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ETHIOPIA: AN AFRICAN
BEACON OF
PROSPERITY

Ethiopia 2030: The Pathway to Prosperity

Ten Years Perspective Development Plan (2021 – 2030)

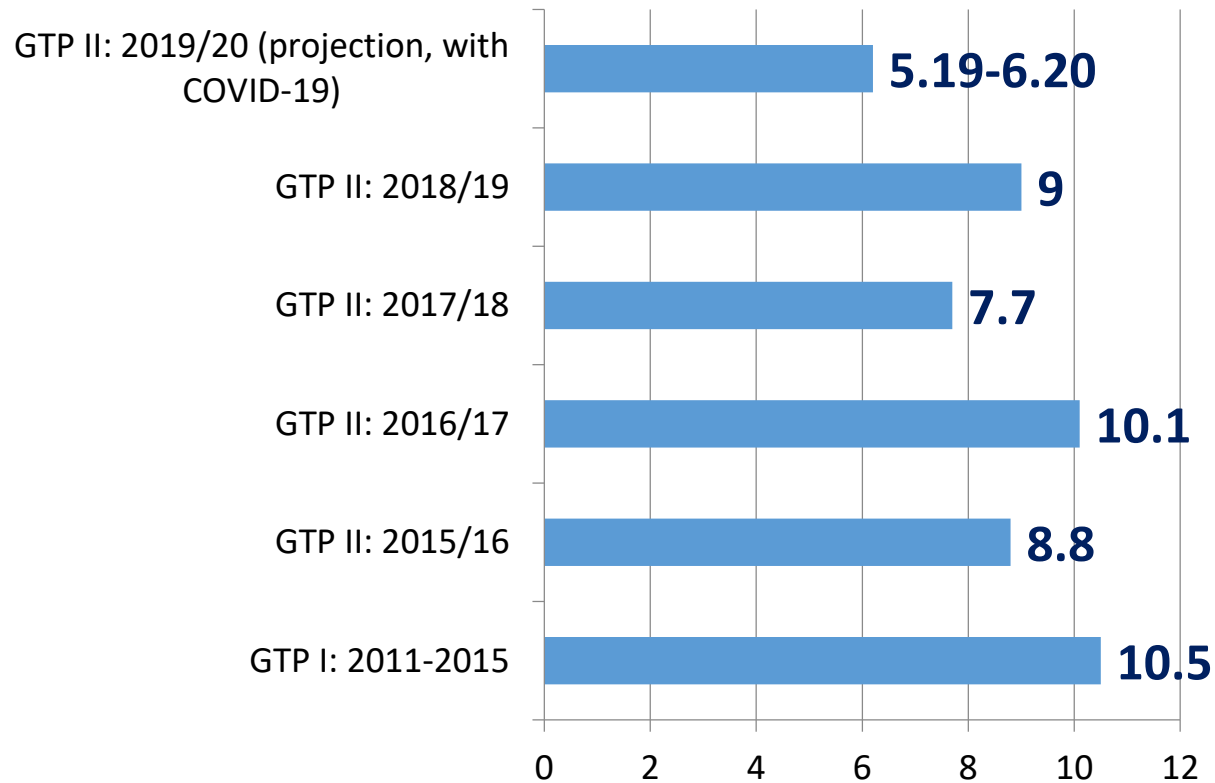
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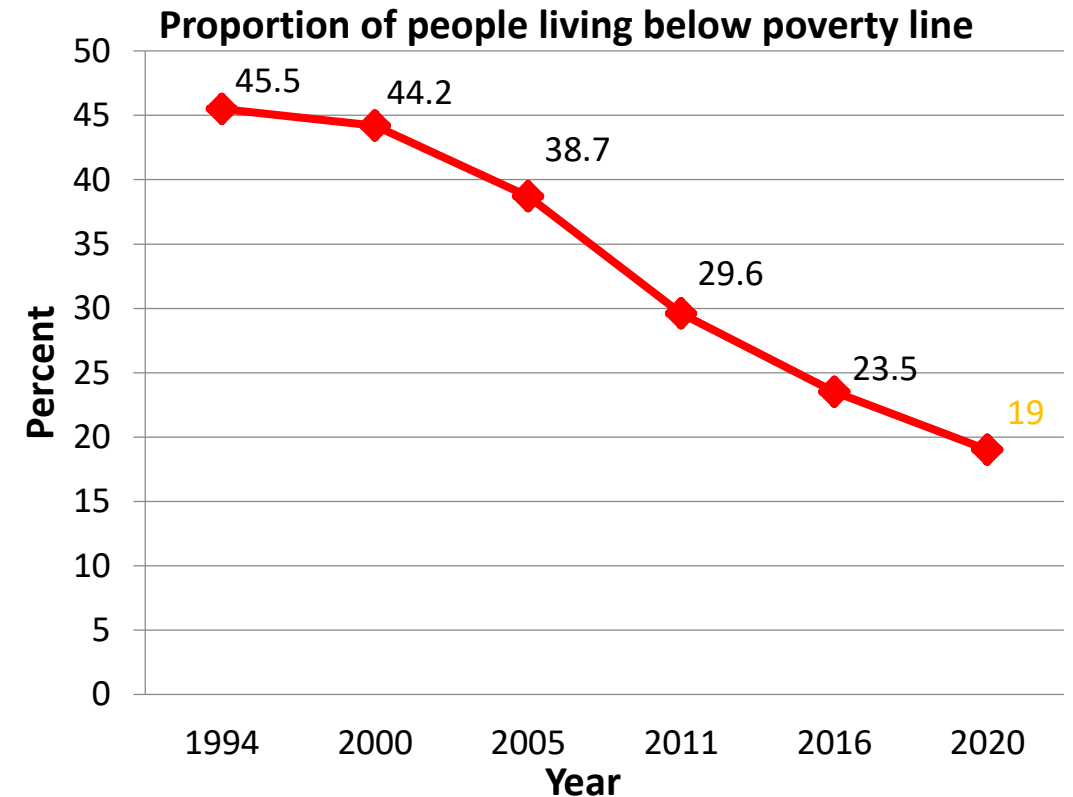
1. Baselines and Assumptions

Key performances of previous years

GDP growth rate (%)

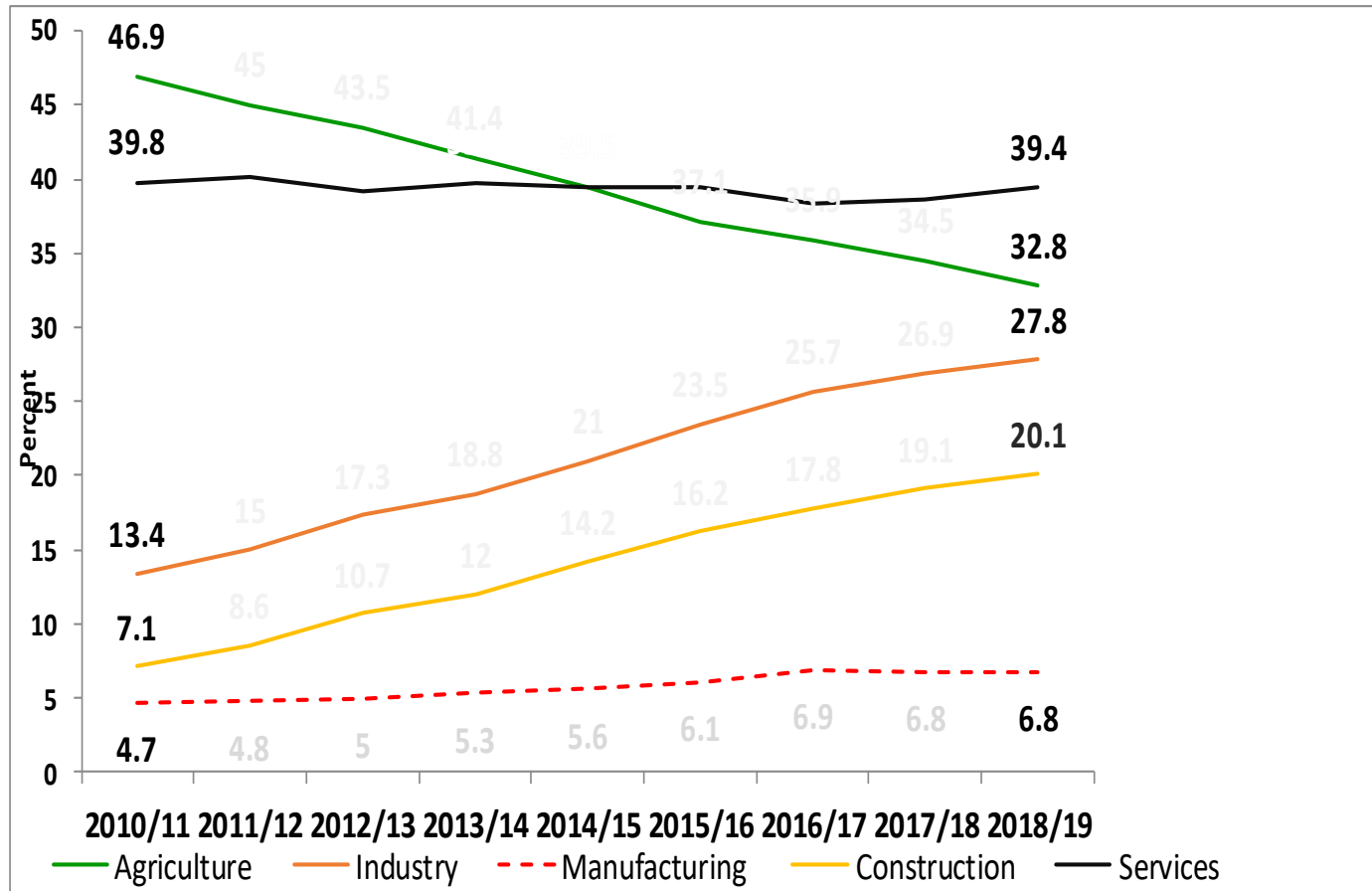


Poverty Reduction (%)

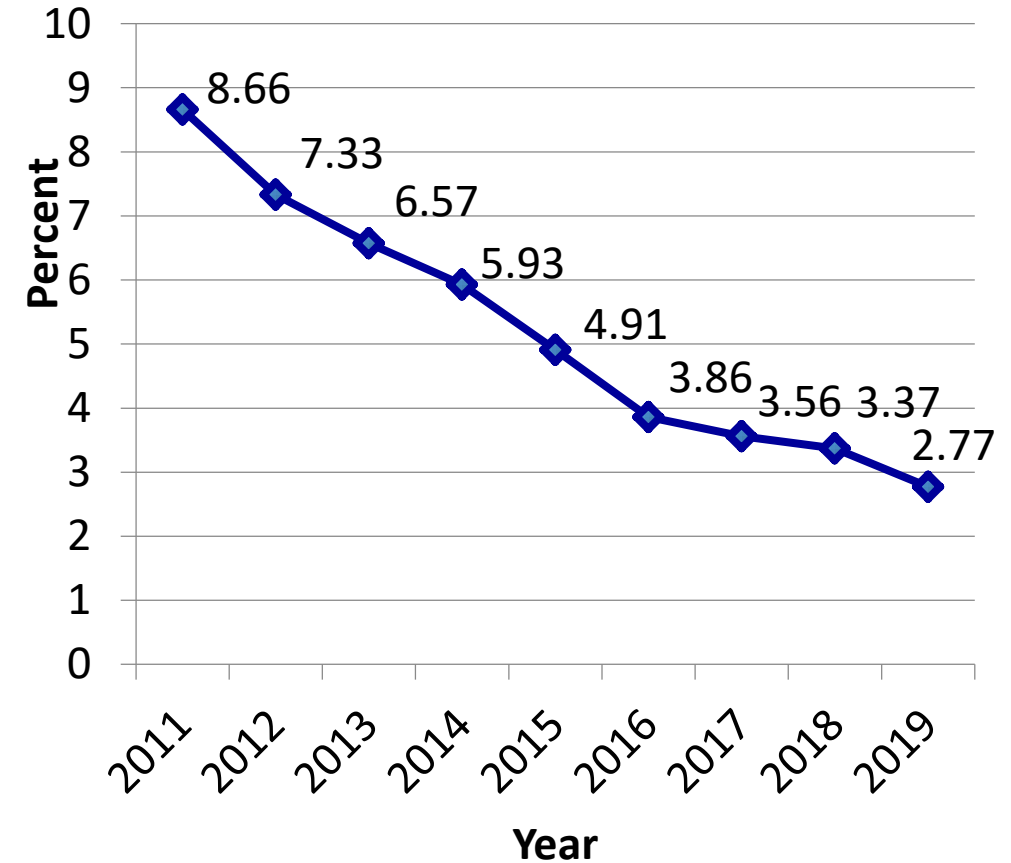


1. Baselines and Assumptions

Share of economic sectors in GDP (%)

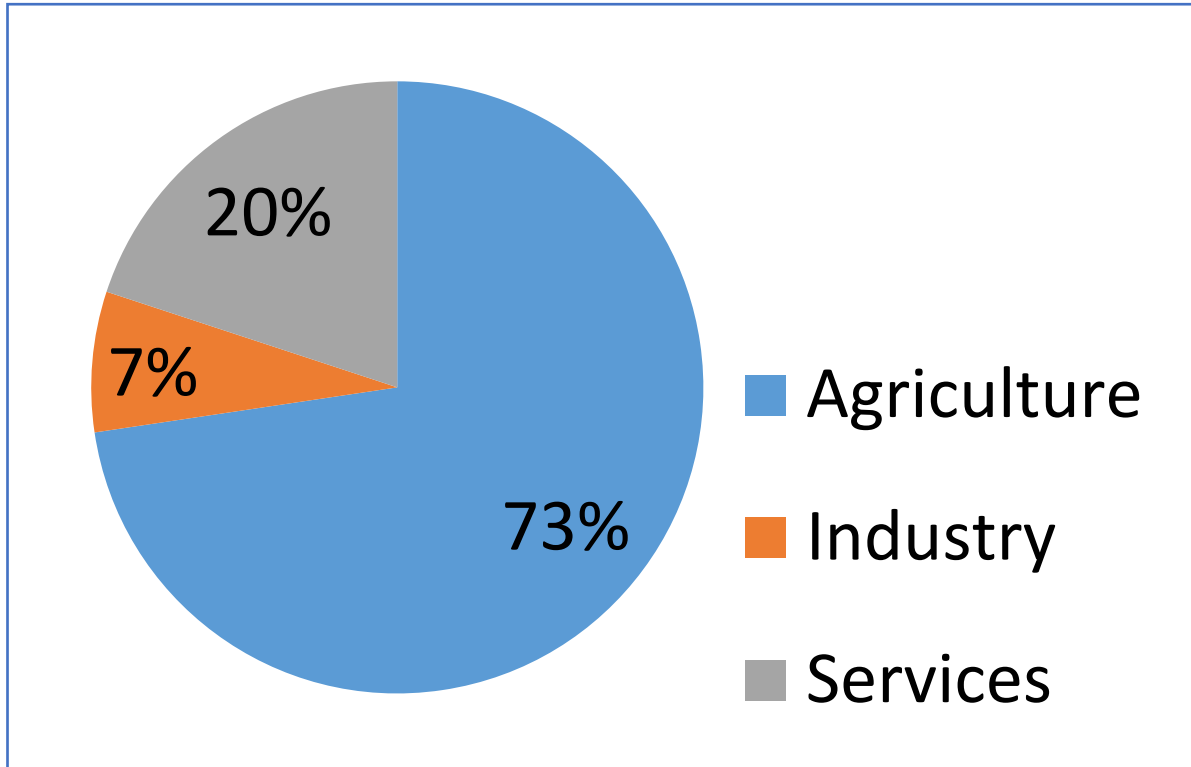


Merchandise export as % of GDP

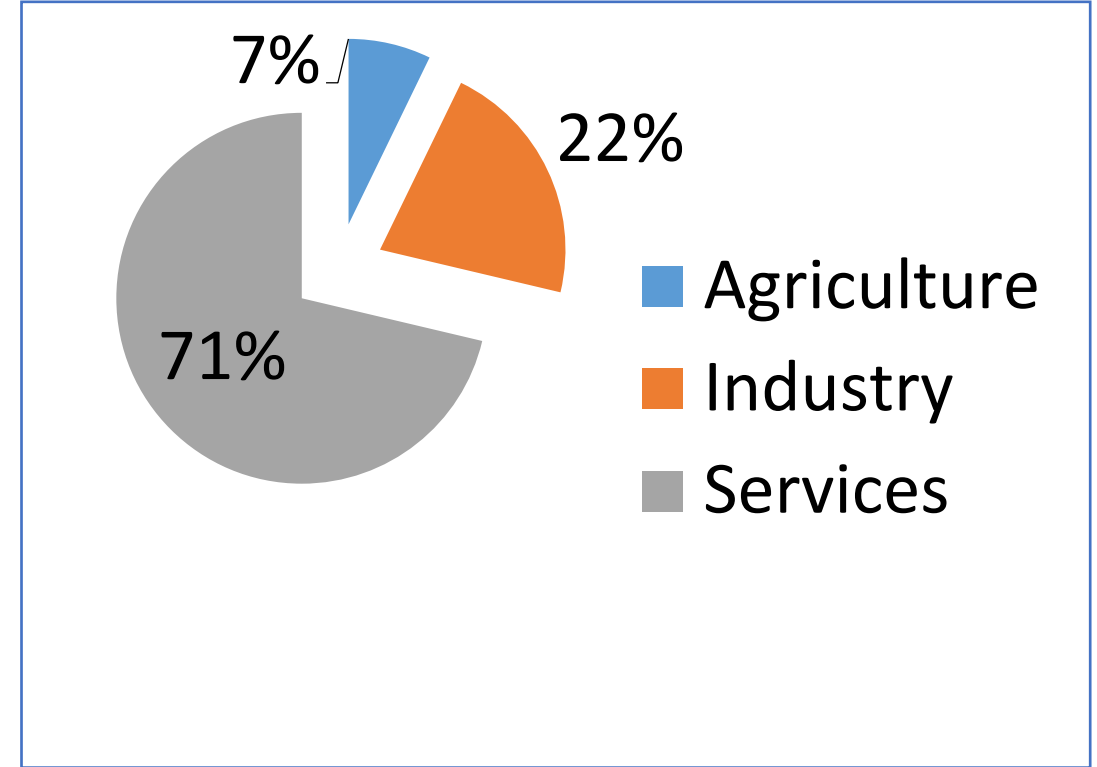


1. Baselines and Assumptions

Labour force participation (2013)

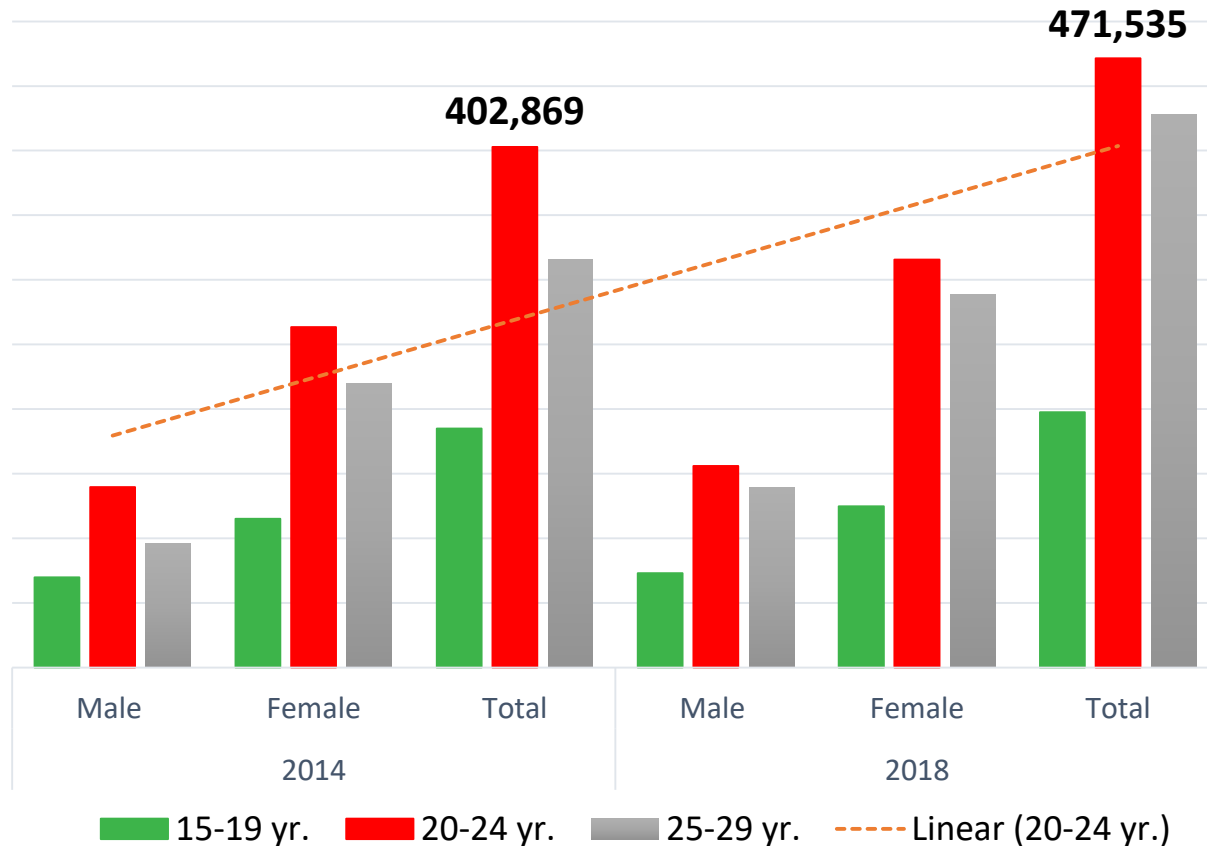


Urban labour force participation (2013)



1. Baselines and Assumptions

High and increasing Unemployment Rate



- Urban unemployment rate = 19.1% in 2018
- Youth unemployment rate = 25.3 %
 - Male = 18.6%
 - Female 30.9 %
- Rural unemployment rate = 2% in 2013
- Declining per capita rural land creating disguised unemployment

Number of unemployed people in urban areas

1. Baselines and Assumptions

Challenges

1. Macroeconomic imbalances

- ✓ Sustained high inflation
- ✓ High and rising unemployment especially in urban areas
- ✓ High and rising debt burden
- ✓ Chronic foreign currency shortage
- ✓ Sluggish (though encouraging) rate of structural change

2. Vulnerability to shocks (COVID-19, Climate changes, Desert Locust infestation, etc)

3. Poor quality and high inequity in infrastructure projects

4. Poor quality services in health and education

- High repetition and dropout rates from school

1. Baselines and Assumptions

Major areas of failure in the economy

- Provision of quality services (electricity, water, telephone, internet)
- Creation of enough jobs and improved living standards
- Generation of reliable foreign exchange revenue and debt-sustainable national economic capacity
- Completion of development projects and investment plans under public-private partnerships
- Poor quality of growth and slow structural change
- Excessive aid and loan dependence for financing infrastructural and construction investments
- Limited success in expanding manufacturing and modern agriculture which have high job creation potentials
- Weak institutional capacity as the main culprit of all failures
- Low reward for merit, productivity and effort while low disincentive for laziness, wastefulness and corruption
- Slow institutional change and transformation in:
 - ✓ Government policies
 - ✓ Investor attitude
 - ✓ Youth behaviour
 - ✓ Role of the intellectuals
- The need for sustained increase in production and productivity
- The need to set a common national vision to achieve major successes with consensus and popular legitimacy

1. Baselines and Assumptions

Vision 2030; Ethiopia: An African Beacon of Prosperity

- Prosperity ensures material needs, dignity, equality and freedom
 1. Physical, human and institutional capital for income generation and asset accumulation
 2. Equitable access to education, health and other services for improved utilization of potentials and assets creation
 3. Unconditional access to the basic necessities of life
 - ✓ food, shelter, clean water, basic health and education
 4. Economic, social and political participation without discrimination
 - ✓ ethnic, religious, demographic, and gender
 5. Overall affirmative system built on consensus

Indicators of Prosperity

- Human Development Index (HDI)
- Multidimensional Poverty Index (MPI)
- Living standards and wellbeing perception index

2. Departures

1. Emphasis on quality of economic growth
 2. Participation and coordination of sectors in the planning process
 3. Sectoral linkages and multi-sectoral development focus
 4. Preparation of national development corridors based on development potentials
 5. Focus on solving institutional bottlenecks
 6. The ongoing home grown economic reform programme as a sprinting board
 7. Emphasis on resilience building, innovation and entrepreneurship
-

3. Strategic pillars

1. Ensure quality growth
 2. Improve productivity and competitiveness
 3. Undertake institutional transformation
 4. Ensure private sector's leadership in the economy
 5. Ensure equitable participation of women and children
 6. Build climate resilient green economy
-

3. Strategic pillars



1. Ensuring quality economic growth

- The economic growth should ensure:
 - ✓ Participation of all citizens and equitable utilization of the growth proceeds
 - ✓ Improved standard of living of every citizen
 - ✓ Reduced poverty in all indicators
 - ✓ Reduced inflation and unemployment
- The economic growth should lead to increased aggregate supply
- Focus on modern agriculture, manufacturing and mining
- Emphasis on exploiting the sources of growth through structural change

2. Raising production and productivity

- Increasing export revenues and substituting imports by reducing production costs
- Availing quality and massive infrastructure
 - Linking infrastructural development with development corridors
- Producing required human resources with quality
- Producing enough and quality human resources
- Prioritizing innovative production systems
- Linking incentives with export revenue and job creation performances
- Modernizing and enhancing the logistic system
- Creating technological competences needed for long-term growth

3. Strategic pillars



3. Institutional Transformation

- Build democratic and judicial institutions that ensure elite bargain, national consensus, common vision and government legitimacy
- Build private sector and competition friendly bureaucracy
- Coordinate with parents, the society and teachers to make educational institutions centers of excellence and virtuous citizens
- Coordinate with parents as well as social and religious leaders to encourage religious institutions and their teachings contribute towards poverty reduction efforts
- Prepare policies, strategies and legal frameworks for achieving prosperity
- Increased focus on innovation and research
- Creating strong social security system

4. Private sector's leadership in the economy

- Create conducive investment climate and incentivize domestic investors in key sectors
- Build strong and market-led public-private partnerships in order to ensure the establishment of inclusive and pragmatic market economy
- Enhance access and quality of infrastructure to attract quality foreign direct investment
- Identify new sources of growth, empower and stimulate the private sector, and supplement the private sector in strategic areas
- Emphasis for public-private partnership on problem solving innovations and research activities

3. Strategic pillars



5. Equitable participation of women and children

- Ensure gender equity in economic and social sectors
 - ✓ Participation of women at all levels of education
 - ✓ Asset ownership of women
- Ensure fair participation of women and youth in leadership and decision making positions
- Create awareness among citizens about the role of women and youth in the country's overall development

6. Climate resilient green economy

- Increase basin development efforts to fight land degradation and to reduce pollutions
 - Improve productivity and reduce GHG emissions
 - Increase forest protection and development
 - Increase production of electricity from renewable sources for domestic use and for export
 - Focus on modern and energy saving technologies
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4. Macroeconomic Goals



10.2%
Average
Growth
Target

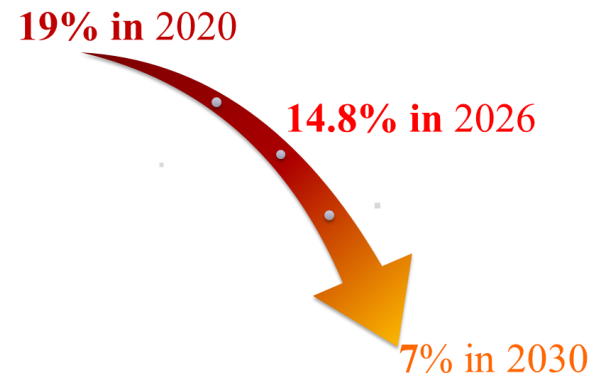
Assumptions

- ✓ Requirement to significantly reduce poverty
- ✓ Available national potentials
- ✓ Potential for investment in the economy
- ✓ Existing potentials in each sector
- ✓ Low productivity that needs to be improved

Sectoral growth Targets (2021-2030)

Economic Sectors	Performance		Target
	2011-2015	2016-2020	2021-2030
Agriculture	6.0	5.6	6.2
Industry	23.8	15.6	13
<i>Manufacturing</i>	15.9	16.6	20.6
Services	10.1	9.7	10.6
Average GDP growth	10.5	9.5	10.2

Percentage of population below poverty line



Assured middle- income potential

8.5% annual
growth of
per capita
income is
required

- Make Ethiopia a middle income economy by 2022
- Raise per capita income to USD 1,115 in 2022
 - ✓ Threshold for middle-income is USD 1,026
 - ✓ Plus human development index and economic vulnerability index
- Raise per capita income to USD 2,220 by 2030

4. Macroeconomic Goals



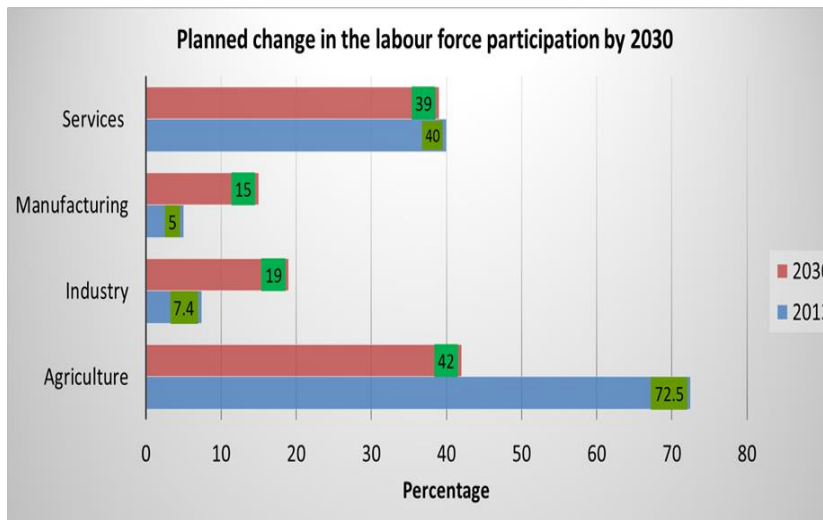
Structural change

Sectoral composition of GDP

Labour force participation

Financing Gaps

Economic Sectors	Performance			Target
	2011	2015	2018/19	2030
Agriculture	45	39.7	32.8	22.0
Industry	15.1	21.2	27.6	35.9
Manufacturing	4.7	5.5	6.8	17.2
Services	39.9	39	39.4	42.1



Indicators	Performance			Target
	2011-15	2016-20	2020	2021-30
Domestic Savings	19.5	22.8	25.8	29.0
Investment	35.0	35.2	36.5	36.9
Financing gap	16.5	12.4	(-10.7)	(-7.9)
Export Revenue	12.9	8.3	9.9	19
Import Expenditure	29.8	21.9	20.6	26.9
Financing gap	16.9	13.6	(-10.7)	(-7.9)

Reduce urban unemployment to less than 9%

✓ 1.36 million new jobs need to be created per annum

5. Implications of the COVID-19 pandemic and necessary mitigation measures



- GDP growth for 2019/20 fiscal year is projected to be lower than its target of 9.0% by between 2.81 and 3.80 percentage points (equivalent to 58.3 - 78.8 billion birr) due to COVID-19 pandemic
 - If the current scenario continues, next year's GDP growth could decline by 2.8 percentage points
 - Returning the economy to its high growth trajectory requires focusing on sectors with high productivity and job creation potentials
 - Public investment should focus on empowering the private sector
 - Promoting both domestic and foreign investments with the right set of incentives (merit based)
 - Modernizing production systems and improving uptake of technology
 - Conducting demand analysis for export commodities to remedy for the declining trend in exports and foreign exchange earnings.
-

6. Potentials

Natural Resources

- Endowment of various natural resources contributing to the growth potential
 - Huge unutilized arable land creates great potential for the success of the plan
- Endowment of gemstones, ornamental, energy, metals, and metallic minerals
 - Gold, coal, iron ore, potash, tantalum, marble, petroleum and other natural resources

Human capital

- Large youth population and potential for demographic dividend
 - Cumulative capacity in education and health
 - Positive attitude and noble culture of reaching agreement among citizens
-

6. Potentials

Physical capital

Built physical and material capitals

- ✓ Transport and communication
- ✓ Irrigation infrastructures for modern agriculture
- ✓ Industrial Parks
- ✓ Mega energy infrastructures

Unexploited growth potentials

- Utilizing the tourism potential through modernization
 - Using the mining subsector as a source of input as well as a competitive industry in its own right
-

6. Potentials

Increased demand as potential

- Solving supply side bottlenecks to satisfy the existing demand

Political Capital

- Improving international acceptance and reliable partnerships
 - ✓ The ‘medemer’/synergy philosophy
 - ✓ The ongoing political reform measures
 - ✓ The **Homegrown Economic Reform** programme

Continental and regional integrations

- Increased finance from partners and multilateral institutions
 - ✓ Increased availability of foreign exchange
 - ✓ Reduced debt stress for the short to medium term
 - ✓ Increased potential for development
- Regional and continental economic integration agreements
- International and continental free trade agreements

6. Potentials

**Low
technology as
a potential**

- Undeniably low status of technological development
 - International mobility and spillover effect of technology
 - Potential for development and catching up by filling the technological gaps
 - Doubling crop productivity from the current 24-36 quintals per hectare will result in 7% increase in crop production
 - Raise the production efficiency of manufacturing from the current 50% to 80%
-

7. Focus Areas

7.1. Productive sectors: agriculture, manufacturing, mining

7.2. Service sector: tourism

7.3. Enabling sectors: energy, transport, sustainable finance,
innovation and technology, urban development, irrigation,
human capital development

7.1. Productive sectors



Focus Areas

1. Free agriculture from rain dependence
2. Agricultural mechanization services
3. Contract farming, cluster approach and land consolidation
4. Livestock, animal feed and animal health
5. Horticulture (irrigation and urban farming)
6. Private sector participation
7. Institutional implementation capacity
8. Climate resilient sustainable agricultural development

Agriculture

Objectives

1. Improve income and livelihood options for farming and pastoral communities through increased productivity and competitiveness
2. Modernize agriculture and ensure national food and nutrition security
3. Raise export of agricultural output and substitute imports
4. Make agriculture a viable and profitable enterprise through value addition
5. Create rural employment opportunities
6. Enhance livestock health access and quality
7. Preserve animal genetic resources and increase pastoral research
8. Improve the development of animal feed and access to markets
9. Develop livestock specific extension package for each livestock type

7.1. Productive sector



Manufacturing Industry

Focus areas

1. Production of quality and competitive food, textile, housing and pharmaceutical products for export and domestic markets
2. Production and productivity of existing manufacturing industries
3. Utilization of locally available inputs
4. Value chains, linkages and interdependencies
5. Linkages between large scale metallurgical and engineering, chemical and pharmaceutical industries with other industries
6. Job creation, cluster approaches and expanding small and medium scale manufacturing
7. Private sector participation and partnership

Objectives

1. Establish basis for domestic industrialization
2. Value addition through enhanced inter-sectoral linkages
3. Enhance productivity through private sector leadership and supportive role of the government
 - ✓ Create job opportunities for the youth leaving agriculture and concentrating in urban areas
 - ✓ Make exportable commodities internationally competitive
 - ✓ Ensure structural change

7.1. Productive sectors



Mining

Focus areas

- Foreign exchange earning and domestic revenues
- Increased investment in mining
- Participation of manufacturing industries that add value
- Job creation

Objectives

- Add value for improved contribution of the subsector
- Increase inter-sectoral linkages to raise raw material inputs to other sectors
- Make mining a competent subsector and induce structural change
- Increase human resource and technological capabilities through research and trainings
- Raise foreign exchange revenue from mining through increased exploration and production
- Improve traditional mining production and marketing systems
- Improve the country's geological information

7.2. Service sector

Tourism

Focus areas

- Identification and developing destinations
- Infrastructure
- Competitiveness
 - ✓ improve existing destinations
 - ✓ develop new destinations
 - ✓ diversify service and raise quality
- Market linkages, branding, and promotion
- Technology, research and development

Objectives

- Preservation, maintenance and proper utilization of heritage resources
 - Expand job opportunities
 - Raise incomes
 - Build information management systems
 - Increase implementation capacity
-

7.3. Enabling sectors

Urban development

Focus areas

- Prioritize productive sectors in job creation and enterprise development plans
- Rapid development and equity goals in land provision system
- Participation of indigenous people in land redevelopment and expansion
- Urban land registration and cadaster system, modern property valuation
- Greenery and public spaces as well as waste disposal and management in urban planning and implementation
- Housing development and financing options to reduce housing shortages
- Integrated infrastructure and services provision
- Role of private sector in infrastructure development and service provision

Objectives

- Expand micro and small-scale enterprises to reduce urban unemployment
 - Develop and avail urban land based on demand, equity and cost effectiveness
 - Make quality housing accessible both in rural and urban areas
 - Develop quality and integrated infrastructure as well as service provision in towns
 - Improve financial management and resource utilization in urban areas
-

7.3. Enabling sectors

Innovation and Technology

Focus areas

- Access to innovation and technological information
- Developing a digital economy
- Productivity enhancement and competitiveness

Objectives

- Build a digital economy
 - Develop national scientific research and technological capabilities
 - Support problem solving research and development of technologies necessary for raising production, productivity and service provision
 - Create jobs and capital that are based on technology
 - Develop technological and data security protection systems
-

7.3. Enabling sectors

Sustainable finance

Focus areas

- Access to modern finance and saving culture in rural areas
- Support to the private sector and corporations to reinvest profits in productive sectors
- Role of private financial institutions in manufacturing and agriculture
- Digital revenue collection system
- Tax equity (contraband, tax evasion, and bringing the underground economy to the tax system)
- Domestic and foreign strategic partnerships

Objectives

- Transform financing from short term to long-term, sustainable and quality sources
- Ensure financing quality based on sectoral prioritization and reduction of wastage
- Increase the number of domestic saving institutions both in rural and urban areas
- Support domestic finance with foreign exchange capacity and foreign direct investment
- Modernize domestic revenue collection system
- Raise voluntary tax payment attitude
- Bring the informal sector to the formal tax system

7.3. Enabling sectors

Transport

Focus areas

- Access to infrastructure
- Implementation capacity
- Participation of the private sector and the general public
- Financing capacity

Objectives

- Ensure equitable access to transport infrastructure and services
 - Improve transport safety
 - Make logistics services fast and reliable
 - Build transport infrastructure and service that is resilient to climate change
-

7.3. Enabling sectors

Energy

Focus areas

- Equity in access to electricity services
- Energy access and quality
- Alternative sources of energy
- Reliability of electricity infrastructure
- Investment and income in energy subsector

Objectives

- Ensure equitable access to transport infrastructure and services
 - Improve transport safety
 - Make logistics services fast and reliable
 - Build transport infrastructure and service that is resilient to climate change
-

7.3. Enabling sectors

Irrigation

Focus areas

- Medium and large scale irrigation infrastructure
- Job creation
- Share of government expenditure and alternative financing options
- Institutional capacity and human resource development

Objectives

- Improve agricultural output and productivity
 - Reduce government spending and enhance institutional capacity and human resources development
 - Ensure the inclusion of all genders and disabled citizens
 - Develop alternative financing options for irrigation development
-

7.3. Enabling sectors

Human capital development

Focus areas

- Make education and training inclusive and equitable by harmonizing the system with ability, need and capacity
- Develop capacity of educational institutions (teacher capacity, inputs and technology)
- Establish education and training quality assurance system
- Avail free and compulsory education for pre-primary to junior secondary levels and free education at the senior secondary levels equitably
- Ensure the relevance of education and training system and synchronize education policy with economic and social development needs
- Make the education and training policy compatible with the nation's contemporary capacities as well as global and regional market opportunities
- Enhance commitment, capability and responsibility of citizens

Objectives

- Ensure equitable and quality health services
- Raise average life expectancy
- Achieve universal health coverage through proactive and prevention health system
- Curtail preventable maternal and child deaths
- Reduce incidences of contagious and non-contagious related diseases and deaths
- Build capacity for health tourism through increased treatment capabilities
- Create a healthy society that is free from addictions and use technology for supporting knowledge led economic development

Challenges

1. Lack of synchronization of investment with resource potentials and development needs
2. Poor alignment of federal, regional and district level investment plans with the national development goals and envisioned settlement patterns
3. Poor regional coordination due to low consideration for trans-regional and spatial issues in development plans of regional states
4. Inter-regional and intra-regional disparities in infrastructural development and access to services

8. Nationally, regionally and locally balanced and competitive development



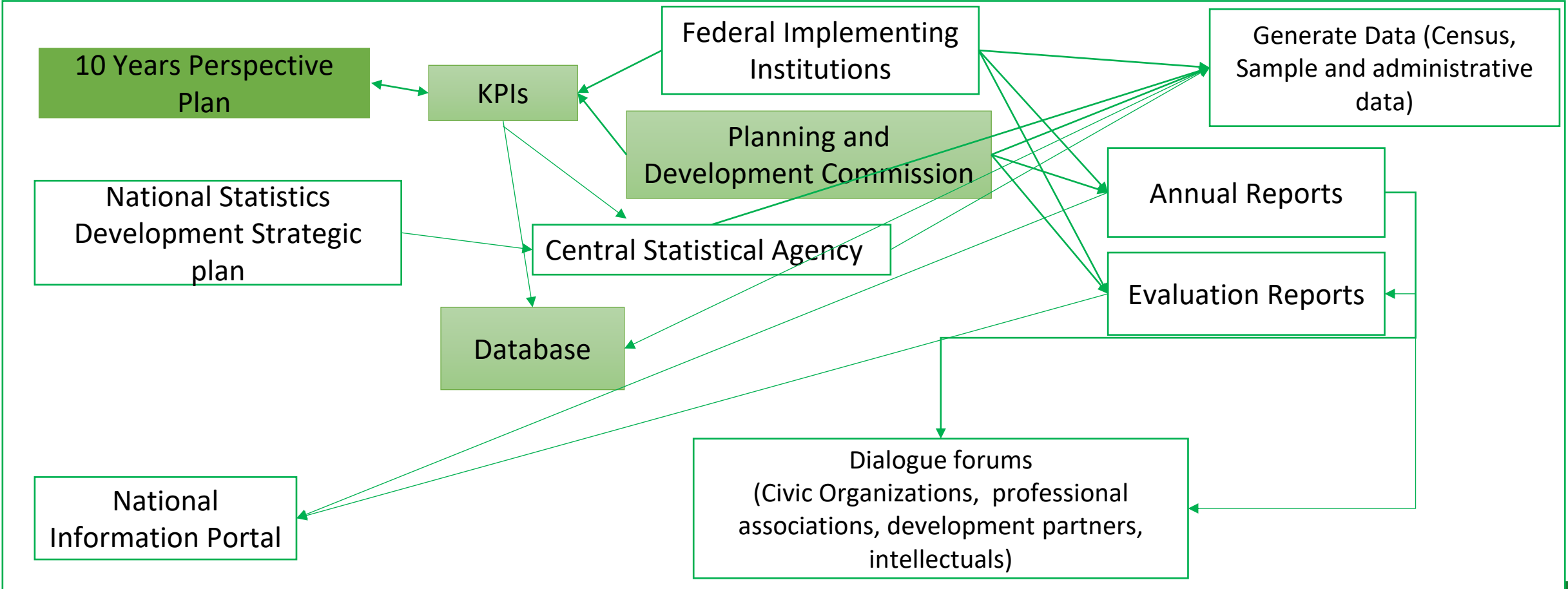
Focus areas

1. Ensure that the investment flow and infrastructural development plans fairly go hand in hand with resource potential and development needs
 - ✓ Developing underutilized natural resources
 - ✓ Equitable distribution and access to infrastructure
 - ✓ Sustainable environmental protection
2. Ensure the inclusion of pastoral and agro-pastoral areas in the development
 - ✓ Focused infrastructural development in pastoral areas such as education and health sector input provision as well as governance
 - ✓ Market linkages with other areas and the central markets
 - ✓ Improve rural finance (credit and insurance) to encourage fattening, milk processing, leather production and irrigation agriculture

9. Monitoring and Evaluation

Prime Minister's Office

House of People's Representatives





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Thank you!