

contribution to overall GDP stood at less than 5% during the period. Overall assessment of the manufacturing industry showed that rapid industrialization and visible shift in the structure of the economy remains Ethiopia's unfinished agenda.

Ethiopia attaches great importance in its quest for growth and transformation on improving quality, productivity and competitiveness: Ethiopia has thus started implementing the Kaizen philosophy since 2012/13 after evaluating and understanding the significance of kaizen for the country's industrial transformation. For example, in sugar and cement industries, significant and quantifiable quality and productivity improvements have been registered which are the showcases of attitudinal changes. The implementation of the Kaizen philosophy has also showed a promising result in the construction industry and human resource development sectors. Benchmarking has been another mechanism which is believed to help improve productivity; quality and competitiveness by adopting the experiences of best performing countries.

Ethiopia has also created support institutions to enhance the capacity of the private sector in manufacturing existing institution, namely Textile and Leather Technology Institutes were strengthened to provide effective support. Further, new institutes in food, beverages and pharmaceuticals, chemicals and construction have also been established. Capacity building program has been designed and is under implementation to make these institutions capable and effective.

1.4 Performances of Economic Infrastructure

1.4.1 Energy

Ethiopia's investment in infrastructure is quite significant. This is clearly seen in the energy sector. Big investment projects have been initiated to meet the growing demand and support the on-going efforts to build rapid and sustainable development in Ethiopia. The Great Renaissance Hydro Electric Power Project (with 6000MW), Gilgel-gibe III (1,870MW) and Genale-Dawa III (254MW) and other Wind Power Projects (Adama and Ashegoda), were the distinctive features of the first Growth and Transformation Plan. They are all well in progress and the wind power projects such as Ashegoda, Adama No. I and II have already started generating electricity. Generally, the initiated projects, when completed are expected to transform the energy sector of Ethiopia.

It is not enough to increase generation capacity. Complementary investment in sub-stations, power transmission and distribution is also required to carry power to users. Accordingly, many projects have been initiated and are under construction including 400 and 500 KV lines. Overall, Electricity service coverage at national level has increased from 41% in 2009/10 to 54% in 2013/14, during the first four years of GTP implementation period.

1.4.2 Railway Infrastructure

Transport cost is one of the challenges affecting competitiveness. Thus, Railway infrastructure development has been one of the priority development programs of the first GTP. Obviously, the Addis Ababa-Djibouti corridor is given priority. The project is nearing completion and soon will start operation. Contract was also awarded to start the construction of Mekele-Hara-Gebeya (Waldya) (268k.m) and Hara-Gebeya-Semera-Assayita (229 k.m) railway projects. The Awash-Kombolcha-Hara Gbeya (Woldiya) has begun construction. Preparatory works are underway for projects in other corridors.

The construction of 34km Addis Ababa Light Rail Transit (LRT) project is nearly completed and is going to start operation. The rail way academy has already started the training of staff to ensure that the country has skilled human resource for effective management and operation of the railway industry. Overall, the railway industry is expected to play a key role in Ethiopia's endeavor to integrate both locally and regionally. It is also important to render Ethiopia's exports competitive in the regional and global market.

1.4.3 Road Infrastructure

The road (sector) has continued to witness increased investment during the GTP implementation. This has helped to increase road network from 48,800 km in 2009/10 to 60,466 km in 2013/14. Under Universal Rural Road Access Program (URRAP), 39,070 Km all-weather *woreda* roads were constructed. As a result, the proportion of *kebeles* connected by all-weather roads increased from 39% in 2009/10 to 68% in 2013/14. On the other hand, road density increased from 44.5 km/1000 km² to 90.5 km/1000 km² in the same year. Thus, the average time taken to reach the nearest all weather roads was reduced from 3.7 hours in 2009/10 to 1.8 hours by 2013/14.

1.4.4 Telecommunication

In Ethiopia telecommunication is another area that has seen major investment for improving service quality, expansion of service coverage and enhancing institutional capacity. During the first four years of GTP implementation the number of subscribers in the overall telecom services has increased from 7.7 million in 2009/10 to 29.63 million in 2013/14 and number of mobile subscribers increased from 6.25 million and in 2009/10 to 28.3 million in 2013/14. Similarly, the percentage of the rural population with access (within 5 kilometers radius) to telephone service is increased from 62.1 percent in 2009/10 to 96 percent in 2013/14.

1.5 Performances of Social Services

1.5.1 Education Sector Development

During GTP period Ethiopia has continued to make remarkable progress in basic service delivery as in education and health in a way that promotes equitable access to services. Investing in human development is key to long term growth and transformation. This rapid expansion of basic services has helped Ethiopia in achieving the MDGs as related to gender parity in primary education, reducing child mortality, fighting HIV/AIDS, malaria and access to primary education.

The primary education net enrolment rate (NER) increased from 82.9 percent in 2009/10 to 92 percent in 2014/15. Secondary education first cycle (grade 9-10) gross enrolment rate (GER) stood at 39.7 percent, which fell short of expectation. The major factors for the low performance were limited investment in new secondary school construction and expansion that limited accommodating the students promoted from primary education to secondary level, lack of follow-up in teaching learning processes at the primary education level, and the long travelling distance between residence and schools particularly for female students have been identified as challenges for participation of female students in particular.

The preparatory education (grade 11-12) GER increased from 7 percent (male 8.9 percent, female 5 percent) in 2009/10 to 10 percent (male 10.7 percent, female 9.1 percent) in 2013/14 and estimated to reach 19.8 percent in 2014/15. The achievement is higher than the targets set for the end of the GTP period. Increased investment in the preparatory school construction and upgrading the first cycle secondary schools through the construction of additional class rooms contributed to the remarkable GER achievement at preparatory level.

During the GTP implementation period, huge public resource has been allocated to expand higher education. The GER of higher education increased from 5.3% in 2009/10 to 9 percent in 2014/15. The share of female students in undergraduate and postgraduate reached 32 and 19 percent, respectively.

1.5.2 Health Sector Development

To provide basic health services in an equitable manner to the rural and urban population, Health Extension Program (HEP) has been designed and is being implemented throughout the country.

Regarding maternal and children health care, under five child mortality rate (U5CMR) was reduced from 204/1000 in 1990 to 64/1000 in 2013/14. Improvements in nutrition, effective implementation of the disease prevention programs and first stage medical treatment and changes in economic and social development have resulted in improvements in child health and the reduction in U5CMR. In addition to this, the implementation of the integrated treatment of infants at health post and health centers, malaria control and

prevention, improvements in vaccination coverage, implementation of community based nutrition program have contributed to improvements in child health. In addition, the maternal mortality rate (MMR) in 1990 has declined by 69 percent and during the last four year GTP implementation period, it has been declining by 11 percent per annum. In some districts, all child deliveries are being conducted at health facilities as a result of the implementation of the community based health development army and the close follow-up by health teams that contributed to improved maternal health.

Thus, encouraging results have been registered towards achieving the millennium development goals such as reducing under 5 child mortality rate and maternal mortality rate, combat HIV/AIDS, malaria and tuberculosis. The U5CMR was reduced from 204/1000 in 1989/90 to 64 in 2013/14. Therefore, Ethiopia has achieved the goal in advance and become one of the countries that achieved MGD 4. It was targeted to reduce the MMR from 1400/100,000 in 1989/90 by three-fourth at the end of 2014/15. Until 2013/14, the MMR was reduced by 69 percent. The performance indicated that, it is likely that Ethiopia would achieve the planned target (75 percent reduction in MMR) by 2014/15. On the other hand, the number of newly HIV/AIDS infected persons was reduced significantly. The death rate caused by malaria has declined to zero percent and no malaria epidemic has been witnessed for the last six years. With regard to preventing tuberculosis, encouraging result has been registered that indicates to the achievement of the millennium development goals in the health sector.

1.6 Capacity Building and Good Governance

In the area of capacity building and good governance, measures that strengthen the efficiency and effectiveness of public institution and ensure good governance had also been undertaken during the plan years under review with resultant positive outcomes. But this is about changing working culture, system and building capable institutions that require their own maturity time, therefore, challenges remain. The Government, therefore still remains committed to strengthening the democratization process, efficiency and effectiveness of public institutions and enhancing good governance at all levels.

Overall, it must be said that the progress in implementation of the GTP has been very positive. Ethiopia continued to register broad-rapid economic growth that puts it as one of the fastest global growing economy. This rapid, broad-based and sustained economic growth has been accompanied by remarkable outcomes in:

- i. Human development and achieving MDGs,
- ii. Strategic infrastructure development,
- iii. Increasing agricultural production and micro and small enterprise expansion and thereby generating employment and serving as school in entrepreneurship

- iv. Rapid growth in industry, particularly in medium and large manufacturing industry. Both domestic and foreign direct investment has started flowing into the manufacturing sector, and this has to be scaled-up in the upcoming years.
- v. Implementation of climate change strategy through successful, exemplary and massive social mobilization for water and soil conservation and basin development.

All said GTP implementation has set in motion economic forces that accelerates Ethiopia's journey towards growth and transformation. Off-course, the implementation of GTP was not without challenges. These challenges are discussed as follow.

1.7 Key Challenges during GTP I Implementation

1.7.1 Inflation

Inflation was a major threat for macroeconomic stability during the first two years of GTP implementation (2010/11 and 2011/12). The government had done a commendable job of bringing down inflation to single digits through its prudent fiscal and monetary policy measures. This was complemented by additional measures such as import and distribution of, basic commodities such as sugar, vegetable/edible oil, and wheat to low income families at subsidized prices. As a result of these measures, inflation was arrested to a single digit in 2013/14. Going forward, emphasis has to be given to enhancing agricultural productivity, expanding the growth of manufacturing industry and utilization of capacities created in different sectors effectively and efficiently to ensure sustainable supply to maintain stable macroeconomic environment.

Further, it is urgently critical to make a big push in implementing the domestic trade reform to tame and regulate the non-transport and non-competitive domestic market. If reforms are not aggressively pushed, it has serious implication for consumer protection, poverty reduction and competitiveness of the productive sectors (Agriculture, Industry).

1.7.2 Development Finance

Efforts in implementation of on-going tax reforms and implementation of the tax administration system have helped for the significant increase in tax revenues during the first four years of GTP implementation. However, under performance of exports and challenges in timely securing foreign finances which in turn have had adverse impact on the smooth implementation of development projects. This has been one of the key challenges during the first four years of GTP implementation.

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Part II
Overview of the Second Growth and Transformation Plan (GTPII)
(2015/16-2019/20)

Chapter I

Basis, Objectives and Strategic Pillars of GTP II

1.1 Bases of GTP II

As a vehicle towards the realization of Ethiopia's vision of becoming lower middle income country by 2025, the Second Growth and Transformation Plan (GTPII) is built on Sectoral Policies, Strategies & programs, lessons drawn from the implementation of the first GTP, the post-2015 sustainable development goals (SDGs). It has also taken into account global & regional economic situations with direct or indirect bearings on the Ethiopian economy.

1.2 Objectives of GTP II

The overarching objective of the Second Growth and Transformation Plan (GTP II) is the realization of Ethiopia's vision of becoming a lower middle income country by 2025. Thus, GTP II aims to achieve an annual average real GDP growth rate of 11 percent within stable macroeconomic environment while at the same time pursuing aggressive measures towards rapid industrialization and structural transformation.

1.3 Strategic Pillars of GTP II

In order to achieve the objectives of GTP II set out above, the following pillar strategies will be pursued:

- a) Sustaining the rapid, broad based and equitable economic growth and development witnessed during the last decade including GTP I;
- b) Increase productive capacity and efficiency to reach the economy's productive possibility frontier through rapidly improving quality, productivity and competitiveness of productive sectors (agriculture and manufacturing industries);
- c) Enhance the transformation of the domestic private sector to enable them become capable development force;
- d) Build the capacity of the domestic construction industry, bridge critical infrastructure gaps with particular focus on ensuring quality provision of infrastructure services;
- e) Proactively manage the on-going rapid urbanization to unlock its potential for sustained rapid growth and structural transformation of the economy;
- f) Accelerate human development and technological capacity building and ensure its sustainability;
- g) Continue to build democratic and developmental good governance through enhancing implementation capacity of public institution and actively engaging the citizens;
- h) Promote women and youth empowerment, ensure their effective participation in the development and democratization process and enable them equitably benefit from the outcomes of development;
- i) Building climate resilient green economy;

1.3.1 Maintaining rapid, sustainable and equitable economic growth and development

During the Second Growth and Transformation Plan, concerted and coordinated effort will be made to ensure the rapid, sustainable and equitable economic growth that translates into creating decent job opportunities accompanied by significant poverty reduction; and structural transformation. Sustaining the broad based economic growth, maintaining agriculture as a major source of growth, accelerating industrial development, and promoting the service sector to play its role to enhance growth will also be pursued by creating decent jobs, enhancing productivity, quality, and competitiveness to realize the bases of structural economic transformation. To this effect, coordinated and strong forward and backward production linkages will be strengthened to ensure rapid, inclusive, resilient and sustainable economic growth during GTP II.

1.3.2 Improve the quality, productivity and competitiveness; and increase the production capacity of productive sectors to reach the potential production capacity of the economy

This first deals with the issue of fully using existing capacity. The source of growth in the agriculture sector is mainly based on development activities undertaken by the smallholder farmers and pastoralists. There is still room to push to the front their Expanding development of small and medium scale manufacturing enterprises that has backward linkages with the agriculture sector has the comparative advantage to diversify the manufacturing industry base. The country is operating below the potential capacity in existing industries. Hence, promoting fast transition, addressing challenges related to technology imitation, designing development, fabrication and adaptation of technology, and enhancing and strengthening fabrication skills, diffusion and implementation will be a major strategic direction to be pursued in GTP II.

Similarly, the kaizen philosophy will further be promoted to enhance and improve the quality, productivity and competitiveness in all prioritized industries as well as export sector. Parallel to this, benchmarking practices will also enrich the quality, productivity and competitiveness in coming five years Growth and Transformation Plan.

1.3.3 Enhancing the transformation of domestic private sector

Promoting private sector development is key to accelerate inclusive economic growth underpinned by job creation, export promotion and technology transfer. Concerted effort will be made to increase private sector investment (domestic and foreign). Similarly, special emphasis will be given to the domestic private sector, especially those who would like to invest in the manufacturing sector. This initiative will be enhanced through encouraging and supporting through incentive packages and creating favorable environment for doing business. In addition, particular attention will also be given to the linkages between local and foreign enterprises to facilitate knowledge and technology transfer to ensure the sustainability of growth through accelerated economic structural transformation.

Further emphasis will be given to nurture the flourishing of micro and small enterprises, support for their transition to medium and large-scale enterprises, ensure that investment goes to productive sectors; and supportive measure will

be taken to encourage trade and service enterprises to invest in the manufacturing sector for sustained growth and economic structural transformation. The intention is to create and broaden the base for the emergence of capable, productive and competitive domestic private sector in manufacturing.

1.3.4 Expand the accessibility and ensure the quality of infrastructure development through strengthening the implementation capacity of the construction sector.

In the Second Growth and Transformation Plan period, lessons learned, and experience gained during the first Growth and Transformation Plan implementation periods will be carried forward to develop and sustain reliable and affordable infrastructure development. Enhancing investment in the sector and pursuing import substitution strategy that reduce the pressure on foreign exchange demand as well as offer opportunity for technology learning and job creation. Private sectors investment in infrastructure development will be promoted through providing the necessary incentives and support to enhance the private sector participation in allowed investment areas. The Post-2015 global and regional development goals related to infrastructure development will be mainstreamed and implemented aligned with prioritized national development agenda.

In general, expansion of infrastructure development such as road, railway, dry port, air transport, energy, telecommunication, water and irrigation schemes which resulted in attracting investment, creating market opportunities, enhance competitiveness and boost regional economic integration will have a special consideration in in GTP II.

1.3.5 Fostering the governance and management of rapid urbanization to accelerate economic growth

Ethiopia is bound to face rapid urban growth. This requires proactive management and long-term planning. Accordingly, in the Second Growth and Transformation Plan particular emphasis will be given to increase job opportunity, address housing problems, improved contribution to the agriculture sector productivity through strong backward and forward linkage with rural development. Similarly, due attention will be given for infrastructure developments, road, water, electricity as well as adequate solid and liquid waste disposal management system. In addition, due attention will be given on building climate resilient urban centers, decentralized urban administration and finance and revenue collection system. Urban management capacity will be strengthened. In general, by strengthening pro-active planning and management urban centers will deliver indispensable contribution to rapid economic growth and structural transformations that Ethiopia seeks.

1.3.6 Accelerating and ensuring the sustainability of Human Development and Technological Capability

Accelerating human capital is key to enhance productivity, growth and transformation. Promoting healthy, educated and skilled human capital will enhance absorptive technological capabilities. So, especial emphasis will be given to expand the accessibility and ensure quality of social development (education, health) to create skilled and competitive workforce to accelerate and sustain economic growth and development. Due attention will also be given to facilitate technological learning harmonized with economic development, and supporting technological innovation capabilities in the next Growth and Transformation Plan period. Hence, the policies, regarding technological advancement and innovations of sciences and technology, will be supported including financing. Researches and studies that will be conducted both by public and private institution will be promoted and encouraged. Furthermore, networking among research institutes, manufacturing industry and service providing institutes will be promoted for technology learning and innovation. Particular attention will also be paid to upgrade knowledge and skill of technology absorption and utilization capacity based on a clear measurable plan for technological transition.

Accordingly, close monitoring and support will be given to facilitate implementation of national science and technology innovation policy and strategy. The Post- 2015 global and regional development goals related with education and health sectors goals will be integrated and implemented aligned with the national development objectives and priorities.

1.3.7 Promote democratic and developmental good governance through enhanced implementation capacity and public engagement.

Ethiopia has registered impressive economic and social development over the past years through effective implementation of policies and designed strategies. In the next Growth and Transformation Plan, concerted efforts will be made to consolidate the full implementation of reform programs, which have been carried out at all administrative levels over the last years. The Government will continue to make its efforts to improving tax administration system supported by modern information system, institution, modern and effective urban land development administration, which enables to establish the legal right to use land to enable the realization of good governance, fostering growth and development of cities. Similarly, the government is also committed to implement efficient custom system to promote and enhance the private investors' competitiveness. Particular attention will also be paid to income registration, property and land administration systems to promote accountability and transparency for the shared prosperity.

1.3.8 Promote women and youth empowerment, participation and equity

The government is committed to promote the empowering of women and youth to ensure their participation in building democratic system & good governance, social-economic & cultural development process. In this regard, women and youth initiatives will aim to benefit and ensure access to credit and ownership of productive assets. Ensuring gender equality in education, employment, creating conducive environment for female students, increasing number of female teachers, enhancing ownership of land and other fixed assets, eradicating violence against women and children and harmful practices ,and eliminating gender-based discrimination practices, political and decision-making processes will be effectively implemented. The post 2015 sustainable development goals related to women and youth empowerment will be fully implemented aligned with the sectors' development strategy to ensure benefit and participation of women and youth in overall economic, political and decision-making process.

1.3.9 Building climate resilient green economy

During the Second Growth and Transformation Plan, the Government is committed to building climate resilient Green Economy. Thus, Ethiopia will focus on adaptation to climate change and mitigation of greenhouse gases emissions, reducing greenhouse gas emission through enhancing productivity of the crop and livestock sub-sectors that improve food security and income of farmers and pastoralists, protecting and rehabilitation of forests for their economic and ecosystem services. Expanding electricity power generation from renewable sources of energy for domestic & regional markets, leap frogging to modern and energy efficient technologies in transport, industry and buildings strategies will be a major agenda to build climate resilient green economy. The post -2015 sustainable development goals related to green economy will be integrated and implemented aligned with the sectors' climate resilient green economy development strategy.

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Chapter II Overview of the Macroeconomic Plan

2.1 Real Sector and Prices

Building on the progress made and lessons drawn during the implementation of the first Growth and Transformation Plan, real GDP is projected to grow at an annual average rate of 11 percent during the period of GTP II (2015/16-2019/20). Agriculture, industry and service sectors GDP is projected to increase at annual average rate of 8, 19.8 and 10.1 percent, respectively during the GTP II period.

Agriculture remains the major source of growth through increasing productivity within the crop and livestock subsectors alike. Emphasis will be given for scaling up best practices of model farmers so as to massively enhance agricultural productivity among smallholder farmers and special efforts will be made towards increasing the production of high value crops through increasing productivity.

The industry sector largely driven by the expansion of manufacturing industries (with focus on light manufacturing), is expected to make significant contribution to growth and structural change during the period of GTP II. Construction, electricity and mining are also expected to make remarkable contribution to growth. Thus, industrial GDP is projected to grow at annual average rate 19.8% during the period of GTP II. The manufacturing subsector GDP (both large and medium and micro and small scale) is projected to grow at an annual average rate of 23.9% during the same period. As a result, the share of industry is expected to increase from 14.6% in 2014/15 to 22.8% by the end of 2019/20. The share of manufacturing is projected to increase from 4.6% in 2014/15 to 8% in 2019/20.

The service sector GDP is projected to increase at an annual average rate of 10.1 percent during the period of GTP II. Growth of the service sector is expected to be driven by the acceleration of the growth and development of the tourism industry, transport and logistics services that triggers local and international trade, financial institutions, etc. Its share in GDP is expected to show modest decline from 43.4 percent in 2014/15 to 41.6 percent by the end of 2019/20.

Table 3. Projected Trends of GDP Growth Rate (%)

| Sector | Average Performance (2003-2006 EFY) | Base Line (2007 EFY) | Average Projection (2008-2012 EFY) |
|---------------------------------|--|-------------------------|---------------------------------------|
| Agriculture & allied Activities | 6.6 | 9.6 | 8.0 |
| Industry | 20.0 | 22.2 | 19.8 |
| Manufacturing | 13.0 | 19.2 | 23.9 |
| Service | 10.7 | 9.4 | 10.1 |
| Gross Domestic Product | 10.1 | 11.4 | 11.0 |

Table 4. Projected Percentage Share of GDP by Industrial Origin (%)

| Sector | Base year (2014/15) | Projection (2019/20) |
|-----------------------------------|------------------------|-------------------------|
| Agriculture and Allied Activities | 41.0 | 35.6 |
| Industry | 15.6 | 22.8 |
| Manufacturing industry | 4.6 | 8.0 |
| Service | 43.4 | 41.6 |
| Real GDP | 100 | 100 |

2.2 Fiscal Policy

During GTP II, as usual the policy is aimed at maintaining the deficit at a sustainable level. Government will continue to implement the on-going tax reforms program including strengthening tax administrates and collection at all levels. The capacity of tax and customs institution will be further enhanced. All of this and other measures will help to mobilize resources to finance the GTP.

On the expenditure side, resource allocation has been informed by the government pro-poor growth policy, strategy and program. As usual during GTP II major share of available resources will be allocated to priority growth enhancing and social sectors.

2.3 Monetary policy and external sector

As has always been the case, ensuring macroeconomic stability will be pursued during GTP II. To this effect monetary policy will continue to focus on maintaining price stability annual inflation will be kept within single digit. Money supply is expected to grow in a manner consistent with the growth of GDP, inflation as well as monetization of the economy.

Regarding the external sectors, the export sector is among the sectors that will be given high priority in the GTP II, as the growth of this sector is highly associated with foreign exchange generation to meet the needs of the growing economy. In 2014/15, the share of export in GDP is estimated to be only 6.4 percent. This indicates that unless successful structural transformation in export sector is ensured, sustaining the rapid economic growth and realization of the country's vision would be quite difficult. Therefore, it is targeted to raise the share of export to GDP to 11.8 percent by 2019/20. Meanwhile, the share of manufacturing goods export to GDP is projected to increase to 3.1 percent in 2019/20.

At the same time, the ratio of export of goods and non-factor services to GDP is projected to increase to 20.6 percent in 2019/20 from 12.8 percent in 2014/15. Similarly, the ratio of import of goods and non-factor services to GDP is expected to rise from 29.6 percent to 32.3 percent during the same period. As a result, resource balance is projected to fall to 11.7 percent in 2019/20 from 16.8 percent in 2014/15.

2.4 Projection summary of major targets for GTP II

Summarized major targets of macroeconomic, social and economic development sectors, which estimated to be achieved by the end of the first Growth and Transformation Plan Implementation Period (2014/15) and projections envisioned to be reached by the end of the Second Growth and Transformation Plan (2019/20) is depicted in the following table (Table 5)

Table 5. Projection summary of major targets (Macro and Sectoral) of GTP II

| No. | Sector/ Indicator | Unit of measurement | Baseline year (2014/15) | Plan targets (2019/20) |
|------------|---|---------------------|-------------------------|------------------------|
| 1. | Macroeconomic indicators | | | |
| 1.1 | The Macro Economy | | | |
| | Real GDP Growth Rate | percent | 11.4 | 10 |
| | Agriculture and Allied Sectors Growth rate | percent | 9.6 | 8 |
| | Industry Sector Growth rate | percent | 22.2 | 19.8 |
| | Manufacturing Growth rate | percent | 19.2 | 24.0 |
| | Service sector Growth rate | percent | 9.4 | 10.0 |
| | Gross Domestic Investment as share of GDP | percent | 36.3 | 41.3 |
| | Gross Domestic Saving as share of GDP | percent | 19.5 | 29.6 |
| | Export of Goods and Services as share of GDP | percent | 12.8 | 20.6 |
| | Import of Goods and Services as share of GDP | percent | 29.6 | 32.3 |
| 1.2 | Public Finance | | | |
| | Domestic Revenue as share of GDP | percent | 14.4 | 18.8 |
| | Tax Revenue as share of GDP | percent | 12.9 | 17.2 |
| | Total Expenditure as share of GDP | percent | 18.7 | 22.6 |
| | Capital Expenditure as share of GDP | percent | 10.1 | 14.4 |
| | Recurrent Expenditure as share of GDP | percent | 8.6 | 8.2 |
| | Total Poverty-oriented Expenditure as share of GDP | percent | 11.7 | 14.6 |
| | Budget Deficit as share of GDP (@Market Price) | percent | -2.9 | -3.1 |
| 1.3 | Poverty and Welfare | | | |
| | Total Poverty Headcount | percent | 29.6(2010/11) | 16.7 |
| 1.4 | Financial Sector | | | |
| | Number of Bank Branches | Number | 2322 | 4671 |
| | Share of Kebeles with micro finance institutions | percent | | 50 |
| 1.5 | Export | | | |
| | Manufacturing Export Revenue as share of GDP | percent | 0.9 | 3.1 |
| | Agricultural Export Revenue as share of GDP | percent | 4.4 | 6.5 |
| | Manufacturing Export as share of total merchandise export value | percent | 13.4 | 25.9 |
| | Merchandise Export as Share of GDP | percent | 6.4 | 11.8 |

Table 5. Projection summary of major targets....Cont'd

| No. | Sector/ Indicator | Unit of measurement | Baseline year (2014/15) | Plan targets (2019/20) |
|------------|---|------------------------|-------------------------|------------------------|
| 2. | Agriculture and Rural Transformation | | | |
| | Share of Agriculture and allied Sectors to GDP | percent | 41.1 | 35.6 |
| 2.1 | Crop Production and Productivity | | | |
| | Major Crops Production | Mln/qt | 270.3 | 414.0 |
| | Cereals productivity | qt/ha | 19.5 | 30.9 |
| | Pulses productivity | qt/ha | 16.4 | 24.0 |
| | Oil seeds productivity | qt/ha | 9 | 12.7 |
| | Coffee productivity | qt/ha | 7 | 11.1 |
| | Coffee production | thnd/tons | 548.2 | 1102.6 |
| 2.2 | Natural Resource Conservation and Utilization | | | |
| | Area of Land Rehabilitated | Mln/ha | 11.7 | 22.5 |
| | Area of Land developed with community based watershed development Program | Mln/ha | 12.16 | 41.35 |
| | Area of Land developed with modern small scale irrigation schemes | Mln/ha | 1.3 | 1.7 |
| 2.3 | Food Security, Disaster Prevention and Preparedness | | | |
| | Food Reserve | thnd/tons | 405 | 3000 |
| | Proportion of Rural Women Farmers benefited from Extension service | % | 20 | 30 |
| 2.4 | Agricultural Input Supply and Utilization | | | |
| | supply of Improved seeds | Mln/qt | 1873778 | 3559924 |
| | supply of Chemical Fertilizers | Metric/tons | 1223309 | 2062106 |
| 2.5 | Climate Resilient Green Economy Development | | | |
| | Households beneficiaries of Green Economy Development technologies | Number | | 100000 |
| | Reduced GHG emission | Mln/Metric tons | | 147 |
| | Share of Forest sector in GDP | percent | 4 | 8 |
| | Forest Coverage | percent | 15.5 | 20 |
| 3. | Industry | | | |
| | Share of Industry in GDP | percent | 15.6 | 22.8 |
| | Share of Manufacturing industry in GDP | percent | 4.6 | 8.0 |
| | Employment opportunities created by medium and large manufacturing industry | Number | 380,000 | 750,000 |
| 4. | Infrastructure Development | | | |
| 4.1 | Road | | | |
| | All-weather road length | Km | 120000 | 220000 |
| | Average time taken to reach all- weather roads | hour | 1.5 | 0.8 |
| | Areas Further than 5 km from all-weather roads | percent | 33.6 | 13.5 |
| | Roads in acceptable (fair + good) condition | percent | 70 | 80 |
| | Ratio of Paved roads | percent | 13 | 16 |
| | Road density | km/1000km ² | 109 | 200 |
| | Road density | km/1000 People | 1.3 | 2.3 |

Table 5. Projection summary of major targets....Cont'd

| No. | Sector/ Indicator | Unit of measurement | Baseline year (2014/15) | Plan targets (2019/20) |
|-----|--|---------------------|-------------------------|------------------------|
| 4.2 | Railway | | | |
| | National railway network | Km | | 1545 |
| | National railway network freight transport service | Mln tons/year | 0 | 12 |
| 4.3 | Energy | | | |
| | Electricity service coverage | percent | 60 | 90 |
| | Power generating capacity | MW | 2267 | 17346 |
| | Length of distribution lines construction | Km | 12825 | 21728 |
| | Customers accessed electric power service | Mln/number | 2.455 | 6.955 |
| | Annual percapita electricity consumption | GWS | 86 | 1269 |
| 4.4 | Telecommunication | | | |
| | Fixed telephone density | percent | 10.5 | 54.0 |
| | Fixed telephone subscribers | Mln/number | 3.1 | 10.4 |
| | Mobile telephone subscribers | Mln/number | 40.0 | 103.6 |
| | Internet service subscribers | Mln/number | 9.6 | 56.0 |
| | Mobile telephone coverage | percent | 43.9 | 100 |
| | Broad band internet and data service subscribers | Mln/number | 1.59 | 39.1 |
| | Narrow band internet and data service subscribers | Mln/number | 8 | 16.9 |
| 4.5 | Water | | | |
| | Overall potable water supply coverage as per GTP II standards service | percent | 58 | 83 |
| | Rural potable water supply coverage as per GTP II standards service | percent | 59 | 85 |
| | Urban Potable water supply coverage as per GTP II standards service | percent | 51 | 75 |
| | Area of land developed with high and medium irrigation schemes | ha | 658,340 | 954,000 |
| 4.6 | Transport and Logistics Service | | | |
| | Logistics performance index | Number | 2.59 | 3.07 |
| | Average time spent across borders for imported goods | Day | 40 | 3 |
| | General cargo carried by multi-modal transport system coverage | percent | 30 | 90 |
| | Inland packed export goods freight vessels | percent | 7 | 100 |
| 5. | Urban development, Housing and Construction | | | |
| | Jobs opportunity created by urban productive safety net program | Number | | 2,800,000 |
| | Urban food insecure communities accessed direct support | Number | | 1,050,000 |
| | Urban residential houses constructed | Number | 157,070 | 750,000 |
| | Green area development and public recreation land utilization coverage | percent | | 30 |

Table 5. Projection summary of major targets....Cont'd

| No. | Sector/ Indicator | Unit of measurement | Baseline year (2014/15) | Plan targets (2019/20) |
|------------|--|---------------------|-------------------------|------------------------|
| 6. | Human Resource Development | | | |
| 6.1 | Education and Training | | | |
| | Net primary (Grades 1-8) school enrollment | percent | 95.2 | 100 |
| | Primary school girls to boys ratio | percent | | 1:1 |
| | Functional adult education participation rate | percent | | 95 |
| | Students enrolled on undergraduate program in higher institutions | Number | 387,565 | 597,685 |
| 6.2 | Health | | | |
| | Health service coverage | percent | 94 | 100 |
| | Under five mortality rate per 1000 live births | Number | 68 | 30 |
| | Infant mortality rate per 1000 live births | Number | 46.4 | 19.3 |
| | Maternal mortality rate per 100000 live births | Number | 420 | 199 |
| | Neonatal mortality rate per 1000 live births | Number | 27 | 10 |
| | Life expectancy | Year | 64.6 | 69 |
| | Total fertility rate | Number | 4.1 | 3 |
| | Contraceptive prevalence rate (CPR) | percent | 42 | 55 |
| | Deliveries attended by skilled health personnel | percent | 41 | 95 |
| | Stunting rate | percent | 40 | 21 |
| | Wasting rate | percent | 9.7 | 4.9 |
| | Pentavalent 3 vaccination coverage | percent | 82 | 96 |
| | Male and female headed households with access to improved toilet facility coverage | percent | 21 | 93 |
| | HIV/AIDS incidence rate | percent | 0.03 | 0.01 |
| | Households using iodized salt coverage | percent | 15 | 80 |

Chapter III

Economic & Social Sectors Development Plan

3.1 Economic Sectors

3.1.1 Agriculture and Rural Transformation

Strategic Direction

Based on the achievements and lessons drawn from the implementation of the first Growth Transformation Plan, smallholder agriculture will continue to be the bases for agriculture sector development. For this reason implementing the scaling up strategy fully and implementing cluster based agriculture development and solving the problems in relation to agricultural input supply and technology adoption will be the strategic direction of the next growth and transformation plan. Accelerating the economic growth of the country and contribute to poverty reduction through enhancing the share and participation of the private sector is also another strategic direction. Increasing agricultural production and productivity focusing on smallholder agriculture, is continued to be a priority during the Second Growth and Transformation Plan.

Major Objectives

The general objective of the agricultural sector in the second growth and Transformation Plan is to benefit the people at all levels from the fast and sustained growth, to realize the transformation of the sector and overall economy and enhance the contribution of the sector to the overall economy and build production capacity so that the sector plays a key role in stabilizing the macro economy of the country. These objectives will be ensured through increasing productivity of the sector.

Implementation strategies

Further improving the productivity of agriculture by fully implementing strategies such as delivering effective extension services, supplying agricultural inputs and conducting farmers training will be scaled up. In general, during the period of the second Growth and Transformation Plan, objectives are set to further enhance the benefit of citizens that would receive from the fast and sustained growth, ensure structural transformation within the sector and across the overall economy and build agricultural production capacity. The major agriculture and rural transformation targets of GTP II are broadly set in terms of increasing crop and livestock production and productivity, promoting natural resource conservation and utilization, ensuring food security and disaster prevention and preparedness. The major targets (priority based) of the sector during GTPII are discussed briefly below.

Increasing Crop Productivity and Production: the crop subsector constitutes for the major share of agricultural GDP. Accordingly, increasing the production and productivity of major crops will continue to be a priority in the

next five years so as to maintain the fast and sustained growth achieved during the last decade. In this regard, improving the supply and application of agricultural inputs and effectiveness of agricultural extension services will be given due priority. Establishing effective agricultural marketing systems through forming and strengthening cooperatives will also be an important priority area. The participation of the private sector in this endeavor will be encouraged and supported as well.

Increasing Livestock Productivity and Production: The productivity of the livestock sub sector has been at its low during the implementation of the first Growth and Transformation Plan (2010/11-2014/15). Special emphasis will be given to the livestock subsector with the objective of adequately exploiting its potential for growth, export earnings and job creation. The strategies set to realize these objectives are: improving animal health, animal feed and animal breed with targets to increase the productivity of meat, milk, honey and egg.

Natural Resource Conservation and Utilization: During the first Growth and Transformation plan, remarkable achievements have been made in terms of natural resource conservation and utilization. Hence, scaling-up this strategy to all parts of the country and maintaining the momentum during the second Growth and Transformation Plan period will be a priority. In this regard, expanding small-scale irrigation in tandem with natural resource conservation to increase agricultural productivity and production would help enhance the economic contribution of natural resources.

Food security, disaster prevention and preparedness: The governments is committed to ensuring food security and strengthen the capacity of disaster prevention and preparedness by increasing agricultural productivity and production and implementing other safety net and risk reduction programs. There are also other strategies and programs intended to enhance disaster prevention and preparedness capacity. Hence, strengthening the Productive Safety Net Program (PSNP) and other related facilities will be undertaken to benefit chronically food-insecure citizens. Providing effective credit facilities and other supplementary and complementary programs will be implemented to accelerate the graduation of PSNP beneficiaries.

3.1.2 Industrial Development and Structural Transformation

Strategic Direction

The strategic directions of the industrial sector are to establish light manufacturing industries which are labor intensive and benefiting citizens, globally competitive and leading in Africa and environment friendly; and to establish the foundation which enables to create an industrialized country by moving into the development of strategic heavy industries. In addition, there is opportunity which enables high-tech industries to contribute to the development of the industrial sector. Further,, substantial emphasis will be given to conduct various studies to identify future potential growth industries with the view to make the necessary preparations for future dev elopement.

Major Objectives

The main objective of Industrial Development and Structural Transformation during GTP II is, to bring significant growth of the manufacturing industry so that it plays leading role in job creation, technology learning structural shift in Ethiopia's export and address trade imbalance.

Implementation Strategies

In order to achieve the above goals and accelerate growth and expansion of the industrial sector a number of implementation strategies are devised. These strategies mainly focus on the implementation of project and programs which gear towards attracting quality investment, enhancing production and productivity, boosting export shares, accelerating technological learning and strengthen the linkage among industries. Public support institutions capacity to provide effective support to the private sector. The various subsector institutions will be brought to the level where they can assess appropriate technologies and organize information, adopt and transfer technologies to the private sector through improving their research and extension capacity and equipping them with the necessary infrastructure. In addition, existing industrial forums will continue and policies and legal frameworks which enable to lead the sector to the required direction will be put in place.

Further, the implementation of the Kaizen philosophy, establishing industrial parks and clusters will be undertaken in the next five years. With regards to kaizen, the first level kaizen will be implemented on 75-100 export oriented companies to improve quality and production up to 20-30% and the second level kaizen will be implemented on 50-75 export oriented companies to improve quality and production by 20-25%, and kaizen will also be implemented in other import oriented companies.

With regard to the establishment of industrial parks and clusters, 7 million square meters land will be made available for investor engaged in manufacturing and related sectors, four pilot agro industry parks will be established which will be linked with millions of smallholders to supply inputs, regional administrations, cities and towns will get the necessary support to develop standardized industrial clusters and parks for those investors promoting from small to medium industries, and hence generate employment opportunities.

Further strategies are devised and programs are put in place in terms of enhancing productivity, quality and technological capacity. This program focuses on avoiding rent seeking, enhancing continuous improvements in productivity, production and quality and increasing international competitiveness through changing the attitudes of workers and investors, improving existing technologies and implementing Kaizen and benchmarking tools. In addition, the linkage between industries and educational institutions will be strengthened to improve the quality and productivity of manpower supplied to the sector.

Investment Expansion Program is another implementation strategy, which focuses on the attraction of quality private investments. Attracting new foreign and domestic investments is paramount. As emphasized earlier, the

transformation of domestic private sector investment will be vastly encouraged on top of attracting foreign direct investment to ensure the fast growth of the manufacturing sector. Hence, different projects will be designed and implemented to boost investment during the plan period. Similarly, a program will be designed and supportive policies will be developed to encourage new industries. This will be realized through, creating industrial linkages, expanding both domestic and foreign trade and improving labor and capital productivity. Expanding the manufacturing sector will focus on identifying new investment areas and these areas include biotechnology, petrochemicals, electricity and electronics, information and communication technologies (hardware and software production industries). Formulating policies and strategies to support strategic domestic industries and supporting the metal and engineering industry to accelerate its growth will also be undertaken.

The key strategy which will be given due emphasis is the development of industrial parks and clusters. To improve fast engagement and timely commissioning of projects, adequate emphasis will be given to provide infrastructures, avoid rent seeking in relation to land and curb problems associated with customs and logistic services. Emphasis will also be given to attract investments by building industrial parks on identified lands by the government, private, or joint arrangements.

Finally, the other subsector, which has been given emphasis, is the Micro and Small Enterprises Development. These enterprises are critical in generating employment, serve as school for entrepreneurship, broaden the base for value adding domestic private sector. Actions will be taken to enhance their productivity, technology learning and growth. Micro, small, and medium enterprises will be supported to transform to the next level of industry in accordance with their level of development. To realize the above practical and effective, integrated and organized activities will be undertaken in terms of increasing domestic production, job creation and skill development, governmental support and facilitation, provision of extension services, and modern information management system.

3.1.3 Mining Sector Development

Strategic Direction

The main strategic directions of the mining sector during the Second Growth and Transformation Plan (GTP II) are expanding the production of minerals for foreign exchange generation and import substitution for local industries.

Major Objectives

The major objectives include: improving policy, legal-frameworks, regulatory and working systems; Adding value to minerals, producing minerals inputs for the manufacturing sector development; enabling the mining sector to meet national and international environmental standards and regulations, and expanding the geo-sciences mapping coverage of the country both in quality and accessibility.

Implementation Strategies

In order to attain strategic objects and stated goals of the sector, various strategies are formulated. Accordingly, to improve the implementation capacity in the sector, manpower development, mainly, trainings will be provided. The ongoing policy study, which envisages the direction of the mining sector, will be completed and implemented. To effectively facilitate and integrate the mining exploration endeavors, Geo-Sciences mapping converge will be expanded. Moreover, data/information collection, selection and prioritization for potential minerals deposits' estimation will be strengthened, using integrated Geology, Geo-chemistry, Geo-physics and deep wells drilling activities. For sustainable utilization of the mining sector, long-term master plan will be developed. International practices will be adopted and mainstreamed into the mining sector and due priority will be also given to production of essential minerals which intend to meet the demands of local manufacturing industries' and international market. Besides, best practices of environmental protection and community development will be integrated and mainstreamed into local conditions.

3.1.4 Economic Infrastructure Sector

Expanding investment in economic infrastructure (road, energy, rail, telecom, etc.) will still be the priority areas during GTPII to sustain the rapid growth witnessed during the last decade or so. The bases of economic infrastructure development during GTP II are the following: taking best practices and experiences of GTPI as input for GTPII, sustaining infrastructure development activities, contributing to the realization of the country's vision to become middle income country by 2025, considering best practices of middle income countries in the sector, support the structural transformation of the economy, ensure equitable distribution of infrastructure, ensure the infrastructure development to follow demand-driven strategies, ensure that the infrastructure development are in line with regional and international agreed programs.

The overall strategic directions of infrastructure sector are to ensure Infrastructure that supports rapid economic growth and structural transformation, creating mass employment opportunity, creating an institution having strong implementation capacity, ensuring public participation and benefit, constructing decentralized infrastructure development system, solving financial constraints, ensuring fairness and profitability, insure integrated planning and administration of infrastructure development.

The following are programs for implementation of the infrastructure sector of GTP: a) Fundamental Institutional Transformation Program, b) Service Delivery System Improvements Program, c) Domestic Capacity Building Program, d) Import Substitution Program, e) Developing alternative financial sources program, f) Utilization of Information Technology Infrastructure Program, g) Public (Community) Participation Program, h) Creating Job Opportunities Program and i) Right of ways Management Program.

a) Road Development

Within overall infrastructure, rural road is considered to be one of the important infrastructure which helps to reduce poverty by facilitating easy access of agricultural products at low transportation cost to the market and improving access to basic socioeconomic services and strengthen rural-urban linkages. Thus, the major strategic directions of road development sector during GTPII will be ensuring the existence and sustainability of road infrastructure network with quality and safety.

Strategic Directions

The major strategic directions of road development sector in GTPII is improve the provision of road infrastructure, by expanding the road network both in terms of quantity and quality, to sustain and ensure the current and future economic growth.

Major Objectives

The major objectives of the road sector development plan including rural road development are: expansion of road infrastructure, upgrading and improving the existing roads, give priority attention to road administration, to support economic growth by reducing transport costs, to ensure safety and proper functioning of road infrastructure, conduct periodic maintenance works, avoid damages on infrastructure and generate employment opportunities.

Implementation Strategies

The following are the major implementation strategies of the road sector in GTPII: strengthening the capacity of contract administration, design management, road administration and others; and strengthening the Woreda desk contract administration capacity and supporting them in fulfilling materials and man power; increasing the participation of private sector in the road sector development; undertaking detail studies before starting road construction project to analyze the environmental impact of the project and implementing it, strengthening public participation during project proposal and preparation studies, working together with local administration during the process of right-of-ways issues management.

b) Energy

Strategic Directions

The strategic directions in relation to generation, transmission and distribution of electric power are meeting the energy demands of growing economy. Rural electricity access program will continue to be implemented.

Major Objectives

The main objective of the sector during the GTP II is increasing national energy generation, transmission and distribution capacity to fully satisfy domestic energy demand with production surplus ready for export market.

Implementation strategy

Implementation strategies are set to increase the electric power generating capacity through initiatives hydro power, wind power, geothermal power, solar power are going to contribute to the attainment of the target. Complementary investment will also be made in transmission and distribution to ensure reliable access to power. Building organizational capacity to effectively and efficiently manage energy resources is the key implementation strategy for effective generation, transmission and distribution of energy.

c) Railways

Strategic Directions

The major strategic directions of railways infrastructure development during GTP II are to continue network expansion started under GTP I, build capacity by establishing modern railway industry academy and make it operational; develop various railway industry standards; ensure that railway transport services are in accordance with standards, conduct problem solving researches on railway infrastructure building, operations and service provision.

Major Objectives

The major objective of the railway sector under the Second Growth and Transformation Plan is to increase railway infrastructure both for passengers and freight and strengthen public-private partnership in the sub-sector.

Implementation Strategy

The major targets of the railway sub-sector in the plan period include completion and operationalization of networks began under GTP I as well as make comprehensive preparation to launch construction of new railway projects. Further, building institutional capacity in railway technology, project design, contract management and effective resource mobilization are the key implementation strategy for the plan.

d) Information Communication Technology (ICT)

Strategic Directions

Strategic directions from the perspective of accelerating information and communication technology development include ensure the growth and legal system and security of ICT Infrastructure; to use IT for Government administration; build research and innovation system and set standards; enhance competitiveness by strengthening IT industry. In relation to telecommunication services, the major strategic direction is to increase sound data penetration and mix, improve quality of services and increase services which could bring fundamental changes by completing ongoing expansion.

Major Objectives

Major objectives of ICT are enhanced use of ICT technologies, make ICT available to regions and the communities. In the area of communication, construct competitive and productive ICT infrastructure throughout the country in an equitable manner, provide competitive (in terms of price and quality) telecommunication services, create universal access to telecommunication services, and continue building institution capacity. In relation to the Postal services, the major objectives are to make adequate basic postal services available.

Major Implementation Strategies

The major strategies set for ICT are to expand ICT manufacturing industry. In the area of telecommunication, the major objectives are to increase number of mobile, broadband internet data, narrowband internet and data and fixed telephone services. International link capacity targeted to increase greatly. In the ICT sector the major implementation strategies are to expand ICT infrastructure and make them modern and standard, improve the contribution of the private sector in the ICT development, mainstream laws and legal frameworks, related to the development of data and service, into policies, strategies and programs. In the area of telecommunication, the major implementation strategies are to expand demand driven telecommunication services, and to create high capacity and reliable network and to undertake network upgrading to improve the quality of the service. Further, universal telecommunication access will continue to be implemented. In the area of postal services, the major implementation strategies are improving the efficient postal services, and make the postal services accessible.

e) Potable Water Supply, Sanitations & Irrigation

Strategic Directions

The major strategic directions of the sectors during the GTP_II period include foster the development of the sectors' infrastructure to the level of middle income countries; reduce construction costs; create conducive environment for private sector to involve in producing import substitution items; provide financial and technical support to establish

professional oriented water drilling enterprises/share companies in the country; set national water quality standard; increase active participation of the private sector in the development of medium and large scale irrigation development; facilitate and strengthening the National Meteorological Agency to effectively and efficiently provide service.

Major Objectives

The major objectives of the sectors are to expand sustainable potable water supply and improved sewerage systems; to improve potable water supply services and expand accessibility; to establish and improve urban sewerage systems; to assess the quantity and quality of the country's water resources and their contribution to the development of the economy; to mitigate flood and runoff impacts; to develop and expand medium & large scale irrigation; to develop and expand efficient, sustainable irrigation farming; to conduct medium and large scale irrigation study and design activities and make them ready for relevant stakeholders and to supply reliable and sustainable meteorological data to the general public and national preparedness.

Implementation Strategies

In GTP II period, the national water supply coverage, based on the GTP-I achievement is planned to increase to meet demand. National Ground water resource potential study and integrated basins administration and development will be carried out. Basin Information System and Hydrological Information systems will increase together with hydrological mapping coverage. Regarding irrigation development, effort will be made to increase irrigated area, particularly small scale irrigation. Modern surface and Aerial Meteorological data recording centers will be established and expanded. Regarding water supply & sanitation, capacity development as well as coordination efforts will be undertaken with all executive agencies and relevant stakeholders. Effort will be made to ensure dependable and sustainable water supply based on demand, supply and efficiency mention measures will be taken to take care of the existing water schemes and ensure economic use of water. WASH committees will be encouraged to maintain and rehabilitate water supply schemes. Awareness trainings on national water resources' frameworks will be provided to planners & policy makers including administrators. Awareness raising activities will be conducted so as to secure the active participation of relevant stakeholders in the irrigation development. Measures will be taken to facilitate condition for medium and large scale irrigation development.

f) Transport and Logistics

Strategic Directions

The major strategic directions for the transport and logistics sector's include building the capacity of the private sector so as to play its role in provision of transport and logistics services; establish effective linkages between agricultural products with major market centers; ensure that dry port services are up to the desired quality, efficiency and economic benefits; improve the capacity of transport corridors serving for transporting import and export items;

provide quality and adequate national and regional as well as urban transport services through improving transport management system; expand the road, railways, maritime and air transport.

Major Objectives

The major objectives of the sub-sector are increase transport services and its accessibility and quality; decrease traffic accident, to enable the transport sector to support export goods to be competitive in the international market, to enable the sub-sector to support investment and trade expansion and, reduce import and export commodities transit time and cost.

Implementation Strategies

Study and overhaul the transport and logistics management system reduce transit time for import and export, reduce the average waiting time of commodities at the sea port, and increase the general Cargo imports carried by multimodal transport system. Further, implementation strategies of the sub-sector include applicable regulatory and service delivery system, strengthen the capacity of logistics service providers, and establish national logistics coordination, excellence, and information centers.

g) Aviation

Strategic Directions

Expanding the airport infrastructure, building new airports and administering them with the desired standard, ensure aviation safety and security, improving the contribution of air transport to export growth and Improving its contribution for the development of tourism sector are the main strategic directions of the aviation sector during GTP II.

Major Objectives

The major objectives of the aviation sector are: achieve the international standard of the Aviation Safety and Security in all air ports, build the institutional capacity of air transport, and expand & improve the quality & competitiveness of air transportation service.

Implementation Strategies

Regarding the implementing strategies; together with stakeholders effective management of the aviation safety and security program will be implemented, legal frameworks that enable implementation of SARPS and ICAO standard will be applied. Airport Security, Facilitation Audit and Inspection will be strengthened, In all service delivery airports Safety Management System (SMS) will be implemented, capacity building program will be designed and implemented that improve service qualities and efficiencies, the participation of private operators/investors will be

improved, strengthening integrated approach with stakeholders, BASA manual will be prepared, implemented and air transport policy will also be implemented.

3.1.5 Construction Industry Development

Strategic Directions

The key strategic directions for the construction industry during the planned period are to: combat rent-seeking behavior, reduce the cost of projects by increasing the capacity, efficiency and effectiveness of contractors, implement kaizen and construction project management system as a tool for change. The other focus area is to make all construction programs a center of capacity building and improve license provision system for the key players in the industry.

Major objectives

The objectives of construction industry during the GTP II period are to: build the capacity of the industry in sustainable way, ensure the efficiency and effectiveness of the construction procurement and contract Management, develop internationally competent contractors and design & construction consultants, improve the availability of construction raw materials and machineries for those engaged in construction and housing development programs. The sector with the help of research and development is set to bring in new technologies and new ways of construction. This will enable the industry sector to manufacture high quality and time saving products which will be competitive at the international market.

Implementation Strategy

There will be a number of programs to be implemented to enhance the development of the sector. The salient features of these programs are briefly presented as follows.

Construction Industry Management Reform program: under this program its planned to capacitate the engineering and contraction design management system to the international standard; establish project profile, licensing and regulatory systems in order to build competition in the sector; develop skilled, educated and disciplined manpower; to meet the demand for professionals in the industry and ensure safe and healthy construction environment. Institutional regulatory capacity will be strengthened. Regarding the development of local contractors and consultant firms, capacity will be built to make them competitive and efficient to meet the construction demand in the country. Furthermore, increase the provision of finance for local companies engaged in the sector so that they can be competent.

Regarding the manpower demand in the sector, based on achievement and skill based measurements it's planned to increase the quality and quantity of local architectures, engineers and construction management companies.

Accordingly, it's important to improve the discipline, skill and effectiveness of manpower in the industry especially, architectural, engineering and construction professionals.

National construction Project Management Capacity Building Program: the capacity development program is designed in comprehensive manner that it captures all the key players of the sector. Accordingly, infrastructure design guideline will be prepared and disseminated. Research centers will be established and supported to assist in the transfusion and adaptation of new & better technologies and skills. The research conducted by these centers will be disseminated to the key players with new, cost-effective technologies in concrete molds, construction techniques and project management delivery system. The capacity development program is also meant to develop local capacity to manufacture construction materials and machineries to meet the growing demand of the sector and ease the burden on foreign exchange. To increase the availability of construction materials and in expanding manufacturing companies, it is planned to build the capacity of the most important companies such as: cement, iron and steel as well as plastics and construction based chemical manufacturing companies. Thus, the necessary institutional arrangements and finance will be provided for these industries in the plan period.

3.1.6 Urban Development and Housing

Strategic Direction

The strategic directions for the sector are: ensuring the urban development and good governance; developing urban development plans integrated with the regional and national development plan; undertaking resettlement programs based on principles of fairness and help cities to foster their economic ties; allocating land economically for different development purposes by providing enough compensation, incentives and facilities for farmers; bringing rapid infrastructure developments and finance mobilization to cope with the rate of urbanization with coordinated management of stakeholders; strengthening the ongoing housing development program to reduce the imbalance between demand and supply of urban houses; renovate and upgrade urban cities and create sustainable development by exercising green economy strategy.

Objectives

To create job opportunities for those urban households who are below poverty line, to improve their livelihood and food security problem in short time; to safeguard cost effective and productive urban plan preparation and implementation; to maintain good governance and urban development including small towns; to create conducive environment for citizens to work and live in. Ultimately proactive management of urbanization will help turn cities into engine of growth and development rather than source of problems risking economic growth and transformation.

Implementation Strategy

The implementation strategy to achieve the objectives and targets are: urban development management capacity building program, urban safety net program, urban Good governance and capacity building program, urban plan preparation and implementation program, urban land development & management reform program, housing development & management program, integrated urban infrastructure delivery program, green-clean urban development program.

Urban land development & management reform program: the targets under this program are the preparation of land for different development activities which includes land for industrial parks, and reducing the slum areas in urban areas. Regarding housing development and management program, the government plans to continue to construct new residential houses in urban centers of the country. Regarding urban development plan preparation and implementation, the plan preparation will be based on the approved land use classification system.

Urban Safety-net Program: This is a new program similar to productive safety net program being implemented in the rural food insecure areas. The urban safety-net program is aimed at creating employment opportunities for food insecure citizens make cash transfer for citizens who do not have the capacity to work and are food insecure.

Integrated urban infrastructure development: Increasing the urban road coverage, provide waste disposal sites, modern abattoirs, youth and cultural centers, public transport stations, fire controlling and protection stations and parks and green areas. In addition, construction of market centers and exhibition sites for small scale enterprises will be constructed.

3.1.7 Trade

Strategic Direction

During second GTP period the main strategic directions of trade sector development are; improving the transparency and competitiveness of the sector, promote competitive and fair trade practice that satisfy producers, consumers and traders, strengthening capacity, combat rent seeking attitudes and practices, develop reliable and modern trade information system. In addition, strengthening international and regional trade integration will be given due emphasis during the plan period.

Major Objectives

The main objectives are to enhance implementing capacity, promote modern, transparent and competitive trade sector and aggressively promote exports.

Implementation Strategy

Implementation strategy include: trade registration and licensing service will be fully supported by Information Technology and online registration and licensing service will be begun. Inspect quality of Imported and Exported goods. Transparent, fair competitive, efficient and economical modern marketing system will be practiced by

introducing modern trade information system; Integrating the country into multilateral trading system, create conducive environment and promote export market opportunity, increase annual commodity exchange capacity and introduce new agricultural items in the commodity exchange system are the main actions of the trade sector.

Developing skill and knowledge and establishing legal framework for trade through improved operational and organizational structure, enhancing reliable marketing system to ensure consumers right, IT supported trade registration and licensing service, strengthening international and regional trade integration, establishing modern and reliable domestic marketing system through organized modern trade information system are the main implementation strategies during the plan period.

3.1.8 Culture and Tourism

Strategic Direction

Ensuring public benefit especially the youth and women from culture and tourism development, protection and development of cultural diversities and values, increase income generated from the sector and creating job opportunities, ensuring the standard of the sector's tangible and intangible heritages to be registered as world heritages, undertake the country's image building and promote the tourist attractions to enhance sectors contribution to foreign exchange earnings are the strategic directions of culture and tourism during second GTP period.

Major Objectives

Increase linkages between cultural industries and market, conservation and development of cultural heritages, increase domestic tourism and improve and increase the quality, quantity and standard of service providing institutions are the main objectives of the sector's development.

Implementation Strategies

Aggressively promote Ethiopia to fully exploit the potential of the sector. Conserve and, work towards improving two wild life conservation parks and natural tourist attraction sites to be registered as world heritages, set-up and organize one folklore museum that represent the nation and nationalities of Ethiopia, increase tourist inflow significantly and thereby increase revenue generated, increase the number of certified and standardized tourism service providing institutions, increase the number of hotels that have international brand are the main targets of culture and tourism sector development. The implementation strategies are, work in coordinated and integrated manner with stakeholders, through Tourism Transformation Council generate more information about the sector by enhancing awareness through educational institutions and mass media, support and follow-up educational institutions and research centers to provide the skilled manpower required by sector.

3.2 Human Development and Technology Capacity Building

3.2.1 Education and Training

Strategic Directions

To improve educational participation, quality and relevance in all education levels, implementing educational development package in coordinated and organized manner, expanding functional adult literacy and providing special support for emerging regions for equitable education are the main strategic directions that will be pursued during GTP II. The country's vision with regard to education and training is "building an education and training system which assures quality and equity in education by the year 2019/20 which aims at producing competent citizens".

Thus, the major priorities of the education and training sector during the period of GTPII include the following:

- a) Ensure the relevance and quality of education at all levels, i.e. general education (primary, secondary and preparatory), TVET, and higher education
- b) Increase access and equity of education at all levels, i.e. general education, TVET, and higher education

Major Objectives

The main objective of the education sector development plan is to ensure an effective and efficient education and training system that enhance quality, relevance, equity & access at all levels. This will be achieved through building sectoral implementation capacity and the development of, and adherence to competency criteria.

Implementation strategies

With regard to implementation strategies, in order to improve the accessibility of primary and secondary educations to all and to expand education, governmental capacity building and good governance programs on one hand, and full community participations for sectoral development, on the other hand, will be designed and implemented. In order to improve the quality and relevance of education, the education development package will be fully implemented in a coordinated and organized manner. In order to expand functional adult education, in order to support expanding of education in the emerging regions, local teachers development will be carried out that would support the teaching methods for the tribal groups. In addition, functional adult literacy and special needs education strategies will be further strengthened and implemented. In order to fulfill the target of teachers capacity building, centrally post graduate programs will be expanded. A university teachers' competency system will designed and implemented.

3.2.2 Health sector development

Strategic Direction

The major priorities of the Health Sector during the period of the Second Growth and Transformation Plan include strengthening and implementing equity, access, and quality health care services. Emphasis will be given to improving the health of the population especially maternal, children and youth by providing preventive, curative, emergency care and rehabilitative health services; and establishing robust health system by promoting healthy life style at individual level and the community at large. The health extension will continue to be strengthened to deliver health services.

Equity, accessible and quality of basic health services will be implemented. In all level of health centers, primary health care services will be strengthened and implemented. In order to ensure information based health policy design, plan preparation and monitoring and evaluation, health development armies and community's ownership of sector development will be further strengthened. Fulfillment of the necessary manpower, finance, health infrastructure, usage of modern technologies and modern equipment in health facilities, and drugs in health centers are the strategic directions of health sector development.

The priority areas of the Health Sector are the following

- (i) **Improve health service delivery:** this refers to the promotion of good health practices at individual, family and community level and the provision of preventive, curative, rehabilitative and emergency health services;
- (ii) **Improve quality assurance:** refers to managing quality and safety in health services including laboratory quality;
- (iii) **Improve leadership and governance:** refers to evidence based policy formulation planning, implementation and monitoring and evaluation of the health system.
- (iv) **Improve health system capacity:** referring to the enhancement of resources for health, which includes the human and financial resources, health infrastructure and supply that are accessible to communities.

Objectives

The general objective of the health sector development is to ensure the benefits of the societies through provision of equity, accessible and quality health services, enhance awareness and ownership of the health services and create enabling environment for societies to prevent communicable and non-communicable diseases. In addition efficient

health system will be built in order to improve maternal, child and youth health, quality health development, disease prevention and expanding health care and emergency medical treatment, and enhance awareness for healthy living habits among the communities.

Implementation Strategies

With regard to implementation strategies, by sustaining and strengthening capacity building programs, the health extension workers and leaderships in all levels of health centers will be continuously strengthened. The research and studies outputs on the sector will be mainstreamed and utilized in order to improve the sector's service delivery system. By strengthening the linkage between the basic health care and hospital services, the provision of basic health services in line with communities' priorities will be examined and the implementation of the health service packages will be improved.

3.2.3 Science and Technology Development

Strategic Direction

The strategic direction of the science and technology are to identify, compile and analyze the relevant value adding technological information and databases in order to provide them for science and technology development, and support and follow-up the technology duplication and adaptation processes.

Objectives

The main objectives are to formulate a framework in order to facilitate import foreign technologies, apply for technological transfer for improved productivity, and accelerate the technological transfer through implementing various science and technology packages and reform programs. During the five year period (2015/16-2019/20) the planned targets are: strengthen system of innovation development and implementation, human resource capacity building and acquisition of skilled manpower for technology transfers, build the capacity of quality accreditation infrastructures for the manufacturing and service sectors to achieve quality and productivity and ensuring competitiveness in the international market.

Implementation Strategies

A wide range of implementation strategies for science and technology development will be pursued during the plan period. A national innovation system and relations among innovation institutes will be strengthened; research and capacity building programs in science and technology that contribute to national development initiatives will be established and expanded. In addition the capacity of quality and standards infrastructures will be further improved; curriculum on qualities and standards will be designed courses on quality and standards infrastructures will be taught in higher educations in order to enhance understanding about importance of quality products; the medium and large manufacturing industries will be supported and encouraged to setup their own research units. Overall, the plan will focus on the implementation of Ethiopia's science, technology and innovation policy.

3.3 Capacity Building and Good Governance Plan

Strategic Directions

Coordinated and organized efforts will be exerted towards strengthening implementation capacity of Government structure and enhancing citizens' engagement and participation to speed up the process of structural transformation of the economy. To this effect, actions will be taken to ensuring good governance, strengthening system of transparency and accountability and combating corruption and rent seeking through enhanced capacity of the civil crevice and citizen engagement at all levels of Government administration so as to realize the national vision of becoming a middle income economy by 2025.

Major Objectives

The objectives of capacity building and good governance during GTP II are creating an in-depth understanding of and/or consensus building on the constitution among the citizens, ensuring the supremacy of the law, establishing strong and stable federal system so as to ensure citizens peace and security, undertake full-scale implementation of the civil service reform program through the framework of change army, building effective leadership and civil service to strengthen their competitiveness so as to ensure citizens' engagement and participation in the development process and the resultant benefits.

Implementation Strategies

The implementation strategies to be employed during GTP II are; building capacity of institutions that are responsible to build capacity, i.e., building capacity of institutions, whose primary function is capacity building; such as universities and colleges, vocational training institutes, research and consultancy service enterprises and similar institutions which are fundamental and instrumental for structural transformation of the economy. Full-scale implementation of citizens' charter at all level of Government administration will be undertaken, so as to ensure developmental good governance which is the main instrument to establish system of transparency and accountability. Furthermore, domestic resource mobilization will be strengthened through enhancing existing tax administration and implementation and by ensuring the rule of the law via improved information system as well as utilization capacity.

3.4 Public Participation, Strengthening Democratic system and National Consensus

Strategic Directions

The main directions of public participation, strengthening democratic system and national consensus to be pursued during GTP II are building, strengthening and consolidating system of democracy and good governance throughout the nation. A well-established democratic system is necessary to fully mobilize, engage and ensure participation of citizens in the development process on the basis of their interest so as to realize the national vision of becoming a

middle income economy by 2025. Thus, the lessons drawn during GTP I implementation, particularly, the lessons of experiences in areas of natural resources conservation and basin development through conscious, voluntary, coordinated and organized citizens engagement and participation will be employed and scaled up throughout the nation to speed up and ensure structural economic transformation. Emphasis will be given to build system of democratic election through enhancing citizens' engagement and participation in election process to determine their voice on the basis of their free and conscious interest. In addition, actions will be taken to strengthen the councils and institutions accountable to them, in this regard, emphasis will be made to strengthen the parliamentary system of the Government, such as the House of Peoples Representative and House of Federation through training and with knowledge sharing workshop. Furthermore, the justice system will be strengthened to guarantee peace and security of the citizens and ensure developmental good governance. The strategic direction of media broadcast and communication is to build capacity for national consensus building on constitutional principles, national poverty eradication agenda, the national vision of becoming a middle income economy by 2025, national image building, the ongoing success of Ethiopia's renaissance and respect for diversity.

Major Objectives

The main objective of the sector is national consensus building among the citizens on deepening of public engagement and participation and supremacy in developmental democratic thinking through building capacity of democratic institutions and media broadcast & communication.

Implementation Strategies

The main strategies to be employed during GTP II are increase public access to the justice bodies and democratic institutions through capacity building of these institutions in information management, access and participation. Furthermore, the necessary support will be provided to enable democratic institutions realize their vision through building their capacities in areas of decision making. Close follow-up and support will also be provided to all democratic institutions so as to ensure institutional continuity and sustainability. In addition, concerted efforts will be made to ensure rural industrialization thereby creating an enabling environment for structural economic transformation as well as supplying quality and timely information to ensure the supremacy of developmental democratic thinking in urban areas. To address the challenges in manufacturing sector, to realize structural economic transformation and to increase global competitiveness of services and commodities, the supply of timely and quality information which help enhance the capacity of developmental entrepreneurs will be ensured. While the success/gains in infrastructure development during GTP I will be enhanced in GTP II, quality problems particularly in human development will be carefully addressed in GTP II.

Chapter IV Cross Cutting Sectors

4.1 Women Children and Youth Development

Strategic Directions

The strategic directions to be pursued during GTP II are empowerment of women, youth and children through education and training so as to enable them fully engage & participate in and benefit from economic and social development as well as political process. Moreover, strong emphasis will be given to protect children from harmful traditional practices with close follow-up to ensure their safety and rights. Increasing community's awareness on women, children and youth development as well as enhancing capacity of women and youth associations through expansion and enhancement clubs and forums in all universities and increasing girls participation at all levels of education.

Major Objectives

The main objectives of the plan is to empower women, children and youth so as to enable them ensure full participation in and benefit from the socio-economic and political process as well as ensuring the welfare and rights of children.

Implementation Strategies

Implementation strategies to be followed include ensuring access to quality education at primary, secondary and tertiary levels, increasing capacities of women and youth associations so as to enable them fully participate in and benefit from the socio-economic and political process. Moreover, concerted efforts will be exerted to increase community awareness and participation to prevent children from harmful traditional practices and protect women against violence. In addition, strong actions will be undertaken through community engagement and participation to enable orphan children join their families. Strong support will also be provided for women and youth to fully engage and participate in micro and small activities. Establishing and supporting of women and youth to undertake coordinated organized development activities on the basis of change army. Furthermore, insuring of the welfare and rights of children with close monitoring and evaluation will be insured during the plan period.

4.2 Sport Sector Development

Strategic Directions

The strategic directions to be pursued during GTP II are building implementation capacities of the sector as well as sport professionals at various level of Government administration. In addition, sports' associations and corresponding organization arrangement with facilities expansion will be enhanced. Private sector participation will be encouraged, while emphasis will be made to increase youth engagement and participation in the sector. Community benefits will be increased the preparation of tournaments and festivals.

Major Objectives

The main objective of the sector is building implementation capacities of the sport sector, enable the entire community to actively engage, participate and benefit from the sector and develop top class youth in the international competition.

Implementation Strategies

Encouraging and increasing private sector participation in sport sector, expanding sport recreational places and sport training centers. Building youth capacity through training, enhancing and increasing resources mobilization through expanding the income bases and gradually and gradually enable the sport sector to be self-reliant. In addition, expanding sport facilities and ensuring legal frameworks of the sport sector, ensuring community engagement and participation, expanding education and training program and mainstreaming and implementing cross-cutting activities are the main implementation strategies of the sector.

4.3 Social welfare and Labor Affairs

Strategic Directions

The major strategic directions of the Social welfare and Labor Sector are expanding social security services to ensure people with disabilities and elderly people are beneficial and expanding Employment and Labor Market Information services to ensure citizens are beneficial.

Major objectives

The main objectives of the sector are expanding social security, employment and labor market information services.

Implementation Strategies

Social welfare:- It is planned that legal enforcement of the social welfare will be enhanced by establishing a number of legal frameworks and manuals during the plan period. Concerted efforts will also be exerted to put in place social protection system so as to establish social protection management information system, increase social protection services with enhanced community engagement and participation. In addition, it is planned to increase the social support to be provided to the poor, increase the number of beneficiary citizens with vulnerabilities to various social problems using psychological counseling services through awareness creation on social problems. It is also planned to increase the number of service provision centers to the citizens with disabilities. Furthermore, it is planned to increase the number of beneficiary citizens with disabilities on physical rehabilitation and support. Moreover, the number of public and private sectors' employees covered by social security will be increased.

Labor affairs: - In order to balance the country's human resource demand and supply, standardized key indicators of labor market will be set. Moreover, enhanced cooperation and social consultation systems will be realized with increasingly resolved labor disputes and establishing national job security and safety system. Enhancing public participation by strengthening the existing community based coordination and collaboration with stakeholders and in coordination with international partners. Furthermore, identification of the sector's human power need with the required qualification, conducting studies and formulating policies and regulations as well as building change agents, ensuring gender mainstreaming and building monitoring and evaluation system.

4.4. Environmental Protection and Building Green Economy

Strategic Directions

Enabling the community to actively participate in environmental protection and forest development activities as well as mixed farming, and implementing climate resilient green economy strategy at all administration levels and embarking on environmental protection and forest development are the strategic directions of the sector in GTP II.

Major Objectives

Enabling rapid and equitable economic growth to be achieved in sustainable and environmentally sound manner, ensuring the implementation of the CRGE strategy in each sector of the economy and increasing the economic and social impact of the forest sector through enhancing forest development, protection and utilization are the objectives of the sector in the second GTP.

Implementation Strategies

In the Second Growth and Transformation Plan, the sector has thus set goals mainly in relation to building climate resilient green economy, environmental protection and forest development. This will be applied mainly in priority sectors identified by the CRGE strategy. In addition, mobilizing resources which can enable to fully implement the CRGE strategy is also another goal of the sector. In terms of forest development, it is planned to increase the share of the forest sector in the overall economy. It is also planned to increase the forest coverage through research-based forest development. In addition, various goals are also set in relation to environmental protection licenses, forest development and utilization rules and ensuring development institutions work in compliance of environmental laws. In order to achieve the aforementioned and other goals of the sector, several strategies and mechanisms are designed. In terms of reducing GHGs, sector specific GHG reduction action plan will be prepared and strong monitoring and follow-up will be carried out to achieve these goals.

In order to mobilize more resources, strong partnership will be created with domestic and international development partners who are affiliated to climate change and green economy. Besides, various strategies will be implemented to realize climate resilient and sustainable development and their implementation will be monitored, and ensuring the implementation of climate change adaptation strategies at all levels and preparing compliance reports will also be prepared. In relation to forest development, to deepen lessons and research on forest protection and utilization, strategies are designed in areas of conducting capacity need assessment of implementing institutions, creating systems to work with training and research institutes and developing forest development packages and manuals and conducting different trainings. Besides, developing systems in relation to environmental protection and forest development and utilization creating awareness on environmental strategies and laws at different levels of officials, experts and the community at large are also among the strategies designed.

CHAPTER V

Opportunities, Threats and Risk Management Strategies

5.1 opportunities

The rapid and sustained double digit economic growth (10.9 % per annum) registered during the last 12 years, investment expansion undertaken in physical infrastructure and human development and the achievement of MDGs have set the springboard for the implementation of GTP II. Furthermore, the Government's firm commitment and transformational leadership with remarkable performance in economic growth and social development coupled with the ongoing progress in national image building have helped attract foreign direct investment (FDI). These are considered to be opportunities for implementation of GTPII.

The launching of mega infrastructure projects such as the Great Ethiopian Renaissance Dam (GERD) and other projects of huge national significance such as Gilgel Gibe III and Rail way construction projects (Addis –Djibouti & the Addis Light Train) have been unique features of the first Growth and Transformation Plan (2010/11-2014/15). Currently, these projects are at different stages of implementation. The GERD has reached half way through its completion; Gilgel Gibe III and the Addis-Djibouti rail way project is almost near completion and the Addis Ababa light train has already commenced operation. These achievements against ambitious plans of the kind have created a spirit of confidence in the nation. This represents a huge opportunity in mobilizing the public for development endeavors of the kind in the course of implementing GTPII in the coming five years (2015/16-2019/20). Thus, the achievement of GTPI has been more than what performance figures could tell.

One of the success stories during the implementation period of GTPI (2010/11-2014/15) has been in the areas of Natural resource management and watershed developments within the framework of social mobilization undertaken in a structured and coordinated manner. The lessons and experiences drawn from such successful practices will be scaled up and replicated to other sectors in the course of GTP II implementation.

The huge potential for producing inputs for agro-processing manufacturing industries, the capacity being created to supply mid-level trained human power through the on-going TVET programs, potential market opportunities for manufactured products worldwide, market opportunities through the recently renewed duty free access to USA markets through the African Growth and Opportunity Act (AGOA) as well as access to European markets through the EU's Everything But Arms (EBA) initiative are appropriate to be exploited in the course of implementing GTP II. Utilizing these market opportunities are important avenues for the realization of the envisaged huge expansion of agro-processing based manufactured exports and export diversification. Effective utilization of these market opportunities is key for the realization of the objectives of Ethiopia's export-led manufacturing expansion. The growing private sector interest including foreign private sector to engage particularly in the, manufacturing which will create huge opportunity for rapid export growth.

5.2 Threats/Risks

Development financing particularly shortage of foreign exchange has been a key constraint in the implementation of Ethiopia's development plans. This has been the challenge in implementation of GTP I. Thus, availability of development finance both in terms of quantity and quality remains to be one of the key risk factors in the implementation of GTP II. Other risk factors include vulnerability to drought, rent seeking both in terms of attitude and practice, limitation in implementation capacity as the economy gets bigger and more complex, weak and less transparent marketing systems which prevent producers and consumers mutually benefit from the exchange system, possible slowdown in the world economy (emerging economies) may have a negative bearing on the performance of our export earnings. Possible commodity price volatility in the global market may also influence domestic prices with a negative bearing on macroeconomic stability.

5.3 Risk management strategies

First and foremost, utmost utilization of all available opportunities is a key mitigating strategy. In this regard, the key resource that we have to primarily rely on to sustain the on-going development effort is our people. There are already organized and coordinated structures that enable mobilize our people to realize our development objectives. Mobilization of resources by galvanizing our people through community participation is an important complement to budgetary financing. To reduce vulnerability to drought, building on the lessons drawn from the achievements in the area of natural resource management and watershed development during GTPI implementation, best practices would be scaled up and replicated across the country to help mitigate vulnerability to drought. This, coupled with, the on-going irrigation development (both small scale and large scale) would help reduce vulnerability to drought. Every effort will be made to fighting corruption and rent seeking in a more structured, organized and coordinated manner focusing on both government and private structures through enhancing public awareness and citizen education during the period of GTPII. To enhance implementation during GTPII, projects/programs have been developed to build implementation capacity both at macro and sector levels.

The envisaged significant shift in the productivity of the agriculture sector(both crop and livestock), increase in the production of high value crops, widening our export base through diversification of exports are strategies in place to mitigate the impact of world prices volatility on our export earnings. Efforts currently underway to increase quality, productivity and competitiveness of our exports through the Kaizen system would also help to mitigate the impact of world price volatility on our exports. More significantly, GTP II's focus on rapid manufacturing growth will help to diversify exports.

Chapter VI

Monitoring and Evaluation of GTP II

In the first growth and transformation plan, it has been clearly indicated that the objective of the M&E system is to monitor and evaluate the performance of the GTP at macro and sectoral levels which is formulated based on incumbents policies and strategies. The system is also designed to take appropriate measures based on the monitoring and evaluation findings and direct the development of the country towards the right direction.

In the Second Growth and Transformation Plan, strong monitoring will also be carried out based on the survey data from the Central Statistical Agency and progress reports of the sectoral implementing entities. On top of that, monitoring data will be generated from field visits to strengthen the information gathered from administrative and survey data. A full-fledged action plan will be prepared to conduct field visits which mainly focus on mega projects. National Planning Commission has a clear mandate to lead and coordinate the national monitoring and evaluation system. Hence, in the Second Growth and Transformation Plan, efforts will be made to strengthen the national monitoring and evaluation system by conducting diagnostic studies to identify existing gaps. The national M&E system will be strengthened so as to lead the economy in an integrated manner and to produce timely and reliable data from both survey and administrative sources which can easily be accessible to decision making and users.

Thus, in the upcoming five years, after conducting assessments in the national monitoring and evaluation system, capacity building measures will be taken on strengthening the system, organizational structure and manpower. In addition, by implementing the Second National Statistical Development Strategy (NSDS II), information and data which are essential to monitor the plan will be properly managed, organized and analyzed and timely disseminated to users. For this, appropriate supports and follow-ups will be carried out. Content and time standards will be set for the reports which will be prepared by stakeholders at different levels.

By preparing a full-fledged action plan, the national planning commission will organize field visits and follow-ups in partnership with relevant stakeholders to monitor and evaluate mega projects and other projects of huge national significance. Based on the data generated from site visits, supports will be given for these implementing bodies. Besides, evidence (information and data) will be generated for policy formulation through conducting evaluative studies on the performances of selected sector projects. Higher officials will also be involved in monitoring and evaluation of mega projects by participating in site visits.

In conclusion, the Planning Council will give feedback on the monitoring and evaluation reports of the implementation of the second Growth and Transformation plan. The reports will be approved after incorporating the comments from the Council.