

TEN YEARS DEVELOPMENT PLAN

A PATHWAY TO PROSPERITY

2021-2030



FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
PLANNING AND DEVELOPMENT COMMISSION

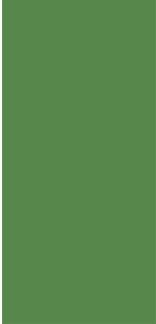


TABLE OF CONTENTS

Chapter 1: Past Economic Performance and Its Major Challenges	1
1.1 Economic Growth and Poverty Reduction	2
1.2. Past Development Challenges	4
Chapter 2: Homegrown Economic Reform and Scope of the Ten-Year Plan	7
2.1 Homegrown Economic Reform	8
2.2. The Rationale for Ten-Year Development Plan and Its Features	14
Chapter 3: National Development Vision and Strategic Pillars	18
3.1 National Development Vision, Objectives and Strategic Pillars	19
3.2 Objectives of the Development Plan	20
3.3 Strategic Pillars and Key Priority Areas	21
3.4 Global and Regional Development Commitments	22
Chapter 4: Macroeconomic Plan	24
4.1 Economic Growth and Poverty Reduction	25
4.2 Structural Transformation	27
4.3 Fiscal Policy and Public Finance	28
4.4 Monetary Policy and Financial Sector	32
4.5 Development Financing Plan	33
Chapter 5: Economic Sectors Development Plan	36
5.1 Agricultural Development	37
5.2 Manufacturing Industry Development	40
5.3 Construction Industry Development	41
5.4 Mining and Petroleum Development	42
5.5 Trade Development	43

5.6 Tourism Development	45
5.7 Urban Development	46
Chapter 6: Infrastructure Development Plan	48
6.1 Transport Development	49
6.2 Water Resources Development	51
6.3 Energy Development	53
6.4 Innovation and Technology Development	53
Chapter 7: Demography and Human Resource Development	56
Chapter 8: Gender and Social Inclusion	64
Chapter 9: Justice and Public Services	66
Chapter 10: Peace Building and Regional Development Cooperation	69
Chapter 11: Environment and Climate Change	72
Chapter 12: Implementation Strategies and Monitoring and Evaluation System	74
11.1 Ten-Year Development Plan Implementation Strategies	75
11.2 Balanced Regional and Local Development and Competitiveness	76
11.3 Monitoring and Evaluation System	80

CHAPTER ONE

Past Economic Performance
and Its Major Challenges



1.1 Economic Growth and Poverty Reduction

During the implementation of the two Growth and Transformation Plans (GTP I and II), Ethiopia has registered rapid and high economic growth. Based on constant basic prices (2015/2016 base year), Gross Domestic Product (GDP) grew on average by 9.2% per year and the volume of real GDP rose from Birr 828 billion in the 2009/10 fiscal year to Birr 1.99 trillion in the 2019/20 fiscal year. Compared to an average of 11% annual growth target during the period, the actual growth performance fell 1.8 percentage point short of the target. When the economic growth performance is disaggregated into major economic sectors, agriculture, industry and services have respectively registered an average annual growth rate of 5.3%, 17.2% and 9.7% (See Table 1).

Table 1: Growth in gross domestic product by major economic sectors (%)

	Average growth rates		
	2010-2015	2016-2020	2010-2020
Agriculture	6.6	4.1	5.3
Crop	7.5	4.8	6.1
Livestock	5.0	2.5	3.7
Industry	19.1	15.2	17.2
Manufacturing	15.1	13.0	14.1
Construction	27.7	17.3	22.5
Service	11.1	8.2	9.7
Wholesale and retail trade	11.7	8.9	10.3
Transport and communication	13.0	11.5	12.2
Financial industry	11.4	12.5	11.9
Gross domestic product	10.1	8.2	9.2

Source: FDRE Planning and Development Commission

The agricultural sector, on average, contributed 24% to the GDP growth, where the crops sub-sector contributed 72.7%. Similarly, the industry sector contributed 37.9% of which the construction and manufacturing sub-sectors respectively contributed 77.1% and 22.8% to the overall industry sector GDP growth performance. This shows that the major source of Gross Value Additions (GVA) registered in the industry sector has been the construction sub-industry. On the other hand, the service sector has contributed 40.8% to the GDP growth. The wholesale and retail trade sub-sector had the share of 37.8% within the services sector. In general, the overall economic growth performance shows that construction, crops, and wholesale and retail trade were the main sources of supply side growth, in that order.

Based on current prices, the economy has registered an average growth of 23.9% per year over the last ten years, and nominal GDP increased from Birr 395.9

billion in 2009/10 to Birr 3.37 trillion in 2019/20. From the demand side, total final consumption expenditure contributed 79% to GDP where more than three-quarters of this has been attributed to the private final consumption expenditure (see Table 2). On the other hand, total investment, exports and imports of goods and services, on average, were 35.1%, 10.1% and 25.9% of GDP, respectively.

The share of gross domestic investment (as % of GDP) increased from 31.1% in 2009/10 to 38.4% in 2015/16. However, because of the prevailing political instability during much of 2016/17, domestic and foreign direct investment slowed down, and similarly, government capital expenditure decreased. This brought the share of total investment (as % of GDP) down to 34.1%. Nevertheless, following the political transition that took place in 2017/18, total investment performance has improved during 2018/19 and the share has increased to 35.2%. In 2019/20, however, due largely to the COVID-19 pandemic, the share of total investment declined to 30.8%.

Table 2: Share of final consumption expenditure in GDP (%)

	Average share (as % of GDP)		
	2010-2015	2016-2020	2010-2020
Total final consumption expenditure	80.7	77.6	79
Government final consumption expenditure	10.5	10.2	10.3
Private final consumption expenditure	70.0	67.5	68.7
Total investment	35.0	35.2	35.1
Exports of goods and services	12.5	7.8	10.1
Imports goods and services	29.5	22.2	25.9
Resource balance	(17.1)	(14.5)	(15.8)
Gross domestic savings	19.3	22.4	21

Source: FDRE Planning and Development Commission

Net export (the difference between export and import trades) has shown a widening gap and the annual average resource deficit were 15.8% per year over the past ten years. This has been mainly attributed to the fact that export performance has been very weak, and the country's productive capacity to generate export earnings were limited. Moreover, the overall economic growth during the past ten years were largely dependent on import trade.

The rate of gross domestic savings rose from 17.3% of GDP in the 2009/10 to 20.9% of GDP in 2019/20. Similarly, GDP per capita has registered an average annual growth of 10.7% and as a result it increased from USD 389 in 2009/10 to USD 1,080 in 2019/20.

Poverty headcount ratio at the national poverty lines (% of population) has reduced from 29.6% in 2009/10 to 23.5% in 2014/15. While the poverty rate has gone down from 30.4% in 2009/10 to 25.6% in 2020 in the rural areas, and similarly urban poverty rates fell from 25.7% to 14.8% during the same period. In regards to equitable distributions of growth, Gini coefficient has increased from 0.30 in 2009/10 to 0.33 in 2014/15. During this period, the Gini coefficient in rural areas went up from 0.37 to 0.38 while in the urban areas it has increased from 0.27 to 0.28.

On the other hand, urban unemployment rate has shown an upward trend in both sexes. The unemployment rate increased from 18% in 2009/10 to 18.7% in 2019/20. Youth (aged between 15 and 29) unemployment rate was on average 25.7% in 2019/20, and this shows a significant increase when compared to the total urban unemployment rate. When seen in terms of gender decomposition, urban unemployment rate of men in 2009/10 was 11.4% while it was 25.3% for women. The unemployment rate went up for both sexes and reached 12.2% for men and 26.1% for women in urban areas in 2019/20 .

1.2 Past Major Development Challenges

Despite the faster and high economic growth that was realized over the past ten years, the economy has encountered several challenges in terms of sustaining the growth and making all citizens equitably benefit from the growth proceeds. The major challenges are identified as follow:

- **Failure to ensure quality economic growth:** Although high economic growth has been registered over the past ten years, there were gaps in terms of creating adequate job opportunities, ensuring equitable distributions, ensuring structural transformations, and creating sectoral linkages and synergies.
- **External debt distress:** Besides the lack of or limited competitiveness in international markets, our domestic products were not also able to compete with imported commodities. The bulk of Ethiopia's export commodities come from limited number of agricultural products without significant value additions. Moreover, domestic productions could not be able to fulfill the demand for input for domestic economic activities and industrialization. As a result, the economy largely depended on import and the demand for imported commodities increased from year to year leaving the gap between export and import trade widened.

- **Imbalance between domestic savings and investment:** Ethiopia experienced high rate of growth in investment over the past years. However, domestic savings could not be able to satisfy the domestic investment demand, causing large investment-savings imbalance.
- **Challenges to stabilize inflation:** Although there are numerous factors that can cause inflation, high and persistent inflation is evidently highly associated with macroeconomic instability. The persistently high inflation rate that has been registered over the past years, which exposed citizens to high cost of living, has put the sustainability of the economic growth into question by affecting the sustainability of investment.
- **Rise in unemployment:** One of the key indicators of a stable macroeconomy is the creation of adequate and decent employment opportunities. In general, the high economic growth registered over the past years could not be able to create sufficient job opportunities, and failed to bring the desired increase in the standard of living for most citizens.
- **Sluggish structural transformation and weak sectoral linkages:** Over the past years, the process of transition from low productivity agricultural sector to sectors with high productivity has been very weak. Ethiopia's export has always been dominated by a few number of agricultural products, and failed to transit to exports led by manufacturing products in order to secure sustainable and reliable export earnings.
- **Poor capacity to mobilize domestic resources:** Although Ethiopia's capacity to collect taxes has improved over the past years, the tax to GDP ratio has been dwindling. Government's commitment to improve the overall public resource management and its efforts to minimize misallocations of public expenditure has also been minimal.
- **Limited accessibility of financial institutions:** Over the past years, state-owned commercial and development banks have channeled significant amount of long-term loans to state-owned development enterprises with inadequate appraisal and monitoring. This has affected the supply and quality of loans issued by the commercial banks. On the other hand, insurance companies have also been restricted to the provision of traditional services, and their lenience in diversifying to other services and products has hampered growth in the insurance industry. In general, although the financial infrastructure has shown growth over the past years, it is not commensurate with the level of growth of the economy and its accesability has also been low.

- **Deficient and low quality provisions of social services and basic infrastructure:** In the past years, although particular attention has been paid to the expansion of roads, railways, energy, irrigation and various infrastructure development activities, there were still significant deficiencies in the supply when compared with the demands across different geographies. There were also a wide gap in terms of quality infrastructure provisions. Deficiencies have also been observed in social service provisions, particularly in health and education. Moreover, evidences indicate that the accessibility of social services were very low, and a wide gap in equitable distribution of basic services were observed between urban and rural areas. This has affected attempts to create equal opportunity for all citizens.
- **Limited government capacity and widespread malpractices:** Over the past years, limitations in government capacity have been observed at the various levels in terms of achieving the development goals set in various sectors. In particular, besides the limited capacity and coordination failures observed in areas of project management, there were also serious resource wastage and corruption. There were no robust system established in order to correct the failures and ensure accountability.

CHAPTER TWO

Homegrown Economic Reform
and Scope of the Ten-Year Plan



2.1 Homegrown Economic Reform

The rapid and sustained economic growth that Ethiopia registered over the past years was mainly driven by aggregate demand and it was recorded largely as a result of the expansion of government funded large-scale infrastructure developments. These public investments were financed through heavy debt and external aid. The manner in which these public investments were realized and the rapid growth achieved over the years has also caused continuous inflationary pressures. In addition, despite its rapid growth, the economy failed to raise productivity and create adequate job opportunities. Due to the heavy debt burden, it has become challenging to sustain the rapid pace of the growth, calling for a new growth financing approach doing away from the heavy reliance on public spending and debt financing.

The homegrown economic reform (HGER) with the central objectives of sustaining rapid growth, maintaining stable macroeconomic environment by reducing debt vulnerabilities and creating adequate and sustainable job opportunities has, therefore, been domestically initiated. The economic reforms are being translated into action through policy that enhances the supply side of the economy. The main aim and focus of the HGER is the enhancement of productivity and competitiveness of the overall economy, and a gradual transition from public to private sector-led growth. As a result, stable macroeconomy will be ensured and the economy would be able to generate adequate jobs to arrest the rampant unemployment and the inflationary pressure. The HGER plan was classified into macroeconomic reforms, sectoral reforms, and structural reforms.

Macroeconomic Reforms: In order to eliminate macroeconomic imbalances and create a stable macroeconomy, strict macroeconomic management has been put in place over the past two years. In regards to the overall macroeconomic management, strict monitoring has been put at work, and the following key focus areas have been identified in the macroeconomic reform plan.

- Ensuring fast, sustainable and broad-based economic growth. Reform efforts had been underway across various sectors of the economy to ensure high economic growth that has been slowed over the recent years. The efforts are being implemented in the way that involves several actors in the economy including the private sectors and development partners. Evaluation of past development plans have been thoroughly done in order to learn from past strengths and rectify the weaknesses through the experiences gained from the challenges so as to design and implement inclusive development plans in the future. Economic growth performance that has been registered over the past years has been assessed in detail and it has been used as an input for subsequent reform measures.

- In regards to fiscal policy reform process, new operational mechanisms are taking effect to modernize and enhance tax collection capacity as well as citizens' awareness about tax paying duties and responsibilities, proper public expenditure management and strict reform actions in the public debt management. The operational dimensions of the fiscal reform process mainly focused on making the overall tax administration fair, transparent and accountable. Similarly, strict justice sector reforms and operations have targeted the informal sector and the contraband, which has detrimental impact on domestic income, and the business community. These measures have already started showing encouraging results.
- Moreover, budget administration and auditing system has been given due attention. Strict auditing and monitoring system is necessary in order to ensure that the allocated budget is utilized for the intended social and economic purposes by ensuring that development projects designing follows thorough appraisal and feasibility studies. Proper administrations and systems have also been designed to facilitate support, monitoring and accountability so as to complete the projects within the timeline and without leading to waste of resources.
- In regards to the financial sector reform process, the ultimate objective is ensuring financial stability, financial inclusion, and promoting productivity and competitiveness of the private sector and thereby solve structural financing constraints of the economy by encouraging domestic savings and facilitating credit supply for the private-sector investment. In order to achieve this goal, it was found necessary to undertake market-oriented financial sector reform, through which the financial sector will eventually promote market-based interest rate and foreign currency exchange rate determination, establishing and expanding capital markets, and strengthening the monitoring and regulatory capacity of the National Bank of Ethiopia.
- Several policy reform measures have also been initiated to expand the inflow of foreign currencies. Particular emphasis has been paid to identify structural constraints of export market performance and taking macroeconomic reform actions to improve the diversification of export commodities by addressing the supply side problems of low production capacity and productivity. The reform process has not only targeted broadening the export base, but also creating value additions to export commodities so that the competitiveness of the economy in the regional and global value chains will improve.
- Emphasis has also been paid to other sources of foreign currency inflow. For instance, in order to increase the inflow of remittances, the reform aims to eventually broaden incentive structure to encourage the diaspora to send foreign currencies through the formal banking system. Moreover,

the promotion of quality foreign direct investment is also vital not just for the inflow of foreign currencies but also for technological transfer and creation of job opportunities. Similar focuses have been paid to reforming the overall foreign currency allocation directives and policies to promote the predictability and efficiency of foreign currency allocations across different sectors of the economy.

- In regards to external public debt, the macroeconomic reform process emphasised two main aspects and these are minimizing the commercial external loans, searching more for concessional loans and rescheduling the existing external public debt.

Sectoral Reforms: The country will follow a multi-sectoral growth approach by diversifying sources of economic growth and job creations by undertaking necessary and substantive policy reforms across the different sectors. In this context, particular attention has been given to the agricultural sector, manufacturing sector, mineral sector, tourism sector and the ICT sector as sources of growth.

- **Agriculture:** In the past, the agricultural sector has indeed received a particular attention both on the paper and within the broader development narrative, yet the sector is still characterised as the lowest productive. During the HGER process, there has been significant political commitments to improve research and development in agriculture and to improve all-rounded support given to all actors in the agricultural sector. From this perspective, the HGER agricultural sector reform aims to improve the role and participation of the private sector, expansion of small- to large-scale irrigation development, improving supply of inputs and finance, enhancing the productivity of livestock, protecting the environment and natural resources, improving agricultural production methods, reducing post-harvest loss, promoting research-based food security systems, and promoting import substituting major agricultural crop production.
- **Mining:** based on global and regional experiences, existing mining policies and legal frameworks have been under the reform process so as to create conducive investment climate and attract large number of foreign and domestic investors into the subsector. Particular emphasis have been given to the promotion of geological data and their dissemination for mining investment promotion. As Ethiopia is at the early stage of mining subsector development, the role of the government in terms of infrastructure development and other targeted support in the subsector is vital for boosting private sectors' confidence and trust.
- **Tourism:** although Ethiopia is endowed with abundant tourism destinations, the subsector has not fully utilized the available opportunity. As the subsector is naturally characterized with high potential for domestic and foreign revenue generations, and its high potential in terms of job creating opportunities,

the tourism reform has paid particular attention to improving and expanding tourism destinations and related infrastructure, as well as improving the role and participation of the private sector.

Structural Reforms: Although the role of government in the economy shall continue, adjustments and reforms will be made based on strategic policy performances and prevailing conditions. It is, in fact, very important that the government plays a role in the economy, and in particular, through public investments and lead the overall economy to a desired direction based on market principles. In order to ensure an efficient government intervention, thorough studies would be conducted to see if there are failures that calls for government interventions, and also to evaluate the feasibility of any government interventions in order to make sure that the necessary capacity and resource is available to implement the identified public project. It should also be noted that any public development projects, whether they are still at inception phase or even after completion, could possibly be handed-over to the private investors through fair and transparent approach, as long as the the private investor has the necessary capacity and resources to take the projects forward.

If projects are to be financed through domestic loans, domestic banks should be sure about the projects' feasibility before providing a loan. Domestic investment loan allocations to the public development projects should be done in such a manner that it follows basic market principles and do not lead to the crowding-out of the private sector. The reason being that the ultimate goal of government intervention is to create strong private initiatives or investment in the economy, and hence the government intervention process should not crowd-out private investors but it should encourage their participation in the economy. The government should support all development forces including private investors not on the basis of their proximity to political elites or power but based on their merits and performances. Reform processes have been under way over the past two years to correct past failures and to ensure that public or state-owned enterprises are not given prefferential treatment compared to private enteprises of similar status. In line with this, it is important to create a favourable environment where all economic actors are treated fairly and transparently. Broad-based policies and administative interventions has been put in place to encourage the participation of the private sector in all sectors of the economy, and it has been made sure that all future policy reforms and interventions should enhance the private initiatives. Since the private sector has an indispensable role in creating job opportunities, the government is determined to put the necessary policies and administrative structures in palce to assist the private sector development in priority sectors such as agriculture, manufacturing, mining, torusim and ICT sectors.

Other focus areas of structural reform processes include:

- Ensuring coordinated transport and logistics services: by reducing the transit time and costs of trade, the reform is mainly emphasising on the competitiveness of agricultural and industrial products, accessibility of coordinated transport services in order to sustainably support the investment and business activities of foreign and local investors, and improving the quality and effectiveness of transport corridors for import and export activities and improving stations providing dry port services.
- Implementing import substituting development strategy: maintaining the fact that our economic development strategy is outward-looking guided by international integration, extensive domestic support and policy intervention is designed to substitute the import of some strategic commodities that consumes large sums of foreign currencies including food items, edible oil, wheat, and other commodities by domestic productions.
- Reforming the investment and job creation landscape: in order to encourage domestic job creation as well as direct foreign investment, industrial parks that have been established so far and have the necessary infrastructure should be put to maximum capacity utilization by providing the necessary infrastructure. Furthermore, efforts have been consolidated to improve the overall investment and business environment, eliminate unnecessary bureaucracy and improve the supply of finance under the Ease of Doing Business initiative.
- Increasing the role and participation of the private sector in the economy: broad-based domestic economic reforms have been under way to thoroughly examine the role that the private sector had in the economy and the challenges it encountered and then to create favourable conditions to enable the sector play the role expected of it in a more appropriate and better way. A lot of endeavours are in progress to make the bureaucracy support and encourage, as opposed to hindering or crowding-out, the participation of foreign and domestic investors and improve the country's business environment. This reform works in line with the reform in the financial and other sectors so as to make Ethiopia a start-up nation in terms of investment promotion and job creations.
- Expediting the privatization of large state-owned enterprises and liberalization of priority sectors: once the transfer of selected state-owned enterprises to the private sector as well as liberalization of selected sectors is completed, it is expected to bring about a significant change in the efficiency and quality of economic growth and job opportunities.
- Strengthening Ethiopia's global and regional partnership: the ongoing negotiation for accession to the World Trade Organization (WTO) as well as the ratification

of the African Continental Free Trade Area (AfCFTA) proves Ethiopia's HGER commitment to boost the trade and investment partnership both at the global, continental and regional levels. The significance of linking our economy with that of the continent and the region is so paramount. As a land-locked economy, our domestic reform process will embrace strong partnerships to develop a cross-country development infrastructure and different ports together with our neighbours. Such cross-country partnerships will not only reduce transportation and trade costs, but also ensures shared prosperity.

- Promoting free movement of labour: in order to alleviate the high rate of unemployment in the country, it is necessary to design mechanisms that ensure free mobility of skilled labour both domestically as well as internationally
- Promoting the development of civic societies: domestic reform processes are designed to create a conducive environment for civic societies to play a significant role in economic, social and political activities. Despite the popular misconception about the role and participation of civic societies, promoting the role of civic societies does not stunt the role of the government but facilitates genuine transition to democracy, including for the media, in which ideas and thoughts freely circulate and thereby renders the government effective. This is a way of building a political economic outlook that includes citizens' political and moral authority. It helps to correct previous challenges and exhaustively utilize the capacity that is created as a result of free expression of thoughts. It is necessary to see all actors as an integrated whole. This, in the main, facilitates the opportunity to recognize and appreciate the key roles that all stakeholders play and their impacts. It also helps to understand that development does not focus only on incomplete material being but also expands to multifaceted freedoms to have its complete meaning.
- Diversifying Ethiopia's development partnerships and the sources of development finances: domestic policy reforms that are designed to secure different sources of development finance depends largely on the strong relationship and partnership with multilateral and bilateral development partners. Moreover, the partnership with development partners encourages technical assistance in different areas of capacity building both for government and private sectors. A diversified development partnership is expected to encourage our development partners to, in addition to providing development aid, motivate their investors to invest in our economy. The contemporary practices of the flow of international development finance does not necessarily follow the conventional approach. Multilateral forums and bilateral financial sources that were previously major sources of development finance for developing countries are dwindling and are being substituted by new bilateral arrangements and agreements. With this understanding, reforms are being domestically tailored to enable Ethiopia properly benefit from the current global supply of development finance.

2.2 The Rationale for Ten-Year Development Plan and Its Features

The role of a long-term development plan is to provide strategic directions for sustainable development by identifying strategic objectives, goals, and targets so that proper leadership and institutions are built to manage development in the long-term perspective as opposed to short-termism. This means that the long-term development plan lays the roadmap, indicating the objectives and strategic directions that are not time bound, and would enable the country to maintain sustainable growth and achieve structural transformation, as well as attaining equitable distribution of wealth and shared prosperity over the long-term.

The transition of an economy from poverty stricken to irreversible prosperity requires a long-term time span. While it is commendable to target the achievement of prosperity at the national development vision level, it yet requires adequate time to identify that the progress is in the right direction. Particularly, in the development process, plans for one-year, five-years, ten-years, or fifteen-years vary according to the tasks to be accomplished. Because general development objectives expressed in terms of low poverty rate, income level expressed as middle or high, educational enrolment at secondary or tertiary level, economic structural transformation, sustainable urban development, improvement of standard of living, equitable distribution of resources, etc. cannot be realized in a short-term and are, therefore, stated in terms of long-term plans. It is often the case that even long-term plans are detailed in short-term and medium-term plans in order to achieve the objectives, goals and targets.

It is possible to divide the development process into three broader stages consisting of creating the capacity to create wealth as pre-conditions, the stage of creating wealth itself, and the stage of ensuring an equitable distribution of the wealth. The capacity to create wealth is ensured through investment, while wealth is created through economic growth, and equitable distribution of wealth is realized through fair distributional policies. The realization of these processes takes different time spans. In a one-year plan, it may be possible to plan about investment and related issues, as well as detailed sectoral activities, while at the policy level, it may be possible to plan about macroeconomic stability. In a five-year plan, it would be possible to plan about the development of infrastructure facilities and rapid mid-term economic development goals. However, it would not be possible to plan about an equitable distribution of wealth, a meaningful reduction of poverty, as well as quality economic growth that would ensure sustainable development and structural transformation within a short-term.

From this perspective, while long-term plans with durations of ten-years or more are indicators of future directions of development, medium-term plans such as the five-year and three-year plans are detailed instruments through which the major objectives outlined in the long-term development plans are implemented. A five-year development plan that does not take into account objectives that should and could be achieved in ten-years cannot, in many respects, be taken as a plan that would successfully achieve its objectives. Taking the overall nature of long-term development plans into perspective, a special feature of the ten-year development plan is presented as follows:

- The ten-year development plan preparation has emphasised the proper identification of the linkages between various sectors of the economy. The plan recognizes the high interdependence and interconnectedness of the various productive sectors, particularly, modern agriculture, manufacturing and mining through input-output linkages. Trade and logistics, as well as services, were also closely coordinated in the planning process with the productive sectors of the economy in order to improve their efficiency by linking sectorial products with the markets. Similarly, infrastructure development (transport connectivity, energy, irrigation, communications, etc.) were planned in such a way that the development of one sector would serve as the base for the development of other sectors, while human resources and technology, which are decisive factors for ensuring productivity, have been planned in a similar approach so that the coordination would enhance the development of all other sectors.
- While the interlinks among sectors are decisive, during the short-term to medium-term, particular attention will be given to sectors that have high productivity, the capacity to generate significant employment opportunities and to stimulate growth in other sectors, as well as to those sectors that could provide the basis for improving the standard of living of a large number of citizens. While modern agriculture, manufacturing, and mining will be accorded special priority in their roles as productive sectors, the development of these sectors is planned in such a way that they will support each other through the supply of inputs and provision of market outlets for one another. Moreover, the plan has taken into consideration the fact that Ethiopia, through its tangible and intangible cultural heritages, should strengthen its tourism sector and increase foreign currency earnings to support the expansion of the service sector, the production sector and the development of infrastructure. As availability of infrastructure plays a key role for the development of these sectors, the development of infrastructures has in most cases been linked to sectoral developments.
- In addition, as development plans are implemented by sectoral institutions, it is understood that these institutions have a better understanding of each sector's development potentials, underlying weaknesses, as well as future

development directions. Cognizant of this, the ten-year development plan has, therefore, been prepared with the immense participation of the sectors through a bottom-up planning process for sectoral planning, as opposed to a top-down approach.

- The preparatory process of the ten-year development plan has been participatory and inclusive, and also identified development corridors. The existence of strong institutions that link the execution of development plans at the various levels of administration is very important for achieving a successful development outcome. In addition, creating the necessary capacities and providing adequate resources for government bodies that are responsible for leading development planning at the regional and sub-regional levels will have a positive impact on the success of the planning effort. Similarly, identifying the latent potentials of regions at the various levels and creating an organized system of attracting investment flows based on these potentials will assist the regions to make an effective use of their natural and human resource capacities and contribute to the success of the plans. Accordingly, in the ten-year development plan efforts have been made to tune and coordinate the national and regional development plans in line with their development potentials. Development corridors have also been identified, while infrastructural development plans have been coordinated with selected development centers.
- Taking institutional weaknesses as the major challenge of the country, the ten-year development plan identifies major long-term development goals and targets on the premises of a wholistic institutional transformation over the coming years. It is believed that the economy's low performance during the growth and transformation plan periods with respect to achieving structural transformation was mainly attributable to institutional weaknesses. Low implementation capacity of institutions, lax system of project administration, monitoring and evaluation; absence of accountability; unacceptable behaviours on the part of the private sector and their linkages with corrupt practices of government institutions; promoting self and group interest rather than national consensus; and severe disruption of peace and stability have been identified as the major indicators of institutional weaknesses. Having taken these gaps into consideration, the ten-year development plan has identified institutional reform and change as a priority focus area and has, therefore, incorporated new policies, strategies and legal frameworks expected to be implemented during the plan period.
- As mentioned in the previous sub-section, a HGER agenda, which is currently under implementation, has been taken as one of the bases and departure points for the ten-year plan. It is a short-term reform processes which attempts to redress the country's macroeconomic imbalances, institutional weaknesses,

and serious sectoral inefficiencies. It is believed that the ongoing HGER will correct existing macroeconomic imbalances and create a suitable ground that could serve as a springboard for future economic development. Thus, the policy frameworks, focus areas and strategies of structural reform indicated in the HGER agenda have been taken as inputs for the ten-year development plan.

- The ten-year plan identifies the private sector as the leader in productivity and growth enhancement, and the promotion of the private sector as the engine of economic growth is expected to strengthen public-private partnership. The government's role in the rapid economic growth of the last fifteen-years was significant. The success stories for the government were mainly in the development of economic and social infrastructures, which were the major sources of growth that resulted in generating aggregate demands. As quality and sustainable economic growth can only be achieved through private sector participation, great hope is pinned on the private sector – particularly domestic investors – that they will engage in priority productive sectors during the implementation of the ten-year plan. For this to happen, it is necessary that the private sector partners well with government in order to achieve the national prosperity agenda. The government will commit to forging genuine partnership and cooperation between the public and private sectors with the objective of addressing and solving as efficiently as possible challenges that the private sector may encounter in the process of development.

CHAPTER THREE

National Development Vision,
Objectives and Strategic Pillars



The ten-year planning process has taken into account the achievability of the development goals, the current development characteristics of Ethiopia as well as the potentials, and the opportunities and challenges that lie ahead. Due consideration was given to foundations such as the development vision of the country, existing and new macroeconomic and sectoral policies and strategies, the ongoing broad-based homegrown economic reforms, experiences, and lessons learned during the previous development plan implementation processes, Ethiopia's existing bilateral and multilateral development agreements and commitments. Similarly, due considerations were given to the domestic and external factors that could possibly affect the development goals of Ethiopia over the next ten years.

3.1 National Development Vision, Objectives and Strategic Pillars

The ten-year development plan lays a long-term vision of making Ethiopia an **"African Beacon of Prosperity"** by creating the necessary and sufficient conditions. Ensuring high per capita income through rapid economic growth is one of the sources of prosperity, but not a measure of prosperity on its own. Prosperity is largely defined in terms of happiness, improvement in standard of living and quality of life, and the level of complete satisfaction created by the overall capability we build through economic gain, human and social development by harnessing tangible and intangible wealth, including social capital and natural resource wealth. And hence, prosperity should be defined in terms of the overall human and institutional capability we create over the long-term whose development outcomes can be expressed as follows:

1. Improvement in income levels and wealth accumulations so that every citizen would be able to satisfy their basic needs and aspirations.
2. Basic economic and social services such as food, clean water, shelter, health, education, and other basic services should be accessible to every citizen regardless of their economic status.
3. Creating an enabling and just environment where citizens would be able to utilize their potentials and resources so that they lead quality life.
4. Improvement in social dignity, equality, and freedom where citizens can freely participate in every social, economic, and political affairs of their country regardless of their social background.

Therefore, the implementation of these development plans in the coming years should be able to reliably lead us to our national wholistic development vision. To ensure the prosperity of our society, on the one hand, the community should

work towards multidimensional development endeavour and ensure equitable utilization of what has been gained at every level on the bases of its own valuation. On the other hand, the society must be able to visualize beyond our current circumstance by observing the prosperity level that other nations have achieved and learning from their experiences by avoiding the bumpy development paths they took. Our development plan provides a roadmap by which we could not just be able to improve our per capita income but also become a prosperous nation.

In a nutshell, prosperity can be measured by the capabilities we create to satisfy human needs, improvements in standard of living and people's perception of the levels of their wellbeing. Variables such as per capita income, equity in wealth distribution, life expectancy, various measures of standard of living, access to justice and overall public services through good governance as well as issues of freedom, and citizens' level of satisfaction are taken as measures of prosperity. Accordingly, a composite indicator composed of three major indices would possibly be used as measure of prosperity over the long term. These indices are human development index, multi-dimensional poverty index and perception of well-being index.

3.2 Objectives of the Development Plan

To achieve the national long-term plan of making Ethiopia an African beacon of prosperity, the following major development objectives are identified:

1. Building a prosperous country by creating a pragmatic market-based economic system and enhance the role and participation of the private sectors.
2. Maintaining macroeconomic stability, ensuring rapid and sustainable economic growth, and creating decent jobs.
3. Ensuring structural economic transformation by promoting overall productivity, and competitiveness.
4. Creating an enabling environment where every citizen would become the owners and beneficiaries of the development endeavour by ensuring the quality and accessibility of basic social services and the provision of infrastructure.
5. Ensuring competent, independent, and quality civil service system by building the capacity of the government and establishing good governance.
6. Building strong and inclusive institutions that would ensure peaceful society, access to justice and upholding the rule of law and human rights.

3.3 Strategic Pillars and Key Priority Areas

The overall development goal is to achieve improved welfare of the society by improving the standard of living and quality of life that are captured in the broader national prosperity vision. These development vision and objectives will be achieved through the following key strategic pillars which are primarily focused on addressing the deep-rooted macroeconomic, sectoral, and structural bottlenecks of economic, social, administrative, and institutional development of the country. Some of the key strategic pillars are interlinked, yet for the reform and policy intervention emphasis, some of the central pillars are recognized on their own. The key strategic pillars of the ten-year development plan are:

1. Quality Economic Growth and Shared Prosperity,
2. Economic Productivity and Competitiveness,
3. Technological Capability and Digital Economy,
4. Sustainable Development Financing,
5. Private Sector-led Economic Growth,
6. Resilient Green Economy,
7. Institutional Transformation,
8. Gender and Social Inclusion,
9. Access to Justice and Efficient Civil Services, and
10. Regional Peace Building and Economic Integration.

From the national prosperity vision, development objectives and strategic pillars, a set of overarching priority areas are identified as follows for the efficient allocation of resources, as well as the effectiveness of reforms, policy initiatives and implementation actions. The priorities are set for the medium-term to provide substantial milestones for the long-term development plan against which progress will be measured. These key priority areas are the basis for the homegrown economic reforms and policy direction at the macroeconomic and sectoral levels. These key priority areas are:

1. Multi-sectoral and Diversified Sources of Growth and Job Opportunities,
2. Sustainable and Inclusive Financial Sector Development,
3. Harnessing the Demographic Dividend,
4. Quality and Efficient Infrastructure Development,
5. Sustainable Urban Development, and
6. Peace, Justice, and Inclusive Institutions

Figure 1: Strategic Development Pillars and Key Priority Areas



3.4

Global and Regional Development Commitments

Ethiopia has made commitments at both international and regional levels in the areas of investment, trade, and regional co-operation. Ethiopia will pursue these commitments in the interest of its citizens. In particular, the commitment of Ethiopia to the United Nations 2030 Agenda for Sustainable Development is vital in terms of ensuring people-centred development goals. Ethiopia's national vision for prosperity builds on the achievements of the past and embarks on a new horizon of development opportunities. The ten-year development plan has properly identified past development deficiencies and challenges and set clear plan for future sustainable development goals in all forms – economic, social, environmental, administrative, and institutional. The national vision and the ten-year development goals by and large are interlinked with the 17 goals and the associated 169 targets that are identified in the SDG 2030. An effort has been

made to integrate most SDG goals and targets that are aligned with the national development vision and Ethiopia’s domestic characteristics. The ten pillars of Ethiopia’s ten-year development plan are aligned with the SDGs as follows.

Table 3: Alignment of the national ten-year development plan with the SDGs

Strategic pillars of the ten-year development plan	Sustainable Development Goals
<p>Quality Economic Growth and Shared Prosperity</p>	<p>Goal 1: End poverty in all its forms everywhere</p> <p>Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>Goal 3: Ensure healthy lives and promote well-being for all at all ages</p> <p>Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>Goal 5: Achieve gender equality and empower all women and girls</p> <p>Goal 6: Ensure availability and sustainable management of water and sanitation for all</p> <p>Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all</p> <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>Goal 10: Reduce inequality within and among countries</p> <p>Goal 11: Make cities and human settlements inclusive, safe, resilient, and sustainable</p> <p>Goal 12: Ensure sustainable consumption and production patterns</p> <p>Goal 13: Take urgent action to combat climate change and its impacts</p>
<p>Economic Productivity and Competitiveness</p>	<p>Goal 1: End poverty in all its forms everywhere</p> <p>Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>Goal 3: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>Goal 4: Ensure access to affordable, reliable, sustainable, and modern energy for all</p> <p>Goal 5: Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all</p> <p>Goal 6: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>Goal 7: Make cities and human settlements inclusive, safe, resilient, and sustainable</p> <p>Goal 8: Ensure sustainable consumption and production patterns</p>
<p>Technological Capability and Digital Economy</p>	<p>Goal 1: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>Goal 2: Ensure healthy lives and promote well-being for all at all ages</p> <p>Goal 3: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>Goal 4: Achieve gender equality and empower all women and girls</p> <p>Goal 5: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Goal 6: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>Goal 7: Reduce inequality within and among countries</p> <p>Goal 8: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</p>

Institutional Transformation

- Goal 1: Ensure healthy lives and promote well-being for all at all ages
- Goal 2: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 3: Achieve gender equality and empower all women and girls
- Goal 4: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

Sustainable Growth Financing

- Goal 1: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all
- Goal 2: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 3: Reduce inequality within and among countries
- Goal 4: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Private Sector-led Economic Growth

- Goal 1: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 2: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 3: Reduce inequality within and among countries
- Goal 4: Make cities and human settlements inclusive, safe, resilient, and sustainable
- Goal 5: Ensure sustainable consumption and production patterns

Resilient Green Economy

- Goal 1: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 2: Ensure healthy lives and promote well-being for all at all ages
- Goal 3: Ensure availability and sustainable management of water and sanitation for all
- Goal 4: Ensure access to affordable, reliable, sustainable, and modern energy for all
- Goal 5: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 6: Make cities and human settlements inclusive, safe, resilient, and sustainable
- Goal 7: Ensure sustainable consumption and production patterns
- Goal 8: Take urgent action to combat climate change and its impacts
- Goal 9: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 10: Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- Goal 11: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

Gender and Social Inclusion

- Goal 1: End poverty in all its forms everywhere
- Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5: Achieve gender equality and empower all women and girls
- Goal 6: Ensure availability and sustainable management of water and sanitation for all

Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10: Reduce inequality within and among countries

Goal 11: Make cities and human settlements inclusive, safe, resilient, and sustainable

Access to Justice and Efficient Public Services

Goal 1: End poverty in all its forms everywhere

Goal 2: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 3: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 4: Reduce inequality within and among countries

Goal 5: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

**Peace Building and Economic Integration
with Neighboring Countries**

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 6: Ensure availability and sustainable management of water and sanitation for all

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Ethiopia is committed to achieving these SDG goals and targets and proper indicators have been included in relevant sections of the ten-year development plan.

Similarly, Ethiopia's commitment to African Continental Free Trade Area (AfCFTA) and Agenda 2063 is vital in terms of strengthening partnerships and cooperation for shared regional development and prosperity. Each goals and targets in these regional commitments has been clearly integrated and analysed in the context of the ten-year national development vision, strategic pillars, and key priority areas.

CHAPTER FOUR

Macroeconomic Plan



The central focus of the macroeconomic plan is the attainment of the overarching national vision. Accordingly, it aims at creating a stable macroeconomic environment, ensuring availability of sustainable development finance, guaranteeing high, stable and sustainable economic growth, and bringing about substantial structural transformation of the economy.

4.1 Economic Growth and Poverty Reduction

The Gross Domestic Product (GDP) is projected to grow by an annual average rate of 10% during the period from 2020/21 to 2029/30. This growth rate, if realized and sustained, was considered adequate enough to reduce poverty level from 19% in 2020/21 to 7% in 2029/30. However, this is contingent upon various factors including the efficient utilization of existing capacities and newly created potentials, stable and healthy investment flow to the economy and availability of new capacities in each of the economic sectors.

Furthermore, the plan assumes the reallocation of the factors of production from low productivity to high productivity sectors, resulting in the economy's structural transformation from agriculture to industry and from construction-led to manufacturing-led economy. While import substitution gets substantial emphasis, a mainly export led economic growth will be promoted by improving the country's competitiveness, expanding market opportunities, increasing the range of export products and changing its structure (from primary and raw materials to manufactured products and value-added services). Measures will be taken to enable the private sector to take the driving seat of economic growth and become the major source of development finance thereby ensuring structural transformation and the sustainability of development.

In parallel with increasing material and human capital accumulation, their utilization and transfer to sectors with high productivity will be ensured. Assuming that substantial efficiency gain and productivity growth will prevail, capital accumulation and total factor productivity are projected to grow by 55% and 45%, respectively. In terms of sectoral composition, agriculture, industry and service sectors are projected to grow by annual average rates of 5.9%, 13% and 10.6%, respectively (See Table 3).

Table 4: Projected growth rates of GDP by major economic sectors (%)

	Average			
	2015/16-2020/21	2020/21-2024/25	2025/26-2029/30	2020/21-2029/30
Agriculture	4.1	5.5	6.2	5.9
Crop production	4.8	4.6	4.6	4.6
Animal production	2.5	8.5	10.1	9.3
Industry	15.2	11.4	14.6	13
Manufacturing	13.0	18.4	22.9	20.6
Construction	17.3	8.5	9.2	8.9
Service	8.2	10.4	10.7	10.6
Wholesale & retail trade	8.9	11.3	11.8	11.6
Transport & Communication	11.5	14.6	14.8	14.7
Financial Intermediation	12.5	9.9	7.8	8.8
Gross domestic product	8.2	9.2	10.9	10

Source: FDRE Planning and Development Commission

The gross capital formation (investment) required to attain the projected annual average growth rate of 10% is estimated at 36.9% of GDP. While this is equivalent to the investment rate registered during the past decade, delays in project implementation and wastage of resources during the past years were rampant particularly in public development projects. Thus, the attainment of the planned targets is contingent upon proper rectification of these weaknesses and by increasing the productivity of capital. It is projected that 64.8% of the total investment will come from the private sector. This is in line with the plan to enable the private sector to take the leading role in the economy. The remaining 35.2% share of the total investment will be left for the public sector. Out of the public sector's investment, 63.1% of the financing requirement will be covered from the government's capital budget while the remaining 36.9% is expected to come from state owned enterprises.

Table 5. The share of expenditure components in GDP (%)

	Average				2029/30
	Baseline 2019/20	2020/21-2024/25	2025/26-2029/30	2020/21-2029/30	
Total consumption expenditure	79.1	72	70	71	69.3
Private expenditure	64.8	61.1	56.8	58.9	55.2
Government expenditure	9.5	10.9	13.2	12.1	14
Gross domestic savings	20.9	28	30	29	30.7
Gross Capital Formation	30.8	36.8	37	36.9	37.3
Private investment	22.1	22.4	25.4	23.9	26.9
Government investment	8.2	14.4	11.6	13	10.3
Government capital budget	4.2	7.7	8.6	8.2	8.4
Public Enterprise	4	6.7	3	4.8	1.9
Export (including service)	7.1	11.9	12.9	12.4	12.9
Import (including service)	16.9	20.7	19.9	20.3	19.4
Resource balance	-9.9	-8.9	-7.0	-7.9	-6.5

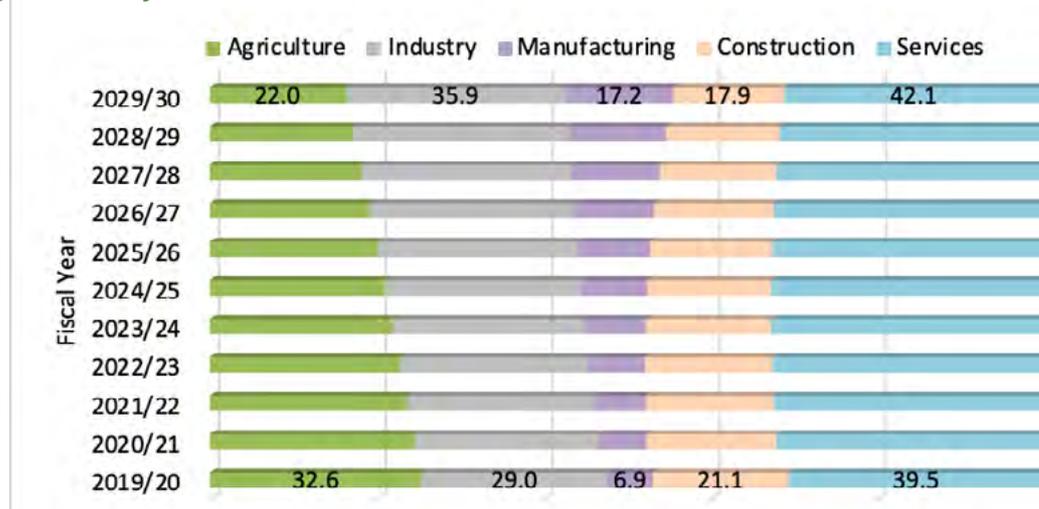
Source: FDRE Planning and Development Commission

The share of total import in GDP is projected to reach 19.4% by 2029/30. Similarly, the share of total export in GDP is projected to reach 12.9%. Accordingly, the resource gap (the difference between export revenue and import spending, which is also equivalent to the difference between domestic savings and investment) in GDP is projected to gradually decrease during the implementation of the plan.

4.2 Structural Transformation

In order to bring about structural transformation of the economy, the share of the agricultural sector in GDP is projected to decrease from 32.6% in 2019/20 to 22% in 2029/30. The share of industry, on the other hand, is projected to rise from 29% to 35.9% and that of the service sector would increase from 39.5% to 42.1%. Within the industry sector, the share of manufacturing is projected to grow from 6.9% to 17.2% (See Table 5 and Figure 3).

Figure 3: Projected evolution of the sectoral shares of GDP (%)



Source: FDRE Planning and Development Commission

Table 6: Projected shares of major economic sectors in GDP (%)

	Baseline 2019/20	2024/25	2029/30
Agriculture	32.6	27.2	22.0
Crops production	21.3	16.6	12.4
Animal production	8.5	8.5	8.2
Industry	29	30.4	35.9
Manufacturing	6.9	10.3	17.2
Construction	21.1	19.3	17.9
Service	39.5	42.4	42.1
Wholesale & retail trade	14.3	16.2	16.9
Transport & Communication	5.3	6.7	8
Financial Intermediation	3.3	3.3	2.9
Gross domestic product*	100	100	100

Source: FDRE Planning and Development Commission (*Net FISIM)

During the plan implementation period, the agricultural sector is projected to contribute on average, 1.6 percentage points to the overall GDP growth while industry and service sectors are projected to contribute 4 percentage points and 4.4 percentage points, respectively (See Table 6).

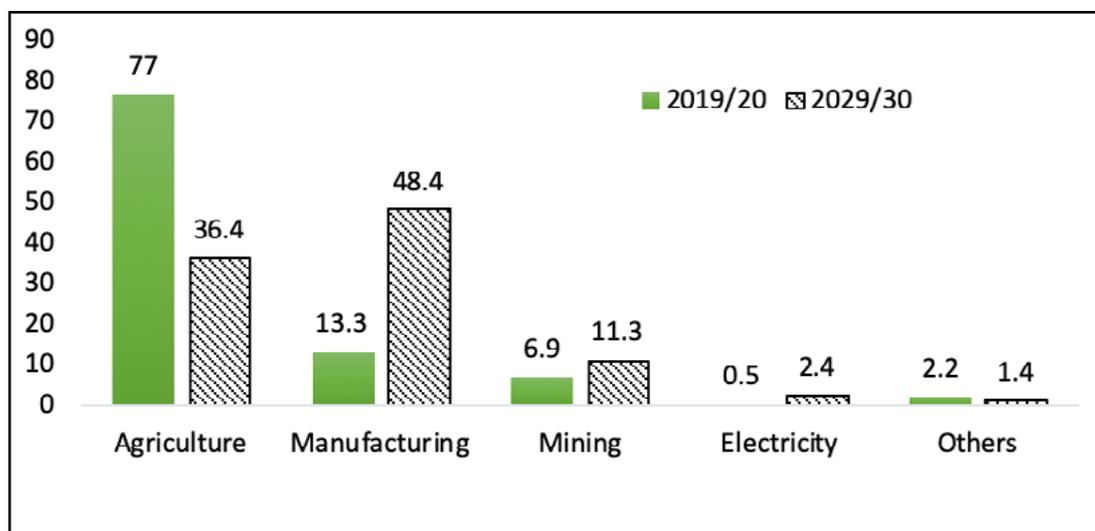
Table 7: The contribution of economic sectors to GDP growth (%age points)

	2015/16-2019/20	Average		
		2020/21-2024/25	2025/26-2029/30	2020/21-20/2930
Agriculture	1.5	1.7	1.6	1.6
Crop production	1.1	0.9	0.7	0.8
Animal production	0.2	0.7	0.9	0.8
Industry	3.4	3.2	4.8	4.0
Manufacturing	0.8	1.5	2.9	2.2
Construction	2.6	1.7	1.7	1.7
Service	3.3	4.3	4.6	4.4
Wholesale & retail trade	1.3	1.7	2.0	1.9
Transport & Communication	0.6	0.9	1.1	1.0
Financial Intermediation	0.4	0.3	0.2	0.3
Gross domestic product	8.2	9.2	10.9	10.0

Source: FDRE Planning and Development Commission

Export commodities by major sectors: In line with planned change in the structure of the economy, structural shifts in the composition of export commodities is also envisioned. Accordingly, the share of export trade from total foreign trade will increase from 39% in 2019/20 to 53.9% in 2029/30. There will be a major shift in the shares of agriculture, industry and mining in the export trade with changes from 77%, 13.3% and 6.9% to 36.4%, 48.4% and 11.3%, respectively. In general, the share of agricultural products in generating foreign exchange revenue would decrease while that of industry and mining would gradually increase and take the highest share at the end of the plan implementation period (See Figure 4).

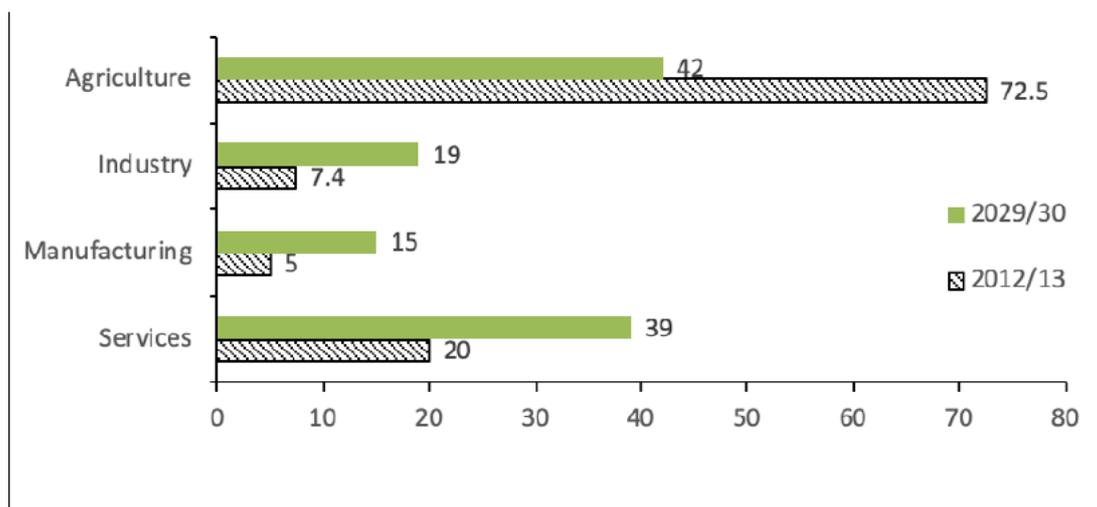
Figure 4: Composition of export commodities by major sectors (%)



Source: FDRE Planning and Development Commission

Labour force shift among economic sectors: In line with the changes in the sectoral composition of GDP and hence the economic structure, there will be a shift in labour force engagement from low productivity sectors to high productivity sectors. Accordingly, the percentage of labour force participation in the agricultural sector will decline from 72.7% in 2012/13 to 42% in 2029/30. Similarly, the labor force participation in the industry sector (manufacturing, construction and mining) during the same period will grow from 7.5% to 19% while in the service sector there will be an increase from 19.8% to 39%.

Figure 5: Changes in the sectoral distribution of labour force participation (%)



Source: FDRE Planning and Development Commission

4.3 Fiscal Policy and Public Finance

The fiscal policy direction of the country in the coming ten years is to maintain healthy balance between government revenue and expenditure. This will be achieved by increasing tax collection efforts and expanding the tax base and hence raising sufficient revenue that will allow the country to reduce the high reliance on external sources of finance (aid and loan). Accordingly, by reforming the tax policy and regulations, modernizing the tax system and administration, reforming the tax structure and fighting illegal trade activities; it is projected to raise gross domestic revenue from birr 395 billion to birr 3.9 trillion. This is equivalent to an average growth of 26.1% per year. In order to achieve this goal, the tax revenue is projected to increase from birr 317.9 billion to birr 3.5 trillion. As a result, the ratio of tax revenue to GDP will increase from 9.2% to 18.2%.

On the expenditure side, total government expenditure is projected to grow from birr 480 billion to birr 4.5 trillion. This will result in the ratio of government expenditure to GDP to reach 23.4% by 2029/30. It is also projected that the share of capital expenditure and recurrent expenditure in the total government expenditure will be 36% and 64% by 2029/30, respectively.

Table 8: Total government revenue and expenditure plan (in billion birr)

	2019/20	Average		2029/30
		2020/21- 2024/25	2025/26- 2029/30	
Total revenue	395	764	2,547	3,934
Domestic revenue	354	720	2,452	3,818
Tax revenue	312	637	2,223	3,492
Non-tax revenue	43	83	229	326
Income from foreign aid	41	44	94	116
Total expenditure	480	927	2,944	4,490
Capital expenditure	204	424	1,164	1,617
Recurrent expenditure	276	504	1,781	2,874
Budget deficit	(85)	(164)	(398)	(556)
Financing	82.3	82.4	86.5	87.7
The share of tax revenue and budget deficit in GDP (%)				
Tax revenue	9.23	11.6	16	18.2
Budget deficit	2.5	3.0	2.9	2.9

Source: Ministry of Finance

The government budget allocation will prioritize poverty reduction, human resources development, infrastructure development, and the development of productive sectors so as to raise overall production and productivity. Sectors that are new sources of development would also be given due attention. Additionally, major reforms will be undertaken to strengthen and enhance the effectiveness of government expenditure.

The total government budget deficit is projected to reach birr 556.4 billion by the end of the plan period and this will be equivalent to 2.9% of GDP. It is projected that the deficit will mainly be financed from domestic sources. In line with this, the government will work towards establishing primary and secondary financial markets (bond and stock exchange markets) that will be guided by market principles. During the plan implementation period, on average, 79% of the budget deficit will be covered by loans from domestic sources in a way that would not expose the economy to inflationary pressure whereas the remaining 21% will be covered from external loans.

On the other hand, in order to reduce the heavy national debt that is prevailing at the moment, it is planned to use medium term debt management strategy to create a healthy debt situation. It is, thus, planned to bring down the ratio of total national debt to GDP from 51% in 2019/20 to 48.6% in 2029/30.

4.4 Monetary Policy and Financial Sector

Proper management of monetary and exchange rate policies as well as the development of the financial industry play an indispensable role in stabilizing the macro-economy thereby accomplishing the targeted economic structural reforms and achieving healthy and sustainable development. From this perspective, the monetary policy will tune the economic activities in such a way that inflation would not exceed a single digit. In addition, it enables to cover government budget deficit without entailing inflation and enhances market-led primary and secondary level sale of bonds and stocks. This will enable the country to cover the government budget deficit mainly from less inflationary sources through open market operations and other market based monetary policy instruments.

In order to ensure a stable exchange rate and increase foreign exchange reserve, there will be an exchange rate that will solely be determined by the forces of market demand and supply for the currencies in question. For the financial industry to support the planned structural reforms, interest rate will be determined on the basis of market demand and supply, and digital finance system will be installed. To create alternative sources of development finance, it is envisaged to implement capital account policy that considers existing situations and the establishment of a functioning capital market.

To ensure a stable and single-digit bound inflation rate, it is planned to have, on average, an annual growth of 21% in broad money. Similarly, the annual growth rate of base money will, on average, be 19% and the share of base money in GDP will remain at 7.3% as it were in 2019/20 (See Table 8). This goes in line with the practice of prudent monetary policy that intends to limit inflation to a single digit.

Table 9: Share of money supply in GDP (%)

	Baseline 2019/20	2020/21 -2024/25	2025/26 -2029/30	2020/21-2029/30
Base money	7.3	7.3	7.3	7.3
Broad money	30.8	34.3	36.8	35.5
GDP at market price	100.0	100.0	100.0	100.0

Source: Naional Bank of Ethiopia

To guarantee adequate financial capacity for investment projects carried out by the private sector and public development projects, it is planned to increase annual savings of banks by an average rate of 28.6% and that of microfinance institutions by 30%. This assumes that, on average, the total deposit position would grow annually by an average rate of 22.4% and rises from a level of birr 1.04 trillion in 2019/20 to birr 7.9 trillion in 2029/30.

4.5 Development Financing Plan

One of the important variables necessary for realizing the planned economic growth, infrastructural development, social development, environmental protection and development, sustainable peace, good governance, justice and building of regional linkage is adequate and sustainable finance. Financial planning has two components and these are budget-related financial planning and non-budget financial planning.

Budget-related financial planning:– According to the government’s projection of revenue and expenditure during the plan period, gross domestic revenue, including foreign aid, would cover 88.7% of the total expenditure while the remaining 11.2% would be considered as budget deficit. Further projections estimate that total government expenditure during the plan period would be birr 19.3 trillion out of which recurrent expenditure is birr 11.4 trillion and capital expenditure is birr 7.9 trillion.

In order to implement the planned activities in each sector, projected breakdown of the government’s total capital expenditure (birr 7.9 trillion) shows that 24.8% goes directly to economic development, 44.6% to infrastructural development and 20.6% to human resource development. The remaining 10% goes to other development activities included in the plan. Details are shown in Table 9.

Table 10: Projected share of budget-related expenditure allocations out of total capital expenditure (in %)

Details	2019/20	Average			2029/30
		2020/21-2024/25	2025/26-2029/30	2020/21-2029/30	
Economic development	12.9	24.52	25.0	24.8	23.6
Infrastructure	52.8	41.64	45.0	43.3	49.7
Human resource development	23.1	23.82	20.0	21.9	16.7
Other sectors	11.2	10	10.0	10.0	10
Total capital expenditure	100	100	100.0	100.0	100

Source: Ministry of Finance

Non-budgetary financial sources and demands for investment finance:

During the ten-year development plan, non-budget total domestic finance of birr 17.998 trillion is expected to be collected from banks, savings of small financial institutions and from other saving options. Out of this, birr 15.565 trillion is expected to be mobilized by banks and microfinance institutions through savings and loan repayment which would account about 84.5%. The remaining birr 2.43 trillion which makes up 13.5% is expected to be generated through government treasury bills, bond sale, equity market and other financial sources.

Table 11: Non-Budget Total Domestic Finance by Source (in billion birr)

	Baseline 2019/20	Average			2029/30
		2020/21-2024/25	2025/26-2029/30	2020/21-2029/30	
Deposits	144.6	334.76	1061.64	698	1588
Banks	141.8	328.18	1037.06	683	1549.2
Microfinance institutions	2.8	6.64	24.6	16	38.8
Collections from loan repayment	200.7	416.98	1299.6	858	1946.9
Banks	183.3	376.16	1147.9	762	1707.4
Microfinance institutions	17.4	40.86	151.74	96	239.6
Other financial sources	59	128.78	357.84	243	526.6
Total financial source	404.3	880.52	2719.12	1800	4061.6

Source: Naional Bank of Ethiopia

Total non-budget loan to be made available during the plan implementation period is birr 14 trillion out of which birr 3.4 trillion goes to the agriculture sector. This makes 24.3% of the total domestic loan supply. It is planned that birr 5.7 trillion (40.7%) will go to the industry sector and birr 4.9 trillion (35%) will go to the service sector.

As shown in Table 11, finance (loan) allocation by type of institutional sectors indicates that birr 12.2 trillion (87.2%) is meant to meet the investment needs of the private sector while birr 1.8 trillion (12.8%) would cover the finance need of public investment projects. The finance requirement for the planned investment projects will in general be covered through domestic loan, capital budget, foreign savings, own capital and other investment sources.

Table 12. Allocation of domestic loan (in billion birr)

	2019/20	Average			2029/30
		2020/21-2024/25	2025/26-2029/30	2020/21-2020/30	
Total loan	290.8	591.0	2214.2	1328.8	3262.1
Agriculture	34.2	122.0	553.68	318.2	880.8
Industry	155.1	289.3	857.9	547.8	1295.1
Manufacturing	27.2	137.3	683.36	385.5	1131.2
For service	101.5	179.7	802.6	462.8	1086.2
Loan supply by institutional beneficiary					
Total loan	290.8	591.02	2214.2	1402.61	3262.1
Private	96.1	115.22	242.92	179.07	326.2
Government	194.7	475.76	1971.3	1223.53	2935.9

Source: Naional Bank of Ethiopia

Table 13. Sources of investment (in billion birr)

	Average			2030
	2020-2025	2026-2030	2020-2030	
Source of Investment financing	1,993	5,017	3,505	7,148
Domestic loan	591	2,214	1,403	3,262
Capital budget	424	1,163	794	1,617
Fforeign savings	467	944	705	1,250
Own wealth and other investment sources	512	696	604	1,020
Share of investment (finance) sources (in %)				
Source of Investment financing	36.8	37.0	36.9	37.3
Domestic loan	10.6	16.1	13.4	17.0
Capital budget	7.7	8.6	8.2	8.4
Foreign savings	8.9	7.0	8.0	6.5
Own wealth and other investment sources	9.7	5.3	7.5	5.3

Source: Naional Bank of Ethiopia

CHAPTER FIVE

Economic Sectors Development Plan



5.1 Agricultural Development

The major focus areas of agricultural development plan are reducing the reliance on rain-fed agriculture by developing irrigation capacity; expanding agricultural mechanization services; enabling highly productive smallholder farmers to become investors by assisting them to have access to additional land; improving animal husbandry, fodder development and animal health; expanding horticulture development; expanding the participation of private investors in agriculture; building institutional implementation capacity within the sector; creating job opportunities; and rendering agriculture more resilient to climate change by reducing the impacts of environmental and climatological changes affecting it.

The main objectives of the agricultural development plan are to raise the incomes and livelihoods of farmers and pastoralists and end poverty by making agriculture more productive and competitive; to play a major role in the structural transformation of the economy, especially to satisfy the food and nutritional needs of the nation by modernizing agriculture; to supply raw material inputs for the industrial sector; to provide adequate quantities of exportable agricultural products that have added value; to create sufficient job opportunities in rural areas; and to reduce the impact of climate change on the sector.

The following targets have been set to accomplish the objectives of agricultural development plan for the coming ten years (2020/21-2029/30):

- To increase the total annual quantity of crop production in all production systems from 543 million quintals to 925 million quintals;
 - raise food crops production from 326 million quintals to 662 million quintals;
 - increase food crops production in the autumn (i.e., meher) season from 333 million quintals to 586 million quintals;
 - increase the spring (i.e., belg) season crop production from 21 million quintals to 37 million quintals;
 - increase crop production through irrigation from 8 million quintals to 38 million quintals;
 - increase the share of crop production by medium- and large-scale private farms from 4% to 16% of the total;
 - increase the supply of improved seeds from 1.09 million quintals to 2.3 million quintals;
 - increase the distribution of fertilizers from 16.1 million quintals to 32.9 million quintals;

- make substantial effort to reduce the demand for chemical fertilizers by promoting widespread utilization of natural fertilizers such as compost and by improving land management methods;
- increase the application of pesticides from 15.4 thousand liters to 100 thousand liters against invasive pests and from 4.9 million liters to 5.5 million liters against regular pests;
- To increase horticulture production from 181 million quintals to 261 million quintals;
 - increase the amount of land allocated to private investors engaged in horticulture production from 17.6 thousand hectares to 43 thousand hectares;
 - increase horticulture production for export from 272.8 thousand tons to 1.05 million tons;
 - raise foreign currency earning from the export of horticulture products from USD 326.1 million to USD 950 million;
 - increase the autumn (i.e., meher) season's smallholder horticulture production from 68 million quintals to 112 million quintals, and that of the spring (i.e., belg) season's production from 47 million quintals to 54 million quintals; and
 - increase irrigated horticulture production from 65 million quintals to 95 million quintals;
- To increase the quantity, variety, and productivity of livestock and fisheries;
 - reduce the total number of milk cows owned by farmers and pastoralists from 11.5 million to 9 million and, of these, to raise the proportion of those with improved breed from 2.7% to 17%;
 - raise the total quantity of milk production from cows, goats and camels from 4.37 billion liters to 11.8 billion liters;
 - increase the average daily milk yield per indigenous breed, crossbreed, and exotic breed cows from 1.45 liters to 2.02 liters, from 6 liters to 10.7 liters and from 13 liters to 17 liters, respectively;
 - increase the total quantity of meat obtained from cattle, goats, sheep, and camels from 295 thousand tons to 1.7 million tons;
 - increase egg production from 2.8 billion tons to 5.5 billion tons and chicken meat production from 48 thousand tons to 106 thousand tons;
 - increase regular water fish production from 59 thousand tons to 247 thousand tons and that obtained from aquaculture from nil to 13 thousand tons;

- increase honey production from 59 thousand tons to 152 thousand tons;
- To reduce annual soil pollution from its current level of 20.5 tons CO₂E per hectare to 15.84 tons CO₂E per hectare by enabling farmers and pastoralists to adopt improved technologies and practices, in order to ensure sustainable development and utilization of natural resources;
- To raise the rate of annual increase of soil carbon content from 1.8% to 2.18% by increasing the amount of additional annual biomass quantity from 27 million metric tons to 75.2 million metric tons;
- To establish associations vested with legal personality for 10 thousand catchment areas in order to enhance sustainable natural resources development, management and conservation;
- To enhance the reduction of greenhouse gas emissions from 36.84 million metric tons to 125.8 million metric tons by mainstreaming environmental issues into sectoral plans and by implementing a green economy strategy as an integral part of regular work programs;
 - enhance the reduction of greenhouse gas emissions from 7.23 million metric tons to 37.8 million metric tons in the crop production subsector;
 - enhance the reduction of greenhouse gases from 12.06 million metric tons to 48 million metric tons in the animal husbandry subsector;
 - raise the level of annual additional sequestration of greenhouse gases from 17.55 million metric tons CO₂E to 40 million metric tons CO₂E from emission in the natural resource development subsector.

5.2 Manufacturing Industry Development

The major focus areas of manufacturing industry development plan are: (i) enhancing capacity utilization; (ii) strengthening coordination; (iii) raising production and productivity from existing industrial establishments; (iv) satisfying domestic demand as well as supplying export markets by producing competitive industrial products such as foodstuffs, wearing apparel, housing materials and pharmaceuticals; (v) encouraging manufacturing industries that utilize locally produced inputs; (vi) raising the variety, quantity and quality of exportable industrial commodities; (vii) strengthening the value chain, interlinkages, and interdependencies within the manufacturing industry; (viii) attracting new investments in large numbers, varieties and qualities into manufacturing by introducing, based on studies, new investment incentives and simplified procedures, as well as enhancing the role and partnership of the private sector to that end; (ix) coordinating the development of heavy metal and engineering industries, chemical and pharmaceutical industries, and other high tech industries; (x) strengthening the cluster organization system; (xi) expanding small- and medium-scale industries and creating an enabling environment for transitioning to the next stage of development; and (xii) expanding job opportunities.

The objectives of manufacturing industry development are to create employment opportunities by improving the production and productivity of existing manufacturing plants and by attracting new high quality investments; to expand manufacturing industries that can produce strategic commodities that can substitute imports; producing high quality export goods in volume and variety; to increase the share of manufacturing in the gross domestic product by creating a conducive environment for improved participation of private investors in the subsector; and to ensure that the development of manufacturing industry is consistent with the country's sustainable and green economy development strategy.

The following main targets have been set to achieve the objectives of manufacturing development plan for the coming ten years (2020/21-2029/30):

- to increase average capacity utilization of the manufacturing industry from 50% to 85%;
- to raise the domestic market share of locally manufactured industrial products from 30% to 60% by expanding manufacturing industries that produce substitutes of strategic import goods;
- to raise the competitiveness of the manufacturing industry by improving product quality;
- to raise the number of small and medium-scale manufacturing enterprises from 2,000 to 11,000 by attracting high quality investments and focusing on

those industries that employ advanced technologies;

- to create a total of 5 million new job opportunities in the manufacturing industry during the ten years period by raising the number of job opportunities created annually from 175 thousand in 2019/20 to 850 thousand in 2029/30.

5.3 Construction Industry Development

The major areas of focus of the construction subsector development plan are establishing an efficient working system and procedures; nurturing ethical behaviours and practices in the construction industry; building a construction industry that is competitive locally and regionally; and creating vast, sustainable, growing and productive employment opportunities that are capable of generating equitable incomes under convenient working conditions.

The objectives of the construction subsector development plan are to enable the domestic construction industry to increase its contribution to the country's rapid economic and social development by building its capacity and satisfying most of the domestic demand for construction through home-grown companies, by substituting imported construction materials with local production, and by enabling local construction companies to assume a greater share of the sub-regional market; to generate a significant number of employment opportunities; to improve in a sustainable manner, based on studies and research and drawing lessons from experiences of developed countries, the competitiveness of construction projects in terms of quality, cost and time.

The following targets have been set to accomplish the objectives of the construction industry development plan for the coming ten years (2020/21-2029/30):

- to raise the level of satisfaction of the actors in the construction industry to 75% in order to enable the subsector to create conducive working conditions that ensure the health and safety of the society, as well as environmental safety, and help the subsector in building a favourable image of itself;
- to raise the proportion of conflicts encountered in the subsector resolved without going to court to 75%;
- to reduce the proportion of accidents caused to people and property due to negligence and poor quality of work by 80%;

- to improve the internationally registered corruption perception index of the country from 114th (37 points) to 35th (60 points) by reducing corrupt practices in the subsector;
- to raise the market share of local construction companies to 75% within the country and to 25% within the sub-region by enhancing their competitiveness;
- to reduce the time wasted in implementing construction projects by 50%;
- to raise the number of direct job opportunities created by the subsector from 710,000 to 3.3 million per year, and the number of indirect job opportunities from 1.78 million to 8.3 million per year, by achieving a 16.6% annual growth rate of job creation in the subsector;
- to satisfy 80% of basic construction inputs requirement from domestic sources.

5.4 Mining and Petroleum Development

The main focus areas of the mining and petroleum development plan are increasing foreign exchange and domestic revenue earnings; increasing investment in the subsector; promoting the expansion of industries that add value; and creating job opportunities.

The objectives of mining and petroleum development plan are to identify the country's mineral and petroleum resources and, by developing and ensuring equitable utilization, to contribute to the structural transformation of the economy, as well as raising the national wealth. In addition, the plan aims at bolstering the economic and social significance of the subsector in the national economy by highlighting its contribution to foreign exchange earnings and domestic resource mobilization, by expanding the private sector's participation, by supplying the necessary inputs, by enhancing value addition, and by creating employment opportunities.

The following targets have been set to accomplish the objectives of the mining and petroleum development plan for the coming ten years (2020/21-2029/30):

- to raise the number of foreign direct investors from 160 to 660, and that of local investors from 50 to 1,050;
- to raise the number of investors engaged in service provision within the subsector from 1,700 to 6,700;
- to increase the quantity of gold produced annually by companies and artisanal miners from 3.2 tons to 137 tons;

- to raise the organized database coverage of the country's mineral resources potential from 10% to 40%;
- to increase the number of studies conducted to identify potential deposits for the supply of raw materials inputs for the construction, chemical, petrochemical, energy and other related industries from 600 to 6000;
- to increase the number of manufacturing industries that add value to precious and semi-precious minerals from 30 to 130; the number of those that produce construction inputs from 1,500 to 6,500; and the number of those that produce minerals that serve as inputs for the production of chemicals and petrochemicals from 100 to 1,100;
- to increase the number of manufacturing industries that produce energy source minerals from nil in 2019/20 to 10 by 2029/30, and to end the importation of salt by improving the quality and quantity of salt produced in the country;
- to increase the number of job opportunities created by the mining and petroleum subsector from 200,000 to 1.8 million.

5.5 Trade Development

The major areas of focus in the trade development plan are developing institutional implementation capacity; strengthening coordination that enhance growth; modernizing trading systems; increasing the volume, variety and quality of export products; putting in place a trade system that is modern, competitive, efficient, and conducive for trade participation; and ensuring availability of foreign exchange by expanding export market destinations. In addition, efforts will be made for ensuring that the consumers really benefit from modern transaction by establishing a modern marketing system, strengthening efforts to ensure the quality and safety of products and services, improving inspection and regulatory work, reforming the long market chain, and ensuring fair competition. On the other hand, priority will continue to be given to creating a vast market for Ethiopian products through full accession to the WTO, reaping the full benefits of joining the African Free Trade Zone, and reaching bilateral and other multilateral trade agreements with selected countries.

The principal objectives of the trade development plan are to establish a modern, equitable and competitive domestic marketing system; to increase the variety, quantity and quality of export products mainly by focusing on value addition; to expand trade destinations by strengthening regional and international trade relations; and to increase the amount of foreign exchange earnings.

The following main targets have been set to achieve the objectives of the trade development plan for the coming ten years (2020/21-2029/30):

- to put Ethiopia among 50 countries that have removed trade barriers, thereby raising the ease of doing business score from 48 to 80;
- to raise the frequency of inspection on local factories that produce goods that are required to meet mandatory quality standards from 300 to 610 in order to ensure their quality, safety, and accuracy;
- to raise the amount of inspection on imported items from 2 million metric tons to 3.5 million metric tons, thereby increasing the types of domestically produced and imported essential items from 28 to 68;
- to raise the volume of export goods that undergo quality inspection from 650 thousand metric tons to 1.1 million metric tons;
- to increase the frequency of accuracy inspection of measurement scales from 1.1 million to 2.1 million;
- to raise the level of market transparency from 40% to 80% by curtailing anti-competitive trade practices and violations of consumers' rights;
- to increase merchandise export revenues from USD 3.0 billion to USD 18.3 billion by raising USD 6.7 billion from agriculture, USD 9 billion from manufacturing, USD 2.1 billion from mining, and USD 0.7 billion from electricity and other commodities;
- to increase the number of foreign trade destinations from 37 to 96 by concluding the negotiations for WTO accession, implementing the African Free Trade Zone agreements, reaching bilateral trade agreements with seven selected countries, and doing trade promotion activities; and
- to develop 3,055 demand-based new national standards by drawing upon the experiences of international, continental, and national standards.

5.6 Tourism Development

The main focus areas of tourism development plan are studying and preservation of cultural resources; proper identification of and development of their economic value; proper identification and development of the country's tourism potentials; strengthening and further developing tourism destination infrastructure; improving the quality and quantity of touristic items and souvenirs to enhance competitiveness; carrying out an effective marketing network in branding promotions; and developing the contribution of tourism in the economy using tourism technology and based on research. Additional areas of focus also include improving the quality of service delivery in the tourism industry through capacity development; broadening the sources of financing; installing a standardized organizational structure; modernizing data management system through technology; and raising the private sector's role through public-private partnerships.

The principal objectives of the tourism development plan are to develop the country's tourism resources through the involvement of the community and all stakeholders; to develop competent manpower and improve service quality; to strengthen global competitiveness by implementing aggressive marketing and promotion strategies; and to increase the socio-economic benefits from tourism development.

The following main targets have been set to achieve the objectives of the tourism development plan for the coming ten years (2020/21-2029/30):

- to raise the number of languages that are used to carry out activities in language use and development from 53 to 73;
- to increase the number of institutions that provide tourist services from 1,348 to 2,696 and the level of tourists' satisfaction from 50% to 75%;
- to develop and make accessible 59 new tourist destinations, in addition to adding value to 40 existing ones;
- to raise the number of domestic tourists from 24 million to 70 million through aggressive promotion and developing a culture of tourism;
- to increase the proportion of people who received training in hotel and tourism management services from 23% to 59%;
- to raise the number of job opportunities created through tourism development from 1.6 million to 5.2 million; and
- to increase the number of international tourists from 850,000 to 7.3 million.

5.7 Urban Development

The main focus areas of the urban development plan are planning and implementation of a balanced and decentralized system of urbanization that enhances the sustainable development of cities; mitigation of existing challenges in terms of the imbalance between the demand and supply of residential housing by involving all stakeholders and launching various types of housing programs; broadening financing options; creating marketing networks and expediting the creation of job opportunities; ensuring that housing at rural centers meets necessary standards; provision of a well-coordinated and adequate network of infrastructural facilities between and within cities/towns; setting a standard for the construction and maintenance of infrastructures and facilitating coordination among the cities/towns so that they plan, design and implement infrastructure development works; enhancing the contribution of the private sector in urban development; formulating strategies that facilitate green development; ensuring that cities/towns have a decentralized structure which is conducive for good governance and for the deployment of managerial and skilled personnel; promoting rural industrialization by deterring human and capital flights from various areas; developing small and medium-sized towns; and providing an adequate, sustainable, and equitable supply of land and enable rapid urban development.

The principal objectives of the urban development plan are to develop cities/towns in a way that facilitates the development of both urban and rural areas in a coordinated manner; to create a system by which cities/towns are managed in a participatory and decentralized way; to create job opportunities; to make residential areas conducive for living by designing an efficient system of land and housing provision; to develop integrated and standard infrastructure and services; to improve greening and sanitation services so that cities/towns are liveable and resilient to economic, social, environmental and ecological shocks. The urban development plan also aims to set standards for housing in rural centers; to enhance the development of micro and small enterprises in order to mitigate unemployment; to reduce poverty and food insecurity in urban areas; to strengthen good governance in urban areas; to improve the financial capacity of urban areas, as well as their capacity to effectively manage and utilize their resources in order to ensure an efficient urban development financing system.

The following main targets have been set to achieve the objectives of the urban development plan for the coming ten years (2020/21-2029/30):

- to guide the social, economic and environmental development activities and services of around 4 thousand towns and 14 thousand rural development centers through an integrated urban development plan;
- to enable towns to have accurate knowledge of their land resource and to

manage it efficiently by increasing land and land-related registration and cadastre services from 3% to 60%;

- to satisfy at least 75% of the demand for urban land by raising the proportion of land that is made available through auction from 5% to 40% and by reducing the proportion of land directly allocated by the government from 95% to 30%, in order to ensure an equitable allocation of land for various development purposes;
- to reduce the proportion of urban sections that do not fulfil the standard from 74% to 30% by ensuring that all cities/towns are managed through planning and by redeveloping dilapidated urban sections;
- to raise the ratio of housing demand satisfied in urban areas from 64% to 80% by building more than 4.4 million houses;
- to build, using different supply modalities, around 600 thousand houses (or about 14% of the total number of houses planned to be built) in the vicinities of industrial parks;
- to standardize houses to be built in rural centers and to build 2.8 million houses that meet the standard, with at least 80% of the new houses and 50% of the existing ones to be required to adhere to the density standard set;
- to provide at least 60% of the finance needed for urban development; out of which, at least 10% is to be covered through community contributions;
- to require urban areas with municipal status to establish a decentralized financial system and to cover at least 60% of their expenses from own revenue; and to raise their budget utilization performance to 95%;
- to require Addis Ababa and 6 other cities that may have a complete cadastre to cover their budget deficits for infrastructure development by raising revenue from the sale of bonds;
- to raise the coverage of liquid waste removal from 1% to 50% and dry waste removal from 30% to 80% in towns with a population of over 20 thousand; to raise the coverage of green infrastructural development that is accessible and up to standard in all urban areas to 30%, thereby raising the number of cities/towns that meet the standard from 6 to 200;
- to reduce the rate of unemployment in urban areas from 18.7% to 9% by creating job opportunities for 15 million citizens;
- to facilitate the establishment of 2 million new micro enterprises, of which 10% to be promoted to small-scale and 1% to medium-scale manufacturing enterprises in order to enhance their contribution to industrial development;
- to embrace 972 cities/towns nationwide in the food security system and;
- enable 3.62 million urban dwellers that are able to work and yet live below the poverty line to take part in community works that can change the image of urban areas; and
- enable a total of 689 thousand people, including the elderly, people with disabilities, the mentally ill and children who are unable to work and are exposed to various types of social problems, as well as 44 thousand homeless people, to become direct beneficiaries of the social safety net support and basic social services program.

CHAPTER SIX

Infrastructure Development Plan



6.1 Transport Development

The main focus areas of the transport subsector development plan are expansion of transportation infrastructure and services; provision of efficient logistics services; increasing the participation of the private investors in the sector; strengthening the sector's institutional implementation capacity, including mainly human resources, organization, policies and legal frameworks.

The principal objectives of the transportation sector are to ensure the security, equity, accessibility and quality of transportation infrastructure and services; to provide rapid and reliable logistic services; to make transportation infrastructure and services resilient to climate change; and to improve the performance of the subsector by developing implementation capacity.

The following main targets have been laid out to successfully achieve the principal objectives of the transport subsector development plan for the coming ten years (2020/21-2029/30):

- To expand road transport infrastructure;
 - build 102,000 km new roads, thereby raising the overall national road network from 144,000 km to 246,000 km;
 - upgrade the standard of 28,000 km existing roads;
 - increase the total length of expressways from 301 km to 1,650 km;
 - increase the total length of the rural roads built through the "Universal Rural Roads Access Program" (URRAP) from 56,000 km to 109,000 km; and raise the proportion of roads in good condition from 58% to 87%.
- To expand transportation services;
 - raise the number of truck terminals from 1 to 23;
 - increase the number of dry ports from 8 to 11;
 - build 1,000 product and input storage centers;
 - increase the number of cold storage facilities from 3 to 6.
- To increase the length of railway from 902 km to 4,199 km;
- To expand the aviation infrastructure by building 6 airports, 6 passenger terminals and 10 cleared earth runways;
- To expand inland water transport system by developing water transport infrastructure on Tana, Abaya and Chamo lakes and on the Baro and Gibe rivers, as well as on the GERD reservoir;

- To raise transport service coverage from 67% to 100% in rural areas and mass transport service coverage from 34% to 70% in urban areas;
- To increase the number of intercity transboundary public road transport links with neighbouring countries from 1 to 6;
- To increase the number of cross-country rail passengers from 79.19 thousand to 448.6 thousand, and raise the capacity of the Addis Ababa light rail transport service from 75 thousand to 200 thousand passengers per day;
- To increase the number of international flight passengers from 10.2 million to 48.4 million, and that of domestic passengers to 11.8 million;
- To decrease the number of deaths from road traffic accidents from 34.4 persons to 10 persons per 10,000 vehicles;
- To improve the country's global ranking for logistics performance from 126th to 40th by improving import and export cargo handling capacity from 17.7 million tons to 30.4 million tons;
- To reduce transport sector's greenhouse gas emissions from 41 million metric tons to 27.8 million metric tons of carbon dioxide equivalent;
- To strengthen the implementation capacity of the subsector by:
 - increasing annual plan implementation rate of construction projects from 35% to 80 %;
 - increasing annual Road Fund income from Birr 2.94 billion to Birr 14.2 billion;
 - increasing the annual income of the Insurance Fund from Birr 530.965 million to Birr 3.2 billion by requiring all road user transport vehicles to subscribe to Third Party Insurance Policy;
 - increasing the annual revenue collected from transportation related services fees from Birr 2.39 billion to Birr 7.71 billion;
 - launching 23 public-private partnerships projects;
 - creating 1.425 million job opportunities in the transport subsector.

6.2 Water Resources Development

Water resources development includes the provision of potable water and sanitation services as well as irrigation and river basin development. The main focus areas of the subsector are improving access to potable water supply and sanitation services; expanding climate resilient potable water supply systems; ensuring the sustainability of existing potable water supply facilities; harnessing renewable energy as an alternative source of energy for organizations engaged in supplying potable water in rural areas; strengthening urban sewerage disposal systems by building the necessary infrastructure facilities; expanding integrated river basin development schemes; ensuring fair and equitable utilization of boundary and trans-boundary water resources to support the provision of clean water, sanitation and hygiene services to vulnerable communities to natural and manmade disasters; and providing consistent and sustainable support to regional states and pastoral areas that need special assistance.

Additional focus areas of the water resources development plan include expanding medium and large-scale irrigation schemes; applying improved irrigation technologies; creating employment opportunities for young people with intermediate education and skill levels in modern irrigation; strengthening public-private partnerships and expanding financing options in order to reduce government expenditure on irrigation development; avoiding time and cost overruns in irrigation development projects and at the same time ensuring that they meet the required quality standards; strengthening institutional capacity and human resource development; establishing water users associations and make them bear maintenance costs for irrigation facilities; ensuring proper inclusion of the issues of gender and disabilities; and developing a system that can integrate irrigation development with other economic sectors.

The principal objectives of the water resources development plan are to ensure equitable provision and accessibility of potable water, sanitation and hygiene services that meet quality standards; and to enhance the development and utilization of the river basin and irrigation resources of the country.

The following main targets have been laid out to achieve the objectives of the water resources development plan for the coming ten years (2020/21-2029/30):

- To expand water accessibility and supply coverage:
 - increase the share of rural residents with access to 25 liters of water per person per day, out of which 50% is tap water, within one km from 54.88% to 100%;

- increase the share of urban residents with access to 100 liters of tap water per person per day for grade one cities, 80 liters per person per day for grade two cities, 60 liters per person per day for grade three cities, 50 liters per person per day for grade four cities and 40 liters per person per day for grade five cities from 58.9% to 100%; and
 - provide multi-village water supply systems that are resilient to drought in 100 frequently **vulnerable weredas**.
- To build integrated basic sewerage systems for 100 cities and ensure all rural villages to have access to toilets;
 - To provide potable water and sanitation services to all education and health facilities;
 - To reduce the rate of water loss from 39% to 20%;
 - To reduce the number of people drinking water containing excessive fluoride from 3.5 million to zero;
 - To increase the coverage of integrated river basin development from 2.25 million hectares to 10 million hectares, and the number of eco-hydrology demonstration centers from 10 to 55;
 - To fully protect national interests with respect to boundary and trans-boundary rivers;
 - To increase the inventory of surface water flows from 78% to 100% and that of underground water resources from 17.95% to 35%;
 - To raise the study and design of medium and large-scale irrigation networks from 600,000 hectares to 2 million hectares, and their construction from 490,000 hectares to 1.2 million hectares;
 - To increase the application of modern irrigation techniques from 2% to 20%;
 - To increase water use efficiency from 30% to 50%, and land use efficiency from 33% to 100% in 20 existing irrigation schemes;
 - To create 820,000 job opportunities through irrigation network expansion, 110,000 job opportunities through irrigation infrastructure maintenance, and 120,000 new job opportunities for graduates.

6.3 Energy Development

The main focus areas of the energy development plan are ensuring access to energy supply; providing the rural population with clean energy supply technologies; providing high quality electric power service; building a reliable electric power infrastructure; ensuring healthy financial position of the energy sector; encouraging private investment in the sector; and developing skilled and ethical manpower.

The main objectives of the energy development plan are to provide the economy with quality electric power service that is accessible, equitable and affordable; and to expand a reliable energy infrastructure.

The following main targets have been set to achieve the principal objectives of the energy development plan for the coming ten years (2020/21-2029/30):

- To raise power generation capacity from 4,478 megawatts to 19,900 megawatts;
- To increase power transmission lines from 18,400 km to 29,900 km;
- To increase electricity export from 2,803 GWH to 7,184 GWH;
- To increase the number of electricity customer from 5.8 million to 24.3 million;
- To increase the coverage of grid-based electricity from 33% to 96% and that of off-grid from 11% to 4%;
- To reduce electric power wastage (loss) from 19.6% to 12.5%.

6.4 Innovation and Technology Development

The main focus areas of innovation and technology development plan are building and organizing infrastructures that support the development of innovation and research activities; building human resource capacity; creating, supporting and enabling key institutions, and establishing operating procedures; building a national data centre that would help increase economic and social benefits through the creation and consolidation of a digital economy; enhancing institutions' use of public services through online systems by improving internet connectivity and use; introducing a standardized national system of addresses; developing computational technologies and national databases; and enhancing the use of electronic means for accessing public services.

The principal objectives of innovation and technology development plan are to develop national innovation research and technological capabilities; to build a digital economy and increase the benefits to be derived thereof; to improve national productivity and competitiveness by building technology-based industries; and to establish innovation and technology regulatory systems operating procedures.

The following main targets have been set to achieve the objectives of the innovation and research development plan for the coming ten years (2020/21-2029/30):

- To expand infrastructures for innovation and technology development;
 - build 9 infrastructural installations, 20 new innovation, research and technology incubation centers and 8 technology centers in order to enhance the modernization of space science and technology research;
 - build, in view of implementing the Treaty on the Prohibition of Nuclear Weapons, one radionuclide station and 50 non-stop remote sensing satellite ground stations;
 - build 450 basic (Zero Order) ground data control points, 1,000 first order ground information control points, one geospatial laboratory and one geospatial server room.
- To build innovation and technological capacity and improve service delivery;
 - build the human resources capacity to increase the potential workforce in the innovation, technology and research subsector to 5.7 million;
 - increase the number of national data centers from 1 to 3;
 - increase the number of towns that use standard system of addresses to 73;
 - raise the coverage of public institutions to be included in the government's electronic network system to 95%;
 - launch into space 2 remote sensing satellites and 1 communication satellite;
 - increase the types of electronically delivered public services from 176 to 2,500;
 - raise the number of institutions that utilize electronic marketing service to 3,500 by increasing the electronic service coverage from 2% to 85%;
- To increase access to mobile and internet services from 37.2% and 18.6%, respectively, to 100%;

- To expand and strengthen innovation and technology development enterprises:
 - establish 20 enterprises and space technologies in the area of generating and disseminating satellite data;
 - establish 36 enterprises in the area of technology adoption and transfer;
 - induce 50 emerging technology enterprises with various start-up and innovative initiatives to commence production and service delivery;
- Provide support to 3,000 selected tech start-ups with high economic and social impacts and, of these, promote the most promising 2,100;
- Raise the share of private sector jobs in the areas of technology and digitalization from 50% to 80%.

CHAPTER SEVEN

Demography and Human
Resource Development



The demography and human resource development generally emphasize on full implementation of the existing population policy through incorporating newly emerging population issues in the revision of the policy as well as in the planning and implementation of socio-economic development initiatives. In this regard, the key focus areas include ensuring that activities related to human resource development contributes to overall economic performance, carefully managing the demographic transition to maximize the benefit from the demographic dividend; in particular, ensuring that federal sectoral bodies that are responsible for implementing population policy and programs have incorporated population related matters in their respective plans and implement them accordingly; improving access to family planning services, expanding women education, promoting the integration of population issues into the overall development initiative of the country through information, education, communication and advocacy; ensuring that vital information on population are generated regularly, that rural urban and from small town to bigger urban centers migration have positive economic outcomes with reduced pressure on rural areas and small towns and improved capacity of towns/cities to accommodate migrants. Relevant sector offices are required to coordinate their efforts for the successful accomplishment of the planned objectives.

The population and human resources development plan aim to develop an all-rounded human resource capacity. This will be achieved through the provision of equitable access to health and education services as well as ensuring quality and relevance which will form the primary area of focus for the coming ten years. Though this objective by itself is sufficient from the point of view of fulfilling the needs of the citizens, it is evident that the economy of countries with healthy and educated citizens will grow more rapidly. Therefore, the following specific objectives are included in the plan for the coming ten years (2020/21-2029/30):

- To build an effective health system based on prevention and control methods; to mitigate maternal and child mortalities; to prevent communicable and non-communicable diseases that may cause death or illness; to protect citizens from fatal health incidents; to provide equitable, quality and free education in pre-school to secondary school; to improve academic performance; to maintain and enhance quality of teacher education and monitoring systems; and to ensure the relevance of the curriculum, the teaching/learning process, the teaching aids as well as the evaluation system; to expand access to higher education and training opportunities and ensure that they can enrol in their preferred fields; to enable higher education and training institutions to produce citizens that are psychologically, professionally, spiritually, emotionally, physically and socially competent and affectionate for their country and their compatriots; to ensure that higher education and training takes into consideration the professional and workforce needs of the economy and promote and develop indigenous knowledge; to identify

higher education and training institutions in accordance with their strength and the potentials of their surrounding and to build capacity in their area of specialization; to establish and strengthen links between higher education and training institutions and the industry; and to disseminate and consolidate science and technology in higher education and training institutions.

The main targets of the population and human resource development plan are:

- To increase access to family planning services from 41% to 54%;
- To limit population growth rate to a maximum of 2%:
 - reduce urban and rural population growth rates to 4.2% and 1.3%, respectively,
 - raise the rate of urbanization from 21.4% to 35%;
 - reduce the dependency ratio of adolescents below the age of 15 from 68% to 59%;
- To reduce maternal mortality from the 401/100,000 level in 2015/2016 to 140/100,000 in 2029/30;
- To improve the condition of infants below 5 and below 1,
 - reduce under 5 and under 1 mortality rates from 59/1,000 to 25/1,000 and from 47/1,000 to 29/1,000, respectively;
 - reduce the rate of stunting and dwarfness in children under 5 and under 1 from 37% to 13% and from 7% to 3%, respectively;
- To reduce the incidence of death due to TB and HIV/AIDs from 22/100,000 to 4/100,000 and from 1.2/100,000 to 0.45/100,000, respectively;
- To reduce HIV and malaria prevalence rates from 1.6/10,000 to 0.6/10,000 and from 28/1,000 to 0/1,000, respectively;
- To reduce anemia prevalence in women in reproductive age from 24% to 12%;
- To increase the ratio of health professionals per 1,000 patients from 1.0 to 4.5, and that of medical doctors per 10,000 patients from 0.86 to 2.7;
- To raise the ratio of primary hospitals per 100,000 people from 0.3 to 0.85;
- To raise community health insurance coverage from 49% to 95%;
- To raise average life expectancy from 65.5 years in 2018/19 to 70 years in 2029/30;
- To increase access to pre-school education from 41.8% in 2018/19 to 100% in 2029/30;

- To achieve 100% net enrolment rate in grades 1-6 (including Alternative Basic Education);
- To raise net enrolment rate in grades 7- 8 from average of 97.4% to 100%;
- To raise net enrolment rate in grades 9 – 12 from an average of 25.3% to 75%;
- To reduce dropout rate among 1st graders from 25% in 2018/19 to 1% in 2029/30; and in grades 7-8 from 12% to 0.5%;
- To increase grade 8th completion rate from 62.1% in 2018/19 to 90% in 2029/30
- To raise male to female ratios in pre-school, grades 1- 6, grades 7-8 and grades 9 – 12 levels from 1:0.95, 1:0.91, 1:0.94, and 1:0.87 in 2018/19, respectively to 1:1 in 2029/30 for all levels;
- To raise the share of female teachers at primary education level from an average of 40.6% to 50%, and the participation in special-needs education at primary school (grades 1-8) from 2.8% in 2018/19 to 50% in 2029/30;
- To increase pastoral area gross enrolment rate in pre-school education from 13.4% in 2018/19 to 92% in 2029/30; and net enrolment rate from 74.2% to 96% in grades 1 – 6; from 16.8% to 75% in grades 7 and 8, and from 14% to 60% in grades 9 – 12;
- To increase the percentage of students who score 50% and above in 6th and 8th grade regional examinations to 100%, and that of 12th grade national examination to 95%.
- To raise the number of Level Four schools at the pre-schools from the present low level of 0% to 30%; at the primary schools from 0.01% to 30%; and at the secondary schools from 0.1% to 30%;
- To raise the number of Level Three schools at the pre-schools from 5% to 70%, at the primary schools from 11% to 70%, and at the secondary schools from 11% to 70%;
- To increase annual gross intake capacity of higher education institutions from 13.8% to 23%;
- To increase the number of public and private higher education institutions from 45 and 238 to 55 and 550, respectively;
- To increase the number of public and private technical and vocational education and training institutions from 672 to 922 and from 950 to 1700, respectively;
- To increase the share of persons with disabilities and female in undergraduate programs from 0.29% to 5% and; from 35.9% to 48%

- respectively; and also increase the share of female trainees in technical and vocational education and training institutions from 49.8% to 51%;
- To increase the share of female students in graduate and post-graduate education from 19% to 35% and from 10% to 23.4%, respectively;
 - To increase the share of female university students in science and technology programs from 30.7% to 40%; and the number of special-needs trainees in technical and vocational education and training from 1,365 to 1,443;
 - To increase the teacher-student ratio at the undergraduate level from 1:19 to 1:15; and at the post graduate level from 1:20 to 1:5;
 - To increase the number of professional posts made available by the industry from 750 to 850;
 - To increase industry-need-initiated revision of university syllabi from 282 to 512;
 - To increase the number of technical and vocational education and training institutions and universities with well-equipped laboratories from 40% to 100% and from 65.3% to 100%, respectively;
 - To increase the number of trainees in technical and vocational education and training regular annual programs from 45% to 80%; the percentage of the employed among the certified from 78% to 96%; the overall percentage of skilled technicians from 55% to 85%; the percentage of special-needs students with education and professional training from 40% to 70%; and the percentage of girls with technical and vocational training from 45% to 75%;
 - To increase the number of female students from 16.4% to 40% in higher education and technical and vocational education and training institutions; the budget to 40%; post graduate success rate of public institutions from 84.2% to 92.5%; the graduation rate of university students with disabilities from 89.14% to 95%; the graduation rate of female university students from 74.04% to 90%; the graduation rate of special-needs students from 94.5% to 97%; and the employment rate of graduates from 59% to 90%.

CHAPTER EIGHT

Gender and Social Inclusion



The gender and social inclusion plan mainly focus on empowering various sections of the society and enabling them to benefit from economic development through skills development, capacity building and equitable participation. Particular attention will be given to strengthening the overall system of social welfare and social protection in favour of women, children, the youth, the elderly, persons with disabilities and other vulnerable citizens to safeguard their security and observing their rights; ensuring their equitable participation in leadership and decision making and enabling them to play a bigger role in economic and social affairs.

The principal objectives of the social justice and social security development plan are to develop the overall capacity of women, children, the youth, the elderly, people with disabilities and all vulnerable citizens and groups, and facilitate their all-rounded participation in the country's economic, social, and cultural affairs in an organized and coordinated institutional manner, and also to ensure that they get their fair share from the development endeavours.

The plan sets the following targets to successfully achieve the main objectives of the social justice and social security development plan for the coming ten years (2020/21-2029/30):

- To safeguard universal rights and ensure the overall security, participation and representation of children:
 - provide support for 15 million children living under difficult conditions;
 - increase child birth date registration rate to 100%;
 - increase the number of child parliamentarians from 8,428 to 20,015;
 - increase the number of active child parliament participants by 75%;
 - increase children's membership in institutions providing moral and ethical orientations to 50%; the number of children attending preschool to 70%; the number of children with positive attitude toward their education, their personality and diversity to 95%; and those having good and healthy relationships with their family and with the community to 90%.
- To protect women's rights, safeguard their security, ensure their participation and benefit from economic development:
 - create conditions where women are 100% free from physical and moral abuse, genital mutilation and early marriage by 2029/30 from the 2015/2016 levels of 24%, 65%, and 6%, respectively;
 - reduce the rate of sexual abuse in women from 10% to 5%;
 - make Ethiopia the Centre of African's Female Leaders by producing 10,000 capable female leaders;
 - increase the share of female decision makers in the legislative, judicial to 50 percent, and maintain that of the executive organ at the present

- 50% level;
- eliminate pay differentials between men and women for similar jobs which currently stands at 44%;
- provide land ownership rights to 59.7% of those women who are deprived of land;
- increase the percentage of women engaged and benefiting from micro enterprises from 41% to 50%;
- increase the number of women who are engaged in income generating activities using microfinance loan from 33% to 55%;
- To empower the youth, protect their rights, increase their participation and support them to benefit from economic development:
 - increase the number of youth participants in legislative organ of the government from 10.2% to 30%; and in judicial activities from 12.2% to 30%;
 - raise the ratio of youth with access to credit facilities from 25% to 50%, and those who have increased their savings from 7% to 15%.
- To protect the rights, social security and economic benefits of employees:
 - increase the rate of unionization and free association of employees and employers;
 - increase working environment inspection and monitoring from 372,245 to 838,551 institutions;
 - reduce fatalities resulting from workplace accidents from 52/100,000 to 35/100,000 workers;
 - reduce non-fatal workplace accidents from 25,000/100,000 to 10,000/100,000 workers;
 - reduce harsh child exploitation from 23% to zero;
 - increase the number of persons employed through job placement support systems from 1.96 million to 20 million;
 - increase the number of the vulnerable, persons with disabilities, the elderly as well as street dwellers in safety net programs from 1.3 million to 1.53 million;
 - provide various basic social security services to 219,000 street dwellers;
 - provide social rehabilitation services to 289,148 elderly above the age of 70 years living below the poverty line;
 - increase the number of subscriptions to insurance schemes for employees working with private organizations from 1.7 million to 3.1 million;
 - raise revenue generated from pension schemes from birr 43.9 billion to birr 231 billion;
 - invest pension funds in profitable businesses and raise the dividends earned on the investment from birr 1.4 billion to birr 39 billion.

CHAPTER NINE

Justice and Public Services



The main focus areas of the justice and public services development plan are ensuring access to justice and good governance, providing impartial and effective legal services; enforcing the rule of law, protecting and respecting the constitution, and enforcing the criminal law.

The major objectives of the justice and public services development plan are to set up a rehabilitative justice system and a matured democracy; to build an effective and independent public service system; to build human resource capacity and enhance the organization and effectiveness of public institutions.

The following main targets have been laid out to successfully implement the main objectives of the justice and public services development plan for the coming ten years (2020/21-2029/30):

- To increase clearance of criminal case from 80% to 100%; increase reconciliation rate from 81.2% to 95%; case attrition rate from 1.9% to 0.5% and case winning rate from 93% to 98%;
- To increase the rate of enforcement of verdict from 91.8% to 98%, and recover 59% of the illicit wealth squandered and transferred abroad;
- To raise the reviewed and approved standard contract to 98%; the law drafting, counselling and correction rate to 100%; the rate of legislation, case arbitration and correction measures to 100%; the cooperation at international level for law enforcement to 90%; the response to requests for forgiveness to 100%;
- To increase the rate of resolution of civil court cases enforcement from 50% to 100%; the capacity to resolve civil court cases through arbitration from 70% to 92%; the winning rate of civil court cases from 94% to 99.5%; the resolution of cases on human rights abuse to 100%;
- To increase availability of public defence services to 100% by improving the licensing, renewal and conduct monitoring of attorneys; and the provision of protection to informers and witnesses from 61.1% to 79%;
- To increase information and communication technology-supported legal service to 100%;
- To increase implementation of international human rights conventions to 100%;
- To raise citizen's awareness on the constitution, access to legal services and access to legal support system for women and children from 85% to 100%;
- To raise the share of institutions that fulfil the criteria of independence and full competence to 100%;

- To increase the rate of productive manpower from 20% to 50%, the rate of federal institutions that comply with the system of Certificate of Competency (COC) to 100%; and satisfaction level of service users by public service providers from 59% to 90%;
- To increase the share of federal institutions with satisfactory standard workplaces to 100%; increase the share of women in public institution leadership posts to 36%; fit all public institutes with child care facilities and suitable work environment for people with disabilities; employ 50% of the new graduates and enhance their capacity.

CHAPTER TEN

Peace Building and Regional Development Cooperation



The major area of focus of the peace building and regional development cooperation plan is designing and implementation of a grand strategy that will enhance sustainable regional peace, social interaction, and economic integration with the view to ensure economic development and shared prosperity.

As a member of and host to the African Union, to support the success of the continental integration and to create various platforms that would make the Union to continue as multi-faceted support and partner; to reinforce diplomacy that will ensure sovereignty through diplomatic relations based on national interests and equality; to create infrastructural and economic linkages with neighbouring countries; to enhance the country's profile and protect national interests; to tie cultural relations and linkages with neighbours; to create and strengthen a public diplomacy team in order to build the profile of the country and to ensure our relevance; to increase the participation of Ethiopian Diaspora in development activities; to attract more foreign investment; to increase the volume of export; to increase tourist inflows; to increase the number of development partners; and to transfer knowledge and technology to the benefit of the economy.

The following main targets have been set to successfully achieve the principal goals of the plan for peace building and regional development cooperation for the coming ten years (2020/21-2029/30):

- To ensure sustainable internal peace:
 - raise citizens positive perception on prevalence of peace and security from 25% to 80%;
 - increase the role of democratic institutions in educating and informing citizens about peaceful co-existence and pluralities of identities and cultures from 5% to 85%;
 - increase the level of social reasoning, consensus, problem solving capacity and satisfaction in community consultations from 40% to 90%;
 - increase intellectual reasoning, cooperation, devotion to public service and supremacy of democracy in elite bargains and deliberations from 10% to 80%
- To enforce the rule of law and increase citizen's access to security service institutions:
 - increase the level of trust between the community and the police and security sector institutions from 40% to 95%;
 - increase the capacity of law enforcement and security sector institutions from 10% to 95%,
- To increase socio-economic development and resilience capacity from 50% to 90%;

- To increase the level of confidence and understanding between the Federal Government and the Regional States as well as between the Regional States from 25% to 95%;
- To increase peaceful co-existence from 40% to 80% by strengthening social institutions through coordination and cooperation;
- To increase citizen's adaptation efficiency to natural and manmade disasters from 50% to 90% in order to improve resilience and endurance capabilities;
- To protect national interests through sustainable peace, social interaction, economic integration as well as shared prosperity by implementing collaboration based on mutual benefits in the greater Horn of Africa region;
- To seek substantial support in the areas of peace and development by strengthening relationships with existing strategic partners and by forging new ones;
- To strengthen bilateral relationships with various countries;
- To establish new relationships and expand the horizon of global influence through various representations in order to secure support for peace and development;
- To perform image building operations in collaboration with 300 internationally recognized influential institutions and 100 individuals who write on issues of peace, economic development and social progress in Ethiopia and in the greater Horn of Africa region;
- To invite 50 selected influential global media houses to visit Ethiopia and witness the progresses taking place including the country's role in regional and global peace and development;
- To work with the Public Diplomacy Group to increase the 225 existing friendships to 624,
- To support towns to establish relations with sisterly cities, and also institutions to strengthen linkages with institutions of other countries;
- To create overseas employment opportunities for 6 million citizens by establishing bilateral agreements with 90% of those countries identified as foreign employment destinations;
- To involve the community in the Diaspora in various sectors:
 - support the diaspora to create a wealth worth of USD 7 billion in Ethiopia;
 - help the diaspora to create job opportunities for 100,000 citizens in Ethiopia;
 - facilitate the opening of 148,000 diaspora accounts, and encourage the diaspora to buy bonds for the Great Ethiopian Renaissance Dam (GERD);
 - increase the number of Diaspora Trust Fund contributors to 400,000

CHAPTER ELEVEN

Environment and Climate Change



The main focus area of the environment and climate change plan is ensuring sustainable development by developing, enriching, maintaining and protecting the country's natural environment, forests, wild life and other biodiversity resources, and also through ensuring sustainable utilization as well as maintenance of healthy ecosystem interactions.

The principal objectives of the environment and climate change plan are to identify invasive foreign species and, through research, substantially mitigate the damage they cause; collect and preserve biodiversity and genetic resources; reduce the amount of sectoral greenhouse gas emissions; and strengthen the development and protection of forests, the ecosystem as well as the wild life.

The following targets have been laid out to achieve the objectives of the plan in the areas of environment and climate change for the coming ten years (2020/21-2029/30):

- To increase greenhouse gas emissions reduction capacity from the present 92.7 million metric tons of carbon dioxide equivalent (CO₂E) to 162.3 million metric tons of carbon dioxide equivalent;
- To increase the coverage of protection against illicit activities in wild life habitats from 62% to 92%;
- To increase national forest coverage from 15.5% to 30%, and increase the coverage of wild life habitats from the present area of 8.6% to 14%;
- To increase the number of enriched wild life and biodiversity species from 311,470 to 743,447, and the number of species maintained from 179,285 to 764,361.

CHAPTER TWELVE

Implementation Strategies and
Monitoring and Evaluation System



12.1

Ten-Year Development Plan Implementation Strategies

Detailed implementation strategies have been laid out for all economic, social and infrastructural sectors in all sections that have paramount importance to achieve the targets to be attained at the end of the implementation period. Accordingly, the main implementation strategies of the plan are summarized as follows.

Ensuring sustainable development finance plays a critical role in achieving quality and rapid economic development within a stable macroeconomic environment. Low capital accumulation of a county is a result of low saving. In order to overcome this problem, it is essential to generate substantial development finance to be utilized for the planned purpose without embezzlement and fraud/wastage and in an effective manner.

Implementation of development plan in line with the priority areas and major targets requires an in-depth analysis of demand and supply balance of the available development finance (a resource envelope) and preparation of the results in a detailed and clear manner. The analyses of development finance should provide the sources (i.e., from domestic earnings and savings as well as from foreign sources) by taking into account the revenue generating capacity of the economy. Implementation should proceed according to the priorities set out in the development plan, in sequential and effective manner and in consideration of the demand and supply conditions. Accordingly, the investment requirement, detailed source of development finance, and the demand and supply schedule of the finance needed to attain the growth target will be prepared and executed. During the implementation period, particular attention will be paid to conducting strict control on government investment expenditures and high productivity sectors that will leverage the success of the major economic and social goals. Basic guidelines to prioritize investment will be prepared and the significance of quality public investment with respect to attaining the planned goals, particularly the role they can play in bringing quality economic growth, stabilizing the macro economy, reducing poverty, promoting the private sector, utilizing the potential resources of the country, strengthening coordination and sectoral linkages, creating job opportunities and promoting foreign trade will be established.

In accordance with the Public Projects Administration and Management Proclamation No. 1210/2020, mega investment projects that are planned for the decade must be based on the detailed feasibility study carried out by the concerned government offices in a profound manner. The projects will be implemented only after an independent party has evaluated and approved their feasibility and viability. In addition, in order to enhance the effectiveness of public investments, a public investment program will be prepared and implemented in

accordance with the abovementioned criteria and define priorities for each sector. Similarly, mega projects that come from direct external investment will be treated according to their importance to the country's development goals and based on whether or not they meet the expected criteria.

Quality human resources play a crucial role in successfully implementing the planned goals by ensuring economic productivity and competitiveness. It will be difficult to implement the plan and achieve its grand goals without good quality and multi-skilled human power. It is, as a result, imperative to ensure that the supply of human resource is kept in balance with the needs of the economic sectors. Given that human resource needs in economic sectors vary in quality and quantity based on the nature of the enterprise, it is essential to plan this ahead of time and do the necessary preparation. This plays a positive role not only in ensuring that the human resource provided by the education sector is compatible with the needs of the economic sectors, thereby avoiding skills mismatch, but also in ensuring competitiveness by increasing economic productivity. Therefore, a detailed human resources plan will be worked out to identify the human resource required for the successful implementation of the plan by carefully identifying and profiling the human resource needs in skills type, number, and quality level for every sector.

12.2

Balanced Regional and Local Development and Competitiveness

During the previous years, though development plans implemented at different levels of government organs were prepared on the basis of the national development plan of the time, national implementation mechanisms were hardly available to ensure the interlinkages with the national development plan. In addition, the absence of a strong development plan preparation, weak implementation monitoring and evaluation system as well as shortage of finance at the regional level and at government entities below the regional level have had a negative impact on the successful implementation of the plans.

Similarly, resource endowments and potentials of different localities were not identified and no planned investment financing were made, and as a result it has not been possible to strategically and sustainably exploit the potential natural, human and other resources of different localities.

In addition, the role of development actors at the different levels were not clarified and discussed. There were no agreed upon institutional and legal set up, nor were sufficient financial authority vested on the parties who were supposed to

implement the projects, nor with clear procedures of accountability. Similarly, horizontal and vertical relations between government administrators at different levels were not only less effective but also the coordination level between them was weak. Investment projects planned and implemented at the federal, regional and wereda levels were not in line with their contributions to the national development as well as the efficient use of scarce resources. The fact that the regional development plans were not made in cooperation and collaboration with neighbouring localities and development sectors caused serious coordination problems.

Despite efforts made by the federal government and the regional governments to expand infrastructure, access to road transport, electricity and other basic services in remote localities within regions remained far inadequate and a wide disparity in access prevails. Despite the huge agricultural and other potential resources in the western, north-western, eastern and south-eastern parts of the country, the relatively low level of road network, in particular, low road connection of weredas to main roads has been a critical bottleneck and has put the communities in these areas at disadvantage and prevented them from equitable benefit and use of their resources.

Occasioned by the huge discrepancy in economic opportunities, and as a result of the economic growth registered during the previous years, rural-urban migration has increased; the discrepancy in the provision of infrastructure and services between urban and rural areas has attracted the rural population to prefer urban life in order to get better services. The federal government has been making efforts to maintain equitable public services by providing budgetary support to the regions; and the regions in turn have been supporting the weredas, thereby creating proportionate financial capacity. Nevertheless, equitable deliveries of services were not attained and instead disparities have been observed among regions, and within regions from cities to rural areas and localities away from the centers.

Although extensive research works were conducted at the national level to inform the process of modernization, urban development and to manage urbanization, absence of urban development system that allows cities to develop according to their internal strength, futile efforts of the initiatives of coordinated planning of cities and their surroundings, low capacity to mobilize sufficient financial resources to build adequate infrastructure did not make cities comfortable place to live and work. Cities are the main destinations of rural migrants; however, there has not been so much structural change in the cities themselves and the rate of unemployment has continued to grow. The urbanization strategy adopted by the country is not one that has been chosen by consensus. As a result, illicit constructions and urban sprawl have resulted in shortage of infrastructure and government services both in the centre of the cities and in their suburbs.

Land allocation and distribution in the cities are not well planned and properly optimized, which causes cities to encroach rural agricultural lands. Not much has been done to manage the cities in a planned and organized manner. For instance, in Addis Ababa and its surroundings, the urban growth is unplanned and does not take into account its future needs and the needs of its surrounding localities. Therefore, economic growth that can influence the proportionate growth of cities in the country has been agglomerated and unplanned settlement of the city dwellers has thrived. Similar issues have arisen in the regional towns and these issues are getting worse by themselves and also exacerbating other socio-economic problems because the towns and service provisions are not being managed in a planned and coordinated way.

In addition to cities, there have been inadequate development support and services for emerging regions and pastoral areas. Some of the challenges worth mentioning are the lack of development activities based on the agroecology in pastoral regions and those who need special assistance; lack of production and productivity enhancing inputs; shortage of drinking water and fodder for animals; degradation of the natural resources and pasture land; insufficient infrastructure coverage; conflict over utilization of natural resources (grazing land); less developed market outlets especially for animal products; and worsening impacts of climate change and recurrent drought. The economic and social development activities carried out in the pastoral societies so far were not based on researched and planned direction to ensure sustainability due to lack of a pastoral areas development policy that can guide development activities in the pastoral society. The regional and local development activities were performed within the national plan framework so far, following existing legal administrative structures, but not in a coordinated and organized manner based on spatial planning framework.

As a result, the next ten years will usher investment flows and infrastructural development aimed at the utilization of the country's natural and human resources endowments guided by regional and local development plans prepared based on objective realities of each Regional State and local administrations. These plans help to successfully implement national development goals, which leads to the national plan that is internally consistent within regionally and locally balanced framework. In addition, conservation of natural resources, equitable distribution, access and utilization of infrastructure, sustainable conservation and protection of the ecosystem and management of planned settlement will be given due attention. However, this process should be preceded by the developments of infrastructure and special economic zones, the availability of financial resources, and the provision of incentives and administrative reforms. It is imperative to reach consensus on the country's development goals by all stakeholders and allocate investment resources to priority sectors, regions and localities. In addition to legal administrative set up, it is necessary to co-opt other development partners at

different levels to carry out development activities jointly. Apart from ensuring that citizens of all parts of the country benefit from balanced public services and infrastructure, it is essential to pay special attention to localities that have the highest potential to boost the international competitiveness of the country and allow the full utilization of productive capacity. Furthermore, different regions and localities have different potentials. Thus, the necessary motivation and incentive support will be provided to allow them to concentrate on sectors with great potential and move to specialization based on comparative and competitive advantages, allow complementarities between/among regions and the localities and strengthen development cooperation which will ultimately create synergy.

There will also be efforts to develop big cities along with localities around them (poly centric development); enhance the role of secondary cities all over the country and assist them to play their role. There are also plans to ensure that big cities make appropriate use of accumulated wealth (agglomeration economies), and to spread the cities and the industry further out. In order to enhance the effectiveness of the distribution of human resources and investment, it is essential to use legal frameworks, procedures and incentives that can facilitate the free mobility of citizens.

It is also crucial to stimulate and facilitate development through the allocation of financial resources, administrative reform and incentive through the mix of effective land use i.e., links industrial, infrastructural and agricultural land use with the protection of nature and encourage development (urban expansion and industrialization), planned development (limited urban and industrial expansion), limited development initiatives (food and agro-processing zones) and prohibited land use (antique and natural attraction). It is important to encourage movement out of low potential localities for settlements in high potential localities and coordinate the industry, the infrastructure and the agricultural development plans with the land use plan.

In parallel, it is important to promote the development of livestock resource of the pastoralists through the provision of good quality veterinary services; to maintain and improve livestock species; to improve pastoral research; to expand animal feed and pasture; to increase market outlets and provide inputs; and to apply extension packages for livestock. Furthermore, it is crucial to encourage pastoralists to join nearby cities to participate in overall development, to share services and technologies involving high degrees of indivisibilities, and to exchange input and supplies. Provision of improved infrastructure and basic service to the pastoralists and to the border areas, and strong relations with neighbouring countries will allow them to play positive role in the successful attainment of the development goals.

12.3 Monitoring and Evaluation System

The principal aim of the national monitoring and evaluation plan is to ensure successful implementation of development plans of diverse time spans through systematic and scientific monitoring and evaluation systems. Monitoring and evaluation of the ten-year development plan in a systematic and scientific way that allows not only to identify and address challenges in a timely way, but also to establish transparency and accountability in the implementation process.

In this respect, national pilot studies have indicated that although the monitoring and evaluation procedures employed during previous plan periods had their contribution to the development so far registered, they were not without limitations. Some of the hurdles that impeded the plans from being implemented at the desired level were insufficient monitoring and evaluation; limited monitoring and evaluation capacity at various levels, wrong perception about monitoring and evaluation, insufficient ICT support in monitoring and evaluation endeavours, more emphasis on processes and output than on outcome orientation, and lack of transparency and accountability in matters of plan implementation.

For a monitoring and evaluation system to be effective, it needs to have transparent and measurable Key Performance Indicators (KPIs). In view of this, the Planning and Development Commission has, in cooperation with all implementing bodies and in having each implementing body identify its own performance indicators, developed national KPIs. The ten-year development plan will therefore be monitored and evaluated against these KPIs.

The other major planned task with regards to the monitoring and evaluation system is the midterm review. The purpose of the midterm review is to trace and check how far the major objectives and targets are being successfully met, and in the event that necessary rectifications were needed, to take remedial measures based on reliable evidence in such a way that the remaining plan period could be successful. This means the ten-year development plan will have a midterm review phase that could even lead to revision of the targets and changing course on the implementation strategies if deemed necessary.

An **ex-post** evaluation will also be conducted at the end of the plan implementation period. The purpose of this end of cycle evaluation is to assess the successful implementation of the objectives and targets as they have been laid out in the development plan, to identify best practices and drawbacks, if any, with underlying reasons, conduct in-depth analysis and investigation in order to draw lessons for corrective measures to be taken in future similar development plans.

The other system of monitoring and evaluation of development plan implementation is to conduct targeted evaluation research on selected subjects. This will help to scrutinize the implementation successes and challenges of selected macroeconomic and sectoral policies, programs, reforms, and projects. Thus, the purpose of this type of evaluation research would be to identify, at any time, subjects that need to be prioritized, conduct research in a priority order and seriously examine the progresses being made along with its successes, challenges and generate information that would inform policy decisions and future planning.

