

**FOR
AGENDA**

EBD/11/70

August 16, 2011

To: Members of the Executive Board

From: The Acting Secretary

Subject: **The Federal Democratic Republic of Ethiopia—Poverty Reduction Strategy Paper**

Attached for consideration by the Executive Directors is the poverty reduction strategy paper prepared by the government of The Federal Democratic Republic of Ethiopia. This paper and the associated joint staff advisory note (EBD/11/71, 8/16/11), together with the staff report for the 2011 Article IV consultation with The Federal Democratic Republic of Ethiopia (SM/11/223, 8/16/11), are tentatively scheduled for discussion on **Friday, August 26, 2011**. Unless an objection from the authorities of The Federal Democratic Republic of Ethiopia is received prior to the conclusion of the Board's consideration, the document will be published. Any requests for modifications for publication are expected to be received two days before the Board concludes its consideration.

Questions may be referred to Mr. Mathieu (ext. 38673), Mr. Kinoshita (ext. 39798), Mr. Trevino (ext. 39589), and Ms. Baba (ext. 38507) in AFR.

Unless the Documents Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions, to the African Development Bank, the Common Market for Eastern and Southern Africa, the European Commission, the Food and Agriculture Organization, the Organisation for Economic Cooperation and Development, the United Nations Development Programme, and the World Food Programme, following its consideration by the Executive Board.

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The Federal Democratic Republic of Ethiopia

**Growth and Transformation Plan (GTP)
2010/11-2014/15**

Draft

**Ministry of Finance and Economic
Development (MoFED)**

**September 2010
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Introduction

This document describes Ethiopia's Growth and Transformation Plan (GTP), a medium term strategic framework for the five-year period (2010/11-2014/15). As the GTP is in the preparation process, it has been passing through an extensive process of consultation with citizens, the private sector, and civil society including women and youth organizations, religious institutions, the academia including professional associations both at regional and federal levels. This English version of the GTP is prepared to facilitate discussion with our development partners.

Chapter 1

Progress and Challenges under PASDEP

1.1 Progress

The development policies and strategies pursued during Sustainable Development and Poverty Reduction Program (SDPRP), the country's vision and achievements registered under SDPRP were the basis for the PASDEP. The Plan for Accelerated and Sustained Development to End Poverty (PASDEP) is the First Five Year Phase to attain the goals and targets set in the MDGs at a minimum. The main objective of the PASDEP is to lay out the directions for accelerated, sustained, and people-centered economic development as well as to pave the groundwork for the attainment of the MDGs by 2015.

Eight Pillar Strategies were developed under PASDEP which have been carrying forward important strategic directions pursued under SDPRP and also embodying some bold new directions. Foremost among them is a major focus on growth with a particular emphasis on greater commercialization of agriculture and enhancing private sector development, industry, urban development and a scaling-up of efforts to achieve the Millennium Development Goals (MDGs). These pillar strategies were:

- Building all-inclusive implementation capacity;
- A massive push to accelerate growth;
- Creating the balance between economic development and population growth;
- Unleashing the potentials of Ethiopia's women;
- Strengthening the infrastructure backbone of the country;
- Strengthening human resource development;
- Managing risk and volatility; and,
- Creating employment opportunities.

To realize the objective of PASDEP by employing the above pillar strategies, the Government had established two alternative growth scenarios under PASDEP. The first scenario (the base case) was established in line with the requirements of MDGs, while the second scenario (the high case) which is equivalent to the 'MDGs Plus' scenario was based on the requirements of the country's vision. In the base case scenario, 7 % annual average real GDP growth was targeted while the target in the higher case scenario was set at an average real GDP growth of 10 %. In both scenarios the performance achieved in the past five years of PASDEP implementation was remarkable (Table 1).

Table 1.1 Growth Targets and Performance under PASDEP

Sector	Average Growth Targets (2005/06-2009/10)		Average Growth Achieved (2005/06-2009/10)
	Base case scenario	High case scenario	
Real GDP (%)	7.0	10.0	11.0
• Agriculture and allied activities	6.0	6.4	8.0
• Industry	11.0	18.0	10.0
• Services	7.0	10.3	14.6

As shown in Table 1 above, the growth performance as measured by real GDP growth has exceeded the growth targets set under both scenarios of PASDEP. The registered GDP growth rate, in comparison with an average population growth rate of 2.6%, implies that the average annual per capita income growth rate was 8.4 %

The shift to a high growth path due to a combination of emphasis on diversification and commercialization of small scale agriculture , expansion of non-agricultural production in services and industry, capacity building and good governance, off farm employment especially through small enterprises, massive investment in infrastructure

1.2 Major Challenges Encountered

The major challenges encountered in the past five years of PASDEP implementation were:-

- High inflationary pressure which partly induced by external factors was a serious challenge to the macroeconomic stability. However, this inflationary challenge had been effectively managed by the Government to a single digit through fiscal and monetary policy and administrative measures.
- Inadequate capacity for domestic revenue collection was another challenge encountered during the period of PASDEP implementation. This challenge has significantly improved through reform and administrative measures of the government towards the end of the planning period.
- Low level of domestic savings to support the huge demand of the country's investment for accelerating growth and development in the process of eradicating poverty.
- In some areas of the country, delayed entrance of rainy seasons, early withdrawal and mal-distribution of rain were challenges from which great lessons have been drawn to seriously look into expansion of small, medium and large scale irrigation in perspective.

1.3 Lessons Drawn

The lessons drawn from the implementation of PASDEP include:-

- Best experiences have been drawn in the process of leading and managing the economy on how to coordinate and mobilize the people at large, the private sector and non government organization for accelerated and sustained growth.
- A number of model farmers who registered the highest productivity and production, particularly in agricultural sector have been emerged. Best practices of these model farmers for increased productivity and production have been drawn for scaling up to the rest of the farmers in the upcoming five year Growth and Transformation Plan so as to increase productivity and production of most of farmers nearer to the model farmers.

Chapter 2

Bases and Objectives of the Plan

2.1 Bases of Growth and Transformation Plan

The country's long term vision, achievements of PASDEP and lessons drawn from its implementation are the bases for conceiving the next five year Growth and Transformation Plan. The plan has also been prepared considering growth constraining factors that emerged in the course of implementation and external shocks.

Ethiopia's long-term vision is

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

Its vision in the economic sector is

"to build an economy which has a modern and productive agricultural sector with enhanced technology and an industrial sector that plays a leading role in the economy; to sustain economic development and secure social justice; and, increase per capita income of citizens so that it reaches at the level of those in middle-income countries."

Since 2003/04, the economy has shifted to a higher growth trajectory and the growth momentum has been sustained during the PASDEP period (2005/06-2009/10). Infrastructure development and social services has expanded. Involvement of private investors, and the community in general has reached its encouraging level. Domestic resource mobilization effort has increased the capacity of the country to finance development projects. The process of laying-out foundation for democracy and good governance has been given emphasis through several reform programs.

The Growth and Transformation Plan(GTP) is directed towards achieving Ethiopia's long term vision and sustaining the rapid and broad based economic growth anchored on the experiences that has been drawn from implementing development policies and strategies and undertaking policy measures for the challenges that has been surfaced in the course of implementation. The overriding development agenda of GTP is to sustain rapid and broad-based growth path witnessed during the past several years and eventually end poverty.

2.2 Objective of the Plan

The Growth and Transformation Plan has the following major objectives.

1. Maintain at least an average real GDP growth rate of 11% and meet the Millennium Development goals,
2. Expand and ensure the qualities of education and health services thereby achieving the MDGs in the social sectors,
3. Establish favorable conditions for sustainable state building through the creation of stable democratic and developmental state
4. Ensure growth sustainability by realizing all the above objectives within stable macroeconomic framework.

Chapter 3

Pillar strategies

Ethiopia's strategy for sustaining the rapid and broad-based growth path hinges on the following pillars:

- 3.1 Sustaining faster and equitable economic growth
- 3.2 Maintaining agriculture as a major source of economic growth
- 3.3 Creating favorable conditions for the industry to play key role in the economy
- 3.4 Enhancing expansion and quality of infrastructure development
- 3.5 Enhancing expansion and quality of social development
- 3.6 Building capacity and deepen good governance
- 3.7 Promote women and youth empowerment and equitable benefit

Each of the pillar strategies is briefly elaborated as follows:

3.1 Sustaining Faster and Equitable Economic Growth

In order to achieve the vision of Ethiopia and eventually eradicate poverty and to improve people's livelihood, it is imperative to sustain higher economic growth during the coming five years and beyond. Accordingly, investments on growth enhancing sectors such as infrastructure and social sectors will be continued. Growth is central to Ethiopia's transformation and growing employment opportunities

The agricultural sector continues to be the major source of economic growth. Industrial growth will be given particular focus. Industrial expansion will be promoted based on both export oriented and import substituting industries. It is expected to grow at a faster rate than other sectors. Thus, the Government's endeavor of poverty eradication and employment expansion will pursue by sustaining rapid and broad based economic growth in a more coordinated and structured manner.

3.2 Maintaining Agriculture as a Major Source of Economic Growth

The existing agricultural strategy will be further informed by the Agriculture Growth Program and lessons drawn from implementation of the past development plans. The agricultural strategy will direct on placing major effort to support the intensification of marketable farm products -both for domestic and export markets, and by small and large farmers. Fundamentals of the strategy include the shift to produce high value crops, a special focus on high-potential areas, facilitating the commercialization of agriculture, supporting the development of large-scale commercial agriculture where it is feasible. The commercialization of smallholder farming will continue to be the major source of agricultural growth. To complement this concerted support will be given to increase private investment in large commercial farms. A range of public investments will also be continued to scale-up the successes registered in the past. Transparent and efficient agricultural marketing system will be strengthened. Investment in marketing infrastructure will also be increased.

During the plan period, agriculture will be transformed to high growth path in order to ensure the food security challenge of the country and to curb inflationary pressure as well as broadening the export base of the country. The sector also serves as a spring board to bring about structural transformation in the long run through contribution to industrial growth.

To promote multiple cropping and better cope with climate variability and insure food security, GTP will enhance the uses of country's water resources. Expansion of small scale irrigation will be given priority while due attention will be given to medium and large scale irrigation to the extent possible. Concerted efforts will be made to expand water shade management and to carry out effective water and moisture retaining works. These will help also to better cope with the challenges of climate change.

3.3 Creating Favorable Conditions for the Industry to Play Key Role in the Economy

The narrow base of the industrial sector is a challenge with significant implication on the country's capacity to generate foreign exchange and create job opportunities for its growing labor force.

In the plan period, the industry sector will receive utmost emphasis by way of encouraging export based and import substituting industries. Vertical and horizontal linkages between agriculture and industrial sector will be promoted. The Government's program will also further focus on strengthening the small-scale manufacturing enterprises, as they are the foundation for the establishment and intensification of medium and large scale industries besides creating employment opportunities and accelerating urbanization, it will play supportive role for the development of the agricultural sector. The government also encourages medium and large scale industry expansion.

As clearly stated in the Country's Industrial Development Strategy, value adding private sector is considered the engine of the sectors' growth. Over the years the business environment has become friendlier and trade and investment environment have improved rapidly; thus, attracting growing domestic and foreign private investment. As such, the Government will continue to make all the necessary facilitation and support to realize the GTPs industry growth objectives.

3.4 Enhancing Expansion and Quality of Infrastructure Development

Expansion and maintenance of infrastructure such as road, power and water supply need to be seen from the stand point of enhancing and sustaining pro-poor growth by way of job creation, initiating domestic industrial development thereby contribute for poverty eradication effort of the country. During the past several years, huge investment has been effected for the development of the sector. However, the country's infrastructure base has not yet reached its advanced level. Limited human capacity at local level, huge investment requirement and high demand for foreign currency have challenged the sector not to grow at a rate required.

In the upcoming plan period, infrastructure development will be further intensified with due focus on the quality of services. Infrastructure development will create the opportunity for diversified industrial growth and reduce dependence on foreign currency through substituting imports of materials and services by domestic suppliers. This is an important strategic direction that GTP will

also promote. Telecommunication, railway, road, energy and irrigation development will receive sustained support during the plan period.

3.5 Enhancing expansion and quality of social development

Expanding human capital and improving human development outcomes is still a central pillar strategy of Growth and Transformation Plan. The Government has been taking measures to improve the human resource development as healthy, productive, and trained human resource is essential for the implementation of government policies, strategies and programs. The main ingredients of this pillar are higher education and adult education, better primary health care, better and closer access to safe water and sanitation facilities, halting the spread of HIV/AIDS and other infectious diseases, better food security and nutrition, and housing conditions.

Education and Training: In order to build on the progressive achievements in this regard, the Government will increase its efforts in human resource development through improving access and quality of education in the next five years. In terms of improving access to education, efforts will be made to gradually address issues that limit children in particular girls and women enrollment. As for improving quality of education measures will be taken to address the shortcomings through increasing the number of teachers and schools. The Government will enhance the implementation of General Education Quality Improvement Program.

The TVET System will continue to serve as a potential instrument for technology transfer, through the development of occupational standards, accreditation of competencies, occupational assessment and accreditation, establishment and the strengthening of the curriculum development system. TVET institutions will serve as the centers of technology accumulation for MSEs. Rigorous and regular monitoring and evaluation will be carried out amongst TVET institutions; both government and private monitoring will enable them to ensure the minimum levels of competency.

The key priority for higher education during the forthcoming five years will be ensuring quality and relevance. To this end, the management and administration system of universities will be improved and strengthened, and efforts will be made to enable the Higher Education Strategic Center and the Higher Education Quality Assurance Agency to achieve their missions. The performance and implementation capacity of technology institutes will also be built upon. Adequate supply of university teachers will be ensured through the implementation of a full fledged teacher development program. The revised curricula will be implemented in line with critical issues, such as, instructional process, assessment and examinations and student achievement.

A cost effective and participatory early childhood care and education will be expanded in both formal and non formal delivery mechanisms. The education strategy for children with special needs will be fully implemented to meet the needs of this group. Further, functional adult literacy will be expanded across the country

The Government will also strengthen the expansion of higher education with a big push in science and technology. Furthermore, the established TVET program will be part of government's capacity building program. The program will be undertaken in coordination with institutions engaged in micro and small enterprises to support and expand employment opportunities.

With regard to expansion and improvement of health services, the focus under the GTP will continue towards primary health care and preventive services and improving the effectiveness of services in relation to availability of drugs. Furthermore, the Government will strengthen its measures to improve the number, skills, distribution and management of health workers, through accelerated training of physicians (specialists and general practitioners). New systems of health care financing, including drug revolving funds will be explored and implemented to overcome the bottlenecks in the sector. Incentive package will be further developed in order to domestically produce pharmaceutical products.

3.6 Building Capacity and Deepen Good Governance

Implementation capacity is a key instrument to steer the development process. Besides, the prevailing structural and institutional problem, the economy has been faced with implementation capacity challenges. In line with the development strategies, the Government has designed national programs, policies, and strategies to strengthen and sustain the country's implementation capacity, which is a key to build on the on-going democratization process. Accordingly, the implementation of Civil Service Reform Program and Good Governance packages will be further enhanced ensuring efficiency, effectiveness, transparency and accountability at all level. In this regard, enhancing capability of the civil servant will be further strengthened. Concerted efforts on information and communication technology development will be made to provide effective support to the overall socioeconomic transformation process.

Establishing a stable democratic and developmental state and thereby creating a suitable environment for successive development endeavours; Strengthening the civil service and civic societies so as to strengthen democratic institutions; establishing a system for citizens' access to information; Strengthening the effectiveness of the justice system in terms of its ability to discover the truth through legal procedures; amending laws to ensure that implementation and interpretation of the laws is done in conformity with the constitution; Ensuring independence, transparency and accountability of courts and the judicial system; Strengthening law enforcement institutions by human resource, knowledge, skill and equipments; Carrying out integrated activities to enhance the public's understanding and awareness of constitutional issues; and augmenting the custom and tradition of peaceful resolution of disputes will be given special emphasis over the coming five years.

3.7 Promote Gender and Youth Empowerment and Equitable Benefits

The objectives of the development plan can be achieved only when the multidimensional problems faced by women and youth are concurrently addressed and resolved. Hence, the Government will

scale up its efforts to implement the Women's and youth Policy, which is necessary to release the untapped potential of Ethiopian of these population segments, in a holistic and integrated manner.

Accordingly, during the plan period, the development packages of women and youth will be implemented ensuring socio-economic and political participation, and benefit women and youths. Unleashing the power of girls and women will have profound effect on the speed, equity and sustainability of Ethiopia growth and development.

Over the last several years major efforts were made to increase girls enrollments in school, expand female health extension worker coverage, and increase extension service to the women farmers in rural areas including legislative and institutional reforms to protect the right of women and open opportunities. Though, Progress has been made there are still challenges as it relates to changes in attitudes and cultural values which take time to evolve. The government is committed to speeding up these changes both through education and by increasing the role of women in public life and also strengthens their membership based organization.

Chapter 4

Macroeconomic Framework of the Development Plan

4.1 Macroeconomic Objectives

Macroeconomic policy objectives of the next five years entails maintaining macroeconomic stability thereby encouraging savings and investment through adopting appropriate policies that are designed to promote rapid and broad based growth. Fiscal and monetary policies will be managed in a manner consistent with macroeconomic objectives.

4.2 Macroeconomic policies and Goals

Macroeconomic goals of the Growth and Transformation Plan is set with the overall policy objectives of maintaining the growth momentum witnessed during the period of the PASDEP and considering Ethiopia's long term vision of becoming middle income country and meeting the MDGs at a minimum.

Economic Growth, Savings and Investment

As discussed earlier, sustaining rapid and equitable growth is central to GTP. It is growth that will help expand employment and income, eventually eradicating poverty.

Two growth scenarios are considered under GTP in the coming five years: Base Case and High Case Scenarios. These are discussed below.

a) Base Case Scenario

Under the Base Case Scenario Ethiopia's economy is projected to grow at an average annual rate of 11.2 percent. This is the average rate of growth attained during PASDEP period. Thus, GTP intends to maintain the growth momentum of the last five years. It is assumed that under the Base Case Scenario, the economy would be able to grow under the appropriate policies and strategies designed at macroeconomic and sectoral levels, all MDG targets will be met by 2014/15, prudent monetary and fiscal policy inflation remains at single digit and strengthening tax collection and administration systems will increase domestic revenue substantially.

Table 4.1 Real GDP Projection

Sector	Base Year (2009/10)	Five Year Average (2010/11-2014/15)	
		Base Case	High Case
Agriculture and allied activities	6.0	8.1	14.9
Industry	10.2	20.0	21.4
Services	14.5	11.0	12.8
Real GDP	10.1	11.2	14.9

Table 4.2 Real GDP Projection: Percentage Distribution

Sector	Base Year (2009/10)	Five Year Average (2014/15)	
		Base Case	High Case
Agriculture and allied activities	41.0	35.5	41.0
Industry	13.0	18.7	16.9
Services	46.0	45.7	42.2
GDP	100	100	100

As shown in the above Tables, growth is expected to be broad based with agriculture on average growing by 8.1 percent per annum. Industry and services are expected to show average annual growth of 20 percent and 11 percent, respectively

b) Higher Case Scenario

The basic assumption under high case scenario is placing the economy on higher growth trajectory by way of doubling agricultural value added through scaling up the productivity level of smallholder farmers/pastoralists to the productivity level of model farmers. Owing to its multiple effects increase in agricultural supply will stimulate the growth of other economic activities.

Under the High Case Scenario, it is assumed that agricultural value added will double by the end of the plan period, the possible upward shift of demand will be stabilized by high supply response in agricultural sector thereby the change in inflation will remain within single digit and given the overall economic shift to higher growth path revenue generating capacity of the economy will increase substantially.

Looking at demand side GDP, there are two macroeconomic balances namely resource gap between savings and investment and exports -import gap called trade balance. In the upcoming five years, prudent macroeconomic management will be adopted in order to maintain these macroeconomic balances.

During GTP period, GDP at current market price is expected to grow by 17.7 percent on average that is much lower than past year's average growth under the inflation pressure. Similarly, total final consumption expenditure will increase by 15 percent on average. However, its' share to nominal GDP will decline from 90.6 percent in 2009/10 to 85 percent in 2014/15. Thus, a greater share of GDP will go into savings and investment as more surpluses are generated. Domestic savings will reach 15 percent of GDP in 2014/15 from 9.4 percent of GDP in 2009/10.

In the same way, gross domestic investment will grow by 22 percent on average from its level of 23.7 percent in 2009/10. In 2014/15 gross capital formation is projected to take 30 percent of GDP share from the level of 23.7 percent of GDP in 2009/10. During the plan period, savings and investment gap is expected to narrow down to 14.5 percent from the level of 16.8 percent, this is

the reflection of government's intention to exploit domestic savings potential towards financing investment requirements. In order to effectively exploit domestic saving potential, enabling environment will be created such as increasing financial sectors accessibility in rural areas and diversifying services that will be provided by financial sectors.

The GTP will focus on easing the pressure on balance of payments by means of promotion and diversification of exports. Exports are expected to grow by annual average rate of 28.4 percent. Sustaining the export growth of emerging products like horticulture and introduction of new export items will receive effective support. On the other hand, substituting import of goods and services will also receive government focus during the plan period.

Share of exports of goods and non-factor services to GDP at current market price will reach at 31.2 percent at the end of the plan period. Similarly, share of import of goods and services to GDP at current market price will reach 45.7 percent thus contributing to a decline in resource gap by the end of the plan period.

Table 4.3 Demand Side GDP Projections @ CMP (%)

Sector	2009/10	2014/15	
		Base Case	High Case
Total Consumption Expenditure	90.6	85.0	78.9
Gross Domestic Capital Formation	23.7	30.0	31.1
Exports of Goods and Non-Factor Services	10.5	31.2	35.8
Imports of Goods and Non-Factor Services	27.3	45.7	48.3
Resource Balance	(16.8)	(14.5)	(12.5)
Domestic Savings	9.4	15.0	21.1

Fiscal policy

Fiscal policy during the medium-term is aimed at maintaining the deficit at a sustainable level which involves containing inflation within single digits and at the same time increasing public spending on pro-poor sectors. Strengthening domestic revenue generation capacity and financing major investment projects with its own fund, mobilize external aid and borrowing under borrowing policy, and mobilizing domestic borrowing considering its reflection on macroeconomic balances are the major objective of fiscal policy.

On the revenue side, implementation of the on-going tax reform program is going to be further enhanced through strengthening tax administration and collection. During the period of GTP, efforts will be geared towards promoting compliance and equipping tax collection institutions with adequate enforcement power which will further boost revenue mobilization at federal and regional levels. The Government will accelerate the pace of implementation of the tax reform program through further enhancing the capacity of tax collection institutions, implementation of the TIN system throughout the country, improvement of the presumptive tax system, development and implementation of an audit program to cover all taxes and expansion and improvement of the administration of the Value Added Tax (VAT).

Efforts will also be geared towards bringing new businesses that have been hitherto provided with tax incentives (tax holidays) into the tax net. Accordingly, at the end of the plan period, share of total domestic revenue and tax revenue to GDP at current market price will reach 17.3% and 15.3% respectively. Budget deficit share to GDP @CMP will be maintained at the level of less than 2 % on average the macroeconomic stability.

On the expenditure side, as it is known, resource allocation has been guided by the Government's pro-poor growth policy whereby the lion's share of available resources has been allocated to priority growth enhancing and social sectors. Similarly, in the GTP period, highest percentage share of total spending will be allocated for growth enhancing and social sectors.

Monetary Policy and External Sector

Macroeconomic policy targets of the next five years include: single digit inflation. Excess reserve as percent of net deposits is targeted to be 4% on average per annum, and a 15 % statutory reserve requirement ratio is assumed.

Money supply is assumed to grow consistent with the real GDP growth targets, annual inflation targets and at the rate of monetization of the economy. Monetization process is assumed to accelerate as the level of integration of the rural and semi urban economy speeds up. Moreover, as mentioned above, excess reserves is assumed to decline to the minimum required level, as demand for money is expected to rise due to projected strong economic growth.

Projection of export of goods assumed to grow at a faster rate in response to the adoption of export promotion policy measures. During the next five years, exports of goods are expected to grow by 36.6% in 2010/11 and 28.4% percent annual average in the remaining period. Similarly, exports of non-factor services are expected to increase by 31.1% in 2010/11 and 22.9% annual average afterwards. On the other hand, imports of goods will remain as large as the PASDEP period. By the end of the plan period, import bill of goods expected to reach 34.8% of GDP. Looking at the composition of imported goods, growth enhancing capital goods will take highest share.

Despite strong performance in exports of goods, external trade deficit as a ratio of GDP is projected to show slight improvements, declining from 21.1% of GDP in 2009/10 to 17.8% in 2014/15. Similarly, Current account deficit of the BOP, excluding official transfer is expected to show improvements, as a result of strong performance of exports, private transfers and relatively lower projected net outflow of income during the plan period.

4.4 Selected Macroeconomic and Sectoral Targets

The table below summarizes salient macroeconomic and sectoral targets expected to be met by the end of the plan period. This would enable to monitor the progress of the economy as measured by major indicators; details of targets are presented in the corresponding chapters and sections of this document.

Table 4.4: Selected GTP Targets

Sector/Indicator	Baseline 2009/10	Plan Target 2014/15
The Macro Economy:		
Real GDP growth rate (%)	11	11.2
Per Capita GDP at Current Market Prices(USD)	401	698
Total Consumption Expenditure (PFCE) as % of GDP	90.6	85.0
Gross Domestic Saving as % of GDP	9.4	15.0
Gross Domestic Capital Formation as % of DGP	23.7	30
Export of Goods and Non-Factor Services as % of GDP	10.5	31.2
Imports of Goods and Non-Factor Services as % of GDP	27.3	45.7
Resource Balance as % of GDP	16.8	14.5
Domestic revenue and Grants as % of GDP	16.8	19.7
Domestic revenue as % of GDP	12.9	17.3
Tax revenue as % of GDP	9.7	15.3
Total poverty-oriented expenditure as % of GDP	12.5	15.7
Capital Expenditure as % of GDP	10	13.0
Recurrent Expenditure as % of GDP	8.5	8.6
Overall Balance Including Grants as % of GDP	1.6	2.0
External (Net) as % of GDP	0.8	0.6
Domestic (Net) as % of GDP	0.7	1.3
Poverty & Welfare		
Total poverty Head Count (%)	29.2	22.2
Food Poverty Head Count (%)	28.2	21.2
Key Sectors:		
Agriculture and allied activities	6.4	7.3
Agriculture value added (in billion Birr)	58.4	86.2
Number of extension service beneficiaries (thousands)	5,090	14,640
Coffee export (Ton)	319,647	600,970
Meat Export (000 Metric Ton)	10	111
Number of household participating productive Safety net program(million)	7.8	1.3
Graduates from Safety net program	730	-
Industry	13.7	21.4
Sugar product(000 ton)	17,712	42,516
Growth Rate of Industry Value Added (%)	13.3	19.1
Textile and garment industry export (in million birr)	21.8	100
Total capacity to produce cement (million ton)	2.7	27
Metal consumption per capita (kg)	12	34.7
Infrastructure Development		
Roads:		
Road network	49,000	136,000
Average Time taken to all-weather road (hours)	3.7	1.7
Road density (km/1000 km2)	44.5	123.7
Road density (km/1000 population)	0.64	1.54
Roads in acceptable condition (%)	81	86.7
Proportion of Area further than 5 km from all weather roads (%)	64	29

Table 4.4.....Cont'd

Sector/Indicator	Baseline 2009/10	Plan Target 2014/15
Infrastructure Development.....cont'd		
Rail way		
Rail way network	-	2000
Power:		
Electricity coverage	41	75
Power generating capacity(mg wt)	2,000	8,000
Water		
Potable water coverage (%)	68.5	98.5
Urban potable water coverage (within 0.5km)	91.5	100
Rural potable water coverage (within 1.5km)	65.8	98
Developed irrigable land (%)	2.5	15.6
Telecom:		
Mobile density (per 100)	1.5	8.5
Telephone service coverage with in 5km (%)	49.3	90
Fixed telephone subscribers (in millions)	1.2	8.6
Mobile Telephone subscribers (in millions)	7.6	64.4
Internet service subscribers(in millions)	0.20	7.17
Urban Development & Housing		
Reduce urban unemployment rate in towns under integrated housing development (000)	176	400
Provision of housing and basic services (Number of Housing Units)	213,000	700,000
Reduction of slum areas (%)	40(2000)	20
Education		
Gross Primary Enrollment Ratio (1 to 8) (%)	94.2	100
Primary school ratio of girls to boys	0.93:1	1:1
Primary Pupil: text book ratio	1.25:1	1:1
Primary Net enrollment ratio	87.9	97
Secondary school gross enrollment ratio	38.1	75
Government higher institution intake capacity (under graduate)	185,788	467,000
TVET intake capacity	430,562	1,127,330
Adult literacy rate (%)	36	95
Health		
Primary Health Services Coverage (%)	89(2008/09)	100.0
Under Five Mortality Rate (per 1000)	101	67
Maternal mortality rate (per 100,000)	590	267
Contraceptive Prevalence Rate (CPR) (%)	55	80
Proportion of Births Attended by Skilled Health Personnel (%)	25	60
DPT 3 vaccination coverage (%)	81.9	90
Percentage of Households in Malaria Prone Areas with ITNs(%)	100	100

Chapter 5

Economic Sectors Development Plan

5.1 Agriculture and rural Development

5.1.1 Strategic Direction

Fundamental policy directions that agriculture and rural development sector focuses on are scaling up productivity of labor and land; use different strategies for different agro ecological zones, focus on specialization and diversification and strengthening agricultural marketing system. On this basis Agricultural Development-led Industrialization Strategy focuses that small holder farmers/pastoralists need to efficiently use modern agricultural technologies and increase production and productivity. Moreover, the private sector is encouraged to increase its share of investment in agriculture. The impressive growth that has been registered during the last five years will be further strengthened in the upcoming GTP period: agriculture will still be playing the leading role. This broad based growth will be focusing in producing enough food for domestic supply and high value crops for export.

Based on lessons drawn from the past the major focus of the sector will be scaling up best results of smallholder farmers to the majorities. Smallholder agriculture will continue to be the source of growth and the private sector will be actively supported in large scale commercial farms and it is expected to show a major jump in the size of investment. The basic sectoral direction includes:

- Enhance the capacity and extensive use of labour,
- Proper utilization of agricultural land,
- Taking different agro-ecological zones into account,
- Linking specialization with diversification,
- Integrating crop, livestock, marketing, natural resources development as well as agricultural research, extension etc. Undertakings,
- Efficient agricultural marketing system,

5.1.2 Objective

The broad objective of agriculture and rural development (ARD) in the next five-years is to achieve accelerated and sustained growth that contributes to poverty reduction on the basis of outstanding results and experiences gained from the implementation of the programmes hitherto as well as to pave the groundwork for the attainment of the MDGs by 2015.

5.1.3 Implementation Strategy

One of the major implementation strategies of the upcoming five year agriculture and rural development plan is scaling up of best practices drawn from the achievements of PASDEP. This strategy will be pursued in a strengthened manner in the next five year.

This strategy will be focused on the transfer of improved agricultural technologies that proved to be valuable, after being tested by model farmers, to other farmers in the shortest possible time. The necessary execution design and capacity building activities will be carried out to expedite the implementation of this strategy.

a) Crop Production and productivity

Based on the last five years performances of agriculture and rural development experiences gained, it is believed that there are favorable situations to make agriculture grow faster than the growth already registered in the past. It is proved that it is possible to increase the productivity of smallholder farmers within short period of time by utilizing smallholders' labour, land and improved agricultural practices and technologies. It is also known that the demand for agriculture products is rising from time to time. This is happening because of the growing demand for industrial products, which in turn the demand of industries for agricultural products as raw materials is raising. This also has made the investment in agriculture to increase both from domestic and international perspective. Since the country has been undertaking infrastructural development that can be used for agricultural investment purposes, it has created the opportunity to attract extensive land use for large scale agriculture investment by the private investors. When these are put together, they indicate that the necessary conditions are in place to make the private sector play its role in the country's agricultural development endeavors. Therefore, all these indicate that in the next five years agriculture will continue to be the major source of economic growth. Notwithstanding the statement that the agriculture sector will remain as the major source of economic growth, the smallholders' agriculture will continue to be the major source of agricultural growth. On top of this the private sector agricultural development share will rise and expected to emerge as one of the sources of agriculture growth.

In terms of increasing farmers' production and productivity focus will be made on the following three directions.

- First, since the smallholders' average productivity is less by two-to-threefold from that of successful farmers' productivity. Through the scaling up strategy, efforts will be exerted to bring farmers productivity close to the average productivity level of outstanding farmers and make it to continue as basic sources of agricultural growth. To realize this, the extension system will be strengthened. The skills of the development agents will be enhanced. Farmers/pastoralists will be given in good agricultural practices and in new technology adoption. In order to ensure sustainable agricultural growth there is need to undertake a continued technology capacity generation. While extending productivity achievements of outstanding farmers to others, new technologies will be developed, tested and those with acceptable results will be disseminated to farmers/pastoralists.
- The second basic direction is to anchor on natural resources protection and development and improve water utilization and irrigation expansion to ensure the achievement of accelerated and sustainable agricultural growth. Through natural resources conservation, developing underground and surface water and improving water use, as well as expansion of irrigation interventions will remain among the focus areas of the next five year implementation

activities. In order to make this successful the capacities of farmers' and government support structures will be used and strengthened.

- The third direction is concerned with ensuring improvements in farmers'/pastoralists' income from agriculture. The farmers/pastoralists will be encouraged to change gradually from the production of low value to high value products. This will be implemented step by step taking into account of spatial specialization and favorable market and infrastructural development conditions.

In order to realize the afore-mentioned three directions to enhance smallholders' agriculture growth, the following activities will be central. Continues capacity building efforts will be made to improve the skills, work initiation, and implementation performance of the government extension system that is used to enhance farmers' knowledge and skills, as well as promote and expand improved technologies. Close support will be rendered to encourage farmers for continuous technology use and increasing agricultural production in an organized system. Complimenting these two, the setting of systems and strengthening of the same to ensure the rapid transfer of practically tested technologies, continuously testing new technologies and supplying them to farmers, will also be an important direction.

In order to sustain technology use, in addition to strengthening technology multiplication and distribution system, measures will be taken to make farmers have enough inputs. In this regard, as much as possible the necessary inputs will be produced by the farmers themselves or in their surroundings, and engage in tasks to distribute them efficiently by using farmers cooperatives. Considering the production and distribution of inputs by farmers or their surrounding as major direction, effective input supply system will be strengthened throughout the country in order to fill the gap and ensure the supply of inputs in required quantity, time and at reasonable price.

Since it is essential to make the agriculture marketing system remain in tune to the agricultural production and productivity growth, and since this system is essential for accelerated agriculture growth, focus will be made to lay down an agricultural marketing system starting at kebele all the way up to country level. Transparent, efficient and effective agricultural marketing system that involves farmers' cooperatives, modern output market centers and private sector will be established and strengthened. To make these successful, communication, transport, and product storage and other marketing infrastructure will be also the critical tasks to be accomplished in the next plan period.

Irrigation and improved water use

While giving due focus and appropriate use of rain water, attempt will also be made to bring about significant change in water use through expanding of irrigation schemes. In this regard, in places where it is easy to use underground water, farmers will be supported to have hand dug wells to use them for home garden vegetables and permanent crops production. Special attention will be given to small scale irrigation schemes development. Technologies that will enable us to use the water resources will also be used extensively. By use of irrigation, in order to have double cropping, outstanding experiences will be scaled up. In view of water use, appropriate interventions will be

made to drain water from Vertisols and use them for double cropping development. This will be integrated and extensively implemented together with Vertisol development undertakings.

Technology multiplication, supply and distribution

Since technology multiplication, supply and distribution system is crucial to increase crop production and productivity. This system will be strengthened to make it effective. In the coming five years the required fertilizer, improved seeds, and small farm machineries will be made available with the requisite quality and quantity.

Natural Resources Management and Climate Change

In adequate moisture areas in order to ensure sustainable agriculture growth, appropriate natural resources conservation practices will be done with vigor in the context of the scaling up strategy. In the next five years in all areas which require physical soil and water conservation works will be fully implemented through proactive and organized community participation. Forestry development, protection and utilization will be done with increased effectiveness by the participation of communities.

Livestock resources development

In this agro-ecology livestock resources development will be practiced as part of the scaling up strategy. The focus will be on the expansion of livestock fattening and dairy resources development technology. In addition to this, honey production technology, poultry resources development technologies will be put in place. For the success of such technology expansion work will be done focusing on breed improvement, pasture development and animal health. In the case of breed improvement, cattle breeding will be done extensively focusing on artificial insemination breeding techniques and the extensive implementation of better local breeds' selection and distribution will also be a center of attention. Since both improved and existing breeds can become productive when they get adequate and balanced feed, homestead pasture development, improvement of grazing land, use of forest hacks, and developing pasture crops for zero grazing practices are tasks that will be given attention.

In the area of animal health services, the focus will be on prevention, and accordingly the following will be implemented: providing extensive vaccination services before the prevalence of disease, building additional capacity for vaccine storage, training of adequate animal health specialists, and expanding the institutions, including mobile service provision.

Research-extension-farmers linkage

In order to expand the experiences achieved in the use of improved technologies and practices, research-extension-farmers linkage is necessary. On this basis technology adaptation, multiplication, distribution and use system will be further strengthened. The research-extension-farmers councils put in place at different levels will be strengthened in a way to boost their ability and capacity to identify technology problems, promote joint solution seeking mechanisms and

support result-seeking expansion strategy. Besides the expansion of performing technologies, the generation of new technologies, testing and when the testing result is found successful production and dissemination will be an area of focus too. In this regard agricultural research will focus on crop, livestock, natural resources and agricultural mechanization, and the strategy to supply technologies will include primarily importing and adaptation of finished technologies from outside the country, and secondly generating them from the national agricultural systems. In order to shorten the technology supply time irrigation and modern research techniques will be in place.

The Food Security Program

Since moisture deficit areas known for their food insecurity problems, the implementation of the food security program (FSP) has started to yield results. Based on experiences gained the program will continue. In this program there are parts that are inclusive and feeding one to the other. These are household asset building, safety net, and settlement programs, as well as off-farm income generating activities.

The safety net program will be implemented jointly with household asset building program. Since it is also a program that can solve the natural resources degradation problem, which in turn is also the cause of the food insecurity problem, and since it can enable to build community asset, efforts will be to effectively implement the program and meet its objective.

By targeting those safety net beneficiaries who are involved in the household asset building component and by giving them support for business plan preparation, training, technology supply, credit and extension they will be able to ensure their food security. In the household asset building component, packages that are based on the food security strategy will be formulated. The packages will be inclusive of those which are suitable for moisture deficit areas, water harvesting, and that can lead to result in low moisture and small area in order to ensure food security. The other component of the FSP which was designed to bring food security rapidly has been the settlement program. This is carried out on voluntary basis and is an alternative available to household. In addition, those who have very small plots and landless youth and women will be encouraged to engage in non-farm income generating activities with adequate support in terms of preparing packages, provision of skill and business management trainings, provision of credit and facilitating markets, so that they can ensure their food security.

Further, early warning for disaster prevalence and response capacity building, will be one of the key tasks over the next five years. This will be practiced by considering timely response to disaster as an aim in supporting agriculture and economic development at large. In terms of preparedness, there will be enhanced increase in food and non-food reserves. Storage capacity will be built in line with the expected increase, particularly food security reserves.

Pastoral Areas

Focusing on livestock, water and pasture

Pastoralists' livelihood is mainly intertwined with livestock resources. Improving pastoralists' livelihood is inseparable from the development of his resources. Therefore, in the coming five years, in view of agricultural development what will be implemented in these areas mainly focuses on livestock resources development. In this regard, primary emphasis will be given for water resources development that will be used both for livestock and human consumption. This task will be accomplished together with improvement of pasture land and irrigation schemes development. Since such tasks have been proved successful on the basis of tests made in Borana and Fentalie, and since efforts are being made to expand them to Somali, Afar and SNNP Regional States, by putting the experiences in usable form, this task will be extensively expanded in the coming five years. The FSP when implemented in pastoral areas will be directed to succeed inclusive of community complementary investment. In these areas where there are rivers by undertaking river diversion work, where there is underground water by drilling them, it will be made available for livestock and human consumption, as well as to develop irrigation schemes and improve pasture land. In addition, settlement programs will be executed in order to enable pastoralists' lead settled livelihood. This will be carried out on voluntary basis.

In view of livestock resources development in pastoral areas, one task that will be accorded emphasis is the selection and distribution of local breeds for breed improvement purposes. Besides, animal health services, including mobile service will be expanded, and specialists will be increased both in terms of number and their capacity to deliver the services. Natural resource management will be also an important component of agricultural development in pastoral areas.

In order to make pastoralist benefit more from his livestock resources, focus will be given for the establishment of livestock marketing system. In these areas, adequate livestock markets will be put in place and the existing once will be strengthened. Animal transporting system and market price information systems will be put in place. Efforts will be made to integrate pastoralists with domestic investors undertaking fattening practices, abattoirs, and traders, as well as to make them organized in cooperatives in order to solve their marketing problems in an organized way. In addition to these, support will be rendered for private investors to invest on slaughter houses in pastoral areas, as well the government to build quarantine stations that meet the required standards.

To implement the afore-mentioned activities, government support system will be strengthened in pastoral areas too. The pastoral extension system will be strengthened, the research institutes in pastoral areas will be directed to generate technologies that solve pastoralists' problems, and the necessary arrangements will be put in place to make research linked with the extension and the pastoralists/agro-pastoralists.

Private Sector Investment in Agricultural Development

In the ARD policy it was explicitly stated that, the private investors can participate in the nation's agriculture development endeavors. As a result of the efforts exerted to implement this policy

success has been registered in the floriculture sub-sector. It is known that the participation of the private investors were minimal in areas where extensive agriculture could have been practiced mainly because of lack of basic infrastructure. In recent years since such infrastructure has been expanding in these areas and the industry requirement of agricultural raw materials is increasing, as well as the market for agricultural products is on rise domestically, all these have created favorable situations for agricultural investment. Because of these, there is an increased interest for investment in agriculture and actual situation demonstrates this. It is assumed that such momentum will continue, and hence in the coming five years efforts will be made to make meaningful change in terms of the private investment role in agriculture.

In the private sector, the investment to develop agriculture will be directed as situations of various land permits. This will include investment in areas where extensive land and labor scarcity prevails as well as, those areas which have limited land, but abundant labor where high value agricultural products can be produced. In the lowland areas where is land for large scale commercial is possible, private sector will be encouraged.

In the highlands and areas close to major cities, the private investment activities will be centered on high value horticulture products that can be produced on limited land, using abundant labor, thus generating large employment as well as supply for export. Such type of agricultural private investment requires tremendous basic infrastructure expansion and supply of labour. Such agricultural development can be integrated with farmers' agriculture, through out growers scheme. This provides sustainable markets for the smallholder farmers.

The cluster based development that started in selected areas to expand and expedite investment in horticulture export ventures, particularly those supported by green house technology, will be strengthened. To formulate new clusters land will be identified and kept in the land bank in areas where basic infrastructures prevail or where there is a gap measures will be taken to rectify them rapidly. Cognizant of the expansion and strengthening of farms in the vicinity of Addis Ababa, similar cluster formation and intertwining arrangements will be undertaken around other major cities. Besides, in order to minimize investment cost, favorable conditions will be put in place to produce green house facilities, irrigation pipes etc. In this process focus will be made to increase the participation of Ethiopian investors and integrate them in different areas with farmers engaged in horticulture production. Furthermore, the necessary activities will be implemented to enhance the role of breeders and seed suppliers in the country, to increase the number of horticulture investors, input suppliers and service providers within the sub-sector and design means of motivation for this purpose.

In the next five years. Smallholders will be encouraged to participate in out-growers scheme in areas of exportable vegetables, fruits, spices and herbs production; strong monitoring and evaluation system that is footed on pre- and post production benchmarks and standards will be placed; human resources development will be expanded to have specialists with practical skills and knowledge.

It is envisaged that agriculture development will be undertaken by private investors in lowland areas where abundant extensive land exists. Assessment will be made to identify suitable land and

keeping the same in organized land bank; and promoting such lands for investment by facilitating for local and external investors to develop it using lease system. In this sub-sector, the necessary support will be given to encourage the participation of Ethiopian investors. Side by side, efforts will be made to attract foreign investment in a manner that will be beneficial for Ethiopia's agriculture sector development.

Efforts will be made to make the private investor get government services in an efficient way. While keeping the support for private investment in large scale farms, focus will be made to ensure that the products produced from such farms to be primarily for exports and raw materials for industries. In this regard, emphasis will be accorded for cotton, date palm, tea, rubber tree and the like. This being the focus, food crops production will be encouraged to be undertaken in a double cropping system.

In the coming five years, over 3 million hectares of land will be identified, prepared and, ensuring it will be used for the desired development purpose, will be transferred to investors and in so doing tangible support will also be given to private investors to enhance their investment in commercial agriculture.

Agricultural Marketing

The shift to a higher growth path of agricultural diversification and commercialization of subsistence agriculture also requires effective marketing system. Modern agricultural marketing system like the marketing practiced through ECX will be made to continue with strength.

5.2. Trade and Industry

By ensuring faster and enhanced development of the industrial sector so that it turns out to be the foundation and leading sector of the country's development activities, special emphasis will be given particularly to two major sub-sectors. Concerted efforts will be exerted to vastly develop the micro and small enterprises sector, which is the most important sub-sector towards employment generation. Due attention will also be given to the development of medium and large scale industries as well.

5.2.1. Strategic Directions

The underlying objective of the strategy is to increase the share and the benefits earned (gained) from the global economic integration with an ultimate goal of becoming an industrialized country. In this regard, the industrial development strategy formulated by the government clearly articulates the fundamental principles and directions in order to ensure accelerated and sustained industrial development in the country. Accordingly, the sector's development strategy focuses mainly on industries that:-

- Are Labor intensive and having wide market;
- Use agricultural products as input;
- Export-oriented and import substituting;
- Contribute for faster technology transfer.

In line with the aforementioned directions, the following industries and sub-sectors will receive special support in the years to come. These includes:-

- a) Small and Micro Enterprises development;
- b) Medium and Large Industries Development:-
 - Textile and Apparel Industry;
 - Leather and Leather Products Industry;
 - Sugar and Sugar Related Industries;
 - Cement Industry;
 - Metal and Engineering Industry;
 - Chemical Industry;
 - Pharmaceutical Industry;
 - Agro-Processing Industry;

5.2.2. Objectives

During the GTP period, the industrial sector will have the following major development objectives

- Developing the micro and small-scale enterprises sector so that it contributes, to the development of the industrial sector as a whole serve as the basis, and contributes to the development of the agricultural sector and create employment opportunities.
- Enabling all industries to utilize their full capacity in order to increase production and productivity.

- Establishment and expansion of medium and large industries that use domestic raw material existing in the country and contribute to employment and foreign exchange earnings.
- Strengthening private sector investment in order to ensure accelerated and sustainable development of the sector.
- To create a strong foundation for the sector to take-up a leading position in the overall national economy by intensifying sector's contribution to employment generation, import substitution, foreign exchange earnings.
- Strengthening sector's capacity by locally producing machineries and spare parts required by the industries.

5.2.3. Major Targets

Micro and Small-Scale Enterprises

The overall objective of this sub-sector is to enable the micro and small scale enterprises play significant role in the national development activities, particularly, in the creation of employment opportunities and poverty reduction. This will be achieved by providing comprehensive and accessible development support for the enterprises. Accordingly, the following targets are set in the sub-sector for plan period.

- Creating employment opportunities for about 3 million people through the provision of a full-fledged support.
- Provide training of trainers (ToT) for 10,000 professionals in the sub-sector.
- Provide training for about 3 million operators in the areas of entrepreneurship, handicraft, technical and vocational.
- Develop 15,000 hectares of land, construct shade and buildings for operators organized in enterprises.

Large and Medium Scale Industry

- By the end of 2014/15, priority industries, leather, agro-processing sugar, etc will substantially contribute to export diversification and foreign exchange earnings.
- Raise the capacity utilization of existing to improve productivity and industrial outputs.

5.2.4. Implementation Strategies

A. Micro and small scale enterprises

- Organize SMES and build the attitude of youths especially literates in creating job for themselves, through process getting industrialists. Training institutions and different types of organizations play their part in influencing people to be on their behalf by doing broad based and continuous awareness and advocacy works.
- Develop the attitude and skills of entrepreneurship in realizing the sector not only meant for job creation but also a place of expanding modern management systems.
- Enable the sector to develop strong linkage with the agricultural, medium and large scale industrial sector.

- Strengthening and expanding the urban extension program working in collaboration and coordination with TVET in supporting the sector
- Improving SMES management skills in a coordinated and networked manner with the existing extension systems.
- Working in collaboration with TVET and other appropriate institutions in expanding and strengthening the urban industrial extension programs.
- Providing credit facilities and develop saving culture for MSEs.

B. Large and Medium scale Industries

- Creating conducive environment for the industrial development to attract both domestic and foreign investment.
- Reducing step by step rent seeking alternatives so as to shift to value creation, job creation and entrepreneurship activities.
- Producing adequate trained human resources both in number and quality for the sector placing strong linkage and attachment with higher, technical and vocational institutes.
- Expanding modern systems and attitudes in the sector by using local and external technical support.
- Supporting institutes which are helping arms for the sector, providing human resource and conducting research and counseling strengthened. In this regard universities should play their part efficiently and effectively.
- Ensuring foreign technical support and investment focuses on management skills and transformation, technological transfer, and capacity building.
- Establishing institutions to efficiently lead and support those sectors given high priority (special attention).
- Providing urban land for industries development with fair price and efficient financial services in a transparent way for investors and establishing efficient management, urban land bank administration in the industrial zones.
- Rendering efficient and effective bank loan services for those investors engaged in industrial development fields.
- Strengthening the privatization process to contribute to the private sector.
- Support public enterprises eliminating unnecessary non value adding costs by improving and attaining high level of productivity.
- Creating networked synergy to have more local investors in the sector and attracting foreign investors.
- Utilizing special trainings, selection and support mechanisms for those citizens who have working knowledge and interest to network and getting full fledged support in joining the industrial development effort
- Attract & support strong foreign investment that plays important role in the country's economic development, for those sectors given special attention by the government.
- Evaluating the achieved results and experiences gained is creating in domestic industrialists and attracting foreign investments, result based efforts should be exerted focusing on various investment alternatives.

- Enabling the development plan to be broad based in content, designing systems to incorporate gender, population, environment, HIV/AIDS and youth issues included in detailed plans.

Provision of Comprehensive and Efficient Support

To implement the plan, the human resource requirement is quite high in the areas of engineering, technical management and other relevant fields of study are needed during the next five years. Accordingly, in order to fulfill this requirement, emphasis will be given to establish strong linkage between the sector and Universities, TVETs, Colleges and other relevant institutions to make their programs well-matched with the sector's needs.

As indicated in the previous sections of this document that the industrial sector is expected to register speedy and sustainable growth during the next five years. This will lay down an enabling foundation for the sector to take-up the leading role in the overall economic development activities and thereby the current economic structure transforms to industrial development-led economy. In order to attain this strategic goal, various targets of expansion and establishments of existing and new industries requiring huge investment capital.

As clearly stated in the country's industrial development strategy, the private sector is considered as the engine for the sector's development. Therefore, that the lion share the financial requirement projected for the plan period is expected to be covered by private investors. In this regard, the government will make all the necessary facilitation and support for the provision of efficient and effective services including access to land and finance.

Besides facilitation, state enterprises will increase investment either jointly with private sector or alone in strategic areas where there is clear market gap or insufficient private investment flowing to the strategic industries. A major undertaking will be the promotion and support of the development of industrial zones. This will create opportunity for integrated industrial development leading to gains in efficiency and reduce investment requirements. More importantly by close linkage and interaction with rural hinterland will help create dynamic development zones/development corridors to industrial growth, economic growth and accelerated employment generation and improved income of the people-eventually eradicate poverty.

5.3 Mining

5.3.1. Strategic Directions

In the Mining sector, the government main attention is to create conducive environment for private investors to participate in exploring and developing the mineral resources by gathering, compiling and interpreting basic geo-science information to deliver to the customers. Furthermore, it also designs policies, laws and new regulations that creates conducive environment for the development of the sector's economy. Besides, the expansion of private investment will enhance the mineral exploration and exploitation of high value minerals and hence increases the opportunities of finding additional deposits and increase the foreign currency earning of the country. Accordingly, by formulating enabling and competitive mining policies and laws that are taking into account the international situation and national interests within the development plan period has a paramount importance.

5.3.2. Objectives

exploration and reserve estimation of coal industrial minerals (phosphate, potash, limestone etc) to increase agricultural production through improving soil productivity. Exploration and determination of ground water quality and quantity for domestic consumption and irrigation, exploration for import substituting minerals for construction and industrial input. Exploration and exploitation of gold, platinum, tantalum, gemstone etc) to increase foreign currency earning; exploration and exploitation of clean and renewable geothermal resources; substituting mineral imports of the country through increasing the volume and type of minerals production from both large and small scale licenses; promote the artisanal miners in producing huge mineral resource by improving the mining methods and facilitating market access to minerals, so that, the miner and the people of Ethiopia benefited from mineral resource; and, expand the geo-science data coverage of the country.

5.3.3 Implementing Strategies

- Enhancing of Geo-science Data Coverage and Mineral Exploration
- Mineral and Petroleum Investment Expansion
- Undertake Artisanal Mining and Marketing Promotion
- Undertake Geosciences and Energy Sector Research and Development

5.4 Infrastructure Development

Availability of affordable and quality infrastructural development such as transportation, communication and power supply and their contribution to economic growth, employment creation, accumulating domestically producing for the sectors' development and thereby expanding the industrial sector development is vital/ crucial. During the last five year a huge capital investment has been made on this sector to expand the delivery of service. However, great challenge has been hampering the sectoral development. Beside the high investment requirement to develop the sector, the sector stipulate foreign exchange which has hindered the expansion of the sector to the extent needed. Inadequate human capacity in the sector has led to dependency on foreign resources which has hampered in achieving the desired development of the sector.

By solving the major challenges encountered during the implementation of the infrastructure development in the past bigger investment will be performed to foster the expansion of the sector. To do so, improving the domestic saving and substituting imported product by enhancing the capacity to produce domestically will be given due emphasis during the plan period. Therefore, using the experience gained so far funding the sector from Official Development Assistance. Growth and Transformation Plan envisages huge investment in infrastructure to strengthen the foundation for long-term sustained growth and development. Thus, Road, Railway, Energy, Telecommunication, Water, Construction and Urban Development Sectoral Plans are briefly described as follows.

5.4.1 Road

5.4.1.1 Strategic direction

Roads are built to facilitate socio-economic development of the country. In other words roads support development of agriculture, industry, mining, tourism and service sectors such as education and health. Planning of road development needs to take into account the needs of these sectors. It is true that the success of development strategies heavily depends on the efficiency of the transport sector in general and road sub-sector in particular. Thus, due emphasis should be given to the road development sector so as to translate the national development plan in to practice. Recognizing the importance of the road transport in development of the national economic and social activities, the Government of Ethiopia has attached a high priority to improving the road infrastructure, which was reflected in the Road Sector Development Programs (RSDP) launched since 1997.

Among which is the road sector development program (2005/06-2009/10) which was prepared as integral part of first Plan for Sustained and Accelerated Development to End Poverty (PASDEP). The objectives of the plan were to improve access to road particularly to rural population, build institutional capacity of implementing agencies and the capacity of local contractors. Progress has been made towards achieving these objectives. As a follow of the plan, the Second Road sector Development Program (2010/11-2014/15) as part of the second overall national Growth and Transformation Plan has been prepared giving more emphasis on access.

5.4.1.2 Objectives

Objectives of the next Five Year Road Sector Development Programs are: to expand the road network so as to improve access to rural areas, improving the quantity and quality of road network, to Develop institutional capacity of the road agencies to manage their road networks properly. According to the road sector policy and strategies in the next five year are geared towards strengthening/ enhancing the ongoing road sector development, improving rural road network and connecting all Kebeles by all weather roads.

5.4.1.3 Major targets

Based up on Federal roads prioritization criteria, the Road Sector Development Program consists of the following federal road components: rehabilitation of 728 kilometer of trunk roads, upgrading of 5023 kilometer of trunk and link roads, construction of 4331 kilometer of new link roads, heavy maintenance of 4700 kilometer of asphalt and gravel roads and routine maintenance of 84649 kilometer of road network

The Program also consists of the following regional and woreda road components: construction of 11212 kilometer of new rural roads by RRAs and construction of 71523 kilometer of woreda roads by woreda road offices. The government has envisioned connecting all kebeles to the nearby all-weather roads as well as interweaving every major city by increasing investment in road infrastructure. A plan is set to construct a total of 71523 km of all-weather and year round roads in the coming five years. This means that 9568 km of construction and upgrading of roads will be carried out during the first year of implementation. The national road length which was 49000 km in the year 2010 is expected to reach 136044 Km at the end of the plan period (2014/15). Upgrading of 1000 km gravel regional road connecting Woredas and Zones to Asphalt is also one of the target set in the five year road sector Plan.

Generally the road sector target is to reduce the average time to reach the nearest all-weather road from its current 3.7 hours to 1.2 hours by the end of plan period. And also to reduce areas that are located further than 5 kms from all-weather roads to 29 percent by the end of the plan period from its present 64 percent. By the end of the plan period all Kebeles in the country will be connected to nearby all-weather roads. The Summary of major 5 Years' road sector target are presented in the table below

Table 5.1 summary of road sector targets

Indicators	Budge year					
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Federal and regional total road length(km)	49,000	51,636	54,818	58,211	61,771	64,522
Length of Woredas all-weather road (km)	0	9,568	24,299	40,044	55,790	71,522
Kebeles connected to all-weather roads (%)	39	48	63	78	93	100
Average Time taken to reach nearest all-weather road (hrs)	3.7	3.0	2.3	1.9	1.6	1.4
Area further than 5km from all-weather roads (%)	64.1	57.3	48.7	40.9	34.3	29.0
Area further than 2km from all-weather roads (%)	83.7	80.0	75.0	70.0	65.2	61.0
Road density (Km/1,000km ²) ¹	44.5	55.6	71.9	89.3	106.9	123.7
Road density (Km/1,000 population) ⁶	0.64	0.78	0.98	1.18	1.37	1.54
Roads in acceptable (Fair + Good) Condition ² (%)	79.7	81.3	83.0	84.6	85.9	86.7
Number of Project operated/carry out by domestic contractors (%)	58	61	64	67	70	73
Average vehicle Km of travel (million km)	9.6	10.1	10.6	11.1	11.7	12.3

¹ including URRAP roads

² excluding URRAP roads

⁶ assuming the population size of Ethiopia being 76 million in 2009/10 with a population growth rate of 3 percent

5.4.1.4 Implementation Strategy

- Splitting of regulatory and operation departments as independent institutions,
- Improve institutional set up of regional road agencies and woreda road bureaus, Train manpower in road agencies and woreda road bureau,
- strengthening integrated road network planning and improve the effectiveness of road maintenance,
- increase revenue of the road fund office and build the capacity of local contractors,
- Introduce and expand intermediate equipment technology in road construction, improve equipment maintenance services and use alternative road project facilities
- Utilizing Labour-based Technology
- improve enforcement of axle load regulation,
- improve environmental management system and mainstreaming HIV/AIDS activities with road projects

5.4.2 Rail way Transport

5.4.2.1 Strategic Directions

Railway transport is a very effective, low-cost and time saving mode of transportation which helps to transport produces and inputs in bulk. Accordingly, greater emphasis has been give to Rail way network development/construction. domestic small and medium metal products manufacturing industries' capacity to produce sleepers, locomotives and rail spare parts will be enhanced and inputs for the infrastructure will fully be locally produced for the railway network infrastructure construction.

Through economic benefit analysis with a long term plan a railway network will be built to connect the country with neighboring countries and alternative nearby ports by mobilizing mainly local capacity. Working in partnership with the private sector (foreign companies) is considered as one of the key focus areas in this sub-sector. One of the key challenges in the expansion and development of this sub-sector is capacity and experience. A benchmarking and experience sharing study tours have been made, customized and ready to be implemented. The other key focus area during the planning period under this sub-sector is to build the capacity of human resource for building the infrastructure and efficient and effective administration of the network and the service.

5.4.2.2 Objectives

During the next five years the railway network sub-sector's objectives are building the nationwide railway infrastructure network; building local capacities in engineering and technological transfers in the railway sector so that the sub-sector has sustainable development; build the capacity of local civil engineering and construction companies and metal and electro-mechanical industries in railway transport sub-sector so that they play a role in the sustained development of the railway infrastructure. Accordingly, 2000 kms of railway network will be under construction.

5.4.2.3 Implementing Strategies

To achieve the goals set in the sub-sectors development plan the following implementing strategies will be followed.

- Different rail design, building and management methods, tools and application software will be utilized
- Findings from studies on railway network construction, service delivery and security will be utilized efficiently;
- Conducive environment will be created for local construction materials supply companies to produce inputs for the railway network
- A framework and system will be designed for Public Private Partnership in the sector
- Design and implement a strategy for local companies to help them find technical assistance and financial help in their bid to participate in the railway network building process
- Design and implement a strategy for metal manufacturing and electro-mechanical companies to help them produce materials for the sub-sector sustainably

- Design a strategy to utilize the abundantly available labor force in the country to the building of the railway network
- Conducive environment will be ensured for the creation of local train maintenance companies so that the service will be available locally

5.4.3 Energy

5.4.3.1 Strategic Directions

In the next five years, the energy sector development policy directions will be geared towards minimizing the gap between the demand and supply of electricity, efforts will be made to increase the current lower per capital consumption and supply of power will be increased even to the level of export. To promote and increase the electric power supply coverage, the ongoing rural electrification access program will be strengthened. To ensure efficient, adequate and quality supply of energy and energy conservation, availability of designed regulatory activities will be carried out.

It is also important to increase bio-fuel production and utilization to substitute fuel imports. To promote and realize the country's green development strategy, the ongoing bio fuel development activities will be continued. In addition, strengthening human capacity in bio-fuel production and raising awareness of consumers will be carried out. The up grading and distribution of wood saving materials and technologies will be continued though out the country and maintaining facilities and construction of the storage for petroleum, the reliable and steady supply of petroleum will be secured.

5.4.3.2 Objectives

The major objectives of the energy sector are to provide sufficient and reliable power sources at all time for economic and social development as well as for irrigation activities, to accelerate and complete the construction of the ongoing hydropower electric generation projects.

5.4.3.3 Major targets

The following major targets has been setted in the next five year to realize the development plan

With regards to generating electric power

Ethiopia has a potential to generate 45,000 MW electric powers from single source hydropower (water) however, currently Ethiopia is generating only 2000 MW of electric power. In the next five year it is planned to increase the present generating capacity which is 2000 MW to 8,000 up to 10,000 MW at the end of the plan period (2014/15).

Electricity Transmission Lines Construction

To transmit the generated electric power, to distribute and disseminate, constructing transmission lines, ensuring reliable power supply, minimizing power wastage, based on Universal

Electrification Access Program building new transmission line and connecting them with grids are given due emphasis in the next five.

Power Distribution and Expansion Program

To ensure availability of efficient, reliable, high quality and economical electricity services and to distribute the transmitted power to the customers, improving power supply, outreaching new customers, and to reducing power loss beside, expanding distribution lines maintenance will undergo for the existing distribution line in the coming five year's plan.

Universal Electrification Access Program

Electricity is an essential ingredient of the rural transformation agenda to provide the basic for businesses and production in small to medium sized towns and as an input into agriculture, for irrigation pumping, commercial agricultural production and processing.

During the past five years development plan, 5183 rural towns and villages have been accessed to electricity and all regions benefited from the electric access program. When such types of equitable services are distributed to the rural economy agricultural and other sector development will be enhanced all over the nation.

The on-going corporate program to strengthen the skill of technical and vocational school graduates as well as manufacturing industries so as to build own capacity and in turn reduce the foreign exchange requirements of the power sector will be continued. In the next five year the target to be followed are

- Increasing the number of customers access to electricity from 2,000,000 to 4,000,000 by expanding electricity access for new areas
- Increasing the existing 41% electricity power coverage of the country to 75%.

With regards to Bio-fuel Development

Ethiopia's emission of CO₂ is little relative to developed countries. Access to diverse, reliable, affordable and clean energy is critical for sustainable growth. One of the potential means to realize the fuel shift is production of bio-fuel and other renewable energy sources based on green development strategy of Ethiopia.

As Indicated in the bio-fuel development strategy, Ethiopia has suitable land for bio-fuel (bio-ethanol and bio-diesel) development. Implementing bio-fuel development initiative, in line with country's "Green Development" strategy, would serve as to substitute the imported petroleum fuel and even to supply for export and job creation for local people in different stages of bio-fuel development and contributing to the improvement of their living standard. The targets in the sector are

- Increase the production of bio- ethanol to 194.9 million litter at the end of the planning year through coordinating the governmental and private sugar industries,

- Increase production of bio diesel up to 1.6 million liters through involvement of Private investors, farmers, etc. In general, the development of bio-fuel will generate 1 billion dollar foreign currency,
- Increase the number of blending facility of benzene-ethanol to 8 and that of biodiesel to 72 by oil companies,

Alternative Energy Development and Promotion

Disseminating the uses of improved alternative energy technologies can minimize deforestation, reduce indoor air pollution that creates health problem and additionally it can contribute on saving working time of women's and children which is caused by searching, collecting & transporting wood fuels. This creates spare time for families to use for other production works. By providing capacity building for regional implementers & other stakeholders the development of alternative energy technology & resource can be made sustainable that makes the community beneficial.

5.4.3.4 Implementing strategies

Electric Power Generation Construction Program

- Promote energy mix by developing wind and geothermal renewable energy sources.
- Prevent power lose and promote proper utilization of energy.
- Reduce power generation investment/ cost and providing electric power at affordable price.

Electricity Transmission Lines Construction

- Enhance sufficient and reliable power supply at minimum power lose.
- Follow different strategies to minimize transmission lines construction costs.
- Construct central power station (load dispatch centre) to control power sources, transmissions and substations at one centre so as to create healthy power distribution.

Regarding Power Distribution and Expansion Program

- To modernize the power distribution system.
- To make service delivery efficient and cost saving
- To reduce distribution power loses.

Regarding Universal Electrification Access Program

- To access rural towns and villages as well as commercial agricultural production and irrigation pumping by participating local contractors and manufacturers in rural electrification program.
- In collaboration with stakeholders, to organize and participate technical and vocational school graduates in rural electrification program

Regarding Bio-fuel Development Program

- Create Networking between the Ministry of Mines and Energy, Research Institute and Universities to adapt and promote sustainable development of bio-fuel technology.
- Collecting and organizing data on bio-fuel land, technologies and market by coordinating involvement of relevant stakeholders.
- Support and motivate private investors to involve in the bio-fuel development activities in a short period of time and, involve farmers in production and supply of bio-diesel by co-coordinating the involvement of agriculture and rural development extension section.
- Facilitate experience sharing with advanced countries on bio-fuel development program.

5.4.4 Telecommunication

5.4.4.1 Strategic Directions

The main strategies in the communication sub-sector includes: upgrading the already built ICT network to accommodate emerging latest information technologies; improve the network quality and expansion of services; ensure all inclusive telecommunication service delivery and ICT assisted development as it is key for other development programs; build the capacity of human resource in the sector; finalize ongoing network building projects to benefit from latest information technologies make available across the country information technology services of which with high quality integrated telecom services package (converged value added services) with reasonable price.

Besides, fixed line and mobile telephone service provision will be expanded; all telecommunication infrastructures will be digital to accommodate the latest information communication technologies; Woreda cities, academic institutions (High schools and Universities), research institutes, social organizations and the private sector will benefit from the internet services expansion program. In addition, the ongoing network expansion program focuses on building a high capacity fiber optics transmission line which enables full utilization of latest information and communication technologies and via neighboring countries links it with worldwide marine cables and enhance the global gateway capacity of the country.

The ongoing all inclusive Universal Telecommunication Access Program will be expanded and will include additional services to the calling service like social services to enhance its role in the implementation of the development strategies and plans. Also telecom centers that are to be built and already built in rural areas will expand their service types and will be more integrated with ICT and other programs. Building and creating competent human resource specially for regulatory tasks in the fast advancing and growing sector is very important and has been given due attention during the planning period. Besides, ensuring the telecom service is up to the global standard and limited telecom resources (National Frequency, Telecommunication number; IP address) are utilized fairly and economically will be one of the key focus areas.

5.4.4.2 Objectives

During the plan period under the sub-sector the following objectives are to be met

- Finish the ongoing network infrastructure building and applications and commence service
- Intensify the need based network expansion work
- Expansion of rural Universal telecommunication access program
- Improve and maintain the quality in fixed line, mobile phone, internet and data service provision
- Create the conducive environment to use latest telecommunication technologies
- Fair and economical utilization of National Frequency, Telecommunication number and IP addresses and increase the revenue from these services

5.4.4.3 Implementing Strategies

To achieve the above set development goals in the sector in the next five years the following implementing strategies will be pursued.

- Human resource capacity building will be designed and implemented
- Enhanced expansion work for quality services provision on fixed line, mobile and internet will be done
- Increase monitoring Rural Kebele's telecommunication services provision distribution and implement administrative assistance strategy
- Design and implement a strategy to prevent, maintain and improve integrated system failure
- Design a system to measure network flow and quality
- Design and implement customer compliance system
- Strengthen telecom service quality and network capacity control system
- Strengthen frequency spectrum utilization and control
- Enhance international lines services quality and traffic capacity
- Design a strategy to raise additional funding resources for the sector
- Intensive work on sales and design and implement a strategy for capturing more customers via outsourcing, marketing and business strategies

5.4.5 Water Supply and Irrigation Development

The plan for the next five years is designed to accelerate implementation to achieve the MDGs at a minimum. Supplying adequate & clean water to the population helps to progress in economic and social development, improve the quality of life and eradicate poverty. The water resource management refers for all purposes including irrigation; power and integrating the nations water resources.

5.4.5.1 Strategic Directions

Integrated and sustainable development and utilization of water resources by creating interconnection among different sectors and users, ensuring fair and equitable utilization of the resources taking into consideration the demand and benefit of the future generation, contribute to fast and sustainable social and economic development of the nation through sound development strategies, mitigating the impacts of runoff, drought and other natural hazards stand amongst the priorities of Ethiopian water resources management policies.

Taking into consideration that water resources development and utilization on the one hand and its security and safety on the other, can go parallel, water supply, irrigation development, river basin administration and watershed management, and related activities shall be conducted in an integrated way. Water resources management shall be executed in an organized way and together with other natural resources and sectors such as agriculture, health, mining and energy, etc. In the coming five years water supply, irrigation and drainage development, hydropower study and design, surface and ground water study, and integrated master plan study and watershed management shall gain attention pursuant to the millennium development goals.

5.4.5.2 Objectives

In the coming five years the main objectives of the water sector development plan are to develop and utilize water for different social and economic priorities in a sustainable and equitable way, to increase the water supply coverage, and to develop irrigation schemes so as to ensure food security, to supply raw materials for agro-industries and to increase foreign currency earnings.

Irrigation development

In irrigation sub sector, the country is believed to have the potential of 5.1 million hectares of land that can be developed for irrigation through pump, gravity, pressure, underground water, water harvesting and other mechanisms. Thus, irrigation development, particularly small scale irrigation will be accelerated.

5.4.3 Implementation Strategies

Water Supply

- Ensure dependable and sustainable water supply based on demand, supply and efficiency measures.
- Implement sustainable and feasible technologies to improve the rural water supply coverage.
- Implement active management and operation mechanisms in existing water facilities before new schemes construction.
- To take care of the existing water schemes and ensure economic use of water.
- To fulfill the basic household demand and the water allocation and utilization beyond this demand shall be based on social and economic priorities.
- Capacity building at all levels of water resources management.
- Priority to low cost schemes and implement measures such as cost recovery in urban water supply.

Irrigation and Integrated water resources management

- Developing new irrigation schemes.
- To use shallow and deep wells for irrigation in areas rich in groundwater.
- Facilitating conditions for medium and large scale irrigation development (building dams and related infrastructure)
- Implementing technologies and mechanisms that improve water use efficiency in medium and large scale irrigation schemes.
- Establish and integrate metrology and hydrology services at all (from federal to district or woreda) levels.
- Enhance local resources, skills and knowledge in water search and utilization.

5.4.6 Transport Services

5.4.6.1 Strategic Directions

Beyond road transportation infrastructure building the issues that need attention includes: increase the effectiveness of the transport system so that the cost of transportation will decrease and increase the private sector's capacity and role in service provision; make the system more flexible and competent for efficient service delivery by restructuring the sector and improving the way it is working; and, make available all weather roads for the rural people so that the time they spent traveling will be saved and invested in other activities for more productivity.

Besides, in Addis Ababa and Dire Dawa City Administrations and other regional main cities expansion of the transportation system is highly needed as the economic activity in these cities is increasing and calls for better transport system and service for mass transit. And this will be done in accordance with the urban land utilization and development plan and its new and old traffic density in the cities.

As there is an implementation capacity gap there is a need to build the administrative and the sector's human resource capacity.

The traffic accidents in Ethiopia compared to the number of cars in the country is very high. Preventing and reducing the traffic damage happening to human life and property is very important and timely. Therefore including all regions a system should be designed which enables to do integrated traffic security and modernized traffic management system which is supported by information technology should be implemented to facilitate traffic security works.

5.4.6.2 Objectives

The main objectives in the transport sub-sector include:

- Build the capacity of regulatory bodies and the private sector up to the level where the sector's standard and make them competent
- Pass regulatory and legal frameworks to enhance the regulatory capacity
- Build the human capacity for better management and service delivery
- Ensure that the public transport system is efficient and affordable
- Reduce the travel time the rural population spends so that can be saved for other development works
- Ensure the urban transport system is efficient, secured, and well integrated
- Build national data base for freight and public transport
- Reduce the processing time and cost of freight transport logistics

5.4.6.3 Implementing Strategies

To achieve the above set objectives in the sub-sector the following implementing strategies will be put in place during the plan period.

- Implement applicable regulatory and service delivery systems for the sub-sector
- Build the human capacity in the sub-sector
- Build a system and national logistics coordination, excellence and information centers
- Design and implement Rural transportation expansion package and create incentive structure for stakeholders who participate in the sub-sector
- Improve the traffic management, control and integrate the organizational system
- Build and implement a public transportation system
- Encourage public transportation associations to implement commercial company system and encourage them to import new automobiles to the system
- Design and implement suitable transportation system for those who needs special assistance
- Build latest traffic flow operation administration centre which utilizes latest information technology
- Constitute road safety council at all levels to coordinate the projects and programs that are designed for road safety and related issues
- Build national data base on road transportation

5.4.7 Maritime Transport

5.4.7.1 Strategic Directions

One of the key focus areas during the planning period is to build a system so to reduce the time spent and cost of transit logistics processing on import export goods and enhance the capacity of the sub-sector for efficient service delivery. Therefore multi modal maritime and sea transportation service delivery system will be implemented. Taking in to account the departure and destination of the goods dry port consolidation capacity will be enhanced. In addition, reducing the transit time of goods at sea ports to support the import-export business and reduce the number of control and weighing stations to facilitate and fasten the transiting of goods. Also increase the management of vehicle utilization in the corridors so that increase the frequency of vehicle's travel and reduce the transportation time. Besides, ensure the safety of import-export transportation corridor and build a logistics system that ensures the service delivery is up to the timely standard and uses modern technologies.

5.4.7.2 Objectives

- Expand and enhance the dry port infrastructure in the country
- Facilitate and enhance the import-export business partnership of the country with neighbouring countries by ensuring the economic benefit that can be gained from the system
- Enhance utilization of transit corridors so that to reduce the time and cost of logistics in import-export business
- Strengthen local water transportation in the country so that the nearby societies benefit and freight transport being facilitated
- Increase the national shipping line's carrying capacity

5.4.7.3 Major Targets

- The amount of import general cargo transported by multi modal transport system coverage will increase from 2% in 2009/10 to 80% in 2014/15 and also the share of the amount of export cargo to be transported under the newly improved system will reach 90% in 2014/15
- Sea port utilization ratio will reach 60:30:10 for Djibouti, Berbera and Port Sudan, respectively
- Mojo and Semera dry port capacity for general cargo, not including unpacked and liquid cargo, import-export goods will reach 100% at the end of the planning year
- Transit time for import export goods will reduce from 30 days in 2009/10 to 20 days in 2014/15
- 35 loading stations will be built all over the country
- The available seat kilo meter in local water transportation will increase from 0.9 million ton in 2009/10 to 1.4 million ton in 2014/15
- Fuel transportation by Ethiopian ships will reach 3.6 billion ton in 2014/15

5.4.7.4 Implementation Strategies

To achieve the above set targets in the sub-sector the following implementing strategies will be put in place during the plan period.

- Full implementation of multi modal system and build the capacity of dry ports infrastructure
- Enhance partnership and collaboration with the neighbouring countries for effective sea port utilization and economic and community integration
- Strengthen containerization system
- Improve the control system at custom checks found at the corridors
- Implement local water transport utilization strategy
- Implement freight transport and logistics program
- Build the human resource capacity

5.4.8 Air Transportation Service

5.4.8.1 Strategic Directions

- Strengthen, enhance and expand the current competitiveness of the air transport by creating new internal passengers and freight destinations
- Expand local air transportation service delivery
- Integrate the air transport system with the tourism activities of the country
- Facilitate the import and export trade of horticulture, meat and perishable commodities by building standardized cargo terminal and cooling system at different airports
- Ensure the air cargo system is competent in quality service and affordability by building its capacity
- Enhance aviation safety and security to ensure airplanes', pilots', other professionals, airports and operators capacity is improved
- Complete the ongoing construction of the new airports at different locations of the country and fulfill the airports' operation and technological standard needs to commence service delivery

5.4.8.2 Objectives

- Build regulatory and service provider institutes with the global aviation industry standard and competitiveness
- Create labor force which is competent in the aviation industry
- Ensure the service delivery in international and local airports in the country which are administered by Ethiopian Airports Agency is up to the standard
- Expand local passenger flight services
- Meet the demand of international flight services by upgrading and expanding the service delivery
- To support the import-export trade in the country offer efficient and affordable cargo service
- Within the old and newly built airports ensure that airport security and safety facilities are in place
- Provide standardized, secured and sustained navigation service

5.4.8.3 Implementing Strategies

- National aviation capacity building program will be designed and implemented
- Benchmarking on latest regulatory and service delivery systems will be done from internationally renowned aviation industries
- Increase community and regional governments participation in airport constructions
- Design a standard to control airport construction and standardization of airport classifications
- Using market expansion strategies open new destinations and flight programs

- Using new airplanes enhance the service quality and improve local flight service qualities and efficiency
- Implement safety and facility systems according to the global standard
- Implement global standard and acceptable civil aviation monitoring system

5.4.9 Urban and Construction Development

5.4.9.1 Strategic Direction

Urban development key areas of emphasis are reducing poverty and they by eliminating it, interlinking rural and urban and also urban with urban, engaging/participating population in development, accelerating and sustaining development and good governance ensuring, forming strong partnership/ pact with investors, laying down decentralized administration system. With regards to housing development, provision of land and infrastructure, city administration provision of infrastructure and social service for housing development, supporting private sector/ investor improve the urban slums, enabling regional government and city administration build low cost housing for low and middle income segment of the society are given due emphasis in the next five year

Urban infrastructure development: expanding urban infrastructure with partnership between government, private investors and community, creating wider employment creation opportunity through promotion of micro and small enterprises are the strategic direction planed for the next five year. Making construction industries labour- intensive, market-oriented, competitive, clean from corruption and unethical practice, create construction industry that give priority to micro and small enterprises and build their capacity, ensuring women participation are the main strategic direction.

5.4.9.2 Objectives

In order to enable the local construction industry to play its role for accelerated socio-economic development of the country, the following are specific objectives of the endeavors regarding the industry. Constructing affordable quality and standardized urban housing, reducing urban slums, solving housing (shelter) problems, promoting saving habit and creating wide job opportunity, works with the quality, and planned time limits and cost; capacitate the industry so that local demand is met; enabling the industry to play appropriate role for a sustainable growth of other sectors and overall national economy and improve productivity; enabling the construction industry to play significant role in job creation; developing the capacities and increase the number of local companies engaged in the industry (contractors, consultants, construction machinery supplying and leasing companies, and construction material suppliers); ensure the effective use of public investment on different construction works;

5.4.9.3 Implementation strategies

Construction

- By contentiously reviewing and revising the criteria for contractors, consultant and license permit system so as to assist the capacity building;
- Follow the practice to let local contractors and consultants to participate in international projects that demand international procurement;
- Review and revise the joint venture regulation and establish the system so that local contractors and consultants can utilize the technical and financial capability and technological transfer by working together with foreign counterparts;
- Improve existing and develop new local construction materials through research and technological transfer and ensure their use in designs;
- Using laboratory and service delivery reform project implementing the construction industry policy
- Using public private partnership enabling all civic associations develop a legal frame work, and engage directly in to the sector development and enabling them share experience from there peer with good experience
- By establishing construction industry council and in cooperation (partnership) with ethics and anticorruption commission sustaining the initiative started by Construction Transparency Initiatives by making information accessible to the public

Urban Development

- Pursue a direction which would enable urban residents found at all levels of income to own houses by relying mainly on domestic or local construction materials, identifying and implementing alternative low-cost construction technologies and working systems, and identifying and providing policy and legal framework
- Creating conducive environment for participation of the private sector in housing development
- Promote urban resident to form associations to construct/ build condominiums or apartments
- Facilitating finance for housing development
- Expanding urban infrastructure and ensure their service deliver to the community

Chapter 6

Social Sector Development Plan

6.1 Education and Training

6.1.1 Strategic Directions

The next five year education sector development program, ESDP IV, has the goal of producing democratic, efficient and effective, knowledge based, inspired and innovative citizens who can contribute to the realization of the long term vision of making Ethiopia into a Middle Income Economy. It focuses on educating and/or training the workforce that is demanded by industry, particularly the growing manufacturing industry, at all levels. The plan has also taken into account the findings of the ESDP III review. Using the review as its basis, ESDP IV has been developed to ensure equitable access to quality education at general, TVET and higher education levels; allowing these sub-sectors to have a strong linkage to, and interrelationship with, each other. The key objective over the next five years is to ensure the achievement of the MDGs.

a) General education

The initiatives, already in place to expand basic educational services to all and achieve the MDG goals, will be strengthened. A cost effective and participatory early childhood care and education (ECCE) will be expanded in both formal and non-formal delivery mechanisms. The role of the government will be to facilitate policy based services, such as, supervision of quality, support of materials, development and provision of curriculum, standards, guidelines, provision of ECCE classrooms, and space within formal primary schools for community driven programs, etc.

With regard to formal education, the existing endeavor to ensure equitable access to quality primary education (EFA) will be continued and strengthened. The gender disparity will be eliminated by the end of the plan period. The education strategy for children with special needs will be fully implemented to meet the needs of this group.

An important priority will be improving and ensuring the quality and efficiency of education at all levels. To realize this priority, the General Education Quality Improvement Package/GEQIP will be fully implemented. Its subsequent impact in improving student achievement (in terms of knowledge, skill and attitude) will be verified through regular monitoring and evaluation schemes; and through the National Assessments of Student Achievement conducted every three years. The findings of which shall serve as inputs to further enrich GEQIP and achieve excellence access to quality education for all.

In addition, functional adult literacy (FAL) will be expanded to all regions. Youths and adults within the 15-60 age range would participate in the program as per the FAL strategy.

b) Technical and Vocational Education and Training/TVET

A quality and efficient TVET system will be established through full implementation of the TVET strategy. As a result, Government investment will be strengthened and cooperative training will be fully implemented in order to ensure provision of middle level human power that will satisfy the national labor market.

The TVET System will continue to serve as a potential instrument for technology transfer, through the development of occupational standards, accreditation of competencies, occupational assessment and accreditation, establishment and the strengthening of the curriculum development system. TVET institutions will serve as the centers of technology accumulation for MSEs. Rigorous and regular monitoring and evaluation will be carried out amongst TVET institutions; both government and private monitoring will enable them to ensure the minimum levels of competency. The basis for the M&E will look at whether the training taking place is in line with the demand of the economy, and whether trainers are satisfying the requirements cited in the trainers' competency package. It will also look at the trainees, and assess whether the trainees fit the profile and demands of their chosen occupation and are able to create job opportunities. Generally, the M&E will evaluate whether the TVET institutions are on the right track with regard to the strategy, and if not, take immediate corrective measures for improvement.

c) Higher Education

The key priority for higher education during the forthcoming five years will be ensuring quality and relevance. To this end, the management and administration system of universities will be improved and strengthened, and efforts will be made to enable the Higher Education Strategic Center and the Higher Education Quality Assurance Agency to achieve their missions. The performance and implementation capacity of technology institutes will also be built upon. Adequate supply of university teachers will be ensured through the implementation of a full fledged teacher development program. The revised curricula will be implemented in line with critical issues, such as, instructional process, assessment and examinations and student achievement.

The education provided at higher education institution level will be made compatible with the quantity, type and quality of the human power demanded by the economy and /or national labour market. Accordingly, the increase in enrolment in graduate and post graduate programs will be in line with the 70/30 Program. There will be a system introduced which will enable universities to raise their own internal incomes, which in turn, will help them promote quality and relevance of education.

There will be a technology transfer-centered research system for higher education institutions (HEIs). Capacity building will be undertaken to improve performance, especially of Science and Technology Institutes and departments in order to make them support the economic development through technology transfer. In general, the research system in HEIs will be guided by the role it plays in the economic growth and development of the country.

Assurance of the quality and relevance of education provided in private higher education institutions will be the other key priority issue during ESDP IV. These institutions will be evaluated and assured, based on whether they are organized as per the higher education proclamation and strategy. The provision of higher education in the private sector will be made to focus on quality and relevance, through regular M&E and possible corrective measures.

Through continuous support and monitoring, higher education institutions will be made effective/efficient and have student friendly environment especially for girls and students with special needs.

6.1.2 Objectives

Ensure an effective and efficient education and training system that will enhance quality, efficiency and relevance, and equity and access at all levels. This will be achieved through performance capacity building, and developing and maintaining competency parameters.

a) Objectives of General Education

- Expand access to pre-primary education and maintain its quality and efficiency
- Expand access to quality primary education for all
- Expand quality secondary education that will serve as a basis and bridge to produce a middle and higher level workforce in line with the demand of the national economy/labour market, and intake capacity of higher education institutions
- Ensure equity in education by narrowing gender, regional and urban-rural disparities
- Expand access to functional adult literacy (FAL) to enhance the country's all round development endeavors

b) Objectives of Technical and Vocational Education and Training/TVET

- Expand outcome based and quality TVET equitably, both in rural and urban areas. This should be in line with the demands of the national labor market and a system that will make the institutions become centers of technology transfer will be implemented.
- Create concrete capability of micro- and small scale enterprises /MSEs through technology accumulation, building institutional capacity and transfer of technology
- Develop an integrated package that will involve all actors and stakeholders, and enhance the capacity of the industry to own and promote setting occupational standards and accreditation of competencies
- Give particular emphasis to females and the youth, and empower them to possess working skills and competencies that will ensure they are economically self sufficient.

c) Objectives of Higher Education

- Establish a higher education institution system which focuses on result based management, administration and performance, and that recognizes and scales up best practices
- Produce a higher level of skilled and capable human power as per the demand of the development of the country in general and the manufacturing industry in particular
- Ensure higher education enrolment that prioritizes science and technology

- Assure higher education institutions that have achieved education quality and relevance in accordance with the demands of the economy
- Enhance the competitiveness and competency of female students to promote their success and ensure gender equity

6.1.3 Implementation Strategies

This section presents the strategies deemed to have potential roles in facilitating the implementation of the plan and achieving the targets set

a) General Education

Quality and Efficiency

- Undertake capacity development to enhance the performance capacity of leaders and implementers at all levels, as per the standard indicated in GEQIP
- Scaling up best practices and implement them to every school in reference to the Package
- Promoting education quality by conducting an integrated community mobilization, at all levels, using every media, so that community sense of ownership is created over quality of education.
- Upgrading qualification of teachers at every cycle through pre-and in-service and continuous professional development schemes per the teacher development blue book
- Providing special training to English teachers to raise their proficiency at each level per the standard set, assessment tool and skills gaps identified
- Fully implementing the Math and Science strategy; raising student awareness and motivation for improved learning in math and science and achieving better results in these subjects
- Creating strong linkage and harmony amongst the curricula for primary and secondary education and teacher education institutions
- Digitizing secondary plasma education in a way suitable to broadcasting and improving the quality of education
- Developing a checklist in line with the expected attitudes, skills and inputs in order to: implement the GEQIP efficiently; establish an effective M&E system; evaluate the impact of the package upon changes in student achievement and eventually upgrade excellence of the GEQIP and its implementation

Equity and access

- Fully implementing the Early Childhood Care and Education policy package and strategy
- Promoting participatory school construction and networks and reducing the distance between children's homes and schools
- Transforming the existing ABECs to regular schools, and establishing more ABE centers when and wherever necessary.
- Establishing strong transformational nexus between ABE centers and formal primary schools
- Opening multi-grade classes as a means of integrating and maintaining children of scarcely populated areas in school
- Opening mobile and para-boarding schools and promoting school feeding programs for meeting the needs of pastoralist and semi-pastoralist students
- Promoting affirmative action to children with vulnerabilities and to children in emerging regions to improve their access rates
- Expanding secondary schools to increase access to secondary education, and increasing provision of secondary preparatory education in accordance with the demand of the economy for skilled human workforce and intake capacity of higher education institutions
- Encouraging the private sector, NGOs and the community to open secondary schools; providing the necessary support, and monitoring regularly the standard of these schools
- Strengthening the cost sharing scheme for secondary preparatory (11-12) education
- Implementing functional adult literacy (FAL) in accordance with FAL strategy, curriculum and guidelines
- Institutionalizing training of FAL facilitators at all colleges of teacher education in order to carry out facilitator training efficiently
- Implementing the strategy for Special Needs Education to ensure equity and access
- Establishing strong M&E system at all levels and taking possible corrective actions

b) Technical and Vocational Education and Training

- Making the TVET system, as much as possible, compatible with international labor market, and giving particular emphasis to its ability to absorb and use the current capacity of industry experts in the country. Also to identifying those experts with enhanced competencies through competency assessment
- Making use of accredited assessors at senior positions in industries for undertaking occupational standards comprehensively and for assessing other experts; as a result of which, only those accredited and competent assessors will be assigned for the post of assessment
- Prioritizing of occupations & facilitating training; facilitating conditions for provision of comprehensive in-company trainings and selecting trainer candidates with high competency among graduates for the post of trainers at TVET centers. This is in line with the country's development policy direction and national market demand.

- Promoting those selected and experienced trainers to senior levels of training and management, and giving accredited trainers and teachers ownership over various training and technology transfer activities
- Enhancing the capacity of industry work force in line with the international labor market so as to achieve sustainability of the TVET system; ensuring the industry's institutional ownership; ensuring that all TVET centers have competent and accredited trainers for all demanded occupations. And the trainers are expected to have compatible or even better competence than those in industries
- Strengthening MSEs through provision of capacity development and through promoting them as centers for technology transfer
- Ensuring a decentralized , integrated and outcome based TVET system all over the country, and realizing competencies at every level and strengthening the system through regular monitoring of its organization
- Involving stakeholders in occupational standards, the development of the curricula, training and assessment tasks
- Establishing a system for training needs analysis; continuously upgrading occupational standards and conducting training

c) Higher Education

- Strengthening university leadership and providing leadership training for new candidates of higher and middle level positions
- Increasing the intake capacity of all universities especially in science and technology and teacher development programs
- Scaling up the professional competence of teachers of HEI by providing them with training related to pedagogy, student assessment, action research etc
- Finalizing the new universities under construction; furnishing them with the necessary equipment and guiding them to give priority to science and technology and teacher development programs
- Establishing and implementing a system which can promote institutional & teacher competence and expertise in conducting research and adapting technology
- Developing and implementing a National Qualifications Framework
- Encouraging and supporting all universities to establish well organized and policy guided internal quality assurance systems
- Developing a system that can promote the capacity of higher education institutions to undertake graduate tracer studies and analyze employer satisfactions, as a result of which they will be able to revise and improve their curricula
- Developing schemes for the provision of affirmative action's for those who need additional support, (females, youth with disabilities, emerging regions ,etc) such as, special admission criteria, tutorial support and scholarship opportunities

6.2 Health

In the past years, remarkable achievements have been recorded in the expansion and construction of Health facilities, and improve the quality of health service provision. The Health Extension Program (HEP) is an innovative health service delivery program that aims at universal coverage of primary health care. The program is based on expanding physical health infrastructure and developing Health Extension Workers (HEWs) who provide basic preventive and curative health services in the rural community. Health Sector Development Program IV is designed in line with the overall directions of the government for the next five years. The most priority areas of the health sector development program will be maternal and newborn care, child health, halt and reverse the spread of major communicable disease such as HIV/AIDS, TB and Malaria.

6.2.1 Strategic Directions

The core elements of the health policy are democratization and decentralization of the health care system, development of the preventive, promotive and curative components of health care, assurance of accessibility of health care for all segments of the population and the promotion of private sector and NGOs participation in the health sector. Besides, the health policy gives focus on providing health promotion and disease prevention, curative and rehabilitative services, public health emergency preparedness and response to enable the population to produce its own health.

The health sector development plan aims at ensuring community ownership and empowerment through effective social mobilization, enhanced and sustained awareness creation, and creating conducive environment and supporting community organizations. HEP will serve as a primary vehicle for prevention, health promotion, behavioral change communication and basic curative care through effective implementation of the 16 packages.

The delivery of quality health services is central to improving the health status of the population. The Quality of Health service applies a three-pronged approach to improving quality of health services. A *Health Care Financing Strategy* aims at increasing resource flows to the health sector, improving efficiency of resource utilization, and ensuring sustainability of financing to improve the coverage and quality of health service. Involving the community in the planning, implementation, monitoring and evaluation of health interventions will be enhanced. The role of private sector in the delivery of health service will be strengthened in the coming five years. Integration of the vertical program interventions at the point of health service delivery will be accorded utmost attention.

Private health care providers will be strengthened, motivated, monitored and regulated in order to provide and satisfy the citizens by providing quality health service. The Design of Health sector strategic plan has also fully considered and seeks alignment with other policies and strategies that have already been under implementations in the health sector such as the Health Care Financing Strategy, Health Insurance Strategy and Human Resource Development Strategy and other sectors strategies and policies.

6.2.2 Objectives

Improve the health of the population through provision of promotive, preventive, curative and rehabilitative health services.

- **Improve Access to Health Service:** This objective includes availing of affordable health service to improve health of mothers, neonates, children, adolescent and youth, reduce the incidences and prevalence of communicable and non - communicable diseases and Improve hygiene and environmental health.
- **Improve quality of health services:** It includes provision of health services as per the standard by health facilities at all levels.

6.2.3 Major Targets

- Decrease maternal mortality ratio from 590 per 100,000 live births to 267/100,000
- Decrease under five mortality from 101 to 67 per 1000 live births
- Increase family planning service (CPR) from 32% to 65%
- Increase Penta 3 immunization coverage from 82% to 90%.
- Reduce incidence of HIV in adults from 0.28% to 0.042% and maintain the incidence at 2.4%
- Reduce Prevalence of malaria to below 0.7%
- Increase TB Case Detection Rate from 34% to 75%

6.2.4 Implementation Strategies

- Strengthening and scale up of HEP, Accelerate construction, expansion and strengthening of Health centers and hospitals (expansion of specialized hospitals) Renovation and maintenance of HPs and HCs, and fulfilling of necessary inputs to provide the population quality health service.
- Conduct Health service quality regulation and strengthen licensing and inspection
- Strengthening of Health care financing system and implementing and expanding of Health insurance
- Ensuring women's participation, engagement and involvement in the health service delivery
- Strengthening Private public partnership and Scale up the implementation of harmonization and alignment and ensure the participation of stakeholders
- Improve community participation and ownership
- Improve Resource mobilization and utilization
- Improve evidence based decision making by Harmonization and Alignment
- Improve regulatory system
- Improve Pharmaceutical Supply and Services
- **Improve Health Infrastructure:** by expanding, equipping, furnishing, maintaining and managing health and health related facilities.
- Improve Emergency Preparedness and Responses
- Improve Human Capital and Leadership

CHAPTER 7

CAPACITY BUILDING AND GOOD GOVERNANCE

Efforts made during the last years to establish stable developmental and democratic government system and achieved remarkable results. In the next five years it has been planned to achieve strengthen all inclusive capacity building initiatives, strengthen good governance and to address the bottlenecks in effort to implement good governance. To achieve the economic and social development strengthening good governance plays a key role in mobilizing human and capital resource taking into consideration their efficiency and effectiveness. Hence, improve working system in the public, strengthening good governance and democratic system will pave the way to economic and social development and hence to achieve MDGs by 2014/15.

7.1 CAPACITY BUILDING

7.1.1. Strategic Directions

Under capacity building sub sector a consorted and integrated efforts will be made to enhance the capacity of the civil service to implement government policies and strategies effectively and efficiently. Another major task during the planning period is scaling of best practices. Hence, activities in the civil service reform program will be surveyed and best practices will be identified, packaged and scaled up.

a) Establishing government structure with strong implementing capacity

Activities to be implemented in the planning period under this section include:- full implementation of the Civil Service Reform Program at all levels of the government structure(both at federal and regional) so as to strengthen the reform agenda; awareness creation so that civil servants develop attitude towards serving the public, full understand of the government's policies and strategies and capable to implement government policy and strategy and ensuring efficiency, effectiveness, accountability and transparency; so as to ensure effectiveness and efficiency of public sector service delivery.

b) Ensuring transparency and combating corruption from its source

Measures to be taken under this section include:- fully implement the system to disclose and register asset owned by every citizen thereby to recognize and protect their rights; establish a system to register urban land; set up a system to identify and recognize ownership of land; create awareness through ethical education to encourage citizens for zero tolerance for corruption and rent seeking, disclose and register assets under the ownership of political leaders/public officials in a transparent manner; deterring and detecting any asset gained through illegal and improper way, educating the public at large to challenge corrupt practices and officials and bring them to justice

those who are engaged in improper way of gaining asset, tax evasion, illegal activity with aim of gaining any benefit from it.

c) Ensure Public Participation

the focus areas to ensure public participation in the planning period include:- Ensure good governance at local level so as to support achieving millennium development goals; take affirmative actions to enhance women participation at *wereda* and *kebele* level; engaging and mobilizing the public in the construction of local infrastructure development activities such as primary schools and health stations; create enabling environment for professional and public association to enable them protect and promote their rights and benefits; create conducive legal and institutional participatory mechanism and made operational at all levels of the government structure for professional and public associations to enable them participate in the formulation and evaluation of government policies, strategies and development plans; support professional and public associations/organizations in their efforts to exercise inter-organizational democracy such as promoting ideas without any form of prejudice, tolerance, respect of the law, ...etc;

7.1.2 Objectives

a) Improve capacity and leadership of Top management

The roles of leadership in strengthen democracy and good governance, implementation of government policies, strategies and programs is very crucial. Hence, in the coming five years various activities will be carried out in to build the capacity of top managements. This includes building the capacity of leaders both at federal and regional level, at all levels of government structure to bring effective and efficient leadership.

b) Human Resource Development (HRD)

During the planning period due attention will be given to human resource development. To this end various measures including legislative frameworks and establishing modern HRD systems will be taken to upgrade the implementation capability of the civil service on top of the leadership development programs. Hence, human resource development program enables civil servants responsive to public demand to implement government policies, strategies and programs in efficient and effective as transparent and accountable manner.

c) Build the Capacity of Government Institutions

Human Resource Development, institutional set up and working systems and procedures are the three pillars of capacity building. This sections deals with institutional set up and working systems and procedures.

Transforming government institutions to improve service delivery; improve their efficiency and effectiveness in providing public services; enhancing implementing capacities through improved working systems and procedures as well as establishing appropriate institutions are some of main focus of this goal. Surveys indicate that majority of government institutions have already shown gains in efficiency as a result of various interventions in the last strategic planning period. However, the same surveys and evaluations reveal that effectiveness is at its earlier stage and needs

more interventions in the next planning period. This scenario has been taken as a baseline for the planning period and it is assumed that effectiveness of the government institutions will be developed much higher at the end of the planning period. It is also assumed that targets set in the planning period will be measured against predetermined standards as a result of full scale implementation of BSC and established monitoring and evaluations mechanisms.

d) Establish an Effective, Efficient, Accountable and Transparent Government Financial Managements System

The scope of this action is to establish effective, efficient, transparent and accountable modern government financial management system (Expenditure management and control system) through appropriate actions such as legislating legal instruments and employing skillful and competent human resource. During the last planning period various projects to implement modern government financial management system were designed and implemented. GTP will further build on the good tradition and gains of the reform to deepen the foundation for an effective, efficient, accountable and transparent public financial management system.

e) Enhance Transparent and Accountable System

This objective revolves around institutionalization of transparent and accountable system within the civil service so that the civil servant attitude will be transformed towards serving the public satisfaction. There are some visible indications that confirm existence of transparency and accountability within the civil service as a result of various interventions taken in the last five years. Accordingly within the next planning period systems such as access to information, compliant handling, pre notifications of service requirement, disclosure of public information will be installed to institutionalize transparency and accountability within the civil service institutions.

f) Public participation

Public participation is the central agenda to ensure citizens ownership for sustaining development and good governance initiatives. Citizens' participates in the form of expressing their demands, aspirations, engaging in the process of formulation of policy and strategy, planning, monitoring and evaluation.

Civil society organization will include mass organization, cooperatives, professional associations, etc. The effort is to increase their role in building democracy and good governance, enhance their proper participation in regular manner, and enhance the working mechanisms of the organization towards transparent and accountable for the member and the public to enhance public participation.

In the Good Governance Package various participatory mechanisms are set out. However the participation of civic organization needs further improvement and hence in coming planning period some remedial action have been planned to make the participation more consistent and further strengthened.

g) Build the Capacity of Woreda and Kebele Councils

Build the capacities of *woreda* and *Kebele* councils through trained manpower and working systems has paramount effect to strengthen good governance and democracy at lower administrative level.

The focus areas of during the planning period is strengthening of the implementation capacity of both urban and rural *woreda* and *Kebele* councils through institutionalize an improved working system as well as through enhancing the capabilities of councilors. Improving working includes deepening democratic participation, establishing transparent and accountable system and strengthening of internal control system such as identification of all sorts of problems, implementing monitoring and evaluation system, and taking appropriate actions through inspection.

h) Support the Reform with ICT

Currently various activities are being undertaken to establish institutional transformation such as BPR and BSC. BPR is fully operational in most of federal and regional government institutions while BSC is at its first step to be implemented.

Hence for effective, efficient, transparent and accountable civil service as well as to increase their contribution for institutional transformation it is important to support the reform process, i.e, BPR and BSC with ITC.

In the coming planning period it has been planned to automate of BPR and BSC along with strengthening of the BPR and BSC initiatives such as software selection, testing and full implementation in all government institutions.

7.2 Justice Sector

7.2.1 Strategic Directions

Establishing a stable democratic and developmental state and thereby creating a suitable environment for successive development endeavours; Strengthening the civil service and civic societies so as to strengthen democratic institutions; establishing a system for citizens' access to information; Strengthening the effectiveness of the justice system in terms of its ability to discover the truth through legal procedures; amending laws to ensure that implementation and interpretation of the laws is done in conformity with the constitution; Ensuring independence, transparency and accountability of courts and the judicial system; Strengthening law enforcement institutions by human resource, knowledge, skill and equipments; Carrying out integrated activities to enhance the public's understanding and awareness of constitutional issues; and augmenting the custom and tradition of peaceful resolution of disputes will be given special emphasis over the coming five years. Strengthening the constitutional system and ensuring rule of law; Rendering effective, efficient and accessible justice; Ensuring the independence, transparency and accountability of the justice system; and building a stable and strong federal system and ensuring the peace and security of it's the citizens is the goal of the justice sub-sector.

7.2.2 Objectives

A. Human Resource Capacity

- The curriculum for LLB (first degree in Law) will be fully implemented;
- Teaching materials prepared in accordance with the new curriculum will be evaluated and upgraded regularly;
- Appropriate number of professionals will be trained for their second and third degree and a system will be established to this effect;
- Training will be based on needs assessment;
- Pre-service training will be given to newly appointed prosecutors and judges in the justice sector;
- Short term training will be provided at least once a year for judges and prosecutors sitting at all levels ranging from Woreda up to Federal Supreme Courts, to enhance their capacities and to address their shortcomings in attitude, knowledge, ethics and skill.
- The capacity of other professionals in the sector will be enhanced;

B. Improving the Transparency and Accountability of the Justice System

- A system for transparency and accountability will be fully established;
- A system will be established to evaluate the effectiveness of the professionals;
- Ethical principles will be made to be known and implemented fully by the professionals;
- Complaint handling offices will be strengthened;
- Effective and cost saving resource management system will be established and implemented; and
- Strong monitoring, evaluation and support systems will be established.

C. Independence, Transparency and Accountability of the Judiciary

- A system will be established to ensure accountability while keeping the judiciary's independence;
- Judges appointment will be based on competence and will ensure women's and nations' nationalities' representation;
- Judges' performances evaluation system will be expanded; continuity of the evaluation system will be ensured and the screening process will increase progressively;
- A system will be established for a speedy resolution of disciplinary matters that are submitted to the judicial administration council;
- Improvements will be made based on inputs collected from opinions gathered thorough discussion with service users and stakeholders.
- The hearing process in the judiciary will be fully made in open courts; and
- Cassation decisions and laws will be made available in time for judges

D. Enhancing Service Accessibility

- Standardized offices where justice organs and courts can work in an integrated manner will be built so as to make them more accessible;
- Initiatives to provide services by the courts throughout the year will be expanded to all the other courts ; courts will provide services 24 hours a day;

- Initiatives that have been started to make the courts accessible to women and children will be expanded to all the other courts in the country and fully implemented.
- The initiatives that have been started to make the court environment more friendly to the users where the later can get services without humiliation, intimidation and in a manner that accords to human dignity will be expanded and implemented in all the other courts in the country
- Indigent litigants will be provided with adequate legal counsel and legal aid; adequate translation services will also be provided.
- The number of judges will be raised to ensure adequate proportionality to the population they serve.

E. Rehabilitation of prisoners

- National inmate handling and protection standards will be prepared and implemented to ensure appropriate rehabilitation of prisoners.
- All inmates will become productive and law abiding citizens through civic, ethics, academic and professional trainings.
- Inmates will be made to increase their income by involving them in developmental works; protection of their human rights will be ensured
- Inmates' accommodations, health, nutrition, communications and recreational services will be improved;
- A system will be established and implemented to follow up the integration of inmates released after serving their terms.
- Efforts will be made to improve the image of prisons.

F. Strengthening the Federal System

- Activities will be conducted to build the values of peace and tolerance and to build the capacity of resolving disputes peacefully;
- Systems will be established and implemented to detect and prevent potential conflicts and resolve conflicts before they inflict harms;
- The capacity to resolve disputes permanently will be built based on research on conflicts;
- Activities that enhance the values of tolerance and respect between religious institutions and their followers will be conducted;
- Solutions will be sought and implemented through researches which will be conducted by identifying religious issues and areas that are susceptible to religious conflicts.;
- The awareness of the leadership at all levels and that of the population on interstate relations and on federalism will be significantly enhanced.
- A system for permanent intergovernmental, institutional structure and process will be established for the federal and regional state relations.

G. Increasing Participation

- Participation of the staff in the justice sector preparation and, evaluation of plans as well as on other necessary issues will be strengthened (Internal Participation); and
- Activities that improve and enhance the participation of stakeholders on issues of justice will be carried out. (External Participation)

H. Sector Communication

- Public relation works will be carried out to appropriately raise the awareness of governmental organs and the public on the performance of the justice organs; and
- Preparation and publication of professional magazines in the justice organs will continue.

I. Enhancing the Use of ICT in the Reform Process

- National integrated information system will be established and implemented;
- Works implemented to support the court system by information communication technology will be extended to all courts in the country;
- Public prosecutor information system will be established and implemented;
- All work processes and offices will be modernized by developing appropriate software and database for file and record keeping;
- Information regarding inmates will be supported by ICT; and
- Utilization of ICT in all the training centres will reach the highest level.

7.2.3 Implementation Strategies

- Attaining institutional reforms by building implementation capacities;
- Carrying out legislative drafting, codification and consolidation works based on researches;
- Rendering effective, efficient, accessible and predictable Justice;
- Ensuring the efficient and effective execution of Court decisions;
- Carrying out crime prevention works on crimes that endanger the constitutional system and public interest and bring those who commit crimes to justice.
- Making prisoners respect rights of others by helping them become law abiding and skilled;
- Creating an environment where there can be lasting peace respect between religions and religious institutions;
- Supporting good governance and development by conducting legal research, raising the knowledge and awareness of the public on human rights protection and strengthening the rule of law
- The rights of women and children as well as of persons that live with HIV AIDS recognized by the constitution and international agreements will be respected; their equal participation and benefits will also be ensured.
- Enhancing the capacity of the public to respect law and order and be supportive of law enforcement activities by gradually raising its awareness of legal issues.
- Distributing and making the laws known by the public in an efficient manner;
- Enhancing the role of civic societies and stakeholders in good governance and development activities;

- Ensuring that the legal rights and interests of women, children and persons that are exposed to HIV virus are respected;
- Establishing a system that ensures that attorneys have the professional capability and ethics; strengthening their role in the administration of justice.
- Implementing the registration system fully;
- Gender Equality and Justice: Making women equal participants and users in good governance and development by promoting values of gender equality and building their capacity in the sector;
- HIV AIDS: Giving adequate awareness for sector professionals about the disease and its transmission to protect themselves from the disease as well as ensuring that victims of the disease get the appropriate service in a manner that respects their human rights so as to implement health policy that is focused on prevention.

7.3 DEMOCRACY AND GOOD GOVERNANCE

7.3.1 STRENGTHENING DEMOCRATIC GOVERNANCE

7.3.1.1 STRATEGIC DIRECTIONS

During the next five years of Growth and Transformation Plan (2003-2007) the strategic direction is to ensure democratic governance in the country are: to legislate supporting laws and directives, conduct free, fair and democratic election, ensure human rights of the citizens, ensure the right of women, foster one economic and political community, foster the development of constitutional, human rights and democratic culture, ensure people well represented, strengthen the audit system, standard and coverage and use as a tool for strengthening accountability, standardize the accounting and audit system, to create enabling environment that citizens can conduct consultative dialogue with government about human rights, carryout researches in relation to human rights and ensure press freedom and ensure citizens' rights for freedom of information and to strengthen and deepen good governance and Democratic Institutions (DI).

7.3.1.2 Objectives

To realize strengthening of DI and ensure one political and economic community there are a number of activities resulted in the following main objectives. These are:

- (a) **Strengthen the democratic and good governance institutions:** during the last five years number of activities had been carried out to strengthen the DI to enhance their role in the process of building democratic culture through business process engineering and build the capacity of the staffs through short-term and study tours for experience sharing. Hence during the next five years the ongoing activities will be further continued. The capacity of DI will be strengthened through trained human power. Working directives, acts and hand books will be prepared. Policy directives will be prepared and put in place to enable awareness creation among the citizen about the constitution. To strengthen the parliamentary system of the government, it has been planned to build the capacity of the members of the House of Peoples Representative and House of Federation through conducting training and experience sharing workshops and improve the working system of

the two councils through equipping with information technology and network infrastructure for easy information management and exchange for better decision making.

(b) Broad based awareness creation about human rights and constitution: During the next five years the federal HoPR and HoF will conduct broad based awareness creation workshops and training seminars for

- Students at pilot schools based on the civic education to exercise democratic culture and strengthen children parliament.
- Pastoralists mainly in conflict prone areas, women and youth society group to create awareness about democratic culture.

(c) Ensure one political and economic community: in line of this objective there are a number of activates planned to be conducted. These are:

- The House of federation will conduct extensive research study through supporting post graduate students that are studying on democratic governance and use the intuitions too to strengthen national consensus to ensure one economic and political community.
- Equip the documentation section of the federation with research documents which enables decision making of the staffs of the federation.
- Revise and improve the grant sharing formula to create balanced and equitable regional economic growth.
- To put in place early warning system to prevent conflicts and use indigenous conflict resolution mechanism through mobilizing local community.

(d) To legislate laws and directives to create enabling system to ensure democratic representation and accountable to public resource: The HoPR and regional counterparts will pass acts and directives that have been developed based on research to support the effort towards realizing the Growth and Transformation Plan. Hence HoPR, HRC EIO and OFAG are working together with HoPR for effective monitoring and implementation of this objective.

(e) Ensure councils accountability to the public:

- The federal and regional councils will secure media air time, develop user friendly websites, publish and increase the circulation of press releases and booklets to address the public and collect public perception on the democratic process and enhance their participation in decision making.
- Establish Advocacy Centers to reach the public at lower administrative level and make accessible minutes, reports of the councils, annual plans and other related information using this advocacy centers.

(f) Enhance public participation: To enhance public participation in development planning and democratic process, the following activities are planned to be implemented. Regional, woreda and kebele councils facilitate for realization of the participation of different social group. These are:

- Enhance the participation of women in the council for better political participation and decision making,
- Build the capacity of the council members through training and study tours for experience sharing,
- Enhance participation of membership based CSOs and the public at large on development planning, implementation monitoring.
- Put in place directives and laws that will support working system of membership based CSOs and professional associations

7.3.1.3 Implementing Strategies

- Build the capacity of the executives,
- Ensure effective legislative assembly (law making process), codifications and consolidation of laws based on research and studies,
- Enhance delivery of effective and efficient judiciary and ensure accountable judiciary,
- Build the capacity and ensure their human rights of the prisoners,
- Establish peace and tolerance among different religious groups,
- Support the effort of building democratic governance through conducting legal and justice system researches, strengthen supremacy of law and conduct awareness creation among the citizen about human rights.
- Improve the accessibility and disseminations of printed and electronic copy of constitutions, laws and acts,
- Strengthen participation of membership based CSOs and development stakeholders in the development process,
- Ensure the legal protection and rights of children, women, People living with HIV/AIDS and people with disabilities.
- Create a mechanism to enhance professional ethics of lawyers through capacity building to increase their role in the judiciary process.
- Ensure gender equality,
- Create awareness about HIV/AIDs prevalence and incidence among the staffs in the DI,

7.3.2 GOOD GOVERNANCE

7.3.2.1 STRATEGIC DIRECTIONS

To realize the government's effort in eradicating poverty through implementing growth and transformation plan good governance plays a key role to increase public trust and efficient public resource allocation for development. Hence during the planning period the strategic directions are:

- Enhance the awareness of the citizens about the consequence of corruption through ethics and anti-corruption campaign and education.
- Take strategic measures and create mechanisms for zero tolerance to corruption in government organizations and public enterprises through improving their working system that increases accountability and transparency.
- Take legal measures/action on those committing corruption and save public resource,
- Use mass media to enhance cooperation of the citizens in fighting against corruption including expose those criminals
- Develop and implement legal systems to register the wealth of government authorities and civil servants.
- Eradicate corruption through developing and implementing information technology and enhancing transparency,
- Enhance zero tolerance of the citizens through ethics education and awareness creation,
- Improve the service delivery through implementing transparency, modern information technology, accountable to the public,
- Take legal measures on those committing corruption and use the legal measure as an input to increase the awareness of the public,

In this regards, in collaboration with stakeholders, there are a number of activities to be carried out in the planning period. For instance, conduct civic education and enhance the public attitude towards zero tolerance for corruption, to strengthen the system to track corruption in the society and take the right measure to protect the public resource, to implement ownership, land, urban plan and citizens' identification information system. Increase the awareness of the public about the need to pay tax ethically at the right time to mobilize resources for implementing the plan.

7.3.2.2 OBJECTIVES

- Develop modern information technology and infrastructure to register the wealth of government authorities, and civil servant wealth and
- Track and take legal measure when there is information that accumulation of wealth from unidentifiable resource
- Enhance the awareness of the public and increase zero tolerance of the public for corruption and rent seeking through ethics education and increase collaboration to fight against corruption.
- Develop and implement institutions' anti corruption strategy, and put in place enabling mechanisms to fight corruption.
- Increase the knowledge and understanding of the tax payers about any information they need to know through developing and implementing information communication technology,
- To implement customers' service delivery charter,
- To develop modern urban land management system and improve the urban plan to improve investment in economical manner, improve rural urban linkage.
- To develop and implement citizens basic information using modern information technology,

- Strengthen government financial management systems through implementing financial and legitimate audit,

7.3.2.3 IMPLEMENTATION STRATEGY

- To give priority to fight against corruption and take legal measures through law enforcement on those bribers in collaboration with institutions particularly working on tax administrations, and land management and services,
- Implement transparent working system of the tax and land services systems,
- Build the capacity of government implementing capacity through trained human power with information technology
- Implement Balanced Score Card and Business Process Re-Engineering for better implementation capacity
- Work in collaboration with stakeholders to avoid working systems that can aggravate corruption,
- To strengthen the federal and regional anti-corruption commission and organize forums to enhance fighting against corruption,

7.4 INFORMATION AND COMMUNICATION TECHNOLOGY DEVELOPMENT

7.4.1 Strategic Directions

The policy of the Ethiopian Information and Communication Technology Development Agency for coming five years (200/11-2014/15) is based on the policy and strategic directions of Information and Communication Technology. The following are strategic directions to further enhance the information communication technology development of the country. These are:

- Development of the information communication technology infrastructure;
- Human resource development;
- Information communication technology legal system and security;
- Support the E-Governance with the information communication technology,
- Integration of private sector development and information communication technology;
- Information communication technology for research and development.

7.4.2 Objectives

- Expanding information and communication technology in the entire nation step by step and at all levels of the society at large scale;
 - Expanding information communication technology at large scale
 - Enabling the Community ICT Beneficiary
- Support social and economic development, and promote good governance through information and communication technology development

- Developed and Install information communication technology such as Agri-Net to foster the implementation of Government's Economic Policy;
- Improve the quality and access of education and health service through information and communication technology;
- Support government and public institutions to build their capacity of utilizing ICT and ensure effective service delivery to expedite development, good governance and enhance participation of the public
- Support effort of sustainable environmental development by integrating it with information and communication technology
- Enhance investment on Information and Communication Technology sector foster the role of the investment to play its key role in economic growth, contribution to GDP, job creation income generation,
- Strengthen national and international cooperation for the development of information communication technology;
- Foster Human Resource Development in Information and Communication Technology
 - Create enabling mechanism to increase Information and communication Technology professionals,
 - Build the capacity of the sector through study and research;
 - Enhance ICT supported gender based development and build the capacity of participation of women in information and communication technology;
- creating suitable policy, regulatory and legal environment to get rid of poverty and to expedite the success of developmental goals and to expand the development of information and communication technology;
- Develop and in place uniform procedure, standard and quality of technology in the information communication technology sector and improve efficiency and effective use of human resource and finance

7.4.3 Goal of Information and Communication Technology Development

- The goal of information communication technology development is to ensure sustainable development and poverty reduction, human development, capacity building and good governance through well developed and all inclusive capacity of communication technology.

7.4.4. Implementing Strategies

To achieve the above objectives in the coming five years Growth and Transformation Plan (GTP) the following implementing strategies have been designed. These are:

- Develop and standardize the information communication technology infrastructure and the service;
- Improve the national and regional states information exchange through improving and installing broadband internet network;

- Provide information communication technology services to beneficiaries with competitive prices;
- Support the develop of IT professional needs of the country in selected sectors or fields in selected economic sectors;
- Facilitation of situations for provision of computer education and training to the society at large scale;
- Facilitate and create enabling environment to increase innovation and decrease brain drainage of ICT professionals ;
- Enacting legal frameworks related to ICT resources and services development and ensure that the frameworks are incorporated into the policies, strategies and programs of development;
- Revise the laws and regulatory frameworks in collaboration with national and international stakeholders for a better ICT development;
- Put in place management and quality control directives and standards in relation to supply of ICT services and products;
- Introduce the disposition of alphabets of national languages and making use of the Unicode Technology;
- Provide supports and foster ICT researches and studies,
- Develop the information Kiosk;
- Encourage the society to develop culture in to use internet service for various economic and social activities and create enabling conditions to increase computer ownership.

CHAPTER 8

Cross Cutting Sectors Development Plan

8.1 Gender and children's Affairs

8.1.1 Strategic Direction

Taking into consideration that half of the population are females, there have been efforts to increase the participation of women in political, social and economical activities. There are significant achievements towards gender equality and women empowerment in various areas during PASDEP. Ethiopia has ratified a number of international and regional conventions and protocols on women and child rights. In terms of Institutional mechanisms, establishment of the Ministry of Women's Affairs with higher status and mandate as well as the Regional BoWAs' improved status as member of the cabinets; Federal WADs' position as management process to be part and parcel of the decision making body in every sector is becoming one of the opportunities for Gender mainstreaming in all endeavours. The Government has taken strong measures in the economic sphere to ensure women's equal access to economic recourses including land, credit, science & technology. The protection and promotion of the reproductive rights of women, health and HIV/AIDS is supported by the legal and policy framework and Gender mainstreaming in the health sector has been given due attention .

8.1.2 Objective

In the next five years priority objectives are: ensuring women's active participation in the country's economic development and equal benefit from the economic growth; increasing participation in the social sector and empowerment of women by abolishing Harmful Traditional Practices, and asserting women's participation in politics. Regarding children's Affairs, the main objectives are: ensuring they are benefited from the country's economic growth, providing care and support to orphan and vulnerable children, promoting children's participation rights, reducing harmful traditional practices and also make sure their safety and their rights respected.

8.1.3 Implementation Strategies

- Ensuring the economic sector programs and extension packages consider women participation.
- Encourage women in missed faming activates activities.
- Assist women to form cooperatives and advance the beneficiaries.
- Encourage women to increase their income by participating in other income generating activities other than agriculture.
- Promote women's use of saving and credit services.
- Increase women participation in all educational levels.

- Providing better health care and combat women related health problems
- Extend programs that help decrease the work burden of rural women
- To creating conducive environment to enable women associations operate effectively.
- Increase decision making role of women
- Mainstream child affairs in other sectors and look for mechanism to strengthen child care and support.

8.2 Youth

8.2.1 Strategic Direction

Policy direction of the sector is to facilitate the growth of self employment and formal / informal employment opportunities and encourage active participation and benefit of the youth in economic, cultural development, democratic system and good governance. Moreover, particular focus will be given to develop traditional sports and strengthen the support to high performing athletes.

8.2.2 Objectives

The national youth policy has a broad objective of encouraging the active participation of the youth in economic, social and cultural life of the country. Particular attention will be given to the active contribution of the youth in the development of democratic system and good governance; to enhance effectiveness, transparency and accountability.

8.2.3 Implementation strategy

With regard to empowerment:-

- Improve organizational set up and encourage participation of the youth.
- Improve information exchange and advocacy and create awareness.
- Encourage youth employment creation
- With regards to youth package implementation and creating integration, improve information with support partners

8.3 Social welfare

8.3.1 Strategic Direction

On the course of promoting the economic and social development of the country the social welfare main emphasis lies in protecting rights and facilitating conditions which will enable persons with disability and older people to use their abilities as individuals or in association with others to contribute to the development of society as well as to be self-supporting in the political, economic and social activities of the country. In addition to that it will play its duty of preventing the occurrence of social welfare problems in the society. The social welfare programs include programs that have their bases on the family and the society and implemented through formal government and NGOs and the informal ways through which the society by it self support each other in the community.

The programs that are implemented for the older people are focused policies, programs and community based alternatives that allow the elderly dignity, freedom and their social connection to their community to be intact and care and support will be given within their community rather than institutions which preserve the social tradition of family ties and family support.

On the other hand, the programs that are implemented for people with disabilities (PWDs) are programs that aim in preventing disability and providing education and training for PWDs and rehabilitating them and have equal access and opportunities as well as by providing information about disability and PWD changing the society's attitude towards disability and PWDs positively.

8.3.2 Objectives

The objective of the sectors plan is in the process of speeding up of the social and economic development of the country making sure the involvement of all relevant stakeholders in promoting social welfare services in inclusive manner, identify social welfare problems and take corrective measures, in view of supporting the nation's poverty eradication endeavor to promo activities that will benefit people with disabilities and the elderly.

8.3.3 Implementation strategy

To reach the above mentioned target the following implementations strategies will be employed

- To facilitate ways in enabling the elderly share their life long knowledge and experience for the country's social economical and political development
- To work closely with all stakeholders who are engaged in providing social welfare services to the elderly that will ensure their economic and social wellbeing
- To expand social welfare services those that are given by the government, the community and NGOs
- To promote PWDs to use there skills on the economic, social and political matters of the country.
- To facilitate the implementation of education of children with special needs.
- To empower people with disabilities to exercise their right to have equal access and opportunity to be employed
- To put together deliberate effort to prevent hindrances in home and work place, recreational centers, schools, health centers and other places that will limit the mobility of People with disabilities.
- To provide physical support materials for the disabled
- To implement and strength rehabilitation, technical and vocational training support and outreach programs for people with disabilities.
- To engage and mobilize the community in providing social welfare service
- To conduct research activity regarding social welfare
- To provide education and information services to raise public awareness about disability and people with disabilities

8.4 Population and Development

8.4.1 Strategic Directions

Population policy focuses on the harmonization of the rate of population growth and the capacity of the country for the development and rational utilization of natural resources to the end that the level of welfare of the population is maximized overtime. Since there is a strong interrelationship between development and population it is necessary to give serious attention to population issues in the process of development planning in order to improve the socio-economic development of the country.

8.4.2 Objective

Ensuring spatially balanced population distribution patterns with a view to maintaining environmental security and the scope of development activities.

8.4.3 Implementation Strategies

- Monitor an effective country wide population information and education program addressing issues pertaining to small family size and its relationship with human welfare and environmental security.
- Ensuring the collection, analysis, dissemination and utilization of quality, reliable and up-to-date population data; and Promote research on population and development;
- Increasing awareness among the public on population issues using various media and promote the theme on “Small, Happy and Prosperous Family”
- Strengthen the Population and Life Education (Pop/FLE) at elementary and secondary.
- Enhancing the capacity of population policy implementing agencies at all levels; and has experience sharing programs with the stakeholders.

8.5 Culture and Tourism

8.5.1 Strategic Direction

The cultural policy ensures to create a favorable condition to the languages, cultural, historical and natural heritage, fine arts, handicrafts, oral literature, customs and other cultural elements of the nations, nationalities and peoples of Ethiopia, receive equal recognition. The Ethiopian Tourism policy focuses on identifying the country’s historical, cultural, wildlife and natural resources to develop responsible and sustainable tourism through the participation of the private sector, local community. Moreover, the wildlife conservation policy is to create conducive environment whereby the country’s wildlife and their habitats are protected and developed in a sustainable manner

8.5.2 Objectives

The major objectives of the sector include protecting and promoting Ethiopian cultural diversity and promoting the culture of the different nations, nationalities and peoples of Ethiopia and developing these in harmony with modern education, to enable the country to be competent in the international tourism market and particularly making Ethiopia one of the most selected destinations of Africa and to create a conducive environment, whereby the country's wildlife and their habitats are protected and developed in a sustainable manner.

8.5.3 Implementation strategies

- Promoting inter-cultural and inter - religious dialogue, in order to enhance mutual understanding and development.
- Enhancing and promoting Ethiopian nations, nationalities, and peoples languages and folklores.
- Promoting scientific researches, study and producing assessment tools and occupational standards in the cultural occupation in order to produce highly qualified professions within the sector.
- Developing cultural values and a step by step abolishing of harmful traditional practices by enhancing behavioral change among the community to bring about a social change.
- Mainstreaming gender and HIV/AIDS issues in all cultural activities.
- Providing a leading service through the materials collected and organized through books, magazines, newspapers, archives, microfilm, audiovisual, internet etc
- To develop existing and new destination's as well as tourism products in kind, number and quality.
- To conduct tourism marketing & promotional activities through a strong marketing network in order to be competent in the international tourism market competition.
- To improve the standard of tourist service giving facilities, assess their competence, and conduct strong inspection & controlling activities.
- To strengthen the cooperation between actors participating in tourism development.
- To alleviate limitations of the capacity of the industry.
- Re-demarcate existing protected areas with full participation of community and gazette & establish new one;
- Strengthen protected areas located at the boundaries of the country and transfer them to trans-frontier protected areas;
- Promote researches & studies on endemic wildlife resources ecology, genetic sources, population, distribution & biology and complete the data for better conservation;
- Facilitate Ex-situ conservation mechanisms for species under the risk of extinction;
- Control disease transmitting wild animals, building capacity in order to identify the etiology of the diseases, design prevention & control action;
- Control illegal live wildlife & products trafficking at check-points;
- Create conducive & enabling environment to promote sustainable eco-tourism activities in line with internationally accepted standards;

8.6 Science and Technology Development

8.6.1 Strategic Direction

Priority areas in the science & technology sector which require special attention in the coming five years are establish national innovation system, technology transfer & development, research and technology capacity building, human resource development, national quality infrastructure, science, technology & innovation information development and intellectual property protection and development.

8.6.2 Objectives

The main objectives of the plan are to establish an innovation and technology transfer system, proper control of radiation sources and practices to protect workers and the public, and to build capacity and make use of radiation technologies in different sectors for rapid development endeavors, establish an effective intellectual property protection and development system and establish a science and technology information system.

8.6.3 Implementing Strategies

- Establish a national innovation system and build the capacity of the governing body,
- Establish a mechanism that will ensure local absorption of technology and related experiences entered to the country via investments (such as FDI) or other means,
- Establish research institutes that focus on technology adaptation,
- Establish administrative and legal system that will govern the copyright industry in a justified manner,
- Encourage flow of overseas technologies to the country,
- Establish science & technology institutions that will generate talented & competent scientists and engineers,
- Continuously generate different levels of human power who are capable of using, coping, adapting, improving and developing technology,
- Reorganize and strength existing research institutes to build and contribute towards technological capacity,
- Establish effective linkage among industries and research institutes,
- Establish institutions with effective structures and organizational setup that are capable of generating technology,
- Increase & strengthen implementations of mandatory standards
- Assist research activities related to collection, analyzing, protecting and distribution of science and technology information,
- Introduce scientific knowledge, ideas, new discoveries, existing technologies for information users and to the general public,

- Establish organizational setup and strengthen the system that make use of information in the Protection of Intellectual Property for economic development,
- Create synergy/linkage among organizations working in environmental protection and public safety,
- Establish and expand research and capacity building cooperation programs in science and technology that directly contribute for the national development activities

8.7 Environment and Climate Change

8.7.1 Strategic Direction

Environmental conservation has vital contribution for sustainability of development. In this context, building a carbon neutral and climate resilient economy and enforcement of existing environmental laws are priority actions in connection to the environmental conservation.

8.7.2 Objectives

The objectives of the plan is to formulate policies, strategies, laws and standards, which foster social and economic development to enhance the welfare of humans and the safety of the environment sustainably, and to spearhead in ensuring the effectiveness of the process of their implementation.

8.7.3 Implementation Strategy

Adaptation to climate change

Climate is a major environmental resource that affects nearly all human activities. Ethiopia's contribution to the increased concentration of greenhouse gases in the atmosphere is negligible. But it is highly sensitive to climate change and variability. Ethiopia has large arid and semi-arid areas as well as development sectors which have already suffered much from the vagaries of climatic variations and are likely to suffer seriously due to the occurrence of a shift in climate.

Thus, the adverse impact of climate change in general setback the development already gained. The impact in climate change is inevitable for at least the next few centuries. Therefore, the formulation and implementation of a climate change adaptation program is a dictate of Ethiopia's survival.

Mitigation of climate change

Ethiopia has one of the lowest per capita rates of consumption of fossil fuel in the world. Its contribution to climate change is, therefore, negligible. Although compared with the rest of the world Ethiopia's contribution to atmospheric pollution that causes climate change has been negligible its impact is going to increase with the growth of industrialization. Therefore, Ethiopia should do all it can to avoid emissions of atmospheric pollutants and pursue a clean path of development.

Ethiopia has resources and environmental conservation practices that do not entail climate change and that could also mitigate emissions of greenhouse gases. Therefore, Ethiopia's contribution to the mitigation of the climate that is being induced by industrialized countries has been increasing. Ethiopia can generate much more electricity than it needs from hydropower, wind and geothermal power and thus not only mitigate its contribution to climate change but also export clean electricity to neighboring countries to help them in their shares of climate change mitigation action. Ethanol and biodiesel production can increase many folds without competing with food crops for agricultural land. On the other hand, the once deforested lands in the last 20 years or so, especially in Northern Ethiopia have been reforested. In general, Ethiopia has socio-economic development sectors that have a potential to mitigate climate change.

CHAPTER 9

Opportunities and Challenges in Implementing the GTP

Given the time horizon and scope of the GTP, it is inevitable that there will be both opportunities, and unforeseen risks and challenges that emerge as the program unfolds. As far as possible, the Government has attempted to take these into account in formulating the strategy by taking stock of recent performance and achievements as well as challenges encountered, evaluating the socioeconomic and political circumstances under which the plan has been conceived, and the international economic order. The Government has tried to assess the possible positive and negative external developments that may affect the performance of the Ethiopian economy during the next five years, and the environment in which the plan is implemented. The GTP has attempted to articulate built-in measures to handle each of these factors.

The GTP carries forward important strategic directions pursued under the PASDEP and embodies additional strategic priorities to complement the anticipated growth in agriculture and industry. It has already been pointed out that the GTP is prepared based on the country's vision, the performance of PASDEP and lessons drawn during implementation period. Successes include significant improvements in the delivery of public services, private sector growth, communications, infrastructure, education levels and health. The challenges experienced during PASDEP implementation included external shocks (such as skyrocketed international oil price and financial and economic turmoil); inflation pressure, capacity constraints in domestic revenue collection and the challenge of maintaining quality of services in the face of massive expansion of infrastructure and social services.

In looking forward, it is important to note that the GTP is set in a longer-term perspective, as it is drawn from the country's vision and targeting to achieve all MDGs by 2015. Hence, the opportunities and challenges need to be assessed in line with this long-term context.

9.1 Opportunities

There are a number of opportunities that could result in more progress being made than is currently expected. These opportunities consist of possible new positive developments that could come out as final result in the next five years and including:

- The results and positive improvements during the PASDEP years have created sense of hope and we can do attitude, that change is possible through hard work which will lead to improved livelihood,
- Improvement in the macroeconomic environment,

- The development potential of the country in terms of natural resources endowments, the large untapped domestic market, and labor force, all of which are under-exploited, and which if tapped effectively, could accelerate the rate of development in the coming five years,
- The momentum effects of past investments such as the expansion of rural and urban road infrastructure including drainage works during the last 5 years, power infrastructure, telecommunications connectivity, and the improvements in coverage of education and health services, improvements in the average levels of health and education all of which should start to pay significant dividends in the coming years in terms of a better economic environment and increased productivity as the public's participation in the development process is further strengthened. Furthermore, increasing values of exportable agricultural commodities stimulate the productivity and production of agriculture thereby improving the foreign exchange generation capacity of the country.
- Best practices that have been drawn during PASDEP implementation in the various economic and social sectors will be taken as opportunities and scaled up to speed up the development process of the country through GTP.
- Implementation of the ongoing National Capacity-Building Program and the positive results that are already being observed in the private sector and in civil society including the impact of large investments in universities, and technical and vocational education and training in both the modern sector and agriculture, and in the strengthening of institutions and of physical capacity in Government at all levels. The capacity-building initiative, civil service reform, justice system reform, and the combined effects of investments in different sectors, can have a compounding effect in lowering the cost of services in the future, while increasing efficiency and synergies across sectors, allowing for greater effectiveness, and more scaling-up of implementation;
- The implementation of good governance package to enhance citizens empowerment to effectively participate in shaping their own development has laid strong foundation and contributed to improved quality and efficiency of services as well as improved transparency and accountability.
- The success of the domestic resource mobilization efforts already underway including: (i) improvements in domestic revenue mobilization by the Government, and the civil service and tax reform programs implemented during the PASDEP period have laid the basis for substantial further revenue increases during the period of the GTP (ii) the increasing levels of community involvement and contribution to the developments process, and opportunities created for community and social mobilization; (iii) the expansion in number of development activities of the CSOs and NGOs as well as private citizens, and their increasing engagement, which can both contribute resources, more implementation

capacity, and innovative approaches to solving development challenges; and (iv) increases in private investment and saving. All of these combine to potentially increase the level of resources being directed in support of the program beyond the levels forecast today;

- Existence of sector development programs in key sectors including: education, health, water and sanitation, roads, telecommunications, power, agriculture and rural development;
- Conducive environment for private investment and business activity; and potential positive impact of the Diaspora, which is increasingly engaging in, or returning to Ethiopia, and providing a cross-fertilization of ideas, skills, and injections of capital and remittances that can help accelerate development;
- Establishment of good working relationships between the Government and development partners and the Government's bold ambitions and strong commitment to free its people from the poverty trap as fast as possible are prospects for increasing external resource mobilization to help achieve the targets of GTP.

9.2 Challenges

There are also a number of challenges/risks on the horizon that could affect implementation of the GTP, including:

- Inadequate financial resources, particularly in terms of foreign exchange for the implementation of the GTP.
- The unpredictability of external financing, and the inability to project financial inflows in the context of scaling up; and its predictability on a number of national and external circumstances, which makes the projection of the amount and sustainability of external assistance difficult;
- Increase in international oil price, and of imports more generally; if there are significant further increases less of the program could be financed with the available resources;
- The potential effects on external finance flows, and on domestic economic activity, of possible external and geopolitical factors,
- The instability of prices of Ethiopian exports, and more generally, the narrow base of the export sector, which leaves the economy vulnerable to downturns in prices or demand for its exports;
- Increases in unit prices of goods that have implication for infrastructure development and human development,
- Low level of domestic savings to support the huge demand of the country's investment
- Unpredictable weather conditions with potential negative impacts particularly on agriculture.
- Capacity limitation in areas of skilled human power in areas of engineering, etc.

9.3 Managing challenges

While these challenges cannot be eliminated entirely, and some of them lie outside of the Government's control, measures have been built into the strategy to take explicit account of each of them, and to proactively manage them. These include the following:

- The potential impact of agricultural transformation and food security programs, which is believed, will liberate millions of small farmers from hunger and their historical exclusive concentration on traditional cultivation of subsistence crops, allowing them to significantly contribute to the economic life of the country.
- There is a growing interest of private investors from abroad and within the country to take part in agricultural investment which is the untapped opportunity that the country has to benefit by providing the necessary support and encouraging medium and large irrigation schemes. Further, small farmers' agricultural activities will be complemented by small scale irrigation to manage unpredictable weather conditions (delays or shortages of rains).
- A growing interest and actual investment realized and in the pipeline of private investment in the manufacturing sector is creating opportunities for increasing employment, export and economy wide diversification.
- To handle the resource inflow uncertainty: in order to be conservative, the underlying projections for GTP assumes a continuation of historical aid levels; further dialogue will be undertaken with development partners to improve external resource mobilization efforts and to allocate resources for priority sectors as well as improve on such delivery mechanism;
- To maximize capacity and resources, everything possible will be done during the GTP period to fully utilize domestic opportunities through community/social mobilization; and to coordinate efforts with non-state actors in general in order to tap the dynamic potential of Ethiopian society, increasing the level of domestic savings, significantly improving human capacity particularly in areas of engineering and medicine, and help overcome overall capacity constraints;
- To spread the risk, diversify the sources of economic growth, and reduce the pressure on the public sector, GTP will further enhance the conducive environment for private sector participation in the development process, particularly industry and improve the functioning of markets;

Chapter 10

Monitoring and Evaluation System of Growth and Transformation Plan

10.1 Background

Growth and Transformation Plan (2010/11-2014/15) is a continuation of the PASDEP. The M & E System is built on the existing Welfare Monitoring System Program, which was established in mid 1990s. Monitoring and evaluation will be implemented on the basis of survey and census data gathered by CSA and analysis conducted by MoFED based on administrative data from sectors and inputs from CSA.

In order to manage socio-economic changes taking place in the country, the government of Ethiopia has established National Statistical System (NSS) and committed itself to an agenda of results and, to realize this, institutional and behavioral transformation would take place. In line with the institutional reforms the required systematic measurement, monitoring and evaluation of the achievement of outputs, outcomes and the impact of development policies and plan targets integration will be improved.

10.2 Monitoring and Evaluation System of GTP

The roles played by major actors of the GTP Monitoring and Evaluation System are outlined below:

10.2.1 The Role of the Ministry of Finance and Economic development

GTP as a continuation of the PASDEP is built on sectoral policies and strategies. Similarly, Monitoring and Evaluation system is also based on existing policy directions. Regarding institutional roles; MoFED has a coordinating responsibility of the system by consolidating and analyzing data collected from administrative sources and different surveys conducted by CSA. MoFED serves as the chair of both the National Welfare Monitoring System Program and Technical Committee.

MoFED conducts a follow up activity. Using administrative (prepared using output and input indicators) and survey (prepared using output and impact indicators) data sources MoFED compiles, analyzes annual progress reports (APRs) and disseminates to all stakeholders. Moreover, to monitor and evaluate targets indicated annually, M & E Macroeconomic Policy Matrix document is also prepared as part II of GTP.

10.2.2 The Role of Federal Executive Bodies

Federal implementing bodies prepare and submit annual implementation reports to MoFED. Since GTP is sectorally linked plan the information base will be highly strengthened to the grass root level. This would help update data as quickly as possible.

10.2.3 The Role of CSA

The main objectives of the Central Statistical Agency are to collect, process, analyze and disseminate the necessary socio-economic and demographic statistical data through censuses, sample surveys, continuous registration and administrative recording systems; and to provide technical guidance and assistance to government agencies and institutions in their endeavor to establish administrative recording, registration and reporting system; and build the capacity required for providing directives and consultations in database creation and development of administrative records and registration systems.

To satisfy the data needs of the M&E system, the work of the CSA, as the main data producer, is to focus on surveys and other data sources. To support these activities National Strategy for the Development of Statistics (NSDS) document has been approved by the National Statistical Council in 2009/10.

As a focal point for all socio-economic statistics and related statistical development endeavors, the Central Statistics Agency (CSA) will continue to play a crucial role in coordinating and delivering the National Statistical System, which will be central to the monitoring and evaluation of the Socio-economic Development Plans and all other development processes and initiatives.

It falls on the role of the National Statistical System to build publicly accessible and reliable statistics, which effectively provide a relevant and sound management information system to aid informed decision-making at the highest level of government, as well as the individual citizen of the country. Improving the National Statistical System will play a very important role, as not only a basic data input for planning, designing, evaluating and monitoring or reviewing of policies, programs and strategies, but also as information that is indispensable to the public as a whole for making rational decisions. Therefore, it is necessary to develop steadily an official statistical system that is compatible with socio-economic policies and changes, and provide quality data with internationally comparable standards and in an easy-to-use format. This will, in turn, contribute to efficient and effective governance through the implementation and follow-up of policies, programs and strategies based on empirical data.

Ethiopia has a long history of planning and conducting socio-economic and demographic sample surveys on a wider scale. In this connection, the government of Ethiopia has allocated a progressively significant budget for implementing these statistical plans. This was operationally possible due to the establishment of a properly functioning statistical system in the country, under the National Integrated Household Survey Program (NIHSP) by the Central Statistical Agency (CSA).

The new National Statistical Development Strategy (NSDS) for the country covers the period 2009/10 – 2013/14. This statistical development strategy differs in content, scope and coverage from the already completed Medium Term Statistical Program. The new NSDS provides the country with a strategy for strengthening statistical capacity across the entire National Statistical System. The new NSDS document examines the likely problems in implementing the new statistical development strategy and the outcomes of the past MTSP, and then provides information on the strategic themes and prioritized work program to be addressed during the five years' implementation period.

Accordingly, a number of system-wide improvements are included in the new strategy, such as the coordination role of the CSA, ethical quality standards and classifications. Improvements in economic establishment surveys and household surveys are also carefully designed. A more comprehensive use of new technologies than ever before will improve the quality and timeliness of surveys, censuses and data from administrative sources that are properly designed to be implemented before the end of the NSDS plan period.

To implement the new Growth and Transformation Plan in the coming five years (2010/11-2014/15) development partners are expected to support the implementation of NSDS by providing well-coordinated technical and financial assistance in a manner that meets the principles of the Paris Declaration.

10.3 GTP Monitoring and Evaluation Policy Matrix

Experience has shown that data availability and keeping internal consistencies have been challenges that need due attention. In relation to development targets set for each sector a policy matrix is provided. Based on targets, indicators have been added. By strengthening administrative records and surveys and delivering timely data the Matrix will be refined as the program proceeds, and updated during the preparation of APRs.

One of the key tasks of NSDS is to ensure quality of information. So in line with the policy framework data quality assessment will be focused on. Data quality is needed both from the supply side and demand side. In all the cases maintaining standard methodology is important.