010	2015
Roads		
Total road length / road network (km)	48,800	64,500
All weather road that connect all rural kebeles with main roads (Km)	-	71,523
Railway		
Railway network (Km) <ul style="list-style-type: none"> • Addis-Dire Dawa-Dewele - 656 km • Awash-Woldiya-Mekele - 556.2 km • Woldiya-Semera-Galafi - 256.4 km • Addis-Ijaji-Jima- Bedele - 339.3 km; • Mojo-Konso-Woyito - 587 Km • Addis Ababa City 34 km 	-	2395
Energy		
Electricity service coverage (%)	41	75
Power generating capacity(MW)	2,000	8,000

Selected Macroeconomic and Sector Targets

Sector/Indicator	2010	2015
Telecommunication		
Fixed telephone subscribers (in mln)	1.0	3.05
Mobile telephone subscribers (in mln)	6.52	40
Internet service subscribers (in mln)	0.187	3.69
Water		
Overall potable water coverage (%)	68.5	98.5
Land developed for irrigation (%)	2.5	15.6
Construction and Urban Development		
Job created (mln)	-	3.0
Housing (No.of housing units)	213,000	370,000

Selected Macroeconomic and Sector Targets

Sector/Indicator	2010	2015
Education		
Net primary enrolment rate (1-8) (%)	87.9	100
Adult education participation rate (%)	36	95
No. of undergraduate students in govt Universities	185,788	467,445
Total number of TVET students	717,603	1,127,330
Health		
Primary health services coverage (%)	89	100
Under five mortality rate (per 1000)	101	68
Infant mortality rate (%)	77	31
Maternal mortality rate (per 100,000)	590	267
HIV/AIDS incidence rate (%)	0.28	0.14

4. Financing The GTP

Assumptions :

- a. Average real GDP growth rate of 11.2 %,**
- b. Single digit inflation,**
- c. Low level of budget deficit (2% on average),**
- d. Stable exchange rate,**
- e. Increased level of domestic saving, and**
- f. Increased domestic resource mobilization.**

4. Financing The GTP – *On Budget Financing*

Domestic Revenue Projection including grants:

- ➔ **ETB 66 billion in 2010**
- ➔ **ETB 173 billion in 2015,**
- ➔ **ETB 616 billion for the GTP period (2011-2015).**

Government Expenditure Projection:

- ➔ **ETB 71 billion in 2010**
- ➔ **ETB 201 - 217 billion in 2015**
- ➔ **ETB 691-756 billion for the GTP period (2011-2015).**

Financing Gap:

- ➔ **ETB 75 - 140 billion.**

4. Financing The GTP – *Off Budget Financing of Infrastructure and Industrial Development Programs*

- ➔ **Financing requirements of infrastructure and industrial development programs - ETB 569 bln.**
 - ➔ **30% - Own Source,**
 - ➔ **70% - Domestic and External borrowing.**

6. Summary

- **GTP would transform Ethiopia for the better.**
- **Ethiopian Diaspora and its role in the GTP:**
 - **Serving as diplomats for Ethiopia,**
 - **Savings & foreign exchange through official banking systems,**
 - **Investment:**
 - **EEPCO Millennium Bond,**
 - **Agriculture – Horticulture, Floriculture and Extensive Commercial Farming,**
 - **Manufacturing,**
 - **ICT,**
 - **Construction Contractors and Consultancy.**



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Thank you.

GTP available on line at www.mofed.gov.et

