



FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

Annual Progress Report for F.Y. 2011/12

Growth and Transformation Plan

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

MARCH 2013

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

Annual Progress Report for F.Y. 2011/12

Growth and Transformation Plan

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

MARCH 2013

Quarterly

EXECUTIVE SUMMARY	i-vi
INTRODUCTION	1
CHAPTER ONE MACRO ECONOMIC PERFORMANCE	2
CHAPTER TWO ECONOMIC SECTOR DEVELOPMENT	26
CHAPTER THREE INFRASTRUCTURE DEVELOPMENT	42
CHAPTER FOUR SOCIAL SECTOR DEVELOPMENT	62
CHAPTER FIVE CAPACITY BUILDING AND GOOD GOVERNANCE	74
CHAPTER SIX CROSS CUTTING SECTORS	88
CHAPTER SEVEN MONITORING AND EVALUATION SYSTEMS	96
CHAPTER EIGHT SUMMARY AND CONCLUSIONS	100

Executive Summary

...to sustain the rapid growth momentum and achieve the planned target, it is imperative to increase the productivity of agriculture and expand investment in the industrial sector (particularly in manufacturing industry) in the remaining years of GTP period

1. The annual progress report on the second year of GTP implementation has been prepared focusing on economic growth, social development and good governance. The report presents the major achievements and challenges of the GTP during the fiscal year 2011/12 in economic growth, social development and good governance in details. Moreover, the report analyzes the consolidated progresses made in the last two years in light of the GTP targets set for 2014/15, and thereby aims to provide insight into the possibilities and challenges in terms of achieving the GTP goals.
2. During 2011/12, Ethiopia's economy, as measured by Gross Domestic Product (GDP) grew by 8.5%. Agriculture, Industry and Services grew by 4.9%, 13.6% and 11.1% respectively. The rate of GDP growth registered in 2011/12 was slightly lower than the target set for the fiscal year under review because of the short fall in the performance of agriculture and industry. The growth registered in the fiscal year is, however, very high compared to the 5.3% of Sub Saharan Africa average growth rate for the same period and the average GDP growth rate of 7% required to achieve the MDGs target of reducing poverty by half by 2014/15. It is noted also that this remarkable growth performance has been achieved amidst global economic challenges.
3. In the first two years of GTP implementation, the GDP has grown on average by about 10% per annum. This achievement is slightly lower than the 11.1% annual average growth rate target set for the first two years of the GTP period and the 11.2% annual average growth rate target set for the entire GTP period. This marginal difference can, however, be compensated in the remaining three years of GTP period through accelerated growths of the agricultural and industrial sectors.
4. Economic growth registered in the last two years has enabled the country to maintain an average annual economic growth rate of 11% over the last nine consecutive years between 2004 and 2012. In order to sustain the rapid growth momentum and achieve the planned target, it is imperative to increase the productivity of agriculture and expand investment in the industrial sector (particularly in manufacturing industry) in the remaining years of GTP period
5. Economic growth which has been registered since 2003/04 in Ethiopia is rapid, broad-based and effective in accelerating social development and reducing poverty. The 2004/05 Household Income Consumption and Expenditure Survey (HICES) had shown that 38.7% of the population was living under poverty. This figure has declined to 29.6% in 2010/11 and is estimated to further decline to 27.6% in 2011/12 indicating that the rapid economic growth has indeed been pro-poor. The achievements also indicate that by intensifying economic growth, the MDG goal of reducing poverty by half (to 22.2%) by 2015 is achievable. The rapid and broad based economic growth which has been registered in the last nine years has also generated new job opportunities. Accordingly, in urban areas unemployment rate has declined from 18.9% in 2009/10 to 18% in 2010/11 and further to 17.5% in 2011/12. In the same period, delivery of basic services such as education, health, drinking water, transport, etc. has expanded significantly. The achievements in this regard indicate that by sustaining the economic growth and strengthening the implementation of the undergoing social and economic programs, it is possible to achieve most of the social development MDG goals by 2015.
6. Inflation has been a critical challenge in the past two years with its adverse effect on the efforts made to reduce poverty and expansion of productive investment. The Government has taken tight monetary and fiscal policy measures to reduce the adverse effects of high inflation encountered in 2010/11 and 2011/12. Regulatory measures have also been taken by the government to make the domestic market more transparent, efficient and competitive. To stabilize the domestic market and protect the low income group of the community from the inflationary pressure, the Government has imported and distributed wheat, edible oil and sugar. Though the rate of inflation is declining as a result of the policy and regulatory measures taken, it still remains a potential challenge. Thus, the medium and long-term strategies to reduce the inflationary pressure in a sustainable manner refer to accelerating agricultural productivity and industrial growth. In addition, the resultant economic growth ought to generate wide range of job opportunities. To reduce the effects of imported inflation, it is necessary to enhance import substitution capacity in selected activities and increasing reserves capacities on selected critical commodities. Finally, the undergoing regulatory measures need to be strengthened to make the domestic market more transparent and competitive.
7. The efficiency and effectiveness of tax administration has improved over the first two years of the GTP period. This improvement is due to the move to strengthen the tax information system, education and awareness creation of tax payers, better enforcement of tax laws and strengthening of the capacity of the tax administration institution. Consequently, tax revenue, particularly in the first two years of GTP implementation, has shown significant increase. In 2010/11 and 2011/12, a total of 59 billion and 85.7 billion birr of tax revenue has been

collected respectively. This indicates that tax revenue has increased by 36.2% and 44.7% in 2010/11 and 2011/12 respectively compared to the tax revenue collected in the preceding years. The 2011/12 tax revenue is in fact double the amount collected in 2009/10, which was only 43.3 billion birr. The tax to GDP ratio for 2010/11 and 2011/12 are 11.7 and 11.6% respectively. These are slightly higher than the tax to GDP ratio of the year 2009/10, which was 11.3%. The average share of tax revenue collected in the past two years comprises of 84% of the total domestic revenue. Though the tax revenue has increased over the last two years, it still remains low compared to the tax revenue generating capacity of the economy, the financing requirements of the development programs and the average performances of sub-Saharan countries. Thus further deepening the implementation of the undergoing tax administration measures is essential to further increase tax revenue and realize the GTP target of 15-17% of tax to GDP ratio by 2015.

8. With regard to domestic saving, the target set in the GTP period was to increase the saving rate to 15% of GDP. Various measures have been taken to achieve this target in 2010/11 and 2011/12. These include awareness raising and promotional activities to improve the saving culture of the society, expanding financial services, increasing interest rate for savings, launching social insurance program for private sector employees, strengthening government social insurance coverage, introducing the great renaissance dam saving bond and other saving instruments in the pipeline (housing saving program, investment equipments saving program, etc) and increasing government budgets allocated to investments that increase capital accumulation. As a result of these measures, domestic saving has increased from 5.2% in 2009/10 to 12.8% in 2010/11 and further to 16.5% in 2011/12. The achievement in domestic saving over the last two years indicates the potential to unleash savings from domestic sources with the right policy and institutional measures. Thus the undergoing measures need to be consolidated to sustain the current performance in domestic saving mobilization. Similarly, the share of gross domestic investment increased from 24.7% in 2009/10 to 27.9% in 2010/11 and further to 34.6 in 2011/12. In light of these achievements, it is planned to increase the domestic saving rate further to about 20% and sustain the investment rate at the current level of about 35% over the remaining GTP period.
9. The exchange rate and other export promoting policies have been used to promote export earnings and thereby gradually reduce dependency on external source of finances. As a result of these measures and the improvements observed in world market prices for selected export commodities, export earnings increased by 15% in 2011/12 compared to the performance in 2010/11. In 2011/12 a total of USD 3.2 billion revenue has been obtained from export of goods, while USD 2.8 billion was earned in 2010/11. Compared to its annual target of USD 3.7 billion, the export earning in 2011/12 was lower by USD 0.55 billion or 15%. It is to be recalled that merchandise export earnings increased by about 37% in 2010/11 compared to its preceding year. Thus the growth rate of merchandise export earnings has slowed down in 2011/12. The decline in the world market prices of selected export commodities is one of the reasons that accounted for the observed low export earnings in 2011/12. Nevertheless, the key constraint for the low export performance is capacity limitation to produce export goods at required quantity, quality and competitive prices. Thus to enhance the foreign exchange revenue generation, it is critical to improve the domestic productive capacity in general, and increase agricultural productivity and industrial investments in particular. In addition, improving the effectiveness of the implementation of the various export promotion policies is essential to accelerate export trade.
10. In 2011/12, a total of 232.44 million quintals of major food crops (Cereals, pulses and oil seeds) have been produced by small farmers and commercial farms. Compared with the 2010/11 production of 221.82 million quintals, the 2011/12 production has surpassed by 10.62 million quintals. In the reporting period, the average productivity of major food crops was 17 quintal per hectare, which is higher by 0.50 quintal per hectare than the average productivity in 2010/11. Though marginal improvements in the productivity of major food crops were registered in the fiscal year under review, this need to be significantly improved in order to accelerate the economic growth, reduce poverty, contain inflationary pressure and increase foreign exchange earnings. Therefore, the scaling up of the implementation of the best agricultural technologies and farming techniques has to be consolidated over the remaining GTP periods in order to enhance the agricultural productivity of smallholder farmers.
11. Regarding industrial development, the primary focus has been on promoting the development of micro and small scale enterprises. Support was provided to establish new micro and small scale enterprises and to promote the existing ones into medium-scale enterprises. In order to build the entrepreneurship and technical capacity of the enterprises, business and vocational training and counseling have been provided to promoters of micro and small enterprises. To solve problems related to capital and equipment of the enterprises, credit services and production and marketing facilities have been provided. As a result of these comprehensive supports to micro and small enterprises, temporary and permanent job opportunities have been created for more than a

million citizens in 2011/12. About 40% of the beneficiaries of these jobs were women. Yet urban unemployment remains a huge challenge, while the contribution of micro and small enterprises to overall economic growth falls short of expectations. In the coming years of GTP implementation, therefore, the primary focus has to be undertaking measures that increase the productivity and competitiveness of micro and small scale enterprises so as to ensure their rapid growth and thereby creation of better quality jobs and supporting accelerated economic growth. Again to achieve these objectives, a more effective implementation of the revised micro and small enterprises strategy is essential. Since micro and small scale enterprises serve as spring boards for the development of a vibrant private sector, the implementation of the micro and small enterprises program will be vigorously consolidated over the coming three GTP years.

12. In the meantime, various policy measures and facilitation supports have been undertaken to promote the development of medium and large-scale manufacturing industries during the period under review. Medium and large-scale enterprises play a crucial role in creating a competitive economy through rapid and continuous technological transfer and accumulation, generating foreign exchange earnings, and supporting the development of small scale enterprise and agricultural growth. Accordingly, in 2011/12, the industrial sector generated a total of USD 255.4 million revenues in foreign exchange against the target of USD 644.2 million set in the GTP for the fiscal year. In 2011/12, import substituting industries have been promoted with encouraging results particularly in cement production. In the fiscal year, the annual capacity of producing cement reached 10.62 million ton at national level. In general, the performances of the industrial sector in general and the manufacturing industry in particular were not as per the targets set in the GTP. Therefore, the critical constraints in the development of the private industrial sector need to be clearly spelt out in order to subsequently undertake measures that promote the development of the industrial sector in general and the manufacturing industry in particular. In this regard, the measures being undertaken to improve service delivery and facilitation, logistics and transport, as well as industrial land delivery would be consolidated further over the coming GTP years in order to promote investment and productivity improvements in the manufacturing industry.
13. A total of 7,397 km (4,350 in 2010/11 and 3,047 km in 2011/12) federal and regional roads are constructed in the first two years of the GTP period. This is 47% of the overall GTP target set for 2010/11-2014/15. As a result, federal and regional road network increased from 48,793 km in 2009/10 to 53,143 km in 2010/11 and further to 56,190 km in 2011/12. In addition to this, Woreda all-weather road network has increased from 845 km in 2010/11 to 10,219 km in 2011/12 under the Universal Rural Road Access Program (URRAP). This shows that the total Woreda all weather road length constructed in the past two years is only 14.3% compared to the target set in the GTP. Consequently, the average time required to reach to an all weather road decreased from 3.5 hours in 2010/11 to 2.9 hours in 2011/12. In order to achieve the target of 1.4 hours average time required to reach to an all weather road by 2014/15, the implementation of URRAP need to be strengthened.
14. Construction of the railroad has not yet started at full scale during the fiscal year due to the lengthy time taken during the pre-construction preparatory works. . Nevertheless, study and detailed design works were conducted in 2011/12, taking various alternatives into consideration. Furthermore, contract agreements of construction works have been signed for certain projects. To strengthen the capacity of the sector, trainings on railways engineering have already started. Furthermore, support has been provided to domestic contractors to jointly work with expatriate contractors as part of capacity building and knowledge transfer efforts. .
15. With regard to energy development, the national energy generation capacity has increased from 2048 MW in 2010/11 to 2177 MW in 2011/12, as a result of the development of 128.5 MW of additional generation capacity. Thus, electricity service coverage at national level has reached 48.5%. The construction of the Grand Renaissance hydroelectric power project has progressed as per the plan during the period under review. Accordingly, about 9.7% of the total physical works have been completed in 2011/12. The construction of Gilgel Gibe III hydropower has also progressed as per the plan, reaching 60% of its total physical work in 2011/12 fiscal year. Construction works of all wind powerplant projects and other projects are also progressing as per the planned schedule.
16. The number of telecommunication subscribers has reached 18.28 million in 2011/12. Out of these 805, 000 are fixed telephone line subscribers, 17.26 million are mobile telephone subscribers and 221,000 internet service subscribers. Moverover, the number of General Packet Radio service subscribers has reached 2.44 million. Facilitating conditions have been created for customers by organizing Next Generation Calling Center System so that customers can easily access to different services without travelling to Tele centers. A number of measures have been undertaken to ensure delivery of better quality service and reduce problems that are repeatedly encountered on network connections.

- 17.** In general, the progress in terms of executing the major infrastructure programs has been remarkable over the last two years. However the implementation of the infrastructure development programs have also faced a number of challenges such as financial constraints, lack of adequate knowledge and skill of project management, and lack of institutional capacity to deliver a more competitive and better quality services from the infrastructure investments. To address these problems, short and medium term strategies are devised and implemented. Enhancing domestic savings and expanding export earnings are essential strategies to mobilize sustainable development finance for the infrastructure programs, while in the meantime setting out a more clear and efficient prioritization of projects. The domestic capacity in project planning and management needs to be strengthened also to accelerate the delivery of the infrastructure projects. Finally, strengthening the capacity of domestic construction and manufacturing firms and radically transforming the institutional capacity of the domestic infrastructure and utility companies are also a central part of the strategies devised to address the challenges encountered. As part of these capacity building strategies, competence certification of professions, consultants, contractors, suppliers and manufacturers engaged in construction, water, energy and other infrastructure delivery programs is essential. Moreover, labor-based technologies have to be strictly pursued in the delivery of rural road in URRAP and other infrastructure programs so far as they are the most appropriate approaches.
- 18.** The number of primary schools (grades 1-8) at national level increased from 26,951 in 2009/10 to 28,349 in 2010/11 and 29,507 in 2011/12. Accordingly, primary school gross enrolment and net enrolment reached 95.4% and 85.4% respectively in 2011/12. The ratio of girls to boys in primary education has also researched 0.93 in the fiscal year under review. In the same fiscal year, a total of 17 million children have attended primary school education. These show that the country is approaching to achieve the MDGs target of universal access to primary education. However, integrated efforts are required to bridge the lag observed in access to primary education particularly in some pocket areas for the full achievement of MDG target of universal access to primary education. Furthermore, getting children join primary school at their proper age should receive priority attention. With regard to secondary education (grades 9-12), the number of schools has expanded both in rural and urban areas of the country. The number of secondary schools in 2009/10 was 1335; this figure has increased to 1517 in 2010/11 and further increased to 1710 in 2011/12. Accordingly, gross enrolment rate of general secondary education (grades 9-10) has reached 36.9% (boys 39.1%, girls 34.6%) while the gross enrolment in preparatory education (grades 11-12) has reached 8.8% (boy's 10% girls 7.6%) in 2011/12. The main focus in both primary and secondary education is to ensure the delivery of a better quality of education by effectively implementing the education quality improvement package. Participation in adult education program has marginally increased from 1.2 million in 2010/11 to 2.1 million in 2011/12, though the target was to increase the number of adult participants to 18.2 million in the fiscal year under review. This indicates that more efforts needs to be exerted to achieve the targets set under the GTP in the remaining implementation periods. Regarding technical and vocational training, the number of students in 2010/11 was 371,347. This figure, however, has declined to 259,360 in 2011/12. In the last two years, on the average 315,354 students received vocational training annually. But since the target set for 2014/15 is set at over one million students, more efforts are required to compensate for the lag so far in the remaining GTP period. Furthermore, more attention needs to be provided to ensuring the expected level of quality and relevance of technical and vocational training in the remaining periods of the GTP. Regarding higher education, both in public and private institutions, undergraduate enrolment rate has increased from 444,553 in 2010/11 to 491,871 in 2011/12. In higher education undergraduate program female enrolment rate has also increased from 25.6% in 2010 to 26.5 in 2011/12. In post graduate program both in public and private institutions, the number of graduate students has increased from 13,881 in 2010/11 to 25,797 in 2011/12. In postgraduate program girl's enrolment rate has increased from 13.5 in 2010/11 to 20.1% in 2011/12. Quality and relevance are the main focus in higher education too, and hence the quality and relevance improvement program of higher education has to be implemented more effectively to ensure the expected quality and relevance in the remaining period of the GTP.
- 19.** Organized community participation has been encouraged to effectively implement the health extension program and thereby expand access and improve quality of basic health services in Ethiopia. The number of health facilities has increased overtime. Accordingly, the number of health posts has increased from 14,192 in 2009/10 to 15,095 in 2010/11 and to 15,668 in 2011/12. The number of health center has increased from 2,142 in 2009/10 to 2,660 in 2010/11 and further to 2,999 in 2011/12. As a result, primary health care service coverage reached 93% in 2011/12. The number of health extension service worker in 2011/12 has reached about 40 thousand. Antenatal and postnatal service coverage, family planning services and the number of births attended by skilled health personnel have also improved. As a result, maternal health and child health are expected to improve. However, concerted efforts must be exerted to meet the MDG target of reducing maternal mortality by 2015. The progress made in improving child health is substantial indicating that the relevant MDG target will be met in this regard. The prevailing challenges in the health sector concern high maternal mortality rate, shortage of general practitioners and specialized doctors, and quality problems in health service delivery. The primary focus will therefore be on addressing these challenges by strengthening the implementation of the ongoing programs designed to address these challenges over the coming GTP years.
- 20.** With regard to capacity building, extensive leadership and technical training have been provided to top management and civil service professionals to improve the leadership and technical capacity and strengthen the public sector structure. Young professionals have been recruited and hired in the public sector at different levels of government administration. Trainings were provided both to the private and public sectors at large to nurture developmental attitudes and behaviors. With this background, a working system has been established to ensure an effective public participation in public service delivery and decision making by working in collaboration with public service users. Capacity limitations both in the public and private sector are the main challenges to provide the required services. Therefore, it is expected that the leadership, the civil service structure, and the public should coordinate their efforts and work together for improving efficiency and effectiveness in the public sector.
- 21.** Regarding the justice sector, the focus has been on capacity building to improve access, effectiveness, accountability and rule of law in the sector. To enhance the capacity of professionals in the justice system, a total of 13,000 professionals comprising judges, prosecutors, policemen and other justice civil servants have been trained in short and long term courses in 2010/11 and 2011/12. To ensure the effectiveness of the justice structure, well-coordinated system was developed for crime prevention. Therefore with regards to bringing criminals before justice the rate of clearance of the courts has reached 97.2%. To improve efficiency and effectiveness in federal courts, the already established system was strengthened. Hence in 2011/12 about 96,165 charges were presented to the court. The figure is much higher than that of 2010/11 by 5,518. Out of this disposal cases 33.68% of them are given court sentences in less than six months of time. Moreover, each judge on average could see 673 cases each year. At the Federal and Regional levels the justice system average duration for disposal of cases was 45-60 days in 2010/11, which then declined to 22 days to 30 days in 2011/12.
- 22.** To ensure transparency and accountability and thereby eliminate corruption, a number of appropriate measures have been undertaken with regard to establishing an efficient tax administration, and urban land administration systems. In addition the ongoing reforms of improving transparency and accountability in public financial management have been deepened during the period under review. In 2011/12, registration of assets of higher officials, and senior civil servants has been carried out. Accordingly, the number of higher officials, and civil servants who have registered their assets has increased from 18,000 in 2010/11 to 32,699 in 2011/12. The Ethics and Anticorruption Commission has used various media to enhance awareness and understanding of the society on the problem of corruption in the development process and thereby promote ethical behavior among the society. Moreover, the Commission has been monitoring corruption through investigation and prosecution of corrupt practices. Accordingly about 7,072 criminal suspects were identified of which 3,057 were subjected to invest were subjected to investigation with 1,041 prosecuted in court of law. Furthermore, public properties embezzled by corruption including 703,935 m² of urban land, 16 buildings, 15 vehicles, birr 103.14 million and about 5.6 million birr worth of other properties were collected and submitted to the concerned government institutions. Conviction rate reached 79.3% in charge registration and 76.65% in verdict cases. In spite of these accomplishments, public service delivery, public procurement, land administration and tax administration agendas remain the primary focus in the fight against rent-seeking and corruption in the country.
- 23.** It is essential to build the capacity of the legislative bodies in order to strengthen the democratisation process. Accordingly in 2011/12, different management and professional training were provided to council members and their experts at different levels of government administration to enhance their capacity to legislate and oversee the executive. Awareness campaigns were launched using various media to target citizens, government bodies and institutions in order to enhance their knowledge of basic constitution provisions as well as concepts on human and democratic rights. The role of civil societies and charities in the development and democratization process of the country has also been enhanced over the last two years through improving transparency, accountability and capacity development in the sector. The on-going regulatory and capacity building program of civil societies and charities will therefore be deepened in order to enhance the role of non-governmental organizations in the development and governance process of the country.

- 24.** The Human Rights Commission has opened six branch offices in order to strengthen and enhance access to human rights services in the country. The Human Rights Commission undertook investigations into reports of human right violation based on complaints filed and based on its own initiations. Accordingly in 2011/12, the Commission has received and investigated nearly 1,319 complaints. The Commission has monitored the human right situations in 170 police stations and awaiting centers located in all regions and city administrations in the country. Moreover, the Commission in collaboration with concerned bodies has drafted a Human Rights Action Plan. The commission has also prepared a draft human rights report on the country. The gains in this regard will be strengthened and consolidated further over the coming GTP years.
- 25.** During the last two years, various measures were undertaken to reduce maladministration and ensure freedom of information in the country. The capacity of the Office of the Ombudsman has been enhanced and five new branch offices have now opened and become functional. branch offices have been opened and became functional. In addition to strengthen the capacity of the staff of the Office, various awareness creation trainings have been provided to different actors. The Office of the Ombudsman has conducted a number of research on the root causes of maladministration and remedial actions. Decisions and services delivered by government institutions were monitored to assess the situation with regard to maladministration and rights of citizens to access information in government offices. These will be strengthened further over the coming GTP years.

Introduction

Poverty eradication is the core development objective of the Ethiopian Government while rapid economic growth is a key strategy to this objective. This rapid economic growth has to be broad-based, equitable and sustainable.

Poverty eradication is the core development objective of the Ethiopian Government while rapid economic growth is a key strategy to this objective. This rapid economic growth has to be broad-based, equitable and sustainable. The ongoing Growth and Transformation Plan (GTP) has been drafted based on the achievements of the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), the MDGs and the National Vision.. The major objectives of the plan are to: (1) maintain at least an average real GDP growth rate of 11.2% per annum and attain MDGs; (2) expand and ensure the qualities of education and health services and achieve MDGs in the social sector, (3) establish suitable conditions for sustainable nation-building through the creation of a stable democratic and developmental state; and (4) ensure the sustainability of growth by realizing all the above objectives within a stable macroeconomic framework.

It is two years now since GTP started to be implemented in all areas of the country. The Annual Progress Report (APR) on the first year (2010/11) GTP implementation was drafted and then approved by the Government. Subsequently consultations were made on the APR with various actors and stakeholders at regional and federal levels. The feedbacks obtained from the consultations were taken into account in producing the final draft of the APR. Now the draft APR on the second year (2011/12) implementation of the GTP is ready for comments and subsequent Government approval. The objective of this annual progress report is to provide information on achievements of planned targets, challenges encountered, measures taken and lessons drawn from the implementation of the GTP in 2011/12.

Survey data were used from the Central Statistics Agency (CSA), while administrative data was collected from sectoral government institutions in the preparation of the 2011/12 APR. The process of data collection for the preparation of the 2011/12 APR was relatively more efficient than the previous year (2010/11) which is encouraging and expected to be further improved in the future. Technical support was provided to some sectors in organizing their annual progress reports. Therefore, this annual progress report is prepared based on administrative and survey data in a more analytical and evaluative manner compared to its preceding report.

This annual progress report includes major achievements, challenges and problems encountered and measures taken, focusing on the macroeconomy, major economic and social sectors, capacity building and good governance and cross cutting issues. After approval by the Government, consultations on the APR with various actors and stakeholders are organized at regional and federal levels. Representatives from the government institutions, private sector, development partners, professional associations, civil society organizations, women association, youth association, NGOs and religious institutions are expected to participate in the APR consultations. The report was further improved based on feedbacks to be obtained from the consultations. Finally the report is published for dissemination through various media.

The annual progress report is structured in eight chapters: Chapter one deals with macroeconomic performance while chapters two and three present progresses in economic and infrastructure sectors respectively. Chapter four offers status of progress in social sectors, chapter five assesses performances in capacity building and good governance and chapter six deals with cross cutting sectors. Chapter seven provides progresses in the Monitoring and Evaluation (M& E) System of the GTP while chapter eight summarizes the major findings of the progress report.

CHAPTER ONE

MACRO ECONOMIC PERFORMANCE

14.3%

average growth of the **INDUSTRIAL SECTOR**

1.1 Economic Growth

1.1.1 Supply Side Gross Domestic Product (GDP)

During 2011/12, Ethiopia's economy, as measured by Gross Domestic Product (GDP) grew by 8.5%. Agriculture, Industry and Services grew by 4.9%, 13.6% and 11.1% respectively. The rate of GDP growth registered in 2011/12 was slightly lower than the target set for the fiscal year under review because of the shortfall in the performance of agriculture and industry. The growth registered in the fiscal year is, however, very high compared to the 5.3% of Sub Saharan Africa average growth rate for the same period and the average GDP growth rate of 7% required to achieve MDGs target of reducing poverty by half by 2014/15. In addition, this remarkable growth performance has been achieved amidst global economic challenges. Overall, the current Ethiopian economic growth is still ranked among the top performers of the non-oil economies in the world.

It is to be recalled that Ethiopia's economy grew by 11.4% during the first year of the GTP period. In the first two years of GTP implementation, therefore, the GDP has grown on average by about 10% per annum. This achievement is slightly lower than the 11.1% annual average growth rate target set for the first two years of the GTP period and the 11.2% annual average growth rate target set for the entire GTP period. This marginal difference can, however, be compensated in the remaining three years of GTP period through accelerated growths of the agricultural and industrial sectors.

Figure 1. Real GDP Growth Rate (in%)



Source: IMF SSA Report and MoFED, SSA excludes South Sudan

In 2010/11 and 2011/12, the agriculture sector has grown by 9% and 4.9%, respectively. This implies that the agricultural sector grew on average by about 7% per annum against the target of 8.5% per annum over the first two years of the GTP period. During these two years, the improved delivery of agricultural inputs such as fertilizer and improved seeds, as well as the scaling up of the dissemination of the best agricultural technologies and farming techniques of the best farmers via the extension system and training of farmers have been instrumental in the growth of the agricultural sector. Yet the performance of the agricultural sector in 2011/12 has fallen short of the target. The slowdown of the growth rate of the agricultural sector in 2011/12 has in turn adversely affected the growth rate of the overall economy given that the sector accounts for about 44% of the GDP. The corollary is that in order to further accelerate the growth rate of the GDP over the coming years, it is essential to increase agricultural productivity through the scaling up strategy of the adoption of the best agricultural technologies and practices adopted by the best farmers.

Similarly, in the two GTP implementation years, the industrial sector has gone through promising achievements by registering an average growth rate of 14.3%. Although, the growth achievements of the industry sector during the two GTP years were above the PASDEP five years average, it is still lower than the 16% average growth rate target set for the two years under review. In particular, the growth rate of the micro and small scale enterprises sub-sector has been lower than the target set for 2011/12. Thus to register double digit economic growth rates over the next three years of

the GTP period it is essential to promote private investment in the large and medium scale, as well as small and micro enterprises of the manufacturing industry. With regard to service sector, the performance recorded in hotels and tourism, whole sale and retail trade, housing and real estate, banking and insurance, education and health services has led to two years average sectoral growth rate of 11.8%, which is above the GTP five year average target of 10.6%.

Table 1. Growth Rate of Real GDP in 2011/12 (in%)

Sector	2005/06- 2009/10 Average Performance	2010/11 Performance	2011/12		2010/11 and 2011/12 average	2010/11- 2014/15 Average Plan
			Planned	Actual		
Over all real GDP	11.0	11.4	11.1	8.5	9.95	11.2
Agriculture and allied activities	8.4	9.0	8.5	4.9	6.95	8.6
Industry	10.1	15.0	17.9	13.6	14.3	20
Services	14.4	12.5	11.5	11.1	11.8	10.6

Source: MoFED

In terms of sectoral distribution of GDP, the service sector has remained at its dominant position by accounting for 45.6% of GDP in 2011/12. Agriculture and industry contributed about 44 and 11% to GDP respectively. The contribution of the agriculture sector to the overall economy is slightly declining, while the share of industry is still at its infancy level. Although, the growth performance of the industrial sector during the two GTP years were above the PASDEP five year average, the predominantly narrow industrial base has hindered the sector not to go beyond 10.85% of GDP on the average during the first two GTP years. The implication is that the manufacturing industry has to grow even faster to play a greater role in the overall economy and thereby ensure significant structural transformation of the national economy.

Table 2. Share of GDP by Major Industrial Classification (in%)

Sector	2010/11	2011/12		2010/11 and 2011/12 Average Performance	2010/11-2014/15 Average Plan
		Planned	Actual		
GDP @ CMP	100	100	100	100	100
Agriculture & allied activities	45.6	39.7	44.0	44.75	38.8
Industry	10.6	14.0	11.1	10.85	15.6
Services	44.5	46.3	45.6	45.0	45.6

Source: MoFED

Economic growth registered in the last two years has enabled the country to maintain an average annual economic growth rate of 11% over the last nine consecutive years between 2004 and 2012. The economic growth registered in the first and second years of the GTP period indicates that Ethiopia's economic growth has moved to an advanced growth trajectory starting from the year 2003/04; since then, the economy has grown consistently for nine years with an average growth rate of 11% per annum. In these same years, the sub Saharan Africa average growth rate has been 5.7%, implying that Ethiopia's performance has been among the highest in the region during the same period.

The source of this overall economic growth between 2004 and 2012 is mainly attributed to the growth in the agriculture and service sectors. As these sectors take the lion share of the economy, improvements in the growth of these sectors boost the growth of the overall economy. During the past nine years' ending 2011/12, the service and agriculture sector have grown on average by 13.2% and 7.7% per annum, respectively. Even though, the growth in agriculture sector is remarkable, Ethiopia's agriculture is still dominated by small holder farming with low productivity. The growth in the service sector mainly emanated from the expansion of hotels and restaurants, real estate and housing, transport and communication, banking and insurance and trading activities. Similarly, under the industrial sector, the increment mainly emanated from the boom in the construction sector, and growth in energy. The growth of the manufacturing sector particularly the medium and large scale manufacturing has been encouraging albeit from a very

low level. Recognizing the challenge in the manufacturing industry, the government has responded through provision of special attention to the manufacturing industry. In general, in order to sustain the rapid growth momentum, ensure structural transformation of the economy and thereby achieve the planned target over the coming three years, it is imperative to increase the productivity of agriculture and expand investment in the medium and large-scale manufacturing sector in the remaining years of GTP. Moreover, it is essential to promote the development and productivity of micro and small scale manufacturing enterprises.

1.1.2 Demand side of GDP growth

With regard to the demand side, GDP at current market prices grew by 45.6% in fiscal year 2011/12. This is higher than the growth rate of GDP at current market prices registered the preceding year, which was 33.5%. This higher level of growth is a reflection of the inflationary pressure experienced during the fiscal year. Similarly, during 2011/12, total Government and private final consumption expenditure grew by 18.7% and 41.8%, respectively. On the other hand, the share of total final consumption to nominal GDP has declined from 87.2% in 2010/11 to 83.5% in 2011/12, which is lower than the GTP target of 89.6% set for 2011/12 (Table 3). The share of government and private final consumptions to total domestic product has reached 7% and 76.5%, respectively in 2011/12. Gross domestic saving which was 12.8% of GDP in 2010/11 has increased to 16.5% in 2011/12, which is far above the target of 10.4% of GDP. This encouraging achievement is the result of the measures taken to promote domestic savings. In light of this progress, it is planned to consolidate these policy and institutional measures so as to increase the domestic saving rate even higher to about 20% by the end of the planning period. The investment rate has also increased from 27.9% in 2010/11 to 34.6% in 2011/12. Again the improvement in the investment rate is the result of the increase in domestic savings, and the measures taken to promote private investment in the country. It is planned to maintain this high level of investment rate in the remaining years of the GTP.

Table 3. Demand Side GDP Distribution (in%)

Sector	2010/11	2011/12	
	Performance	Plan	Performance
Total Final Consumption	87.2	89.6	83.5
Government Final Consumption	8.6	8.0	7.0
Private Final consumption	79	82	77
Gross Capital Formation	27.9	27.2	34.6
Total Export including Non-factor services	17.0	17.7	14.0
Total Import Including Non-Factor Services	32.1	34.5	32.1
Resource Balance	(15.1)	(16.8)	(18.1)
Gross Domestic Savings	12.8	10.4	16.5

Source: MoFED

1.2 Price

During the GTP period, the general consumer price index was projected to grow at a single digit rate. However, in the past two GTP periods the price growth has been in double digits. In 2010/11, the average annual price growth rate has been 18%; the rate has increased to 34.3% in 2011/12 (Table 4). The growth of consumer prices in the domestic market is mainly attributed to the price hike in international goods market. The imperfections in the domestic marketing system and the resultant inflation expectations have also contributed to price hikes observed during the first two years of the GTP period. Furthermore, the excess foreign exchange accumulation particularly during the first year of the planning period has exacerbated the inflationary problem.

Table 4. Inflation

Indicators	2010/11	2011/12
12 Months Moving average (June 30/2012)	40.6	20.5
Year on year Average inflation rate	18.0	34.3

Source: Central Statistics Agency

The inflationary pressure has undermined the poverty reduction and the overall economic development effort by adversely affecting investment and the well-being of the urban poor. Therefore, in order to control and stabilize the sky rocketing price hike, the government has adopted several policy measures. During the years under review, the government pursued tight fiscal and monetary policies. Thus, starting from July 2011 direct borrowing from the National Bank has been stopped, while sterilization of the excess foreign exchange reserves has been undertaken. As a result, during 2011/12 base money growth has declined by 4.4%. In order to establish a more transparent and competitive trading system in the domestic market, the new business registration and licensing code has been more effectively enforced during the two years under review. Furthermore, basic food items including sugar, edible oil and wheat has continued to be supplied to the urban poor. The expansion of domestic productive capacities in manufacturing such as cement industries has also helped to stabilize domestic prices.

As a result of these measures, prices have started to stabilize. Monthly inflation has decreased from 40.6% in June 2011 to only 20.5% in June 2012. These are encouraging results, but still higher than the GTP target of a single digit inflation rate. Therefore, during the two GTP periods inflation has been a critical challenge. The government plans to continue with the tight fiscal and monetary measures to ensure stability of prices. Furthermore, the enforcement of the business registration and licensing code will be consolidated to promote a more transparent and competitive domestic market. As a short term remedy, the supply of basic food items for the urban market will be continued. However, the sustainable solution to the problem rests with sustaining the broad based economic growth accompanied by job creation. In particular, increasing the productivity of agriculture and expanding manufacturing investment is crucial in this regard.

1.3 Welfare and Poverty

The major objective of the Growth and Transformation Plan is to register broad-based, accelerated and sustainable economic growth and thereby reduce poverty. So, the government has formulated and implemented pro-poor policies and strategies that lead to accelerated and broad-based economic growth and thereby also to poverty reductions and improved welfare of citizens. The integrated development programs and the micro and small scale enterprise development program have been used as a tool to fight the unemployment challenge in cities and urban centers. Particularly, the youth and women are the primary targets to benefit from these programs. Similarly, in order to address the rural poverty, the agricultural extension program, and natural resource conservation and development program have been implemented. Furthermore, the poverty eradication drive has also been complemented by public investments in growth enhancing pro-poor sectors. The economic growth outcomes of the past several years including that of 2010/11 and 2011/12 on poverty and welfare have been evaluated below using the income and non-income poverty dimensions.

As a result of the economic growth, the per capita income has increased from USD 377 in 2009/10 to USD 387 in 2010/11 and further to USD 513 in 2011/12. According to the Household Income and Consumption Expenditure Survey, the total population living below the poverty line has gone down to 29.6% in 2010/11 from the level of 38.7% in 2004/05, showing a decline of 9.1%age points over the five years. In 2011/12, the level of poverty is forecasted further to decline to about 27.6%. The Survey results show that poverty headcount index is declining in all regional states and city governments. With regard to food poverty, the Survey results indicate that food poverty index has declined from 38% in 2004/05 to 33.6% in 2010/11, registering a decline of 4.4%age points. The food poverty level is expected to decrease further to 32.7% in 2011/12. Disaggregated estimation of poverty levels across areas of residence also indicates that poverty is declining in both rural and urban areas. Rural poverty headcount index was 39.3% in 2004/05 and 30.4% in 2010/11, showing a decline of 8.9%age points in poverty index over the same period. Using this trend, rural head count poverty index is forecasted to decline to about 28.6% in 2011/12. According to the Survey, urban poverty headcount index has declined from 35.1% in 2004/05 to 25.7% in 2010/11, showing a decline in poverty level of 9.4%age points. Using this survey results, urban poverty index is forecasted to decline to 23.8% in 2011/12.

Table 5. Trends in Poverty Headcount Index

Description	2004/05	2010/11	2011/12 (Forecast)
Population Under Income Poverty (%)	38.7	29.6	27.8
Urban poverty (%)	35.1	25.7	23.8
Rural Poverty (%)	39.3	30.4	28.6
Population Under Food poverty	38.0	33.6	32.7
Urban Food Poverty (%)	35.3	27.9	26.4
Rural Food Poverty (%)	38.5	34.7	37.7

Source: HICE 2004/05 and 2010/11, Forecast for 2011/12.

Likewise, the rapid economic growth has been associated with job creation, which in turn led to a decline in urban unemployment. The rate of urban unemployment was 20.4% in 2009. It declined to 18.9% in 2010. Recent survey results indicate that the rate of urban unemployment has declined to 18% in 2011 and further to 17.5 in 2012. Generally, the progress so far in terms of poverty reduction in spite of the inflationary pressures that surfaced over the last two years indicates the effectiveness of Ethiopia's economic growth in the fight against poverty and unemployment. In addition, it implies the significance of sustaining the rapid economic growth in order to achieve the MDGs target of halving poverty by 2015.

With regard to improving non income poverty, massive investments have been undertaken in the social sector. Investment in the construction of new health facilities and upgrading of existing ones, strengthening the implementation of the health extension program, and expansion of health human resource development have led to significant improvements in the welfare of people. The primary health care coverage has now increased to 93%, while significant progress has been made in improving maternal and child health. In particular, the marked progress in terms of reducing child mortality has set Ethiopia in a better position to achieve the MDGs target in this regard. Likewise, massive investment has been undertaken in the expansion of primary, secondary and tertiary education. As a result, enrolment has increased at all levels of the education system.

The gross enrolment rate in primary education has now reached 95.4%, indicating that there are now about 17 million children enrolled in primary schools all over the country. In addition, massive investments have been made in road rehabilitation and construction, potable water supply, Telecom services, and electric supply. These have a direct bearing on reducing poverty and improving the welfare of citizens. In a nutshell, the rapid economic growth has been pro-poor as can be observed from the reduction in poverty and unemployment, as well as improvements in the welfare of citizens. However, the level of poverty is still very high. Thus it remains critical to sustain the rapid economic growth and social development over the coming years.

1.4 Fiscal Policy and Public Finance Performance

The fiscal policy pursued in 2010/11 and 2011/12 focused on increasing tax revenue by effectively administering existing tax policies, and on increasing budgetary expenditures on capital investments and pro-poor sectors. The objective of the fiscal policy pursued was to enhance the capacity of tax revenue to finance the country's expenditure needs, and ensure a stable macroeconomic environment by maintaining the budget deficit at less than 2%. During the first two years of the GTP period, encouraging progress has been made in increasing tax revenue, maintaining a prudent fiscal stance and spending an increasing amount of government budget on capital investment and pro-poor and growth enhancing sectors.

1.4.1 Total Government Revenue

Total government revenue including grants was birr 85.6 billion in 2010/11. It then increased to birr 115.7 billion in 2011/12. The total government revenue of 2011/12 is 19.3% higher than the GTP target for the fiscal year, and 35.1% higher compared to the total government revenue of 2010/11.

Table 6. Government Revenue and Expenditure (in million birr)

Type of Revenue	2009/10		2010/11		2011/12				Performance (%) against				2011/12 performance against 2014/15 plan (%)
	Performance	Planned	Performance	Actual	2011/12 Plan	2009/10 Performance	2010/11 Performance	2014/15 Plan	2011/12 Plan	2009/10 Performance	2010/11 Performance	2014/15 Plan	
Total revenue including grants	66,237	96,941	85,611	115,659	19.3	74.6	35.1	173,040	19.3	74.6	35.1	173,040	49.6
Domestic Revenue	53,861	74,585	69,120	102,864	37.9	91.0	48.8	145,299	37.9	91.0	48.8	145,299	41.3
Tax revenue	43,318	63,588	58,981	85,740	34.8	97.9	45.4	127,212	34.8	97.9	45.4	127,212	48.4
Direct Tax	14,906	-	19,550	28,858	-	93.6	47.6	-	-	93.6	47.6	-	-
Indirect Tax	28,412	-	39,431	56,882	-	100.2	44.3	-	-	100.2	44.3	-	-
Domestic Indirect Tax	10,727	-	15,705	23,326	-	117.5	48.5	-	-	117.5	48.5	-	-
Import Tax	17,685	-	23,726	33,556	-	89.7	41.4	-	-	89.7	41.4	-	-
Non tax Revenue	10,546	10,997	10,139	17,124	55.7	62.4	68.9	18,087	55.7	62.4	68.9	18,087	5.6
Grants	12,376	22,352	16,491	12,795	-42.8	3.4	-22.4	27,741	-42.8	3.4	-22.4	27,741	116.8
Total expenditure	71,334	106,125	93,831	124,417	17.2	74.4	32.6	201,146	17.2	74.4	32.6	201,146	61.7
Recurrent expenditure	32,012	45,224	40,535	51,445	13.8	60.7	26.9	78,924	13.8	60.7	26.9	78,924	53.4
Capital expenditure	39,322	60,901	53,297	72,971	19.8	85.6	36.9	122,222	19.8	85.6	36.9	122,222	67.5
Pro-poor expenditure	47,251	72,165	62,378	87,568	21.3	85.3	40.4	146,837	21.3	85.3	40.4	146,837	67.7
Budget deficit including grants	(5,097)	(9,184)	(8,220)	(8,758)	-4.6	71.8	6.5	(28,106)	-4.6	71.8	6.5	(28,106)	220.9
Expenditure financing	5,097	9,184	8,220	8,758	-4.6	71.8	6.5	28,106	-4.6	71.8	6.5	28,106	220.9
External (net)	4,131	4,201	7,798	6,530	55.4	58.1	-16.3	5,220	55.4	58.1	-16.3	5,220	-20.1
Domestic (net)	1,758	4,983	111	3,793	-23.9	115.8	3,317.1	22,886	-23.9	115.8	3,317.1	22,886	503.4
Revenue from privatization	-	-	1,458	2,763.9	-	-	89.6	-	-	-	89.6	-	-

Source: MoFED.

a. Domestic Revenue

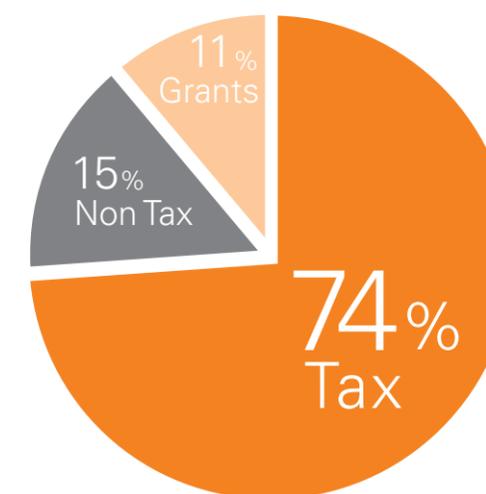
Domestic government revenue has increased from birr 69.1 billion in 2010/11 to birr 102.9 billion in 2011/12. Not only has domestic revenue of the government been increasing in absolute terms, but its share in total government revenue has also been showing an upward trend. The share of domestic revenue of the government in its total revenue has reached 89% in 2011/12 from 81% in 2010/11. The implication is that the government is increasingly relying on the more reliable domestic sources for its revenue.

b. Tax Revenue

In 2010/11 and 2011/12, tax revenue collected amounted to birr 59 billion and birr 85.7 billion, respectively. Tax revenue collected in 2011/12 is higher than its planned target by about 35%, while it is higher than the performance in the preceding year by over 45%. The 2011/12 tax revenue is in fact double the amount collected in 2009/10, which was only 43.3 billion birr. The primary factors for the improvement in tax revenue are the deepening of effective administration of the tax system and the education and engagement of the tax payers community. The tax revenue as a percentage of GDP has been 11.7 in 2010/11 and 11.6% in 2011/12 (Table 5). These figures indicate that even though nominal tax revenue has been increasing rapidly, the growth rate is not commensurate with the rapid expansion of the size of the economy. The tax to GDP ratio of Ethiopia is also lower than the Sub-Saharan Africa average of 17% of GDP. In order to attain the GTP target of 15-17% by 2014/15, it clearly requires strengthening the tax administration system, further intensifying tax education and public engagement.

The share of tax revenue in total government revenue was 65.4% in 2009/10. This increased to 68.9% in 2010/11 and 74.1% in 2011/12. Likewise the share of tax revenue in total domestic revenue increased from 80.4% in 2009/10 to 85.3% in 2010/11 and to 83.4% in 2011/12. These indicate that the government is increasingly relying on the more reliable tax revenue as a source of its income.

Figure 2. Sources of Total Government Revenue including Grants in % (2011/12)



Source: MoFED

Over the last two years of the GTP period the government has been further intensifying the implementation of the tax reform. The reform comprises of four strategies: Strengthening Modern Tax Information System, enhancing tax payers' awareness on tax, strengthening enforcement of law and capacity development of the tax collection authorities. Some of the measures taken to implement these strategies over the last two years are briefly highlighted below.

Table 7. Government Revenue and expenditure as% of GDP@CMP

Type of Revenue	2009/10 Performance	2010/11 Performance	2011/12 Planned	2011/12 Actual	2014/15 Plan
Total revenue (inc. grant)	17.3	16.9	18.4	15.7	20.4
Domestic Revenue	14.0	13.7	14.2	14.0	17.1
Tax revenue	11.3	11.7	12.1	11.6	15.0
Direct Tax	3.9	3.9	-	3.92	-
Indirect Tax	7.4	7.8	-	7.72	-
Domestic Indirect Tax	2.8	3.1	-	3.17	-
Import Tax	4.6	4.7	-	4.56	-
Non tax Revenue	2.8	2.0	2.1	2.3	2.1
Grants	3.2	3.3	4.3	1.7	3.3
Total expenditure	18.6	18.5	20.2	16.9	23.7
Recurrent expenditure	8.4	8.0	8.6	7.0	9.3
Capital expenditure	10.3	10.5	11.6	9.9	14.4
Pro-poor expenditure	12.3	12.3	13.7	11.9	17.3
Budget deficit including grants	(1.3)	(1.6)	(1.7)	(1.2)	(3.3)
Expenditure financing	1.3	1.6	1.7	1.2	3.3
External (net)	1.1	1.5	0.8	0.9	0.6
Domestic (net)	0.5	0.0	0.9	0.5	2.7
Revenue from privatization	-	0.3	-	0.4	-

Source: MoFED

Tax information system

The major objectives of the tax information system are improving efficiency, supplying and utilization of tax administration information system. The tax information system provides reliable and fast flow of information within and without the tax authority for fast service delivery, controlling tax evasion, creating a dependable database, and for efficient and effective tax collection.

Tax Identification Number (TIN): Under the current taxpayers' registration system, all taxpayers are expected to have Tax Identification Number (TIN). An automated TIN system has been developed, deployed and supported by biometric finger print system at a national level. And at this reporting period a total of 589,802 finger print information has been collected. From the beginning of the project till the end of July 2011/12, a total of 1.9 million finger print has been collected, which is 122% of the planned 1.6 million finger print information. Subsequently, a total of 1.3 million (67.30%) finger print biometric identification card has so far been printed. About 1.2 million (94%) of the total finger print biometric identification cards printed so far are distributed by Addis Ababa and Regional Revenue Authorities.

Cash register system: In 2011/12, 26,715 additional tax payers have introduced and used cash register machines in their business operations. This rises the total number of tax payers using cash registers to 45,367 who have now installed a total of 50,607 cash register machines. To improve the effectiveness of the introduction of the cash register system, trainings and supports have been provided to various stakeholders.

Standard Integrated Government Tax Administration System (SIGTAS): SIGTAS had been implemented fully at the federal level. Integrating SIGTAS with Biometric configuration (separation of TIN duplication, automation finger print identification system (AFIS) with SIGTAS, Card Production Facility (CPF) and supportive hardware and applications) has been done. In addition the authority is deploying SIGTAS in the regions.

Automated System to Customs Data Administration (ASYCUDA++): the Customs information administration system, ASYCUDA++, is providing import-export information to simplify customs duty and tax assessment and enforcement activities. IP address has been given to new and old Remote DTI Service user clients. In addition ASYCUDA Software installation and configuration service has been given to branches.

Enhance taxpayers' awareness on tax and improve public relation: The main objective here is to enhance awareness of taxpayers and thereby encourage voluntary compliance, improve taxpayers training and relations system, increase taxpayers' registration and improve taxpayers' participation and partnership. To achieve this objective, awareness creation and education on tax has been undertaken via electronic and print media as well as via workshops. Owing to these training and education measures taxpayers registration has increased by 12% in 2011/12. As of July, 2012 a total of 992,398 taxpayers have been registered and received TIN certificates throughout the country, including 331,899 registrants in 2011/12 fiscal year. Value Added Tax (VAT) has also continued being the major source of government revenue. During the year (2011/12) 16,080 (of which 6,859 are federal and 12,833 are Regions & city administrations) VAT registrants were registered. Since its introduction, the total number of VAT registrant throughout the country as of July, 2011/12 reached 90,030. Revenue collected from VAT is continuously increasing. In 2011/12, revenue collected from VAT (domestic VAT plus import VAT) was 28.3 billion birr. The collection has increased by 46.65% over the previous budget year performance of 19.3 billion. In addition to the above results, taxpayers' cooperation and voluntary compliance have increasingly continuously.

Enforcement tax laws: This strategy intends to improve relationship and cooperation among citizens and stakeholders in the efforts to protect tax evasion, improve judiciary on tax evaders and suspected counterfeiters, develop risk averting works, establish improved tax audit system and enhance taxpayers' compliance. To achieve this aim the following activities have been done.

Audit works: During the fiscal year duty and tax audit activities have been done. The audit system has also been aligned with tax administration automations (SIGTAS and ACYCUDA++) to have reliable and swift information flow for decision making.

Intelligence works and prosecution: Different intelligence works has been done in collaborating with different partners. Most customs branches of the authority are exercising risk averting management system. During the fiscal year the proportion of court cases decided in favor of the Authority to the total court cases was 90.3% (conviction rate).

Capacity building of the tax authority: Extensive recruitment of young graduates has been undertaken over the last two years in order to strengthen the human capacity of the customs and revenue authority. Again extensive trainings on skills, attitudinal changes and government policies and strategies have been organized to these young graduates and to other staff of the authority.

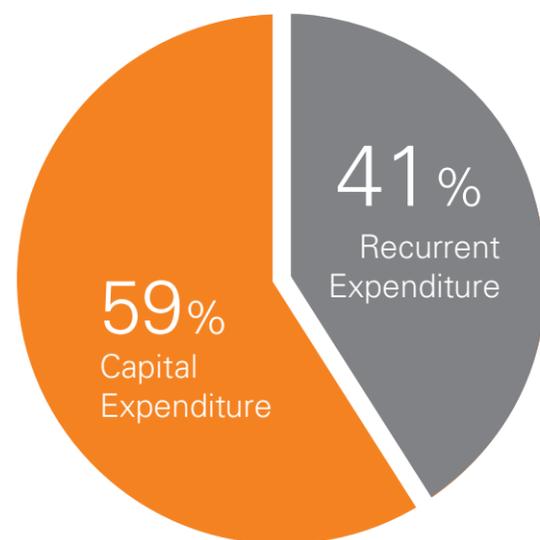
c. Grants

Another component of the general government revenue concerns grants. In 2011/12, total grants have declined to birr 12.8 billion from birr 16.5 billion in 2010/11, showing a reduction of 22.4%. The total grants of 2011/12 also fall short of the expected target of grants for the same fiscal year by 57.2%. The decline is mainly attributed to the decline in disbursements from PBS. Only 45% of the total PBS fund expected for the fiscal year has been disbursed. This indicates the growing challenge associated with aid predictability in Ethiopia.

1.4.2 Public Expenditure

The Ethiopian public expenditure policy focuses on investing on growth enhancing pro poor sectors and covering recurrent expenditure from domestic resources. The policy also emphasizes the significance of eventually covering the government's capital spending from domestic resources. Moreover the policy emphasizes efficiency and effectiveness in the use of available resources. The major assumptions that have been considered in the course of allocating recurrent expenditure in 2010/11 and 2011/12 are the previous year budget performance, estimation about the following year public service expansion, and the price developments. The allocation of capital spending emphasized primarily on giving priority to ongoing projects. In addition the capital expenditure allocation accommodated new selected investment projects that are given priority in the overall development policies and strategies of the country. Moreover, the capital expenditure allocation focused on the growth-enhancing pro-poor sectors of agriculture, food security, water, education, health, road, and rural electrification programs.

Figure 3. Distribution of Total Government Expenditure



During 2011/12, total government expenditure has increased to birr 124.4 billion from 93.8 billion in 2010/11. Out of the total government expenditure, birr 51.4 billion or 41% is spent on recurrent expenses, while the remaining 73 billion or 59% of the total expenditure is spent on capital expenditures. This spending pattern is consistent with the stated fiscal policy of the government. During the fiscal year, recurrent and capital expenditure have increased by 26.4% and 36.7%, respectively, indicating that even though the economy operated under tight fiscal policy, the capacity and commitment of the government to invest on national development programs has been sustained remarkably.

Table 8. Pro poor Government spending (million birr)

	2009/10 Actual	2010/11 Actual	2011/12 Fiscal Year		Performance (%) against		2014/15 Plan	
			Plan	Actual	As% of total expenditure	2011/12 plan		2010/11 performance
Total Government Expenditure	71,334	93,831	106,125	124,124	100	17.0	32.3	201,146
Capital expenditure	39,322	53,297	60,901	72,872	58.7	19.7	36.7	122,222
Current expenditure	32,012	40,535	45,224	51,252	41.3	13.3	26.4	78,924
Education	16,870	23,345	24,562	29,710	23.9	21.0	27.3	44,025
Health	4,547	6,307	7,027	7,626	6.1	8.5	20.9	13,894
Agriculture	6,998	8,246	13,123	11,042	8.9	-15.9	33.9	25,699
Water	4,235	5,563	5,701	10,147	8.2	78.0	82.4	17,321
Roads	14,601	18,918	21,752	28,836	23.2	32.6	52.4	45,898
Poverty-targeted expenditure	47,251	62,378	72,165	87,568	70.4	21.1	40.0	146,837

Source: MoFED

Of the total spending, 70.4% or 87.6 billion was spent on growth-oriented pro poor sectors. The spending on growth oriented pro-poor sectors has increased by 40% or 25 billion birr compared to that of 2010/11. The federal government has allocated additional fund to the tune of 15 billion birr to all regions in order to support their efforts to achieve the MDGs. Again this budgetary allocation is in accordance with the stated fiscal policy of the planning period. The increment in spending on growth oriented pro poor sectors reflects Ethiopia's commitment to eradicate overall poverty and thereby achieve all Millennium Development Goals throughout the country.

1.4.3 Financing

The Ethiopian government anticipates that growth in spending is accommodated by an increase in government revenue. The adoption of a prudent fiscal policy, and improvements in tax administration and tax collection systems have led to the decline in government budget deficit during the fiscal year under review. During the year, fiscal deficit was targeted to be 1.7% of GDP, while, the actual gap has been 1.2% of GDP, making the deficit lower by 0.5 percentage points against the target. The level of budget deficit amounted to birr 8.8 billion in 2011/12. About 75% of the deficit was financed by foreign borrowing, while the remaining has been covered by domestic debt and income from privatization. In accordance with its policy statement, the government did not borrow any money directly from the central bank. Thus not only the magnitude of the deficit, but also its financing mechanism demonstrates Ethiopia's very prudent fiscal policy.

1.5 External Finance Mobilization and Debt Management

Ethiopia receives Official Development Assistance (ODA) from two major sources; bilateral and multilateral donors. The assistance has been provided in the form of development financing, technical assistance and debt relief. According to the World Bank latest report of net per capita ODA receivables, Ethiopia ranks the last among countries of the sub-Saharan Africa¹.

External Resource Commitment: In 2011/12 a total of 3175.81 million USD was committed by both bilateral and multilateral donors for Ethiopia from all sources. In 2011/12, Ethiopia secured 1,737.7 million USD commitments from 15 bilateral donors, out of which close to 1,592 million USD (92%) was in the form of grants. During the same period, 1326.5 million USD was committed by International Financial Institutions (IFIs), of which, 1216.1 million USD or 92% was committed in the form of concessional loans with the balance obtained as a grant. Of the total commitment by this group, 73.8% was sourced from the World Bank, 17.4% from the African Development Fund, 8.8% from other International Financial Institutions. During 2011/12, United Nations Organizations committed, over 9.8 million USD in cash and in kind, for activities to be implemented on six development projects and one Humanitarian program. Regarding commitment from the European Union, in fiscal year 2011/12, a total of 101.81 million USD was committed for various projects and programs.

Table 9. External Resource Commitment, in million USD

Source	2011/12 Fiscal Year			2011/12 Performance (%) against	
	2010/11	Plan	Actual	2011/12 plan	2010/11 performance
Bilateral	2,601.6	2802	1,737.7	62.02	66.79
DFID	162.1	427.5	448.2	104.9	276.5
International Financial Institutions	955.4	1,259.5	1,326.5	105.3	138.84
UN organizations	2,014.9	-	9.8	-	0.49
EU	95	258	101.81	39.46	107.17
Total	5,666.9	4,319.5	3,175.81	73.72	56.04

Source: MoFED

External Resource disbursement:

The total disbursement from all sources in 2011/12 was 2617.9 million USD which falls short of the disbursements in 2010/11 by about 3.1%. In 2011/12 fiscal year, a total of 1,141.3 million USD has been disbursed from bilateral sources, of which, 690.5 million USD was disbursed from 15 countries as grants, while, the remaining 450.8 million USD came in the form of loan. Energy, road construction, Protection of Basic Services, food security, health, education and

¹ Data.Worldbank.org/indicator/dt.ODAT.pc.zs

water are the priority areas that benefited from the disbursement. Compared with 1012 million USD expected to be disbursed from bilateral sources in 2011/12, total disbursement of external loan and grant has increased by 226 million USD or 12.77%. Furthermore, the actual disbursement from bilateral sources has increased by 226 million USD or 24.7% compared with the previous year disbursement of 915 million USD. This growth is attributed to the inflow of more funds from China for the construction of power and road construction projects.

Disbursements in 2011/12 from International Financial Institutions (IFIs) for the implementation of different ongoing projects/programs totaled USD 964 million, which represented 95.2% of disbursements made by the same group a year earlier. In 2011/12, the disbursement was made for different sector projects/programs such as Agricultural projects, Road development projects, Water Supply and Sanitation, Rural Electrifications, Social and Industrial Projects, Tourism and Capacity building Projects.

Table 10. External resource disbursement, in million USD

Source	2011/12			Performance (%) Against	
	2010/11	Plan	Actual	2011/12 Plan	2010/11 Performance
Bilateral	915	1,012	1,141.3	112.7	124.7
DFID	332.3	-	346.5	-	104.2
International Financial Institutions	1,063	1,013	964.0	95.2	90.7
UN organizations	567.6	-	407.5	-	71.8
EU	156.6	227.8	105.1	46.13	67.1
Total	2,702.2	-	2,617.9	-	96.88

Source: MoFED

In 2011/12 the United Nations Organizations disbursed over 407 million USD. From this, 183.8 million USD has been disbursed in kind and the remaining 223.7 million USD is made in Cash. The disbursement made by the UN agencies during 2011/12 declined by 28.2% compared to the previous year, mainly due to the change in financial management system introduced by some UN organizations which took longer period to institutionalize. This directly affected the fund released by the system to the implementing partners. The other reason is that the fund released by Global Fund during this budget year is not as much as the previous year. With regard to disbursements from the EU, in 2011/12, out of the targeted disbursement of 227.8 million USD, only 105.1 million USD (46.1%) was achieved. The 2011/12 performance of EU's disbursement has shown a decline compared to the 2010/11 performance.

In addition to the size of commitments and disbursements, the Ethiopian government also focuses on the quality of aid as reflected in the Paris Aid Effectiveness Agenda. The principles followed in this regard include: increasing the volume and effectiveness of aid based on development results; aligning all support to the national priorities and plans, increasing the use of national public finance management and procurement systems; promoting the establishment and use of more harmonized aid modalities (multi-donor pooled funds); improving predictability of aid by motivating development partners to make multi-year commitments and finally strengthening the mutual accountability in the implementation of Paris Declaration indicators and commitments.

The implementation of these principles during the fiscal year under reference largely remains the same with the 2010/11 performance. Most of the targets set at the country level have been missed. The 2010/11 performance shows that share of aid to the government through joint programmes and pooled funds remains at (50%); use of country public finance system (52%); use of country procurement system (22-37); annual predictability: aid scheduled for disbursement (49%); in year predictability 39% which are all well behind the targets set for 2010 by the Paris Declaration. Nonetheless, the government and development partners have agreed to intensify the realization of the aid effectiveness objectives in the coming years and agreed on the new sets of targets to be achieved. It is, however, worth to note that the performance of aid effectiveness varies from partner to partner. The World Bank and ADB from multilateral partners and DFID from bilateral partners can be cited as good examples that have committed and disbursed bulk of their resources consistent with most of the Paris Declaration principles indicated above.

Debt Management: During 2011/12, a total of 2.19 billion USD was signed as external loan with bilateral and international financial institutions to finance various development programs. Of which, 1.4 billion USD is signed as a central government loan and 0.6 million USD is a government guaranteed public enterprise loan. The remaining 0.2 million USD is loan committed for various enterprises without government guarantee. In the same fiscal year, a total of 1625.7 million USD was disbursed as external loan to finance on-budget and off-budget development programs.

Table 11. Loan disbursement in million USD

	2011/12 Fiscal Year			Performance (%) Against	
	2010/11	Plan	Actual	2011/12 Plan	2010/11 Performance
Central Government Debt Repayment	830.3	370.3	981.6	259.1	125
Guarantee loans	372.4	-	322	-	94.5
Non-guarantee loans for public dev't enterprises	886.7	-	322	-	38
Total debt repayment	2,089.5	-	1,625.7	-	82.3

Source: MoFED

External Debt service: The government has paid off 100 million USD against the plan of paying 115.9 million USD to service foreign debt. Out of the service, 53.4% was effected to settle principal payment, while the remaining 46.4% has been effected for interest payment. In addition to the public sector debt service, government guaranteed and non-guaranteed loans were serviced during the fiscal year under review, amounting to 42.2 million and 253.95 million USD, respectively.

HIPC initiatives: Since its start Ethiopia is benefiting from the HIPC initiative. During the fiscal year under review, Ethiopia was expecting to receive debt relief of 8.8 million USD under the scheme. Ethiopia actually received 8.5 million USD in debt relief during the fiscal year, which is slightly lower than the expected debt relief. In 2011/12, the total Ethiopian debt stock (including central government loans, as well government guaranteed and non-guaranteed loans of public enterprises) amounted to 21.5% of GDP. This figure is by far smaller than the Sub Saharan average of 33%. According to the IMF 2012 SSA Economic Outlook Report, Kenya, Tanzania, and Uganda have total debt stock of 47.2%, 46.8% and 36.2% of GDP respectively. These imply that Ethiopia has maintained its total debt stock at a sustainable level.

Domestic debt service: The country has also settled domestic debt of birr 1.82 billion in 2011/12. Out of this total domestic debt paid, birr 0.14 billion was paid for principal and the remaining birr 1.69 billion birr was paid to settle the interest.

On-lending: The country has also obtained birr 677 million from on-lending, which surpassed the target by birr 103.8 million.

1.6 Monetary Policy, Financial Sector and External Sector Performance

1.6.1 Monetary Policy

Ethiopia's monetary policy has continued to focus on price and exchange rate stability thereby maintain conducive macroeconomic environment that promotes rapid and sustainable economic growth. Thus, government has adopted direct and indirect monetary policy instruments including setting the minimum deposit interest rate, setting the minimum reserve requirement and liquidity requirement ratios, selling T-bills, monitoring government borrowing from the banking system and foreign exchange sterilization. Since reserve money is the nominal anchor for monetary policy, in 2011/12, reserve money was targeted to contract by 3.9%; however, the contraction has reached 4.4%. The primary factors behind the contraction of the reserve money were aggressive measures adopted on sterilization of foreign exchange, effective T-bill sell and strict implementation of the government policy of not taking direct advance from the National Bank. During the year, USD 2,350 million has been sold in foreign exchanges to commercial banks and the excess reserve of commercial banks has reached 1.2% of net deposits.

With regard to broad money supply growth, during the year broad money supply has registered a growth rate of 30.3% against the target of 30.6%. The growth in broad money supply was largely associated with expansion of domestic credit by 39.5 which offset the contraction of net foreign asset by 28.4. Looking at the feature of domestic credit, net claims on government decreased by 24.8% and credit to non-government sector expanded by 56.7%. These developments clearly reflect the ongoing policy direction that encourages the private sector to continue as an engine of the country's economic growth. In order to finance the budget deficit using monetary policy instruments, the government has continued offering T-bills for the fortnightly auction market. Accordingly, in 2011/12, birr 77.4 billion T-bills have been sold against the target of birr 96.5 billion. The amount of T-bills sold in 2011/12 shows an increase of 42.8% compared to the preceding fiscal year. The achievement is mainly attributed to the introduction of weekly T-Bills. Out of the total T-bills sold in the fiscal year, the share of non-banks and commercial banks was 80.1% and 19.9%, respectively, implying that the share of commercial banks has declined by 18.8%age points from the previous fiscal year. Ethio Telecom, Public and Private Employees Social Security Agencies, Ethiopian Insurance Corporation and other public development enterprises are some of the major non-bank sources that have participated in buying the financial instruments.

Interest Rate Development: During 2011/12, the minimum interest rate on savings remained unchanged at 5.0%. On the other hand, the minimum and the maximum lending rate of commercial banks stood at 7.5 and 16.25% respectively. As a result, the average lending rate reached 11.88%.

Exchange Rate Developments: During 2011/12, average weighted exchange rate of birr in the inter-bank foreign exchange market reached 17.2536 birr /USD. It has depreciated by 7.1% compared to the 2010/11 average record of birr 16.1178/USD. Similarly, during the fiscal year, the average exchange rate in parallel foreign exchange market depreciated by 8.9% and reached birr 17.9883/USD. Thus, the average spread between the official and the parallel market rates widened from 2.5% in 2010/11 to 4.2% in 2011/12. This is due to the relatively faster rate of depreciation in the parallel market.

1.6.2 Financial Sector

Improvements in financial sector promote economic growth through facilitating payment and exchange systems as well as mobilizing and channelling scarce financial resources to efficient users. In this regard, during 2011/12 encouraging developments have been recorded in the financial services and efficiency of banks. During the year, non-performing loan (NPL) of commercial banks went down to 2.2% against the target of 5%. In 2010/11, NPL of commercial banks has been 3.5% of total loan, which implies loan quality of banks is recording rapid improvement through time. During the year, 316 new bank branches have been opened. Of which, 127 branches are owned by private banks. It is to be recalled that 281 new bank branches were opened in 2010/11. These imply that a total of 597 new branches have been opened during the first two years of the GTP period only. The total number of bank branches has now reached 1286 of which 614 (48%) are private bank branches. Similarly, the ratio of population to bank branch declined to 63.7 thousand from 84.5 thousand in 2010/11 reflecting an impressive performance in financial service outreach over a short period of time. Loan collection by the banking system also increased by 15.2% annually and reached birr 35.2 billion.

The amount of new loans disbursed (excluding bond purchases) was birr 56.1 billion. Compared to the 2010/11 performance, this shows an increase of 32.8%. The new loan received in 2011/12 by domestic and foreign trade declined by 3.3% compared with the previous fiscal year. Because of government's policy direction, however, the amount of loan received by industry and agriculture sectors grew by 57.8% and by 75.5% in 2011/12 respectively. The fiscal year also witnessed an important improvement in the banking sector in terms of capital accumulation and deposit mobilization. Accordingly, the total bank capital reached birr 18 billion; it has increased by 12.9% from the previous fiscal year. Similarly, total deposits mobilized by commercial banks surged up by 49.3%, compared to 2010/11, and reached birr 187.3 billion. Of the total deposit, demand deposit constituted 49.3% while savings and time deposits accounted for 44.1 and 7%, respectively.

During 2011/12 fiscal year, the total number of insurance companies reached 15. Similarly, the total number of branches has increased by 10% and reached 243. Their capital has also increased by 25.6% and reached birr 1.2 billion. Similarly, Micro-Finance Institutions (MFIs) have recorded strong performance during the fiscal year. Accordingly, their capital has risen to birr 3.8 billion from birr 2.95 billion in 2011 reflecting a 27.5% increase. The stock of total loans extended by MFIs also grew from birr 7.0 billion in 2010/11 to birr 9.3 billion in 2011/12. Similarly, the amount of savings mobilized by these institutions rose from birr 3.8 billion in 2010/11 to birr 5.5 billion in 2011/12. The expansion of micro finance services provides notable contribution in reducing poverty and unemployment in the economy as the service targets the lower income group of the societies, which don't have access to formal financial services easily.

Modernization of the National Payment System

In order to create strong and modern payment system, the government has launched National Payment and Settlement System to be effective since 2010/11. As a result, banks are working aggressively towards implementing the system. Similarly, the National Bank of Ethiopia has partially implemented the core banking system that would enhance the use of e-banking system. When the core banking system becomes fully implemented, all branches of commercial banks will be networked with their main branch and with the National Payment and Settlement System. Moreover, during 2010/11 fiscal year, the NBE also introduced the National Credit Information System. The credit information system will serve as an important platform for banks to exchange information about borrowers and lenders position which will avoid information asymmetry between the parties, and reduces risk associated with loan disbursement. Consequently, almost all commercial banks have started benefiting from the system. Efforts are also underway to integrate micro-finance institution into the system.

Saving and Investment

The investment requirement to finance the growth and transformation plan is very huge. In addition to unpredictability of aid, low domestic savings have compounded the challenge of financing the development needs of the country. The target of domestic saving rate in the GTP was 15% of GDP. In 2010/11 and 2011/12, the domestic saving rate has reached 12.6 and 16.5% of GDP, respectively. This remarkable result is the outcome of several measures that have been implemented in the course of improving domestic saving. Some of the measures adopted to enhance the growth of domestic saving include strengthening of existing tools and introduction of new saving mobilization instruments such as selling of Government Bills, deepening of financial institutions, introducing private social security scheme (Pension Fund and Provident Fund), and the wide ranging awareness creation activities in urban and rural areas of the country. Even though, the improvements in domestic saving mobilization are encouraging, the development finance needs of the country require that this progress is sustained and even taken to a higher domestic saving trajectory over the remaining GTP periods. Thus by consolidating the measures taken so far, it is planned to increase the domestic saving rate to about 20% by the end of the planning period.

On the other hand, the amount of total capital formation as% of GDP has increased to 34.6% in 2011/12 from 27.9% in 2010/11. Clearly, the Ethiopian investment rate is much higher than the SSA average of about 23%. The challenge concerns sustaining such a very high level of investment rate and narrowing the saving-investment gap by increasing domestic savings. Addressing these challenges is largely contingent upon the success of significantly and sustainably increasing domestic savings. Thus, the ongoing policy and administrative measures such as curbing the inflation pressure, enhancing public financial education, improving financial access and services, deepening financial institutions and other instruments that help to improve domestic saving behaviour have to be more effectively implemented and administered. Furthermore, the ongoing public finance reforms have to be deepened in order to enhance the efficiency and effectiveness of the allocation and use of public finances.

1.6.3 External Sector Performance

Merchandise Export

In 2010/11, merchandise export earning has been 2.8 million USD, showing an increase of 37% from the level of USD 2 billion in 2009/10. Similarly, total merchandise export revenue in 2011/12 amounted to USD 3.15 billion, showing a growth rate of about 15% compared to the preceding fiscal year. However, the performance of 2011/12 falls short of meeting the target of 3.7 billion USD. The export growth is attributed mainly to the export proceeds of oilseeds, gold, live animals, pulse, flower, meat & meat products, and fruits and vegetables. The volume of oil seed export has increased to 3.67 million quintal from the level of 2.54 million quintal in 2011/12. As a result the earnings from the export of oilseeds in 2011/12 increased by 44.6% over the preceding year and reached USD 472.3 million.

Export proceeds from gold rose by 30.5% to reach USD 602.4 million as a result of growth in volume of export (9%) and international price (19.7%). Similarly, revenues from export of live animals went up remarkably and reached USD 207.1 million, recording a 40% annual growth mainly owing to expansion in the volume of export (28.4%) as well as improvement in international prices (9%). During the same period, export earnings from pulse grew by 15.8% and reached USD 159.7 million. The increment is attributed to improvement in its international price (15%) and a slight increase in the volume of exports (0.7%). Similarly, from export of flower 197 million USD has been earned, depicting a 12.4% growth in the review period vis-à-vis the preceding year owing to higher volume of export (12.6%) offsetting the slight decline in international price (0.2%).

The exports of meat and meat products and fruits and vegetables earned 78.8 million USD and 44.9 million USD, respectively and grew by 24.5 and 42.7% owing to higher volume of export and improved international price. Despite a fall in the volume of export, the receipts from leather & leather products exports grew by 5.9% on account of the rise in international prices (23.4%) and stood at USD 109.9 million. Export earnings from chat went marginally up by 0.8% mainly owing to slight improvement in international price (0.6%) and volume of export (0.2%).

Table 12. Value of Exports by Major Commodities (Value in Millions USD, Volume in Millions k.g.)

Commodities	2010/11	2011/12	Growth (in%)	Share from total export (%)		2014/15 Target
				2010/11	2011/12	
Coffee	841.8	833.1	-1.0	30.64	26.42	1,120
Volume	196.1	169.4	-13.6			
Oil Seeds	326.6	472.3	44.6	11.89	14.98	500
Volume	254.2	367.4	44.6			
Leather and Leather Products	103.8	109.9	5.9	3.78	3.49	882
Volume	5.2	4.4	-14.2			
Pulses	137.9	159.7	15.8	5.02	5.07	-
Volume	224.5	226.2	0.7			
Meat & Meat Products	63.3	78.8	24.5	2.30	2.50	948
Volume	16.9	17.7	4.7			
Fruits & Vegetables	31.5	44.9	42.7	1.15	1.42	535
Volume	91.6	123.5	34.9			
Flower	175.3	197.0	12.4	6.38	6.25	-
Volume	41.6	46.8	12.6			
Gold	461.7	602.4	30.5	16.81	19.11	-
Volume	0.0112	0.0122	9.0			
Live Animals	147.9	207.1	40.0	5.38	6.57	-
Volume	112.8	144.9	28.4			
Chat	238.3	240.3	0.8	8.67	7.62	-
Volume	41.0	41.1	0.2			
Bees Wax	1.8	2.2	20.9			-
Volume	0.36	0.37	1.3			
Others	217.3	205.0	-5.7			
Total: Value	2,747.1	3,152.7	14.8			

Source: Ethiopian Revenues and Customs Authority

On the other hand, the export of coffee has generated 833 million USD, which is 1% lower than the previous year earning and 22.8% lower than the planned amount of 1.1 billion USD. This is due to the decline in the volume of coffee export by 13.6%. However, owing to the improvement in international price for Ethiopian coffee by 14.6%, the decline in total earning is not significant.

In terms of relative share, during the year, share of coffee export has declined to 26.4% from the level of 30.6% in 2010/11. The share of gold, live animal, and pulse exports went up to 19.1, 6.6 and 5.1%, respectively, from the level of 16.8, 5.4 and 5% in the preceding budget year. Flower exports accounted for 6.2% of the total exports declining slightly from 6.4% during the previous year. Meat & meat products and fruits & vegetables accounted for 2.5 and 1.4%, respectively up from 2.3 and 1.1% the year before. The share of leather & leather products and chat export

declined to 3.5 and 7.6% in 2011/12 from 3.8 and 8.7% share in the preceding year respectively. The improvement in export performance has generally been attributed to enhanced export volume of major export products and improvement in international commodity prices driven by the recovery and expansion of global demand as well as the government's policy measures to enhance the competitiveness of export products. But in light of the huge foreign exchange requirement of the economy, intensifying the export drive further remains critically essential to sustain the rapid economic growth registered over the last nine consecutive years.

Merchandise Import

The total merchandise imports bill in 2010/11 and 2011/12 has reached 8.2 billion USD and 11.1 billion USD, respectively. The growth has been 34% over the previous fiscal year. The Ethiopian imports have mainly been driven by the rise in import bills of consumption goods (53.9%), semi-finished goods (59.4%), fuel (28.1%), capital goods (7.4%) and raw materials (8.7%). The rise in consumer goods imports emanated largely from the surge in imports of non-durable goods (70.1%), which rose from USD 1.4 billion to USD 2.4 billion and partly due to higher import of durable goods (27.3%). The increase in non-durable consumer imports attributed with the increment in imports of basic food items such as wheat, edible oil and sugar to stabilize domestic prices. Fuel import bill increased by 28.1% over the preceding year and amount USD 2.1 billion largely driven by the 16.6% rise in international fuel price. Fuel import bills consumed 67.4% of total export proceeds in 2011/12. During the same period import of transport, agricultural and industrial goods rose by 17.7, 87.9 and 1.4%, respectively thereby capital goods import increased by 7.4% compared to the previous year. However, the share of capital goods import bill as share of total imports bill declined to 26.9% from 33.4% in 2010/11.

Balance of Payment

Despite a significant rise in total exports, the deficit in merchandise trade widened by 43.6% to USD 7.9 billion in 2011/12 from USD 5.5 billion in 2010/11. This is largely attributed to the proportionate increment in total import of goods resulting from a rise in domestic income. Consequently, export coverage of import declined to 28.5% from 33.3% recorded in the previous year. In 2011/12, a net surplus of USD 74.9 million was registered in the service account. However, the surplus was 89.1% less than the surplus registered in the preceding year. This is the result of lower net receipts from travel, and government services coupled with a surge in net payments for other services (121.7%) in general, and a 63% rise in payments to construction services. Similarly, compared to the preceding year, net inflows of private transfers in 2011/12 has increased by 18.2% to USD 3.2 billion largely because of a huge growth in receipts of Non-Government Organizations (52.2%) and transfers to private individuals (3.2%). Private remittance is estimated to amount about USD 1.34 billion in 2011/12, showing an increase of about 26.4% compared to the transfers in the preceding fiscal year.

Table 13. Merchandise Import in million USD

Item	2010/11 Performance	2011/12 Performance	Performance (%) Against 2010/11 Achievement
Raw Material	183.7	199.7	8.7
Semi-finished goods	1,228.0	1,957.2	59.4
Fuel	1,659.3	2,124.8	28.1
Capital Goods	2,757.0	2,961.7	7.4
Transport	688.1	809.7	17.7
Agriculture	63.6	119.5	87.9
Industry	2,005.4	2,032.5	1.4
Consumption Goods	2,294.8	3,531.7	53.9
Total Merchandise Import	8,253.3	11,061.2	34.0

Source: National Bank of Ethiopia

The current account including official transfers recorded USD 2.8 billion deficits in 2011/12, which is significantly higher than the USD 210 million deficits in the previous year due to the decline in net service proceeds as well as a significant rise in merchandise trade deficit. The capital account has recorded a surplus of USD 2.1 billion. Compared to the USD 2.5 billion surplus registered in the preceding year, the capital account surplus balance has declined by 16.4% due to falls in the long term net official transfer (8%) and net foreign direct investment (13.7). The net foreign direct investment inflows decreased by 13.7% to USD 1.1 billion in 2011/12 compared to the USD 1.24 billion registered in the preceding year. As a result, the overall balance of payments by the end of 2011/12 depicted a deficit of USD 972.8 million compared to the USD 1.4 billion surpluses recorded in the preceding fiscal year.

Table 14. Balance of Payment (in Million US Dollar)

Indicators	2010/11 Performance	2011/12 Performance	Performance (%) Against 2010/11 Achievement
Trade Balance	-5,506.2	-7,808.5	41.8
Merchandise Export	2,747.1	3,152.7	14.8
Merchandise Import	8,253.3	11,061.2	34.0
Net Services	688.1	74.9	-89.1
Private Transfers	2,746.7	3,245.8	18.2
Current Account Balance (excl. public transfers)	-2,071.4	-4,587.8	121.5
Public Transfers	1,860.7	1,787.9	-3.9
Current Account Balance (incl. public transfers)	-210.6	-2,799.8	
Capital Account	2,535.5	2,119.8	-16.4
Net Errors & Omissions	-940.7	-292.7	
Balance of Payment	1,384.2	-972.8	
Financing	-1,384.2	972.8	
Reserves	-1,375.8	980.7	
Debt relief	-8.4	-8.0	

Source: National bank of Ethiopia

1.7 Private Sector Development

The private sector is expected to play the pivotal role in realizing the objectives of the GTP. Thus private investment particularly in manufacturing and commercial farming has been promoted and supported over the last two years of the GTP period. The fundamentals for private sector development were further enhanced during 2010/11 and 2011/12. Accordingly, the government continued to strengthen the peace and stability, guarantee property rights, and ensure macroeconomic stability with prudent fiscal discipline, exchange rate and interest rate policies.

The investments in infrastructure and human resource development continued to expand in order to make the domestic market more profitable for investment and hence crowd in private investment. The investment code has been revised to improve further the investment incentives particularly to priority sectors. Trade and credit policy incentives, better facilitation in licensing, registration, customs and taxation, as well as delivery of land (industrial zone development) particularly for selected investments such as manufacturing and agriculture have also been pursued to encourage private sector development. The privatization program has been continued with utmost transparency and accountability to enhance the role of the private sector in the economy.

Therefore, the participation of the private sector in the economy is growing, which in turn has driven the country to register accelerated economic growth. In 2010/11 and 2011/12 fiscal year 4734 and 3341 projects owned by domestic and foreign investors have got investment licenses to invest in different sectors. During these two years a total of 2.3 billion USD Foreign Direct Investments have flown into the country. Furthermore, a total of 433 projects have become operational in 2010/11 and 2011/12. Of these, 30 are engaged in agricultural activities, while 171 projects are engaged in the manufacturing sector. The remaining 232 projects are engaged in providing services.

Table 15. Private investment projects started operation in 2010/11 and in 2011/12

Economy	2010/11 Performance		2011/12 Performance	
	Project in number	Capital in Billion birr	Project in number	Capital in Billion birr
Agriculture	10	1.11	20	1.84
Manufacturing	85	1.47	86	12.46
Services	114	1.27	118	3.07
Total	209	3.85	224	17.37

Source: Ethiopian Investment Agency

In order to further augment the participation of the private sector in the overall economy, high level Government and Private Sector Dialogues have been conducted regularly. Such Government-Private sector dialogue and partnership is a key to seek common solutions for problems that hinder private sector development. Particularly, problems that are directly related with provision of government services will be reduced by investing on the development of government institutions. In addition, the government would redouble its efforts to address the problems in logistics and transport as well as in the delivery of industrial land to further promote private investments in priority sectors. On the other hand, the private sector is expected to exploit the conducive investment opportunities and aligning its investments with the government priorities, and thereby play a greater role in accelerating growth and job creation.

1.8 Summary of macroeconomic and main sectoral level performances

Indicators	2010/11 Performance	2011/12 Planned	2011/12 Actual	Target for 2014/15
I. Macro Economics and Public Finance Indicators				
1.1 Macro Economy				
Real GDP growth rate (%)	11.4	11.1	8.5	11.4
Per Capita GDP at Current Market Prices (USD)	387	-	513	523
Total Consumption Expenditure (PFCE) as% of GDP	87.2	89.6	83.5	80.0
Gross Domestic Capital Formation as% of GDP	27.9	27.2	34.6	34.6
Gross Domestic Saving as% of GDP	12.8	10.4	16.5	20.0
1.2 Public finance				
Domestic revenue and Grants as% of GDP	16.9	18.4	15.7	20.4
Domestic revenue as% of GDP	13.7	14.2	13.9	17.1
Tax revenue as% of GDP	11.7	12.1	11.6	15.0
Total poverty-oriented expenditure as% of GDP	12.3	13.7	11.9	17.3
Total expenditure as% of GDP	18.5	20.2	16.9	23.7
Capital Expenditure as% of GDP	10.5	11.6	10.0	14.4
Recurrent Expenditure as% of GDP	8.0	8.6	7.0	9.3
Overall Balance Including Grants as % of GDP	(1.6)	(1.7)	(1.2)	(3.3)
External debt (Net) as% of GDP	1.5	0.8	0.9	0.6
Domestic debt (Net) as% of GDP	0	0.9	0.5	2.7
1.3 External sector				
Export of Goods and Non-Factor Services as% of GDP	17.0	17.7	14.0	22.5
Imports of Goods and Non-Factor Services as% of GDP	32.1	34.5	32.1	35.7
Resource Balance as% of GDP	(15.1)	(16.8)	(18.1)	(13.1)
II Poverty & Welfare				
Total poverty Head Count (%)	29.6	26.1	27.6	22.2
Food Poverty Head Count (%)	33.5	25.0	32.7	21.2
III Economic Sectors				
3.1 Agriculture and allied activities				
Growth rate of agriculture value added	9.0	8.5	4.9	8.7
Main food crop production (000 tons)	22,182	20,855	23,244	26,774
Crop productivity (quintal per hectare)	16.5	18.0	17.00	22.0
Production of flower in million seedlings	1,804.7	3,849.0	2,102.0	5,859.1
Area covered by multiple use trees (000 hectares)	6,994.17	9,550.72	9,550	16,210
Number of extension service beneficiaries (thousands)	9,044	9,964	10,505	14,640
Meat Export (metric ton)	16,575	26,471	18,803	111,000
No. of PSNP beneficiaries (million)	7.7	3.6	7.6	1.3

Indicators	2010/11 Performance	2011/12 Planned	2011/12 Actual	Target for 2014/15
3.2 Industry				
Growth rate of industrial value added	15.0	17.9	13.6	23.7
Sugar product (000 ton)	0.28	0.74	0.26	2.25
Textile and garment industry export (in million USD)	62.2	200.0	84.6	1,000
Leather and leather products export (in million USD)	104.1	296.2	112.1	496.87
Total capacity to produce cement (million ton)	6.45	13.6	10.6	27
Metal consumption per capita (kg)	12	14.23	-	34.7
3.3 Mine				
Gold export (kg)	4,376	4,900	3,983.72	8,700
Gold supplied to NBE by traditional miners (kg)	7,296	13,200	8,327.73	5,250
Export earnings from mining products (million USD)	509	-	602.2	-
IV Infrastructure Development				
4.1 Roads				
Total road network (000 km)	53.1	54.8	56.2	64.5
Average time taken to all-weather road (hours)	3.5	2.3	2.9	1.4
Road density (km/1000 km ²)	48.1	71.9	57.4	123.7
Road density (km/1000 population)	0.66	0.98	0.75	1.54
Roads in acceptable condition (%)	82	83	86	86.7
Areas further than 5 km from all-weather roads (%)	61.8	48.7	56.3	29
New roads that connect woreda to all-weather roads (km)	854	24,299	10,219	71,522
4.2 Railway				
Railway network in km	0	493	0	2395
4.3 Power				
Electricity coverage in%	45.4	55.0	48.5	75.0
Energy generating capacity(MW)	2,048.5	2,582	2,177	8,000
Length of distribution line (km)	138,832	145,838	153,230	258,038
Rehabilitation of transmission line (km)	967	3,258	1,688	8,130
4.4 Telecom				
Fixed telephone density (per 100)	1.03	2.0	0.95	3.4
Mobile service subscribers (in million)	0.854	1.56	0.805	3.05
Fixed telephone subscribers (in millions)	10.7	16.6	17.3	40.0
Internet service subscribers(in millions)	0.129	0.62	2.661	3.69

Indicators	2010/11 Performance	2011/12 Planned	2011/12 Actual	Target for 2014/15
IV Infrastructure Development				
4.5 Water				
Potable water coverage (%)	52.12	81	58.25	98.5
Urban potable water coverage (within 0.5km)	74.64	95	78.71	100.0
Rural potable water coverage (within 1.5km)	48.85	80	55.21	98.0
Large and medium level developed irrigable land (ha)	32,034	100,234	42,229	785,583
4.6 Urban Development & Housing				
Employment generated under integrated housing development (000)	176	25	193	182
Employment created by MSE in million	0.542	0.554	1.148	0.740
Reduction of slum areas (%)	50	45	45	30
Urban cobble stone road construction (km)	222.2	105	246	3,738
V Social development				
5.1 Education				
Primary school Net enrollment ratio	85.3	91.5	85.4	100
Primary school enrollment of girls to boys ratio	0.94:1	0.94:1	0.93:1	1:1
Primary school pupil text book ratio	1.2:1	1:1	1:1	1:1
Adult education enrollment rate (%)	1.2	18.0	2.1	-
Higher institution intake capacity (under graduate)	444,553	310,120	491,871	467,445
TVET intake capacity	371,347	881,494	335,058	1,127,330
5.2 Health				
Primary Health Services Coverage (%)	96	-	93	100
Under Five Mortality Rate (per 1000)	88 (2011 EDHS)	-	-	68
Infant mortality rate (per 1000)	59 (2011 EDHS)	-	-	31
Maternal mortality rate (per 100,000)	676 (2011 EDHS)	-	-	267
Pentavalent 3 vaccine coverage (%)	84.7	89	84.9	96
Contraceptive Prevalence Rate (CPR, %)	29 (2011 EDHS)	-	-	66
Contraceptive Acceptance Rate (CAR, %)	61.7	77	60.4	82
Births attended by skilled health personnel (%)	16.6	38	20.4	62
Transmission of HIV/AIDS (%)	2.4	-	1.3	2.4
TB case detection rate (%)	36.8	63	70	75

CHAPTER TWO

ECONOMIC SECTOR DEVELOPMENT

18.6%

registered growth rate of
**MEDIUM AND LARGE-SCALE MANUFACTURING
INDUSTRIES SUB-SECTOR**

2.1 Agriculture

During the GTP period, the agriculture sector will continue to be the major source of economic growth and is expected to grow on average by 8.6% per annum. To realize this plan, strategies were designed in relation to increasing agricultural production and productivity, improving natural resource management and utilization, building disaster prevention and preparedness capacity, improving agricultural marketing, promoting the participation of the private sector in the agriculture sector and ensuring food security in rural households. In 2011/12 fiscal year, the agriculture sector value added grew by 4.9% and the detailed performance of the sector is shown below.

2.1.1 Crop Productivity and Production

Crop Production: Increasing crop production is crucial for attaining food security, providing inputs for the industrial sector and boosting export earnings. Crop production constitutes a major share in agricultural production and contributes a significant amount to the national domestic product. Crop production accounted for 31.5% of GDP in 2010/11 and 30.4% in 2011/12. Thus, increasing crop production enhances agricultural output in particular and the gross domestic product in general, and is essential to improve the income and living conditions of the majority of citizens. Value added of the crop production sub-sector increased by 10.3% in 2010/11, and by 5% in 2011/12. This performance of the crop production sub-sector mirrors the growth of GDP in both years, where it grew by 11.4% in 2010/11 and only by 8.5% in 2011/12. This in turn clearly demonstrates the significance of crop production in the drive to accelerate economic growth.

In 2011/12, from both smallholder farmers and commercial farms, in both Meher and Belg seasons, a total of 232.44 million quintals of production is gained from major food crops such as cereals, pulses and oil seeds (Table 16). The achievement is substantial compared to both the previous fiscal year and to the target set for the fiscal year under review. It is thus 10.62 million quintals higher than the previous year and 23.89 million quintals higher than the target set for the fiscal year. This depicts that crop production in 2011/12 registered a 4.8% growth rate compared to the production in 2010/11.

Table 16. Area coverage and production of major food crops in 2011/12 fiscal year

	Area cultivated in million hectare				Production in million quintal			
	Smallholder farmers (Meher)	Smallholder farmers (Belg)	Commercial farms	Total	Smallholder farmers (Meher)	Smallholder farmers (Belg)	Commercial farms	Total
2010/11 Performance	11.82	1.17	0.45	13.45	203.48	9.01	9.33	221.82
Cereals	9.69	0.93	0.18	10.8	177.61	8.05	6.11	191.77
Pulses	1.36	0.21	0.013	1.59	19.53	0.94	0.22	20.69
Oilseeds	0.77	0.03	0.26	1.06	6.34	0.02	3.00	9.36
2011/12 Performance	12.1	1.17	0.42	13.69	218.57	6.82	7.05	232.44
Cereals	9.58	0.89	0.18	10.65	188.09	5.81	4.92	198.82
Pulses	1.63	0.26	0.03	1.92	23.16	1.01	0.45	24.62
Oil Seeds	0.89	0.02	0.21	1.12	7.32	-	1.68	9

Source: Central Statistical Agency, statistical bulletin volume 1; may 2012

According to the Central Statistical Agency, during the first year of the GTP period (2010/11 fiscal year), the production of these major crops was 19.36 million quintals higher than the production in 2009/2010, witnessing a growth rate of 9.6%. This growth rate is almost double the growth rate registered in 2011/12, exceeding by 4.8 percentage points. This shows that growth rate of crop production has slowed down in 2011/12. A number of determinants could be cited in this regard. First, cultivated area covered by cereals (teff, maize and sorghum) has declined by about 1.1% in 2011/12 compared to the previous year. In addition, the amount and distribution of rainfall in the Belg Season was below normal in most Belg harvesting areas such that the production in this season dropped by 2.2 million quintal

compared to the previous year. These two factors are expected to have contributed to the slowdown in the growth rate of agricultural production during 2011/12. However, the key factor for the slowdown concerns the inability of effectively implementing the scaling up strategy of best agricultural technology and farming practices adopted by the best performing farmers in the country.

Of the total production in 2011/12, 97% (225 million quintal) was produced by smallholder farmers and the rest 3% (7 million quintal) was produced by commercial farms. This clearly shows the significance of smallholder farmers in crop production. This in turn justifies the policy focus on enhancing the productivity of smallholder farmers during the Growth and Transformation Plan. On the other hand, during the fiscal year under consideration, from the total area covered by major food crops, cereals constitute 77.8%, pulses constitute 14% and oil seeds take the rest 8.2%. This indicates a slight reduction in the area covered by cereals and a slight increase in the area covered by pulses and oil seeds compared to the previous fiscal year, which further indicate a slight shift of farmers to pulses and oilseeds.

By and large, the performance achieved over the first two years of the GTP period in terms of increasing production of major crops is encouraging so far and indicates that the 267 million quintal production target set for 2014/15 of the GTP period is likely to be achieved. However the implementation of the agricultural policies and strategies particularly the scaling up strategy of best practices that significantly enhance productivity of crop production has to be consolidated in order to achieve the target of doubling crop production by the end of the Growth and Transformation Plan period.

Crop Productivity: With regard to the productivity of these major crops, it was planned to increase the average productivity of these major crops from 16.5 quintals per hectare in 2010/11 to 18 quintals per hectare in 2011/12. The actual performance, however, shows that average productivity of these crops is 17 quintals per hectare which is 1 quintal per hectare lower than the target of 2011/12 and 0.50 quintals per hectare higher than the productivity in 2010/11 (Table 17).

In 2011/12 fiscal year, cereals, pulses and oilseeds registered a productivity of 18.64 quintal per hectare, 12.91 quintals per hectare and 8.10 quintals per hectare, respectively. From cereal crops barely, wheat, sorghum and maize registered a productivity of 15 quintals per hectare, 20 quintals per hectare, 20 quintals per hectare and 25 quintals per hectare, respectively. From pulses, chickpeas and haricot beans registered 17 quintals per hectare and 15.5 quintals per hectare, respectively. In addition, from oilseeds, sesame has registered a productivity of 7 quintals per hectare.

Table 17. Productivity of selected crops in 2011/12 fiscal year

Crop type	Productivity in 2010/11 (Quintal per hectare)				Productivity in 2011/12 (Quintal per hectare)			
	Smallholder Farmers (Meher)	Smallholder Farmers (Belg)	Commercial Farms	Average	Smallholder Farmers (Meher)	Smallholder Farmers (Belg)	Commercial Farm	Average
Major Crops	17.2	7.67	20.62	16.49	18.08	5.82	16.65	16.99
Cereals	18.32	8.64	33.62	12.42	19.61	6.51	26.69	18.64
Teff	12.6	5.55	14.48	12.42	12.80	4.18	14.28	12.58
Barely	16.27	6.94	24.75	15.03	16.72	5.77	24.43	15.24
Wheat	18.38	9.85	33.03	18.41	20.28	8.91	26.19	20.07
Maize	25.39	9.50	48.05	22.5	29.53	7.15	31.48	25.11
Sorghum	20.85	7.0	24.06	20.5	20.53	2.99	23.52	20.03
Pulses	14.38	4.3	16.29	13.05	14.32	3.87	15.92	12.91
Horse beans	15.19	4.7	17.50	15.10	15.62	1.90	17.29	15.47
Field Peas	12.60	6.61	23.70	12.39	12.36	5.28	15.02	11.88
Haricot Beans	14.33	4.55	17.14	10.18	11.69	3.85	17.51	8.73
Chick-peas	15.49	2.39	15.97	15.12	17.30	9.90	15.76	17.06
Oil Seeds	8.18	0.55	11.66	8.83	8.29	-	7.96	8.10
Neug	5.8	-	6.5	5.85	6.02	-	6.93	-
Linseed	8.8	-	17.88	8.83	9.67	-	15.83	9.60
Groundnuts	14.43	-	17.20	14.47	16.05	-	15.88	15.05
Sunflower	9.23	-	17.99	9.34	10.85	-	17.99	12.16
Sesame	8.52	0.61	11.67	9.45	7.25	-	7.67	7.30

Source: computed from the Central Statistical Agency Annual production estimates, 2012

During the meher season of 2011/12, the average productivity of these major food crops produced by smallholders reached 18.08 quintals per hectare. Some of the crops which have registered encouraging productivity during the meher season include maize (29.5 quintals per hectare), wheat (20.3 quintals per hectare) and Sorghum (20.53 quintals per hectare). The sustained natural resource development and conservation activity, improved and effective implementation of the agricultural extension service and coordinated and timely supply of fertilizer and improved seed have contributed to the productivity achieved in this fiscal year. Although the productivity performance of these major crops in the meher season has achieved the production target set for the fiscal year, massive efforts are still needed to enhance the productivity of these major crops and thereby realize the goal of doubling production by 2015. In contrast the productivity and production achievement of smallholder farmers in the Belg Season is lower compared to the harvest during the Meher Season (Table 16). The low production performance witnessed during the belg season depicts the necessity of developing small and medium-scale irrigation schemes in order to sustainably enhance crop productivity and production.

In general, the average productivity of major crops achieved in the last two Growth and Transformation Plan periods (2010/11 and 2011/12) indicates that there is a huge possibility of achieving the productivity of 22 quintals per hectare by the end of the Growth and Transformation Plan. However, to double crop production and bring a big push in productivity, the consolidation of the implementation of the scaling up strategy and the natural resource development and conservation program is enormously essential. Thus, particular attention should be paid to fully implement the scaling up strategy, ensure effective delivery of agricultural inputs, strengthen the effectiveness of the agricultural extension services, expand farmers training, sustain the natural resource development and conservation drive and expand micro and small-scale agricultural irrigation schemes.

Crop research and input supply: In relation to crop research, it was targeted to conduct research and obtain 104 adequate technologies which can increase crop productivity. The performance shows that 121 adequate technologies were obtained from the research in 2011/12 fiscal year, witnessing a 17% higher performance. On top of this, a number of capacity building activities have also been undertaken to properly utilize these technologies. It was also planned to neutralize 14,090 hectare of acidic and fertile land by lime though it was possible to neutralize only 1,512 hectare of land in the fiscal year. The performance shows a slight increase compared to the previous year but it indicates that efforts are required to accomplish the target of neutralizing 37,850 hectare of land by the end of the Growth and Transformation Plan. On the other hand, in 2011/12 fiscal year, 202 thousand hectare of fertile Koticha soil was developed, witnessing 84.2% performance. The performance is slightly higher than the previous year despite the fact that it demands a due effort to develop the 3000 thousand hectare of land by the end of the plan period.

In relation to agriculture input supply, it was planned to supply 2,375 thousand quintals of improved seed in 2011/12 fiscal year. However, only 1,033 thousand quintals of improved seed were supplied, indicating 43.5% accomplishment. Similarly, it was also planned to supply 1,087 thousand tone chemical fertilizer (UREA and DAP), in the same period. However, 1,171 thousand ton of chemical fertilizer was supplied during the year under review, which is 7.7% higher than the target. In addition to these chemical fertilizers, farmers have also been using natural fertilizers. The supply of improved seed and chemical fertilizers has shown an increase of 0.45% and 40%, respectively, compared to the supply in the previous fiscal year. The supply of improved seed, however, still remains short of covering even half of the demand for the 2011/12 fiscal year. This tends to have an adverse impact on achieving the productivity target of major food crops. The performance in terms of supplying chemical fertilizers is however encouraging and indicates the possibility of achieving the target of supplying 1,665 thousand metric tons of chemical fertilizers by the end of the Growth and Transformation Plan. Thus it is planned to sustain the increased supply of fertilizer while at the same time strengthening the effective application of fertilizer in farming. On the other hand, the performance of improved seed supply indicates that efforts need to be redoubled in order to achieve the 3.6 million quintal improved seed target by the end of the Growth and Transformation Plan.

In 2011/12 fiscal year, assessment of cross-border insects and weeds has been conducted in some selected Woredas. Besides, quarantine inspection has been made on imported flowers, vegetables and other crops. In this regard, quarantine inspection was made on 11.1 million cut flowers, a performance higher than the 7.5 million cut flower target for the fiscal year. Further, inspection and certification was made on 167,805 tons of export coffee.

Improving livestock productivity and production: Livestock contributes a significant share to the national gross domestic product (GDP). According to the national accounts data, the share of livestock in the gross domestic product (GDP) was 9.8% and 9.5% in 2010/11 and 2011/12 fiscal years, respectively. The added value growth rate of this sector declined from 7.5% in 2010/11 to 5.4% in 2011/12 fiscal year. Improving livestock productivity and production plays a key role in attaining food security and expanding the export sector, and hence various researches and studies have been conducted to improve livestock productivity in the fiscal year under review. The target of increasing improved cattle breeds by 34.7% has been fully accomplished. In connection with improving livestock productivity and production, it has also been possible to produce 638.4 thousand doses of semen and 206.3 thousand liters of nitrogen, accomplishing 79.8% and 38.2% of the target, respectively. Accordingly, considerable achievements have been gained in relation to producing improved hybrid cattle. On the other hand, assessments on cross border livestock diseases have been conducted and livestock have been examined for anthrax and tsetse fly. It was possible to produce 138.4 million doses of vaccines and distribute 86.6 million doses of these vaccines. Thus 46% of the livestock population has got vaccination under the regular program. On the other hand, to enhance the productivity and production of livestock, it was planned to supply 66 thousand quintals of improved animal feeding seed, but only 12.7 thousand quintals of animal feeding seed was supplied in the period under consideration. Encouraging performances have been gained in relation to improving livestock productivity and production. The performance of producing liquid nitrogen and supplying improved animal feeding seed, however, indicates that additional efforts are required to achieve the stated targets by the end of the plan period.

On the whole, the livestock sector having vast potential in terms of food security, accelerating agro-processing industry and boosting export earning is not yet well exploited. And the sector's contribution in the aforementioned areas is not significant and as expected. To reap the potential of this sub-sector, it needs firm and meaningful intervention that can bring a fundamental change so that the contribution of this sector will continue to be significant at national level.

Agricultural extension service: The encouraging crop productivity and production gained in 2011/12 can partly be explained by the favorable coverage and distribution of rainfall during the main season as well as by the expansion of agricultural extension service. In 2011/12, the total number of smallholder farmers, pastoralists and semi-pastoralists

who have been benefiting from agricultural extension service has reached to 10.5 million. Of the total beneficiaries 30% are women while 10% are youth. In comparison to the previous fiscal year, the number of agriculture extension service beneficiaries has risen by 16% in 2011/12. A disaggregation of the data show that about 9,964 thousand of the beneficiaries of the extension services are smallholder farmers, while 333 thousand are pastoralists and 183 thousand are semi-pastoralists. On top of this, various trainings have been conducted to enhance farmers' skill and various institutions were also established to strengthen the structure of government institutions in the agriculture sector. The remarkable achievement in terms of expanding the agricultural extension service has to be complemented by improvements in the quality and effectiveness of the extension service in order to register a marked rise in agricultural productivity over the remaining plan periods.

2.1.2 Natural Resource Conservation and Utilization

The fiscal year of 2011/12 has seen a very significant achievement in terms of natural resource conservation and utilization. At the center of this accomplishment are scaling up of good practices from some regions to other parts of the country, and extensive awareness creations and resultant voluntary mobilization of rural communities with regard to natural resource conservation programs. Farmers have been involved in soil and water conservation activities which have important bearings to enhance crop productivity. Farmers have voluntarily spent on average 40 to 50 days working on soil and water conservation programs in 2011/12. In this regard, the plan was to perform community based natural resource conservation activities on 5.1 million hectares of land in the fiscal year, but due to the improved awareness and conviction on the significance of such programs, communities have undertaken conservation works on 8.5 million hectare of land throughout the country. This accomplishment exceeds the target by 63%. Similarly, the target to cover 9.55 million hectare of land with multi-purpose trees has also been fully accomplished. It was planned to collect and distribute 5,129 quintal tree seeds, and 8,863 quintal tree seeds were collected and distributed in the fiscal year, achieving a performance of 71% higher than the target. It was also planned to protect 5.6 million hectare of land for rehabilitation and 5.4 million hectare of land was protected in this fiscal year. The area covered by soil fertility activities using natural fertilizer reached 4,495 thousand hectare which is quite higher than the 1,556 thousand hectare target. In addition, 1.46 million hectare of land which is 387 thousand hectare higher than the target is developed with modern small-scale irrigation in the same fiscal year.

To sum up, the performance witnessed in this regard clearly indicates the change in farmers' attitude in relation to the significance of natural resource conservation and utilization. The performances so far depict that some of the targets in the GTP have already been achieved while others are likely to be fully achieved soon given the commitment and efforts currently going on. These natural resource conservation activities are expected to have a significant impact on increasing agricultural productivity and ensuring food security in the country. Going forward, the emphasis should be on sustaining the conservation works, and adequately linking them with sustainable agricultural development of irrigation, forestry development, and livestock development.

Implementing land administration system at Woreda level and certifying farmers for first and second level land ownership titles are the major targets related to sustainable land use planning and management program. Accordingly, it was planned to implement land administration system in 77 Woredas in the fiscal year. At the end, however, the system was only implemented in 10 Woredas that increased the number of Woredas which have implemented the land administration system to 60. On top of this, it was planned to give first and second level land ownership certificates for 1.44 million households and 1.69 households, respectively. However, first level land ownership certificates and second level land ownership certificate was given for 0.93 million households and 31 thousand households, respectively. On the whole, the performance achieved was very low in relation to sustainable land use planning and management for this fiscal year.

2.1.3 Food Security and Disaster Prevention and Preparedness

In order to provide early response to emergency needs and improve disaster mitigation, it was planned to increase the disaster prevention and preparedness contingency budget from birr 118.23 million in 2010/11 to birr 150 million in 2011/12; and the budget has reached to birr 121.4 million, which is 80.6% of the target. On the other hand, to provide early warning and emergency response based on disaster prevention profile, it was planned to prepare disaster prevention profile for 250 Woredas in the fiscal year but the profile was prepared for 171 Woredas which shows 68.4% performance. The low performance was attributed to a belated request of some regions in preparing disaster profile. In order to prevent disaster as well as enhance emergency resilience through providing relevant and proper responses, it was planned to provide non-food items for 1.3 million people in the fiscal year, and this has been fully accomplished.

In relation to food security programs, it was planned to benefit 5.1 million food-insecure citizens from the productive safety net program. However, additional 2.6 million beneficiaries have been included from 64 kebeles of Afar and Somali Regions so that the number of beneficiaries increased to 7.7 million in 2010/11 fiscal year. In 2011/12, evidences show that 7.6 million citizens have been benefiting from the program. In the same fiscal year, it was planned to graduate 321 thousand beneficiaries from the safety net program by fulfilling their food needs. However, the achievement shows that only 227 thousand beneficiaries have graduated from the program. The productive safety net program will continue to ensure the food needs of households which are living under chronic poverty. However, the number of households which graduate from the program is very small and further efforts are needed to reduce the number of beneficiaries to 1.3 million by the end of the Growth and Transformation Plan. Thus, close monitoring and supporting programs are important in the PSNP beneficiary regions. On top of that, it is essential to design incentive mechanisms to regions that succeed in graduating households from the program by fulfilling their food needs within a short period of time. Furthermore, in 2011/12, it was planned to benefit 202,200 food-insecure households from family level credit package, and hence 253,236 households benefited from this package. The number of beneficiaries has increased more than double compared to the previous fiscal year and this is expected to have a significant impact on ensuring food security.

2.1.4 Private Sector Participation

In the fiscal year 2011/12, massive efforts have been put to boost the export of flowers, vegetables, fruits and herbs through identifying and cultivating suitable land. Hence, it was planned to cover 2010 hectare, 5,456 hectare, 5,237 hectare and 938 hectare of land with flower, vegetables, fruits and herbs respectively, and accordingly 72%, 18.5%, 192% and 3.6% performances have been achieved. The total production performance also shows that 2,102 million cut flower (54.6%), 110.7 thousand tone vegetables (54.3%), 12.9 thousand ton fruits (9.2%) and 0.5 thousand ton herbs (10.6%) have been produced in 2011/12 fiscal year. Delay in the participation of investors and capacity limitations to develop all the investment land transferred to investors are some of the major factors which have resulted in low performance in this regard. In addition, in an effort to increase production through cultivating suitable land, the land covered by root crops has reached 480 thousand hectare while the land covered by stimulant crops, industrial and spice crops has also reached 210.5 thousand hectares, 80.2 thousand hectare and 147 thousand hectare, respectively. Enhancing the participation of private investors as well as monitoring their fast and full engagement is quite essential to achieve the targets set with regard to private sector participation by the end of the Growth and Transformation Plan.

In conclusion, the performances achieved in the agriculture sector particularly in relation to natural resource conservation and utilization such as water and soil conservation activities, infrastructure development and forestation programs are very encouraging which demonstrate the change in the mindset of farmers towards development. The drive should vigorously continue to enhance agricultural productivity and production. However, the productivity of major food crops achieved in the two consecutive fiscal years (2010/11 and 2011/12) falls short of the targets set for each fiscal year. As a result, more rapid and effective execution of the scaling up strategy should be a priority for the rest of the Growth and Transformation Plan periods. More concerted efforts are needed to enhance the agricultural extension service and coordinate the supply, distribution and utilization of agricultural inputs. Furthermore, enhancing the technical knowledge of both smallholder farmers and pastoralists is quite essential to improve their use of and demand for agricultural technologies.

2.2 Industry

Agricultural Development Led Industrialization is the fundamental building block of industrial development in Ethiopia. To support this key policy, the private sector will be promoted so that it can play a more significant role in promoting industrialization and sustaining economic growth. To ensure accelerated and sustained industrial development the main focus will be on industries that are labour intensive, have broad linkages with the rest of the economy, use agricultural products as inputs, are export-oriented and import substituting, and contribute to rapid technological transfer. In other words the key strategic direction of industrial development will be micro and small scale industrial development. In addition, medium and large scale industries will also be given special emphasis.

In the fiscal year 2011/12 the industrial sector grew by 13.6%. Compared to the 2010/11 performance of 15% and the 2011/12 target of 17.9%, the growth rate of the industrial sector in 2011/12 showed short falls of 1.4 and 4.3 percentage points respectively. While medium and large-scale manufacturing, construction and energy sub-sectors showed

strong performance, the micro and small scale enterprises sub-sector appeared to have registered a relatively slower growth performance.

2.2.1 Micro and Small-Scale Enterprises Development

The key objectives of micro and small scale enterprises development program are to create a broad-based spring-board for the development of competitive domestic industries and private sector, create employment opportunities and thereby reduce poverty. Focus has been given to enable micro and small scale enterprises produce goods and services which are competitive initially in the domestic market and then gradually in the international market, ensure a rapid technological transfer and expand to all cities of the country. In the fiscal year 2011/12 the revised micro and small scale enterprises development program was more effectively implemented. Accordingly, several activities were performed to support the establishment of new micro and small scale enterprises, strengthen the existing ones and enable them transform into medium scale industries. In 2011/12 to alleviate the financial constraints of the enterprises, over 1 billion birr was provided in credit to various micro and small enterprises throughout the country. This has increased the total amount of credit provided to the enterprises over the last two years of 2010/11 and 2011/12 to 2 billion birr. In addition, to increase the efficiency and productivity of Micro and Small Scale Enterprise training was provided to 931,907 operators on entrepreneurship, business management and technical skills; and training of trainers was also given to 15,106 members. To reduce the problem of working place of the enterprises a total of 5,000 hectares of land, 1,757 shades and 46 blocks were distributed to micro and small enterprises in all cities of the country. The comprehensive support provided to micro and small scale enterprises has helped the enterprises to create temporary and permanent employment opportunities for about 1.1 million citizens of which 40% are women. Given the 542 thousand jobs created in the fiscal year of 2010/11, a total of over 1.6 million temporary and permanent employment opportunities were created in the first two years of the GTP period. As a result, it was made possible to accomplish 56% of the 3 million employment opportunity creation that is targeted to be achieved at the end of the GTP period (2014/15). This has helped to reduce urban unemployment from 18% in 2010/11 to 17.5% in 2011/12, improve citizens' income and domestic saving of the country. In general, the implementation of the micro and small scale enterprises over the past two years demonstrates the importance of the sector in terms of job creation and entrepreneurship development.

In general, even though there are some encouraging achievements regarding micro and small-scale enterprises development, the high level of poverty and unemployment in urban areas as well as the low level of productivity and competitiveness of the enterprises still remain to be huge challenges. In the fiscal year 2011/12, the small scale and cottage industries sub-sector grew by 3.1% only, against a target of 11.3%. It is to be recalled that the sub-sector grew by 7.2% in 2010/11. These indicate that the expansion of new businesses, and the productivity, competitiveness and growth of existing businesses are still lower than the envisaged targets in the GTP. Therefore, the promotion of the development of new micro and small enterprises has to be consolidated over the coming years. In addition, existing businesses need to be better supported to improve their productivity and competitiveness and thereby growth to medium and large scale businesses overtime. Emphasis should be given to strengthen the existing employment opportunity creation, enable citizens to earn higher income by engaging in permanent jobs and enterprise promotion, increase the productivity and competitiveness of the enterprises and transform the successful enterprises to medium and large scale industries.

2.2.2 Medium and Large-Scale Manufacturing Industry

Several strategies are indicated in the GTP to enable Medium and Large-Scale Manufacturing Industries create competitive national economy by ensuring rapid and sustainable technological transfer, be export oriented and create a conducive environment for micro and small enterprises and agricultural developments. The strategies include attracting foreign investors to increase their investment in key industries by giving them all round and effective support, encourage industries which produce goods for the export market and substitute imports by giving them priority in accessing credit and other incentives, tuning higher education and TVETs to support industrial development and developing industrial zones in order to deliver land at affordable prices and efficiently for industrial development. Moreover, a privatization strategy is designed to transfer state owned enterprises, which can efficiently be handled by the private sector, to the private sector. In the meantime a strategy is clearly outlined to selectively promote industrial projects that are vital for rapid economic growth by the government itself or jointly with the private sector. In this aspect the 2011/12 fiscal year performance is presented as follows.

A. Growth of Manufacturing Value Added:

In the fiscal year 2011/12, the Medium and Large-Scale Manufacturing Industries sub-sector has registered a growth rate of 18.6%, against a target of 19.2%. This growth rate exceeds the performance of 2010/11 (14.1%) by 4.5 percentage points

B. Foreign Exchange Earnings

In 2011/12 through providing support to manufacturing companies it was planned to generate a total of USD 644.2 million from manufacturing exports; however the total amount generated was only USD 255.4 million. Although the manufacturing export revenue grew by 22.8% compared to the previous fiscal year, it accounts only for 39.6% of the GTP target. Further disaggregation of manufacturing export shows an increase in export earnings by all the sub-sector compared to the previous year; however compared to their respective GTP target most of the sub-sectors have showed a very low achievement (Table 18). Overall, the performance of the manufacturing industry has not been as it was planned in the GTP because of problems related to low level of production and productivity, low technological capability, lack of input supply, market and other structural problems in the sector.

Table 18. Performance of manufacturing export earnings (in million USD)

No	Sub-sector	2010/11 Performance	2011/12		Performance (%)	Performance against 2010/11 (%)	2007 Target
			Planned	Actual			
1	Textile and Apparel	62.22	200.0	84.63	42.3	36.0	1,000
2	Leather and leather products	104.34	296.2	112.06	37.8	7.4	500
3	Agro Processing	34.45	144.0	51.75	35.9	50.2	300
4	Pharmaceuticals and chemicals	6.91	4.0	7.01	177.5	2.7	20
Total		207.9	644.2	255.4	39.6	22.8	1,820

Source: Ministry of Industry.

C. Private Investment monitoring and support

Since private sector is the engine of industrial growth, the government of Ethiopia has been supporting the private sector in order to enhance its contribution to economic growth and industrialization of the country.

Textile and apparel: Four new and four expansion projects which have already started proper implementation were supported and supervised. Accordingly, one textile factory has started production. The factory has a capacity of producing 30 tons of yarn, 40,000 meters of woven fabric and 50,000 meter of finished fabric per day. Similarly, another textile company was set up with a capital of birr 645.4 million. The company has a production capacity of 50 tons of yarn, 12 tons of twisting, 4 tons of knitting and 12,000 meters of fabric per day.

Leather and leather products: In the fiscal year 2011/12 support and supervision was given to a total of 8 projects, of which 4 are tanneries, 2 shoe factories, 1 leather product, and 1 glove factory. Most of the projects have started production and the rest will do so in 2012/13.

Agro-processing: Among the 10 projects expected, 4 have started operation in the fiscal year. The other six have completed construction but have not started to operate due to various reasons.

Pharmaceuticals and chemical products: Support and supervision was given to new and expansion projects in the fiscal year. 3 factories have completed most of the project work and they will start operation in first quarter of 2012/13 fiscal year.

Ceramic industry: To substitute imported ceramic products with domestic products one foreign ceramic company is on the process of establishing a factory which has annual production capacity of 1.2 million square meters with an initial capital of birr 300 million. The company has received the land for its investment and will start construction in 2012/13.

Calcium carbonate: Accompany which is currently producing 15,000 tons of calcium carbonate has started some of the activities to establish expansion factory with annual production capacity of 16,000 tons of calcium carbonate. Similarly, another company has started producing calcium carbonate on a trial basis by establishing a factory with annual production capacity of 25,000 tons of calcium carbonate.

Pulp and paper: Feasibility study has been carried out to expand pulp and paper investment. One foreign company has received land and started construction to set up a Paper Mill with a capacity of 150 tons papers per day.

Soap and Detergent: Through the support and supervision given to new and expansion soap and detergent projects, out of 60 investors who have taken investment license 3 projects with a total annual production capacity of 50,000 tons have started production and the total additional production created by these 3 projects has enabled to produce 50,000 tons of Soap and Detergent in the fiscal year. Four new investments have started to establish factories with a total annual production capacity of 58,640 tons. Moreover, through the support and supervision given to expansion projects 3 soap factories have started producing new products.

Cement Industry: it was planned to have additional production capacity of 13.6 million tons of cement by the end of 2011/12 by supporting new and expansion cement projects. Accordingly, 7 projects have started production, which have created an annual production capacity of 5.71 million tons. Similarly, 3 projects with a total annual production capacity of 1.59 million tons are near to completion and 2 projects with annual production capacity of 3.8 million tons have taken investment license and they are at implementation phase. At the end of 2011/12 fiscal year the total capacity of cement production reached 10.62 million tons which is about 78% of the GTP target for the fiscal year. The new projects account for about 2.4 million tons of the total production of the country during the fiscal year. The target for total cement production capacity at the end of the GTP period is set to be 27 million tons.

D. Private Industrial Sector Capacity building

Various activities were carried out to building the capacity of textile and leather industries development institutions and introduce and apply international best practices in factories in order to support particularly textile and leather industries.

Twinning program: To seek for a twinning partner to Textile Industry Development Institute certain steps are taken with the Korean Industrial Technology Institute. However, since the Korean institute is not willing to assign its experts permanently an alternative twinning initiative will continue with an Indian institute. Various activities were carried out to improve the performance of the leather industry through strengthening the capacity of Leather Industry Development Institute (LIDI). Accordingly, twinning partners from India Jointly with experts from LIDI have done lots of work to give all-rounded support. In addition to the short term training courses that were given, experts from LIDI are also trained in Higher education Institution. Moreover, to build middle level trained manpower the trainings that are given by TEVTs have continued to strengthened.

Benchmarking: With the view to increase and strengthen the competitiveness and capacity of leather and textile industries benchmarking was implemented in selected factories. Improvements were seen in spinning and textile & garment factories by carrying out major activities of the benchmarking. Although the benchmarking implementation in selected tanneries is completed experts of LIDI who participated in the program have continued follow ups to continue disseminating the best practices obtained during the program implementation. In addition, benchmarking best practices in cutting, design, maintenance and stitching are now being implemented in some shoe factories where they were not implemented previously.

Product quality and productivity improvement: The pilot project implementation by the Ethiopian Kaizen Institute on 30 companies was evaluated and since the pilot implementation has showed an encouraging results a 3 year program, which can enable to expand the project to a national level, is under implementation. The project objective is to enable companies to promote the Kaizen management philosophy in a sustainable manner. The project implementation will improve the capacity of TVETs staffs that provide industrial extension service to 140-200 micro and small enterprises.

E. Industrial Zone Development

Industrial zone program implementation plan has been developed to establish industrial zones in different regions and city administrations and transfer them to investors in a transparent and accountable manner. Accordingly, the Ministry of Industry has received a total of 3,537 hectares of land from Addis Ababa, Dire dawa, Hawassa and Combolcha city Administrations. The design work to develop 156 hectare of land around Addis Ababa, Bole Lemi, for South Korean investors has been completed. Agreement has also been reached with a Turkish investor to set up an Industrial zone at Sendafa. Although, support and follow-up was given to the Easter Industrial Zone to attract investors with high value addition, not many industries have so far invested in the industrial zone as expected. Regarding the existing industrial villages located in different cities and towns across the country, an assessment was done on the use of the land that was distributed to investors. In addition, support is being given to those companies which are performing under their full capacity.

2.2.3 Public Enterprises and Privatization

As it is indicated in the GTP one of the strategies regarding Public Enterprises and Privatization is to encourage the private sector to engage in areas where it can be efficient including by transferring state owned enterprises. On the other hand, it is also indicated that feasible projects in areas where the private sector is unable or unwilling to undertake will be promoted by the government so as to rectify market failure and there by foster rapid economic development. Accordingly, the various activities performed during the past two years regarding the above mentioned issues are presented as follows.

In 2011/12 budget year under privatization program 10 public enterprises were planned to be transferred to the private sector. Accordingly, 10 enterprises have got buyers and their sale has been approved. However, only 3 enterprises were transferred to the owners in the fiscal year. During the fiscal year 2010/11 it was also planned to privatize 24 enterprises and 100% of the target was attained by transferring 21 public enterprises to private ownership through sale and joint venture as well as by transferring 3 enterprises to their former owners.

On the other hand, various activities were performed in the fiscal year regarding Sugar Industry, Metal and Engineering Industry and Coal Phosphate Complex Fertilizer Project which are planned to be undertaken by the government during the GTP period to fill the gap identified in the market and thereby accelerate the sustainable economic development process.

Sugar Industry: In the fiscal year a total of 0.265 million tons of sugar was produced. However, this performance only enabled to achieve 35.9% of the GTP goal and showed a 4% reduction compared to the previous year. The major reasons for such low performance include the delay of new and expansion projects and low level of production by the existing factories. Concerning additional sugar cane development 8,638 thousand hectare of sugar cane was planted in 2011/12 and this performance showed 44.3% achievement of the GTP target and 29% increase compared to the previous year. On the other hand, sugar cane productivity has reached 143 quintal per hectare which is 99% achievement of the target. Furthermore, the industry has created 24,060 job opportunities for citizens. On the other hand, in the fiscal year various activities were performed concerning the new sugar projects including irrigation infrastructure development, 690 hectare of sugar cane plantation and factory and housing construction.

Overall, even though the performance regarding construction of new and expansion sugar projects is encouraging, there were still some delays compared to the targets set mainly due to low capability of project management and low capacity of contractors. Therefore, the focus should be on addressing these capacity limitations and on accelerating the completion and commissioning of the ongoing projects.

Metal and Engineering Industry: Various measures that build the capacity of domestic metal and engineering industries were undertaken to enhance the domestic capacity in metallurgy and engineering. The Metal and Engineering Corporation and other domestic private companies were directly engaged in different government industrial and infrastructure development programs in such a way that they participate in the execution of the programs while at the same time build their technological capabilities and skills. In addition, in the fiscal year supervision and support was given to various projects which are found at construction and other phases of operation.

Coal Phosphate Complex Fertilizer Project: Regarding Coal Phosphate Complex Fertilizer, an agreement has been signed with Metal Engineering Corporation to establish 5 Urea Factories with a capacity to produce 1.5 million tons, 3 DAP Factories with a capacity to produce 750,000 tons and a Methanol Factory with a capacity to produce 300,000 tons. Accordingly, preparation is being finalized to start construction of the building.

In general, although the industrial sector has grown by 13.6% in 2011/12, the growth rate falls short of the target and the sector still accounts only for a small share of the GDP. The manufacturing industry in particular is expected to grow faster and play a more important role in the economy in terms of growth, employment generation, export development and technological accumulation. Thus the manufacturing industry needs to be promoted to encourage domestic investment and attract foreign direct investment. In addition, the critical constraints related to logistics and transport, access to land, as well as public services delivery and facilitation need to be addressed to promote the development of the manufacturing industry.

2.3 Trade

Raising the efficiency and competitiveness of the sector, strengthening domestic and foreign investment and trade, eradicating rent seeking behaviors, establishing a favorable environment for productive investors, promoting a competitive and efficient domestic trade and distribution system, ensuring consumers' rights, strengthening consumer's cooperatives, and strengthening the transparency, fairness and accountability of the legal framework for trade activities are the main strategic directions of the sector.

2.3.1 Trade Practice and Regulatory Activities

Various educational documents were prepared and distributed to the public in general and to the executive organs and business community in particular to create awareness on proclamations issued to improve the commercial registration and business licensing systems activity in a way that will promote a competitive market economy, to protect the business community from anti-competitive and unfair market practices and consumers from market misconducts, and prevent the proliferation of goods and services that endanger the health and wellbeing of consumers. On the other hand, commercial registration and licensing information software, which enables to support commercial registration activities and the issuance of business licensing with modern technology and make them suitable for data management and to create a system of follow up to tackle illegal activities by employing international business classifications, was implemented at federal Ministry of Trade and in 10 sub cities of A.A city administration trade and industry offices and efforts are also being made to implement this software at regional states.

It was planned to provide commercial registrations to 15,000 businesses in 2011/12 at federal level. However 20,068 businesses were commercially registered during the fiscal year exceeding the target by about 34%. In addition, 100 issuance of substitute certificate of registration, 1,353 alterations and amendments of commercial registration and 1,534 cancellation of commercial registration were made at federal level. Similarly, with regard to business licensing it was planned to give 65,326 business licenses and accordingly 5,162 new business licenses and 32,758 business license amendments with a total of 37,920 business licenses were given achieving 58% of the plan target. The progress falls short of its target because many businesses failed to acquire the certificate of competence from appropriate institutions. In addition, it was planned to renew 16,027 business licenses and accordingly 27,168 business license renewals were made registering 70% and 34% increase compared to the fiscal year target and 2010/11 performance respectively. The main reason for the increased number of renewed licenses is that business licenses were renewed separately for the different line items according to the new code instead of issuing one type of business license to import any kind of material. On the other hand, 295 business license substitutes and 2,964 business license cancellations were made mainly because the traders were unable to fulfill the new business license requirements. The new commercial registration and business licensing law was fully enforced during the fiscal year under review.

Regarding controlling the quality and safety of locally produced or imported goods or services before or/and after they enter the market and enabling consumers get reasonable amounts of goods and services that equate the price they pay, product quality control manuals were prepared and inspection was made on 1,359,030 metric tons of imported and export goods. Moreover, 460,534 different types of measuring instruments were verified and permit was issued.

The government has established a system to distribute sugar, palm oil (food oil) and wheat to stabilize the price and reduce the pressure of inflation on the poor and to build a competitive and efficient marketing system. Accordingly, 4.56 million quintal of sugar, 257.44 million liter of palm oil and 3.82 million quintal of wheat was distributed through different channels.

Although there have been encouraging accomplishments to enforce the new commercial registration and business licensing code, there are still challenges this regard. The domestic market system is still far from being very competitive as observed in the hoarding of basic consumption goods (sugar, oil & Wheat) by producers and traders and in the lack of effective coordination in distribution of basic consumption goods. Facilitation in the process of licensing and registration need to be more efficient and effective as well. In the fiscal year it was able to ease some of the challenges related to hoarding of basic consumption goods and accessing international market price information by carrying out awareness creation activities and providing support to the business community. Moreover, to ease the challenges related to distribution of basic consumption goods, the monitoring and support mechanism was further

strengthened to ensure effective accountability and coordination. The ongoing efforts need to be continued in order to make the domestic market open to fair competition through consistent and complete business registration and licensing system. Finally, the facilitation of the process of licensing and registration has to be made more efficient and effective.

2.3.2 Trade Relation and Negotiation

Various activities were carried out to enable the country to become a member of World Trade Organization (WTO) by conducting implication studies, preparing negotiation documents and sending to WTO office and preparing response to the questions sent from some WTO members. Accordingly, implication studies were made on trade related aspects of Intellectual Property Rights, Health and education services. Similarly, legal assessment studies were also conducted on the new investment proclamation, health regulation, and the trade ban on semi-finished leather, agricultural domestic support measures, and financial sectors liberalization. In addition, accession and other documents including goods offer and responses to the third round questions from members were prepared and sent to WTO. Moreover, the third round working party meeting was held. Various activities were also carried out to complete regional integration agreements and studies were conducted to evaluate the bilateral agreements which have already been signed and that are going to be signed in the near future.

2.4 Mining

During the plan period, the main focus of the mineral sector is to create a favorable environment for private investors for exploration and development, put in place a comprehensive policy and regulatory framework that create an institutional framework conducive for the development of the sector's contribution to the economy as well as collect, analyze and interpret basic geo-science information for potential investors.

In this context, the progresses made in 2011/12 in the areas of generation and dissemination of geo-sciences data, mineral exploration and petroleum investment promotion and expansion, artisanal mining development and marketing promotion, geosciences research and development are presented as follows.

2.4.1 Geo-science Data Coverage and Mineral Exploration

The main aim of this program is to collect, generate and disseminate geo-science data. To realize this, 12 projects were designed and implemented. Through these projects various pre-field, field and post filed activities have been planned and implemented in the 2011/12 fiscal year. Accordingly, it was planned to increase the coverage of the geological and hydro-geological mapping of the country (at 1:250,000 scale) from 56.8% and 49.5% in 2010/11 to 63.2% and 54.6% in the 2011/12 fiscal year respectively. In line with this, the performances of the two activities reached at 61.6% and 54.6% respectively. The achievements in relation to the plan were 97.5% and 100% respectively. However, compared with the 2010/11 performances the former was less by 17% while the latter attained almost similar to the planned target. Similarly, it was planned to cover the geo-hazard study from 12.8% in 2010/11 to 15.1% and accomplished 16.9%.

With regard to industrial minerals exploration and evaluation it was planned to increase the delineated potential areas from 51 in the 2010/11 to 58 in the 2011/12 fiscal year, but 55 targets were delineated due to shortages of professionals. This performance, however, in relation to 2010/11 fiscal year target was higher by 33%. Regarding metallic minerals exploration and evaluation it was targeted to increase delineated potential areas from 42 in the 2010/11 to 48 in the 2011/12 fiscal year. The performance indicated that it has increased to 44 delineated potential areas or 91% of the planned. Similarly, coal and oil shale exploration and evaluation were conducted in the surroundings of central part of the country to delineate potential target blocks from 12 in the 2010/11 to 14 in the 2011/12 fiscal year. However, it was terminated due to shortages of earth sciences professionals.

It was also planned to increase the coverage of geothermal pre-feasibility study of deep and pre-deep well drilling from 15% in the 2010/11 to 31% in the 2011/12 fiscal year. Nonetheless, it was possible to increase the study to 25%. The performance, in relation to the 2010/11 fiscal year has increased by 81%. The pre-feasibility study of deep well to produce 20MW of Tendaho geothermal energy was planned to raise from none to 25% in the 2011/12 fiscal year and it was performed according to the plan.

2.4.2 Mineral and Petroleum Investment Expansion

Regarding mineral investment, the 2011/12 fiscal year plan was to increase the volume of mineral investment from 13.8 billion birr to 14 billion birr; however, it has been increased to 15.1 billion birr. The achievement was higher by 1.3 billion birr compared with the planned target. As one company resigned from its contractual agreement the volume of petroleum investment reduced to 105 million USD in the 2010/11 fiscal year. However, due to the issuance of additional licenses the petroleum investment has increased to 164 million USD in the 2011/12 fiscal year as well. Similarly, it was planned to collect 105.8 million birr from mining revenue; but 141.4 million birr, more than 33.6% of the target, was collected. Compared with the target for 2010/11 fiscal year it has shown 36.7 million birr increment. In relation to foreign currency earnings the target was to secure 270.7 million USD from the export of gold, tantalum, marble and various minerals. The results indicated that about 199.025 million USD (73.5% of the planned) was obtained during the 2011/12 fiscal year. Compared with the 2010/11 fiscal year it has shown an incremental of 23.8 million USD. However, in relation to the planned target for the intended year the performance is far from the plan which requires exerted efforts to attain the targets in the plan period.

Moreover, in 2011/12, it was targeted to issue 60 mineral exploration and six mineral extraction licenses. In this regard, nonetheless, 53 mineral exploration (88% of the planned) and eight mineral extraction (133% of the planned), totally 61 licenses were issued. The achievement exceeded by two licenses the 2010/11 fiscal year. Similarly, there was a target to issue petroleum exploration licenses, however, due to none fulfillment of mandates by few licensees, temporarily, the process was interrupted. This is just simply to encourage and support committed productive investors and to discourage rent seeking attitude.

2.4.3 Artisanal Mining and Marketing Promotion

In collaboration with relevant stakeholders different activities have been carried out to enhance the legal framework for the artisanal mineral production and transaction in the country. As such, mineral production, transaction and cooperative formations were strengthened and mineral supplied to the market maximized. Accordingly, the target for the 2011/12 fiscal year was to establish 60 legal artisanal mineral miners' Cooperative Associations in six export mineral producer regions and it was performed according to the plan. These Cooperative Associations have 8,647 members, of which 8,101 male and 546 female. Recently, there are 460 Cooperative Associations in the sector.

In addition, it was planned to obtain 528 million USD by supplying 13,200 kg of gold to the National Bank of Ethiopia; but it was possible to supply 8,328 kg of gold and secured 439.3 million USD. In relation to the 2011/12 fiscal year plan the achievements have exhibited 83.2% of the value and 63.1% in volume. Compared with the 2010/11 fiscal year, the performance has increased by 1,031 kg of gold and 116.8 million USD in 2011/12 fiscal year. These performances in relation to the planned targets, however, require further concerted efforts to meet the target.

It was also planned to supply gemstone mineral to foreign market and 8.2 million USD was secured. Compared with the 2010/11 fiscal year the performance reduced in volume but increased by 2.6 million USD in value. Similarly, it was planned to supply tantalum to foreign market to obtain 4.1 million USD; however, 7.5 million USD has been secured. In relation to the 2010/11 fiscal year performances, it has increased 1.8 million USD in the 2011/12 fiscal year. Generally, in the 2011/12 fiscal year 602.2 million USD (National Bank data) has been secured from minerals exported by different companies and artisanal miners, which was higher by 93.2 million USD from the 2010/11 fiscal year achievement.

2.4.4 Geosciences Sector Research and Development

The main goals of the center for research and development are to undertake problem-driven research and technology transfer across a broad range of geosciences and introduce appropriate technologies and methodologies in the mining sector. Consequently, in the 2011/12 fiscal year, introducing and adopting new technologies and transmission of data to stakeholders 71%, analyses of rock slope stability and feasibility study report preparation 35.7%, prefeasibility study of gemstone and metallic minerals identification activities 72%, structural control study on selected gold mine areas 63%, research and study on pollution in the mining activities 85% and preparatory work on alternative research and development of geosciences and renewable energy sources in selected areas 49% of the planned targets have been performed. Moreover mineral samples' analysis, identification as well as sector promotion tasks have been conducted and disseminated to stakeholders as planned.

In general, the critical challenges and possible strategies to accelerate the development of the mining sector are already identified. First, limited technical capacity to fully support, regulate and administer the mining sector was one of the challenges experienced during the planning periods under review. Lack of infrastructure development in some mining areas may have also undermined investment in the sector. Problems associated with settling compensation issues in the mining areas have also been identified as additional challenge in the sector. On the other hand some few licensed investors failed to fulfill their mandates and responsibilities in line with their contractual agreements. Lack of awareness on the part of some mineral suppliers to use the established mining purchasing facilities has been observed during the period under review. To alleviate these challenges and thereby accelerate the development of the mining sector, a number of measures have been initiated, which have to be consolidated over the coming years. The capacity of the relevant regulatory institutions have to be strengthened further to ensure the development of a vibrant, transparent and accountable mining sector that supports the development effort of the country. The infrastructure development programs should be coordinated to support investments and development in the mining sector. The compensation system should be made more efficient to encourage smooth and rapid flow of investment. Awareness creation in collaboration with relevant stakeholders is also crucial. Taking rapid measures to cancel the licenses of underperforming investors should also be given due attention.

CHAPTER THREE

INFRASTRUCTURE DEVELOPMENT

The federal and regional total road length has increased from

53,143km

in 2010/11 to

56,190km

in 2011/12

3.1 Road Development

Expansion of the country's road network, developing the organizational capacity of the Ethiopia Road Authority and Regional Road Agencies for effective management of the road sector programs and improving the quality of the overall road network are the strategic directions of the road sector in the five year Growth and Transformation Plan. During the five year period, it was planned to execute 728 km rehabilitation of trunk roads, 5,023 km of upgrading of trunk and link roads, 4,331 km of new trunk/link roads construction, 4,700 km of periodic maintenance 84,649 km of routine and term maintenance and other pre-construction studies and capacity building activities within five years time (2010/11-2014/15). As to regional roads, 11,212 km of roads is planned to be constructed and several road maintenance activities are planned to be carried out by regional road authorities, while woreda roads desks plan to construct 71,522 km of low level all weather roads during the same period. Accordingly, several activities were accomplished during the reporting period (2011/12).

3.1.1 Federal Roads

During 2011/12 the physical accomplishment of federal roads is overall above the target set though the result is mixed when viewed among categories. Rehabilitation of trunk roads and construction of link roads have exhibited performances of less than 80% of targets while, an above target accomplishment was registered for the upgrading of trunk roads and heavy/periodic maintenance categories. Accordingly the plan was to rehabilitate 170 km of trunk roads, upgrade 310 km of trunk roads, upgrade 730 km of link roads, construction of 970 km of trunk/link roads, heavy and periodic maintenance of 850 km and 15,674 km of routine and term maintenance. At the end of the fiscal year, the accomplishments were 105 km, 323 km, 598 km, 743 km, 906 km, and 16,418 km respectively. An above target accomplishments were registered for Upgrading of Trunk Roads, Heavy/Periodic Maintenance and Routine and Term maintenance categories (or 104,107 and 105% performance) respectively. Rehabilitation of trunk roads, upgrading of link roads and construction of trunk/link roads categories, on the other hand, achieved 61%, 82%, and 77% of the targets set respectively. The poor performance of some asphalt overlay road projects and delay in completing design study, delay in procurement process, and poor performance of some contractors are among the major problems for the low accomplishment of the above categories.

3.1.2 Regional and Woreda Roads

In 2011/12, it was planned to construct 2,205 km new rural roads and 12,012 km of rural road maintenance by Regional Rural Road Authorities. Accordingly, 838 km and 10,801 km were constructed and maintained respectively, indicating 38% and 90% performance respectively. Similarly, under the Universal Rural Road Access Program (URRAP), 9,365 km long of rural roads were constructed during the fiscal year under review, which accounts for about 64% of the target.

The overall target at the country level was to construct and maintain a total of 47,652 kms by federal, regional and district road authorities and offices. About 40,096 kms of roads were constructed at the end of the fiscal year, indicating 84% of the target and 116% of the previous year accomplishments as depicted in the following table (Table 19). As shown in the above table performances of federal, regional and woreda roads against the planned targets were 102%, 82% and 64% respectively indicating that the lag in woreda road construction is substantial.

Table 19. Physical Accomplishment

Activities	2010/11	2011/12 Fiscal year		Performance (%) Against	
	Actual (km)	Plan (km)	Actual (km)	2011/12 Plan	2010/11 Actual
1. Federal Roads	19,159	18,704	19,092	102	100
1.1 Rehabilitation of trunk roads	94	170	105	61	112
1.2 Upgrading of trunk roads	323	310	323	104	100
1.3 Upgrading of link roads	651	730	598	82	92
1.4 Construction of trunk /link roads	557	970	743	77	134
1.5 Heavy /Periodic maintenance	912	850	906	107	99
1.6 Routine and Term Maintenance	16,623	15,674	16,418	105	99
2. Regional Roads	14,650	14,217	11,639	82	80
2.1 Construction of New Rural Roads	3,768	2,205	838	38	22
2.2 Rural Roads Maintenance	10,882	12,012	10,801	90	99
3. Woreda Roads (URRAP)	854	14,731	9,365	64	1097
3.1 Construction of Woreda Roads	854	14,731	9,365	64	1097
Grand Total (1+2+3+4)	34,663	47,652	40,096	84	116

Source: Ethiopian Road Authority

Concerning the overall physical accomplishment of the past two years (excluding federal routine and rural road maintenance projects) as compared to the five year plan, only 21% of the five year plan (20,035 km) has already been executed and the rest 79% (77,482 km) is expected to be completed in the remaining years of the program period (see the below table for the details). For the five year plan to be fully achieved, on average 25,827 km of different road construction works have to be carried out per year over the remaining three years. Particular emphasis should be given to the woreda roads (URRAP) as the remaining works to be executed in the next three years accounts for 86% (61,304 km) of the overall plan.

The accomplishments of the federal, regional, and woreda road agencies in 2010/11 and 2011/12 are compared to the overall 5 year plan in Table 20. About 35% of the 5 years' target of the federal roads set in the GTP has been executed in the last two years and the remaining 65% will be accomplished in the coming three years of GTP. On the other hand, regional roads accomplished 41% of their five year plan. It is reasonable to believe that the five year plan set out for regional roads could be met within the scheduled time period if the present trend continues for the next three consecutive years. As far as Woreda roads are concerned, only 14% of the five years plan has been accomplished during the last two years period of time. Almost the entire 2010/11 fiscal year was spent on preparatory works which are deemed important for the successful implementation of the URRAP. During the reporting period, the federal government has accorded due attention to the program and allocated a large sum of money for its implementation. The construction of the roads is well underway in all regions except Somali and Afar regions. As the higher level officials of Federal and Regional Governments has been paying due attention to the program, the targets of road components of GTP are expected to be met fully.

Table 20. Comparison of two years Accomplishment Against the five year plan

Main activities	Five Year Target	Two Years accomplishment	Two Years accomplishment (%)
1	2	3	4=3/2*100
A. Federal Roads			
Major tasks			
Rehabilitation of trunk Roads	728	198	27
Upgrading of Trunk Roads	1,089	646	59
Upgrading of link Roads	3,934	1,249	38
Construction of new Trunk/link Roads	4,331	1,299	30
Periodic maintenance	4,700	1,818	39
Sub total	14,782	5,210	35
B. Regional Roads			
Regional Roads construction	11,212	4,606	41
Sub total	11,212	4,606	41
C. Woreda Roads (URRAP)			
Construction (URRAP)	71,523	10,219	14
Sub total	71,523	10,219	14
Grand total	97,517	20,035	21

Source Ethiopian Road Authority

3.1.3 Overall Results of the Road Sector

The federal and regional total road length has increased from 53,143 in 2010/11 to 56,190 in 2011/12, indicating the construction of 3,047 km by federal and regional roads in 2011/12. Most importantly, 9,365 km of woreda roads were constructed during the year under review under URRAP. This has in turn resulted in an increase in the stock of all weathered woreda roads to 10,219 km including last year's accomplishment of 854 km. This has also resulted in an increase in road density per 1,000 km² from 48.1 km in 2010/2011 to 57.4 km in 2011/2012, which indicates a 19% increase in performance from the previous year. Moreover, the proportion of acceptable roads (good + fair) has increased from 82% in 2010/11 to 86% in 2011/2012, indicating a 5% increment compared to the situation in 2010/11. The accomplishment for this indicators show encouraging advancement from last year's performance. Because of increased road density and improvement in the quality of roads, the average vehicle coverage per day (measured in km per day) has increased from 12.1 million km in 2010/11 to 14.4 million km in 2012. The average travel time to all weathered roads has also declined to 2.9 hours in 2011/12 from 3.5 hours in 2010/11. This implies that local communities' have now access to different social services such health and education within a short distance.

The road construction program in Ethiopia has also contributed to the development of the domestic capacity in construction of roads. In 2011/12, the number of projects handled by domestic contractors accounted for 63% of the total number of road projects, which shows a 5 percentage points increment compared to the 58% recorded in 2010/11. This encouraging accomplishment need to be consolidated further over the coming GTP years. The URRAP has also been used to promote domestic capacity in the construction industry, and as a result 823 contractors and 243 consulting firms were supported to participate in the program.

Table 21. Targets and Accomplishment for road network in 2011/12

Targets /indicators	2010/11		2011/12		Targets for 2014/15	Performance (%) Against		2014/15 Targets
	Actual	Plan	Actual	Plan		2010/11 Performance	2011/12 Plan	
The federal and regional total road length in (km)	53,143	54,818	56,190		64,522	106	103	87
All weather woreda Roads(in km)	854	24,299	10,219		71,522	1,197	42	14.3
Proportion of kebeles connected by all weather roads	42	63	52		100	116.7	78	49
Time taken to reach the nearest all weather road(hours)	4	2	2.9		1	126	82	50
Proportion of areas more than 5 km from all weather roads (%)	62	49	56		29	113	89	53
Proportion of areas more than 2 km from all weather roads (%)	82	75	80		61	112.7	103	83
Road density(km/1000km)	48	72	57		124	119	80	46
Road density (km/1000population)	1	1	1		2	115	77	49
Acceptable road condition in%(Good +fair)	82	83.0	86		87	105	104	99
Share of projects executed by local contractors (%)	58	64	63		73	105	102	86
Average annual vehicle km travelled (in million km)	12	11	14		12.3	119	136	117

Source: Ethiopian Road Authority

It is known that the government is striving towards eradicating poverty through integrated implementation of different strategies in all sectors. In relation to this, it has been managed to coordinate the implementation of several physical and capacity building activities in the road sector over the past years. For the past 15 years, 1,600 km of new roads were constructed per year on average. Specifically, massive rehabilitation and upgrading works have been carried out on trunk and link roads over the years. Consequently, the total length of asphalt road has reached 9,875 km at the end of 2011/12. In line with this, the increase in road size and quality, the improvement in the participation of local contractors and consultants and auxiliary activities have been attributable to remarkable growth registered in agricultural, industrial and service sectors by contributing their share to socio economic development.

3.1.4 Strategies to Improve Productivity and Efficiency in the Road Sector

In general, it is believed that the overall system of the road sector needs to be improved in order to effectively meet the demand of road users. An unprecedented increase has been experienced in the cost of road construction during the past few years. This could undermine the development of the sector unless it is addressed properly. Soaring fuel prices, shortages of construction materials, difficult project locations, limited competition in the industry, quality problems in feasibility and design studies, poor contract management, shortage of skilled manpower, lack of support to the industry with research and engineering innovations (alternative construction technologies), currency fluctuation and inflation at the global and national levels can be cited as the main causes for the ever increasing cost of construction. To circumvent these problems, a five year strategy consisting of 16 specific intervention projects has been devised and has been under implementation since July 2010. The Strategy is expected to improve efficiency, productivity and thereby stabilize cost of construction in the road sector.

3.1.5 Cross Cutting Issues

Various activities are being executed in relation to addressing the adverse impacts of road construction works on environment and society. Environmental and Social Management Team has been established under Planning and Program Management Directorate with an aim to mainstream environmental and social issues in road sector development plan and various undertakings are being carried out in relation to environmental, HIV/AIDS, social and road safety issues.

During 2011/12, a total of 313,679 skilled and unskilled labor got hired in federal road construction and maintenance projects and in URRAP roads. From this total 91,104 (29%) are female participants by different types of profession showing 29% involvement in the sector. At least 300,000 employment opportunities will be created when full fledge implementation of URRAP is realized.

Table 22. Employment created in road projects in 2011/12

Types of profession	Employed Labor (in number)
A. Federal Roads	78,291
Civil Engineer	2,500
Material inspectors	932
Forman	2,012
Surveyor	1,097
Machine operator	4,640
Other trained personal	20,184
Manual workers	46,926
B. URRAP	235,388
Civil Engineer	1,500
Others	134,870
Total (A+B)	313,679

Source Ethiopian Road Authority

The following are the major problems encountered in the road sector in the reporting period. Capacity limitations, low level of competency, increasing construction cost, shortage of skilled human resources, shortage of construction materials, staff turnover are the major problems encountered in relation to the federal roads. Concerning woredas road, capacity limitation of contractors, unavailability of construction machinery and equipment in adequate quantity and on timely manner, unexpected difficult landscape for construction and the subsequent need for constructing unexpected new big bridges were the major problems. Sometime heavy machineries are inappropriately deployed in the construction of rural roads that were supposed to be constructed through labour intensive approaches. Support was provided to stakeholders working in the road sector to alleviate the problem related to the rights – of – way works during design work to facilitate the completion of the projects within the given time and cost. Efforts were made to improve competitiveness of the sector by promoting entry of new domestic firms into the industry, and conducting research focused on methods of reducing construction costs with aim of reduce construction costs. Wide range of training is being provided to alleviate shortage of trained human resources. Quality road construction and maintenance system is put in place. Preparatory works are finalized also to reduce capacity limitation in rural road construction by recruiting capable contractors, and providing them training and support. Appropriate labour based technologies should always be strictly deployed in the construction of all-weathered rural roads.

3.2 Railway Development

Railway transport is a cost effective and time efficient means of carrying bulk inputs and produce. Construction of a national railway network has, therefore, become an important task in GTP. Under the Growth and Transformation Plan, a total of 2,395 km railway line is planned to be constructed in three corridors and five lines. Though, the physical

work is not yet to be started due to long preparatory and planning works, in 2011/12 detail study and design activities have been conducted under different alternatives. Project agreements have also been signed to a number of projects. Construction agreements have been signed with contractors for Addis Ababa/Sebeta-Mieso, Mieso-Dire Dawa-Dewenle, and the Addis Ababa Light Rail Transit (LRT) Projects.

On the other hand, to strengthen the capacity of the railway sector, a two-year Masters Program has launched in railway engineering by enrolling 198 students since 2004 EFY. In addition to this, 8 students for Masters program and 27 trainees for 1 year special training program for similar field of studies have sent to Russia and China respectively. Stand alone specifications have been prepared for the design review and system integration. Capacity of local consultants and their quality of services had been upgraded by partnering them with expatriate experts. This ensures an optimum standard for their design document outputs. A contract agreement was signed with Metal Works and Engineering Corporation (METEC) for the production of Locomotives as per Ethiopia's Railways Corporation's specifications. Metal Works and Engineering Corporation agreed to work with overseas companies and the production work is already started. It is already started organizing activities to establish Railways Engineering Center in Ethio-Djibouti Railways compound.

The major issues requiring attention in the future for better implementation are: addressing problems related to mobilizing and securing the required financial resources for the railway projects; addressing the capacity limitation in the area of technology, design and construction, and project management, as well as resolving the problems associated with rights of ways.

3.3 Energy Development

The energy sector is identified as a key economic infrastructure in the GTP. The GTP envisages ensuring reliable supply of energy to different economic and social sectors and generate foreign currency by developing the country's potential. Developing the renewable energy sources and strengthening the capacity to administer the energy infrastructure are the key focus areas in the sector. In addition to making a balance between demand and supply of energy, it requires to increase the export share of energy by increasing the energy generation capacity. In addition to this, by expanding the bio-fuel development, the country will strive to get fuel from different renewable energy sources based on the Green Economy Strategy. From this perspective, a number of measures were taken to strengthen the institutional capacity, power generating and transmission capacity in 2011/12.

3.3.1 Electric Power Generation

A study conducted in the energy sector shows that a one% increase in real GDP growth rate results in 2.15% increase in demand for energy. Accordingly, an average annual real GDP growth rate of 11.2% targeted in the GTP, would result in a 24% increase in demand for energy. In order to satisfy such a fast growing demand for energy and to export the remaining balance, electric energy generating programs are required to be intensified. To this end, In 2010/11, the country's electric power generating capacity reached at 2049 MW by generating additional 48.5 MW in the same fiscal year. In 2011/12, it was planned to generate additional 534 MW while the accomplishment was 129 MW. This has increased the country's power generating capacity from 2049 MW in 2010/11 to 2,177 MW in 2011/12. The net increase of the energy capacity of the country is obtained from Fincha Amertineshe hydro, Ashengoda and Adama First Wind Energy Projects.

In the fiscal year under review, in addition to the completed energy projects, other energy projects were also under construction. Accordingly, Ashengoda Wind energy project progress reached at 84.5%, Adama-2 Wind project implementation is also being accelerated, while Gilgel Gibe III hydro power project accomplished 60.7%. The Great Ethiopian Renaissance Hydro -Power Project, which garnered massive public support and direct participation, is expected to create a major breakthrough in the country's energy generation capacity. Its progress in 2011/12 is about 9.7%. The power generating capacity of the Great Renaissance Hydro Power Project is upgraded to 6,000 MW from its initial designed capacity of 5,250 MW following the improvements on its design works. Compared with the 2014/15 target of 8,000 MW, the cumulative performance stood at 27.2% indicating that concerted efforts are required to speed up particularly the construction of dams with high power generating capacity.

The feasibility studies of Dedessa, Tekeze-2 energy and Beko Abo energy projects have accomplished 7.5%, 8.8% and 37.6% respectively. The energy generating capacity of these projects is estimated to be 301 MW, 450 MW and 210 MW respectively.

3.3.2 Electric Power Transmission and Distribution

One of the electric energy transmission line works planned to be undertaken in 2011/12 is a 400 kilovolt energy transmission line. Accordingly, by constructing 4 km (100% of the target) electric transmission line, the total length of a 400kilovolt transmission reached at 714km in 2012. Compared to the total length of 1,377 km targeted to achieve in 2014/15, 51.6% is achieved. It was planned to construct 2,224 km energy transmission lines with a capacity of 230 kilovolt, 132 kilovolt and 66 kilovolt. The actual accomplishment was 1,045.3 km. As a result the total length of energy transmission lines with a capacity of 230 kilovolt, 132 kilovolt and 66kilovolt have now reached 11,796.32 km in 2012. This indicates that the annual achievement in this indicator is low. Therefore, it requires additional efforts to achieve the 2014/15 target.

In relation to energy transmission lines, a total of 11 transmission line projects were planned to be constructed; of which 4 projects (Ethio-Sudan 230 kilovolt, Fincha- Gedo-Gefersa 230 kilovolt, Alamata-Mekelle 230 kilovolt, and Tekeze-Shire-Humera) have been accomplished fully (100%). Alaba-Hossaena-Gilgel Gibe-Jimma-Bedelle 230kilovolt project, Koka-Dire Dawa 230kilovolt project, Mettu-Gambella 230kilovolt, Wolaita Sodo-Addis Ababa 400kilovolt Project (Contract Lot I and II), Gibe and Wolita Sodo 2nd 400kilovolt and Alamata-Mekelle 230 kilovolt projects have been accomplished 30-55%. The annual performance in the area of power transmission line construction is generally evaluated to be good. The reasons for the delay in some of the projects are delays in mobilizing financial resources and undertaking design works of the projects.

On the other hand, the power loss in transmission and distribution stations was reduced by 0.42% in 2010/11. It was targeted to reduce power loss by 0.92% in 2011/12, but the actual reduction was only 0.21%. As a result, by the end of 2011/12, the total power loss of transmission and distribution declined by 4.71%. The 2011/12 performance, in this regard, is lower compared to the 2010/11 accomplishment and the 2011/12 target. Therefore, it requires additional efforts to reduce power loss to 3%, which is target set for 2014/15.

3.3.3 Power Distribution Line Construction

In 2010/11, a total of 12,794 km additional distribution lines were constructed, which increased the total length of power distribution lines to 138,832 km long by the end of the year. In 2011/12, the plan was to increase this total length to 145,838 km in 2011/12 by constructing additional 7,006 km of distribution line. Actually, a total of 14,398 km additional distribution lines were constructed in 2011/12, which increased the total length to 153,230 km by the end of the fiscal year under review. This indicates that about 59.4% of the total GTP target is already accomplished over the first two years of the GTP period only. With regard to decreasing The power loss from distribution lines system decreased by 2.6% in 2011/12, exceeding the target of 1.52%. As a result, the total power loss from distribution lines decreased to 7.42% in 2011/12. If similar performance could be sustained in the remaining three years of the GTP, the target of 5.6% is likely to be achieved by 2014/15.

In addition, electric energy has been saved from the use of power saving lumps in 2011/12. The sales of 15 Watt Lumps has enabled to save 88.56 MW energy, while the sales of 11 Watt Lumps has helped save 81.4 MW of electric energy. Thus the distribution of these power saving lumps has enabled to save a total of 170 MW energy in 2011/12. In accordance with the Demand Management Project, it was planned to save 90 MW energy by installing Power Factor Corrector in industrial establishments in 2011/12; however, the Power Factor Corrector was not supplied and the planned activities were not accomplished.

In general, in 2011/12, the national electric service coverage reached at 48.5%. This level of electric service coverage shows a 3.1%age point increases compared to the coverage in 2010/11. It is to be recalled that the target for 2014/15 is to increase the national electricity service coverage to 75%. In 2011/12, a total of 891 urban areas and settlements were planned to be covered with the electric services, but only 451 urban areas and settlements had got access during the year under review. The major reasons for low achievements of the annual plan are shortage of inputs, discontinuities in construction work, delay in the execution of the power distribution station expansion works, etc.

Table 23. Energy Sector Performance (2011/12)

Indicators	2010/11 Performance	2011/12		Cumulative Performance Up to 2011/12	2011/12 Performance (%) Against	
		Target	Actual		2010/11 Performance	2011/12 Target
1. Generation capacity (MW)	48.5	534	128.5	2,177	265	24
2. 400 kilovolt Transmission line (km)	-	4	4	714	-	100
3. 230, 132 & 66 kilovolt Transmission line (km)	-	2,224	1,045.3	11,796.32	-	47
4. Distribution Line Constructed (km)	12,794	7,006	14,398	153,230	143	205.5
5. Distribution Lines Rehabilitated (km)	517	2,291	721	1,688	139	31.5
8. Electric Access (%)	4.4	9.6	3.1	48.5	70	32.3
9. Power Loss from Power Transmission and Distribution (%)	0.42	0.92	0.21	4.71	48	22.8
10. Power Loss from Power Sub-Stations (%)	0.98	1.52	2.6	7.42	265	171

Source: Ministry of Water and Energy

3.3.4 Transformation of Ethiopian Electric Power Corporation

In order to modernize the services of the Ethiopian Electric Power Corporation (EPCO), restructuring of the company is underway. EPCO is restructured into two organizations such that the first one focuses on service provision and management, while the other one focuses on the construction of electric power. The plan is to contract out the management of the company that is organized to provide and manage electricity services to a foreign company with relevant capacity and competency to transform the company. The bidding process is now finalized and negotiation is currently underway with the winning Company to finalize the contract. The service management activities will be carried out by the winning foreign company only for two years and then after, it will be taken over by Ethiopians. The construction section will be managed, from the start, by Ethiopians. Regarding the new structure of EPCO, regulations are already prepared and will be submitted soon to the Council of Ministers for Approval.

3.3.5 Bio-Fuel Development

Data packages for land suitable for bio-fuel, seeds and technology are prepared. A total of 2.53 million hectares of land being developed and to be developed in the future by bio-fuel plants (Jatropha, Caster, etc.) was also identified during the fiscal year under review. In 2011/12, National Oil Ethiopia has constructed one mixing facility. And the construction of this mixing facility enabled to increase the mixing facilities of the country to 3. In 2010/11 a total of 9.8 million liters of bio-fuel was produced. It was targeted to increase this level of production to 22.9 million liters by the end of 2011/12 plan period, but achieved only 13.8 million liters.

3.3.6 Alternative Energy Technology Promotion

The GTP also aims to improve energy utilization of communities by promoting alternative energy technologies like biomass energy and introducing new energy sources, and thereby decreasing dependence on fuel wood. It, Accordingly, in collaboration with stakeholders, it was planned to distribute a total of 1,785,000 improved bio-mass stoves during the planning period under review. Actually a total of 1,480,071 improved bio-mass stoves were distributed during the fiscal year. In addition, 1,684 Bio-Gas Plants have been constructed.

3.3.7 Electricity Power Operation Regulation

It was planned to issue and renew investment license to 32 investors in 2011/12. By the end of the fiscal year, 2 new investment licenses were issued, while 16 existing licenses were renewed. In addition, Occupational Competency Certificate and License have been issued for electric works and installation.

3.3.8 Petroleum Downstream Operation Regulation

In 2011/12 EFY, it was planned to assess the performance of 350 fuel stations in respect to standard service provision and actual assessment was made in 323 fuel stations or 92% of the target. Assessment of standard service provision includes assessment of environmental protection and security, and technical competence. It was also planned to follow up the fair distribution of fuel products by fuel stations and actually follow up conducted in 284 stations (81% of the target).

In general, energy development requires huge investment. As a result mobilizing the required investment from domestic sources is found to be a challenge in the reporting period. The overall capacity of local consultants, contractors, suppliers and manufacturers is also found to be limited given the magnitude of the energy sector development program of the country. In addition, the project planning and management, as well as the technical and management capacity of the power company is limited in light of the volume and complexity of the energy development program and service delivery management task at hand. Thus, it is essential to enhance the domestic resource mobilization effort while at the same time maximizing external resource mobilization to avail adequate resources that finance the energy sector program. The ongoing restructuring reform of the power company will be continued with the objective of ensuring institutional transformation. Technical and management capacity development in project planning and management in the sector need to be continuously pursued in order to address the gap in this regard. Competence certification of professionals, consultant and contractors is again essential to promote capacity development and thereby ensure competitiveness and better quality in the sector. The promotion of the development suppliers and manufacturers in the sector is also necessary to enhance the overall productive capacity of the energy sector.

3.4 Telecommunication Development

Telecommunication is one of the prime support services needed for rapid growth and modernization of various sectors of the economy. It has become especially important in recent years because of the enormous growth of information technology and its significant potential for the impact on the rest of the economy. The telecom sector has a multiplier effect on the economy, and has a vital role to play in the economy by contributing to increased efficiency and productivity. Pursuant to this grand objective of the government ethio-telecom has set to meet ambitious targets in customer acquisition, customer satisfaction and provision of quality services to customers. Accordingly, the following achievements were registered in 2011/12 FY.

Reforming the Public Telecom Company: The Ethiopian Telecommunication Corporation has been re-organized and replaced by ethio-telecom under an international management contract. The objective has been to ensure knowledge transfer and international best practices and experiences in the industry and thereby improve the quality and competitiveness of the telecom company. In addition, capacity building trainings were given locally and abroad for both management teams and experts in order to enhance the implementing capacity of the subsector. This would in turn enhance ethio-telecom performance to provide customer oriented and quality services.

Enhancing services and network quality: During the 2011/12, traffic redundancy was established to ensure uninterrupted telecom service when fiber cut occurs; due to the completion of the next generation network project made on Vendor Financing Scheme, services were given to customers without the need of going to service centers. Quality measurement tools are under procurement process, and these tools will create capability to identify the causes, location and magnitude of quality related problems. Rehabilitation of 1000 km optical fiber cable is undergoing and 54% was completed at the end of 2011/12 FY. Despite the above activities, service and network quality continues to be the major challenges of the sector.

Table 24. Performance of Ethio-Telecom in 2011/12

Indicators	2011/12 fiscal year			Performance (%) against		2014/15 Targets
	2010/11 Performance	Planned	Actual	2011/12 Plan	2010/11 Performance	
Tele density for fixed line (%)	1.03	2	0.95	47.5	92.2	27.9
Fixed telephone line subscribers in million	0.854	1.56	0.805	51.6	94.3	26.4
Mobile telephone line subscribers in million	10.7	16.6	17.26	104.2	161.7	43.3
Mobile telephone line density (%)	12.85	18.64	20.4	109.4	158.8	45.3
Wireless telephone service coverage (%)	90	63	90	142.9	100	100
Capacity of international link in(GB/s)	5.57	6.729	6.8	101.4	122.4	34.1
Internet subscribers (in million)	0.129	0.62	2.661	429.2	2,062.8	6.56
Rural telecom access with in 5 km radius services (%)	-	80	75	93.8	-	75

Source: Ministry of ICT & Ethio-telecom

Service coverage: Introduction of low price handsets with Sims, and revision of Sim card prices were made to make the service accessible for lower income groups. In this regard, voucher card starting from birr 5 denomination up to birr 500 were introduced to the market to address the needs of all customers. Voucher card validity period were revised and lower traffic BTS areas identified, while new sales plan was initiated. Rural telecom expansion program is undergoing to install telecom services in 7,000 kebele's generally. The Sim sales for the fiscal year registered significant results and in some accounts the sales were close to million Sim cards in a month. This unusual sales' performance is due to various promotional activities, Sim card price adjustments and establishment of strong channels with distributors and retailers throughout the country.

As a result, the number of mobile subscribers and telecom density for mobile lines increased from 10.7 million and 12.85% in 2010/11 to 17.26 million and 20.4% in 2011/12 respectively (Table 24). Similarly, the coverage of wireless telephone service increased to 90% in 2011/12 even if the plan was to reach 63%, while the number of subscribers and telecom density for fixed line declined from 0.854 million and 1.03% in 2010/11 to 0.805 million and 0.95% in 2011/12 respectively. This decline in the number of fixed line subscribers is due to the expansion of mobile services and illegal optical fiber cable damage and cut.

Generally, the total subscribers base has increased to 20.73 million at the end of 2011/12, of this internet subscribers has covered 2.661 million including mobile internet subscribers in the fiscal year; even though the plan was to reach 0.62 million. Generally, this is a significant accomplishment realized in a short period of time. The strategies behind such accomplishments need to be consolidated further to sustain the progress. However, institutional capacity limitation, damage and cut of optical fiber cable, optimization, power interruption and problems related to transmission were identified as major challenges encountered in the reporting period 2011/12 EFY. Thus the institutional reforms and investments would be deepened in order to circumvent these problems over the coming three years.

3.5 Potable Water Supply and Irrigation Development

In the Growth and Transformation Plan (GTP), the development objectives of the water supply and irrigation subsectors are to develop and utilize water resources to fulfill social and economic priorities, by increasing water supply coverage, developing irrigation schemes that ensure food security, supply of raw materials to agro industries so as to increase foreign currency earnings.

3.5.1 Potable Water Supply

The plan in the 2011/12 was to increase rural, urban and national potable water supply coverage from its level in 2010/11 such that the MDG target of ensuring universal access to potable water is achieved by 2015. A number of activities were performed to achieve these targets during the fiscal year. Accordingly a total of 13,818 rural water

supply schemes were constructed in 2011/12, including 272 deep boreholes, 1,540 shallow wells, 7,062 hand dug-wells, 4,429 springs development, 292 rural pipeline systems, 153 ponds and 70 expansions of existing schemes. In addition, 3,383 nonfunctional water supply schemes have been maintained. Moreover, new construction, expansions and rehabilitation activities were undertaken in 62 towns. Similarly, more than 2,800 and 150 schemes are under construction in rural and urban areas respectively. These accomplishments include the works of all stakeholders such as federal and regional government, communities, NGOs and donor agencies.

According to the Central Statistical Agency (CSA) census data, the water supply coverage is now estimated to be 55.21% in rural and 78.71% in urban areas, while the national coverage is estimated to be 58.25% in the 2011/12. According to this census survey, the existing water supply schemes are now benefiting 40.26 million people in rural and 8.53 million in urban totaling 48.79 million populations throughout the country (Table 25). Of these about 50% are estimated to be female beneficiaries. The improvement in access to potable water benefits women in terms of reducing water fetching time and increasing school attendance of girls as well as encouraging them to spend more time on income generating activities. Compared with the 2010/11 fiscal year, the coverage in 2011/12 is higher by 6.36%age points in the rural coverage, by 4.07%age points in the urban and by 6.13%age points in the overall access to water in the country. However compared to the GTP target for 2014/15, the current national water supply coverage is lower by 40.25%age points. The significant difference between planned and achieved targets is due to methodological change in counting the water supply schemes and beneficiaries recently undertaken by CSA.

The progress so far clearly indicates that redoubled efforts are required in order to meet the GTP target of ensuring universal access to potable water supply. In light of the huge task ahead, concerted efforts are highly required from all stakeholders including governments, communities, non-governmental organizations, private sector and development partners of the country. Moreover, financial and implementation capacity constraints should be given due priority to make timely implementation of planned targets. A comprehensive capacity building program including competence certification of professionals, consultants and contractors need to be designed and effectively implemented over the coming years.

Table 25. The 2011/12 fiscal year potable water supply plan and performance (in%)

No.	Indicators	2011/12			Performances with respect to		
		2010/11 Actual	Plan ²	Actual	2011/12 Plan	2010/11 Actual	2014/15 Plan
1	National water supply coverage	52.12	81	58.25	(22.75)	6.13	(40.25)
2	Rural water supply coverage	48.85	80	55.21	(24.79)	6.36	(42.79)
3	Urban water supply coverage	74.64	95	78.71	(16.29)	4.07	(21.29)
4	Reducing non-functional water supply schemes	25.5	20	24.0	(4.0)	1.5	(14.0)

Source: Ministry of Water and Energy

According to the CSA census, the nonfunctional water supply schemes were 25.5% in the 2010/11 fiscal year. In the 2011/12, the nonfunctional water schemes reached at 24%. As such, there was no significant improvement in reducing the nonfunctional water supply schemes in the country. Hence, more efforts are required to attain the targets (10%) for nonfunctional water supply reduction endeavors through all stakeholders' participation as well as utilizing TVET's training capacities and facilities. It is essential also to ensure community ownership of the water schemes for their sustainable functioning, management and maintenance.

Hygiene and Sanitation: these tasks have been given due priority by the Government in collaboration with Donors, NGO's and Communities. Accordingly, guidelines and manuals have been prepared and distributed to health extension workers, supervisors and all relevant stakeholders. In this context, in the 2011/12 fiscal, the overall access to sanitation has reached 67%. Sanitation coverage is 64% in rural and 86% in urban areas. In the 2010/11 the coverage

² The planned targets for 2011/12 have been set on the basis of information from administrative sources before 2010/11, while the performance for same fiscal year is based on the information from WASH inventory conducted in 2010/11. Because of differences in methodology and sources of information, there appear high variations between the targets and performances of water supply coverage at all levels.

was 63% nationally, 60% in rural and 80% in urban. Even though, the achievements seem encouraging, it is essential to further strengthen collaboration and participation of all relevant stakeholders to increase hygiene and sanitation coverage in the country.

3.5.2 Irrigation and Drainage Development

In 2011/12 it was planned to undertake feasibility study and design, construction and rehabilitation as well as expansion of medium and large scale irrigation schemes. In this context, activities related to feasibility study and designs for developing medium and large scale irrigation schemes on 98,055 ha and construction on 42,229 ha were performed in the 2011/12 fiscal year. These account for 71.2% and 42.1% of the target for the year respectively. Compared to the accomplishments in 2010/11, the design and feasibility study works were down by 40%, while the irrigation development works were higher by 32% (Table 26). Of the total amount 4,000 ha study and design as well as 12,421 ha construction were undertaken by private investors.

Table 26. Performance of medium and large scale irrigation plan in 2011/12 (in hectares)

No	Type of Works	2010/11 Actual	Plan	2011/12		2010/11 & 2011/12 Performance (ha)	2014/15 Target
				Actual	Actual against plan (%)		
1	Irrigation Dev't study & Design	178,820	137,724	98,055	71.2	276,875	1,208,448
2	Irrigation Dev't construction	32,034	100,234	42,229	42.1	74,263	785,583
3	Irrigation Infr. Rehab. & Dev't	-	1,510	3,600	238	3,600	6,570

Source: Ministry of Water and Energy

Moreover, the last two years performances of irrigation development study and design targets were to reach 874,647ha but achieved 276,875 ha which was 31.65% of the planned and 23% of the five year target. These results showed that progress in study and design of irrigation development is lagging far behind the last two years plan and the five year target. Regarding large and medium scale irrigation construction, it was planned to construct 455,634 ha in the two years; however, the total performance was 74,263 ha or 16.3% of the target and 9.4% of the GTP period in the 2011/12 fiscal year. Hence, looking into the two years performances of irrigation construction, concerted efforts are highly required from all stakeholders to meet the GTP target. Similarly, the targets set on irrigation schemes rehabilitation and expansions, in the past two years, have been performed 138% of the planned and 54.8% of the GTP target.

3.5.3 Ground and Surface water study and Integrated Basin Development

Ground water study: During the GTP period, the plan was to increase the ground water information and knowledge at scale of 1:50,000 from 3% coverage in 2009/10 to 22.7% coverage in 2014/15. To realize this plan, the coverage was set to increase the by 3.94% annually until the end of the GTP period. Accordingly, ground water investigations including digging of 53 wells as well as irrigation scheme construction on 900 hectares of land were performed in the 2011/12 fiscal year. These activities increased the hydrological mapping coverage by 2.2%. This achievement was 55.8% of the plan but exceeded the 2010/11 accomplishment by 42.2%. Regarding the GTP target of 19.7% increase, the two years performances should have been 7.88% coverage; however, the results depicted only 3.75% increment, which was 47.6% of the planned at the end of 2011/12 fiscal year. As such, efforts have to be increased to attain the planned targets in the intended period.

Surface water study: The major goal of the sector is to increase the coverage of national surface hydrology stations from 85.6% in 2009/10 to 90% in 2014/15 as well as improve the hydrological data quality to the world standard. In order to achieve the GTP goal it was planned to establish 5 upgrades and 85 surface water hydrology stations. Accordingly, it was possible to establish 12 and upgrade 20 respectively in the 2011/12 fiscal year. Data quality control was conducted on 142 hydrology stations against the target of 95 stations. The overall performance of the 2011/12 fiscal year was 137% of the plan. Compared with the 2010/11 performance it has increased by 82%.

Integrated basin development: The main purpose of this sector is to strengthen the newly established Basin Authority in order to attain planned and equitable water resources utilization through integrated river basin management as well as rehabilitation of 1,000,000 hectares of degraded land. In this regard activities related to organizing the Basin Authorities have been performed adequately in the 2010/11 fiscal year. In addition, activities related to rehabilitating degraded land was planned on 200,000 hectares. As the major focus is to protect the

downstream siltation, a total of 202,000 ha degraded lands in the upper Kessem (173,000 ha), Mile (25,000 ha) and Dirma (4,000 ha) Sub-basin as well as in the Tana Sub-basins, has been rehabilitated in 2011/12. Compared to the accomplishment in 2010/11 (44,136 ha), the rehabilitation undertaken in 2011/12 is higher by 457%. Nonetheless, it has to be noted that the GTP's total target is 1,000,000 ha. Hence the cumulated rehabilitation works in the basins (246,136 ha) is only 24.6% of the target set for the five year period. Hence, additional efforts are required to meet the target on time. Moreover, it is essential that these rehabilitation and basin development programs are coordinated with the community based natural resource conservation and development program, which is being implemented under the auspices of the Ministry of Agriculture.

The major problems in the water sector include limited project management capacity, limited capacity of contractors and consulting firms, increase in prices of construction materials, unsuitability of the geological formation in some drilling sites, delay in compensations processes which slowed down resettlement, problems associated with community ownership in the development and management of water supply in rural areas, as well as limited or lack of effective and timely monitoring and evaluation endeavors. To tackle the aforementioned constraints, the human resource capacity in the sector at federal, regional, zonal, woreda and even at kebele level would be strengthened. Ensuring effective participation, integration and coordination of all stakeholders at all levels is essential to accelerate progress in the water sector. The sector would also be strengthened through the procurement of necessary equipments including drilling materials. Attention would also be given to speeding up compensation payments. Moreover, sector capacity building programs have been formulated and are now under implementation.

3.6 Road Transport Development

One of the objectives of the road transport sub sector was ensuring efficient and affordable public transport system through reduced travel time. During 2011/12, it was planned to increase the annual distance covered by a bus to 80,734 km, and the total number of passengers traveled to 183.8 million. Regarding the intra-city public transport the plan was to improve the availability of public transport in Addis Ababa by increasing the daily supply of passengers seat to 2,491,969, improving the share of public mass transport to 23% and by reducing the waiting time to 29 minutes. Accordingly, the annual distance covered by a bus shows an accomplishment of 76,045 km and the total number of passengers transported has reached 165.24 million.

With regard to the Addis Ababa city transport, the daily supply of passengers seat has increased to 3,509,406, while the share of mass transport has improved to 22%. In 2011/12, additional modern and locally assembled buses have come into service, as a result the waiting time to get service has been reduced to 15 minutes. It indicates an achievement of 151.7% of the plan. Regarding road safety, the progress is not in accordance with the plan although the data for 2011/12 were not readily available during the preparation of the report.

Table 27. Performance of Road Transport in 2011/12 Fiscal Year

Indicator	2011/12 Fiscal Year			Performance (%) Against		2014/15 Target
	2010/11 Actual	Planned	Actual	2011/12 Plan	2010/11 Performance	
Total number of transported passengers(million)	148.1	183.8	165.24	89.9	111.6	51.6
Total distance covered by buses(km)	73,991	80,734	76,045	94.2	102.8	76
Public transport supply coverage (%)	-	23	22	95.7	-	45.8
Waiting time for public transport in A.A in(min)	-	29	15	151.7	-	100
Daily motorized transport supply of Addis Ababa City (passengers' seats)	2,354,033	2,491,969	3,509,406	140.8	149.1	113.8
Number of car accident death per 10,000 vehicles registered	72	40	-	-	-	-

Source: Ministry of Transport

When we compared performance of 2011/12 fiscal year with 2010/11, total distance covered by buses has increased from 73,991 km to 76,045 km, total number of transported passengers from 148.1million to 165.24 million and daily motorized transport supply of Addis Ababa City has increased from 2,354,033 passengers' seats to 3,509,406 passengers' seats.

3.7 Sea Transport and Logistics Services Development

The existence of well-organized and properly coordinated shipping and logistics services that can alleviate transit time delays and yield significant cost savings will certainly have a positive impact on the foreign trade of the country, which in turn contributes to sustainable growth and development of the nation in line with the five year growth and transformation plan (GTP). The former Ethiopian Shipping Lines S.Co., Maritime & Transit Services Enterprise, and Dry Port Services Enterprise, have merged into one corporate company named "Ethiopian Shipping and Logistics Services Enterprise" under Regulation Number 255/2011 to provide efficient and effective multimodal transport service thereby reducing transit time and cost, giving exceptional support to export oriented manufacturers. The 2011/12 performance of the Enterprise is shown in Table 28 below.

Table 28. Performance of Marine transport operations in 2011/12 Fiscal Year

Item	Indicator (cargo type)	2010/11 Performance	2011/12 Fiscal Year		Performance (%) Against	
			Plan	Actual	2011/12 Plan	2010/11 Performance
Import	Import Total (ton)	1,739,761	2,022,222	3,062,330	151	176
Export	Container(ton)	1,032	1,420	492	35	48
	Total (Imp+Exp)	1,740,793	2,023,642	3,062,822	151	176
Cross Trade	Container(ton)	466,987	344,676	202,062	59	43
	Grand Total(ton)	2,207,780	2,354,552	3,264,884	139	148

Source: Ethiopian Shipping and Logistics Services Enterprise

During the 2011/12 fiscal year, a total of 3,264,884 tons of goods have been transported by the carrier against a plan of 2,354,552 tons that stands at an overall performance rate of 139%. Besides, compared to the overall performance of the 2010/11 FY, the report year performance stood out at a whopping 148%. Out of the total shipment in 2011/12 fiscal year, import, export, and cross trade sea transport services accounted to 3,062,330 tons, 492 tons and 202,062 tons, respectively. The report year performance rate of import, export and cross trade against 2010/11 actual stood at 176, 48 and 43%, respectively.

When we look at the two GTP years' (2010/11 & 2011/12) performances as a whole, with respect to imports, the 4.8 million goods transported account to 114% of the two years' plan and contribute 31% of performance towards the 15.3 million tons of the five years' plan. With regard to export of goods, the service rendered over the two years stands at 1,524 tons and this accounts to 58% of the two years' plan of 2,630 tons, and to only just 4% of the 38,102 tons of the five year plan. Thus, the report shows that service given to export goods is relatively low-due to a number of factors that include free-on-board (FOB) arrangement of terms of trade in which the foreign importer prefers global carriers other than ESL, by virtue of competitive prices and other facilities arising from economies of scale by the big carriers.

Performance of Multi-modal operation: Even though the multi-modal operation begun to be implemented in 2009/10 FY, its full operation was launched in the second half of 2011/12 FY. On the other hand, in order to dispatch cargos imported through multimodal transport system to a wide area destination, additional freight stations at Kombolcha, Mekelle and Dire Dawa have been organized by opening new offices as well as by assigning temporary manpower to start the operations. Accordingly, as per the Growth and Transformation Plan, out of the 6.5 million ton of dry import cargo, 3.4 million ton was supposed to be containerizable general cargo. And out of this, 9% was the target to be handled through multimodal transport system.

Table 29. Performance of multi-modal operation in 2011/12 Fiscal Year

Indicator (cargo type)	2010/11	2011/12 Fiscal Year		2011/12 Performance Against (%)	
	Actual	Plan	Actual	2011/12 Plan	2010/11 Actual
Share of cargo imports carried by multi-modal transport system (%)	11	9	14	155.6	127.3
Container (TEU)	12,216	11,000	27,084	246	221
Vehicles (number)	264	450	4,422	983	1675
Break bulk (ton)	200	-	69,892	-	349

Source: Ethiopian Shipping and Logistics Services Enterprise

As the above table exhibits, during 2011/12 FY the Enterprise has provided multimodal transport service for 27,084 TEU (444,990 ton) containerized cargo, 69,892 ton break bulk, for 4,422 vehicles (RoRo) (11,055 ton), which is a total of 525,937 tons of containerizable import cargo. As a result, the share of general cargo imports carried by the multi modal transport system increased from 11% in 2010/11 to 14% in 2011/12 FY while the plan was to reach 9%. Therefore, the performance rate registered by multimodal transport system with respect to the 9% GTP target turned out to be 156% which is encouraging. In conclusion, the efficiency and effectiveness of the transport and logistics system has to be improved by strengthening the capacity of the relevant institutions in order to promote economic development of the country.

Performance of the Logistics Sector: The Logistics Sector of the enterprise assumes the functions of the former Maritime and Transit Services Enterprise and provides various ports and port related services as illustrated in the following table and briefly described thereafter.

Table 30..Performance of logistics service in 2011/12 Fiscal Year

Service type	2010/11	2011/12 Fiscal Year		2011/12 Performance Against (%)	
	Actual	Plan	Actual	2011/12 Plan	2010/11 Actual
Import Forwarding (ton)	3,064,877	3,884,230	5,552,088	143	180
Export Forwarding (ton)	426,019	507,123	423,623	84	99
Shipping Agency (unit)	187	183	187	102	100
Stevedoring Service (ton)	568,398	775,280	810,497	105	143
Shore handling Service (ton)	231,553	238,751	228,256	96	99
Trucking Service (km)	-	4,018,200	3,043,565	76	-
Trucking Service (Round trips)	1,348	2,652	1,733	65	129

Source: Ethiopian Shipping and Logistics Services Enterprise

As exhibited in the table above, the Logistics Sector of the Enterprise has provided clearing and forwarding services for nearly six million tons of goods out of which 5,552,088 tons are import goods and 423,623 tons are export items. It also furnished stevedoring and shore handling services for over one million tons of goods and trucking service for 106,000 tons of goods. Overall, during the 2011/12 fiscal year, 7,120,464 tons of goods have been handled under various port-and-port-related services by the Sector, and the 2011/12 fiscal year's performance exceeds the year's plan by 30% and that of the 2010/11 fiscal year's performance by 63%.

Performance of dry port/terminal: As exhibited in (Table 31) it was planned to increase the dry cargo handling capacity of Mojo and Semera dry port to 70%, Share of imported goods transited via dry port to 80%, the total length covered by one freight vehicle in km to 94,086 km and the Share of export goods transited via dry port to 20%. Accordingly, since the infrastructure built in modjo dry port alone was above the handling capacity of the dry ports as a result the dry cargo handling capacity of Mojo and Semera dry port was increased to 100% which is 143% of the plan, besides, the Share of imported goods transited via dry port was accomplished only 15%. The low performance in the share of import goods transited via dry port is attributed to importers use uni-modal transport system in transiting their cargo rather than the multi modal transport system and hence the volume of goods transited via the

dry port was somehow below the planned volume. Regarding the share of export goods transited via dry port which was nothing in 2011/12. This is due to exporters use their own warehouses or port Djibouti to stuff and deliver cargoes and multimodal operators not nominated yet. On the other side the annual distance covered by a freight vehicle reached to 75, 567 km which is 80% of the plan.

Table 31. Performance of dry port/ terminal in 2011/12 Fiscal Year

Indicator	2011/12 Fiscal Year			2011/12 Performance (%) Against		2014/15 Target
	2010/11 Actual	Plan	Actual	2011/12 Plan	2010/11 Actual	
Capacity of Mojo and Semera dry port (%)	42	70	100	142.9	238	100
Share of imported goods transited via dry port%	11	80	15	19	136.4	15
Share of export goods transited via dry port (%)	-	20	-	-	-	-
Total length covered by one freight vehicle (km)	77,515	94,086	75,567	80.3	97.5	63

Source: Ministry of Transport

Limited institutional capacity to efficiently manage multimodal transport and logistics system, obsolescence and unfit nature of cruise ships for current cargo, the undue delay in the implementation of management information system over the whole Enterprise system, including Modjo, and other branches, and customs procedures hurdles causing slow clearance of cargo which in turn creates suffocation and lack of space for incoming cargoes, incessant price hikes of capital investment goods, and limited truck availability for transporting cargo to Modjo and other inland destinations were major challenges in the fiscal year under review. Measures have been in progress to address these challenges by replacing old vessels by modern ones, expanding and integrating the sea liner and SES software currently being implemented at the shipping sector to encompass the logistics and port/terminal sectors, implementing the new organizational structure, resolving the hiccup by sending customs records to agents operating in Djibouti, dealing with truck owners and operators and entering into contract for sustainable supply of trucks. In light of the significance of the transport and logistics sector in fostering trade and development of the country, institutional capacity of the sector would be strengthened to improve efficiency, reliability, delivery time and competitiveness of the transport and logistics services.

3.8 Aviation Sector (Air Transport) Development

The main focus of the aviation sub-sector in the GTP period is to expand and improve the quality of air transport service. To accomplish this, the sector is expected to strengthen its operating capacity, expand its market and comply with International Civil Aviation Organization's Universal Safety and Security Audit procedures. In 2011/12, an improvement in most of the operating parameters has been registered. The plan was to achieve the available seat in km to 28 billion and available ton km to 5.3 billion in 2011/12 respectively. The performances registered were encouraging, but lower than the targets, because of differing of new services, frequency increases due to traffic right restriction, seasonal frequency reduction have been effected for tactical reasons and political instability in some countries had caused termination on operations and decline in demand. Accordingly, 22.1 billion available seat km and 4.6 billion available ton km were registered at the end of the fiscal year (Table 32).

Table 32. Performance of Civil Aviation in 2010/11

Indicator	2010/11 Performance	2011/12 Fiscal Year		2011/12 Performance (%) Against		2014/15 Target
		Plan	Actual	2011/12 Plan	2010/11 Performance	
Int'l & domestic passenger available seat km (billion seat)	18.3	28	22.1	78.9	120.8	59.7
Freight Carried - Available tone km (billion tones)	3.9	5.3	4.6	86.8	117.9	59
International passenger flight destination line (number.)	63	65	66	101.5	104.8	85.7
Local flight destination line coverage (%)	17	19	17	89.5	100	65.4
International civil aviation organization's universal safety security oversight audit program compliance rate%	87	80	87	108.8	100	96.7
Plane landing and take-off time (minute)	15	15	5	300	300	200
Number of private operators/ investors in the sector (no)	28	27	29	107.4	103.6	82.9

Source: Ministry of Transport

With regard to expanding the market, it has been planned to increase the number of international and local flight destination from 63 to 65 and 17 to 19 in 2011/12, respectively. As a result, it was possible to achieve the target of international flight destination to 66 and regarding domestic flight destination, there was no opened new destination even if the construction of Semera Airport was completed. With respect to the aviation safety and security, the plan for 2011/12 was to achieve the rate of compliance of the Ethiopian Aviation to the International Civil Aviation Organization's Universal Safety and Security Audit to 80%; it was possible to increase to 87%, which is above the target. When we see the plane landing and take-off time it was possible to reduce from 15 to 5 minutes which is reduced by triple from the FY target and 2010/11 performance, this is due to the implementation of modern radar that enables to improve air traffic and air space control.

3.9 Construction and Urban Development

Key strategic areas of urban development are poverty and unemployment reduction, sustained and integrated development through rural-urban and urban-urban linkages, participatory engagement of the urban populations in development and governance, forming strong partnerships with the private sector, and establishing effective decentralized administration systems that ensure self-rule of cities and towns. Regarding development of urban infrastructure, the key strategy is to enhance the capacity of city administrations to plan, provide and manage the supply of urban infrastructure and services. When infrastructure development activities are carried out, the potential to create a wide range of job opportunities and promote micro and small enterprise development, will always be taken into consideration. Low cost housing would also be promoted for the low and middle income households particularly in Addis Ababa. The housing development initiatives would result in the creation of new MSEs operating in the construction sector, strengthen the existing MSEs and provide huge employment opportunities. The housing program needs to be executed in a way it promotes domestic savings, reduces slums and improves the urban environment. Similarly, the development of the construction industry will be promoted during the plan period such that it is labour-intensive, market-oriented, led by the domestic private sector, competitive, ethical, and free from corruption. Development of the construction industry will take into account MSE development, capacity building requirements, and ensure the full participation of women.

3.9.1 Integrated Housing Development Program

The main focus of the program is to address urban housing problems and generate employment opportunities. In the fiscal year 2011/12 it was planned to finalize ongoing low cost housing projects in regions and transfer them to beneficiaries, as well as to build 30,000 new houses in Addis Ababa. Accordingly, 44,709 housing units are under construction in Addis Ababa, which accounts for 149% of the GTP target. In general, the total number of housing units which have been constructed and under construction up to 2011/12 was 207,069. Likewise, up to 2011/12, the total number of housing units which have been transferred to users was 119,431. Of these transferred housing units, about 45% (53,726 housing units) have been passed to women. In 2011/12 alone, about 32,207 housing units have been transferred to users. Regarding reduction of slum areas in Addis Ababa, it was planned to reduce it from 50% in 2010/11 to 45% in 2011/12. Accordingly, in the fiscal year slum area in Addis Ababa was reduced to 45% registering 100% achievement of the GTP target and 5% reduction compared to the previous year. The housing program has also registered an impressive result in terms of job creation. During the budget year it was planned to generate 25,000 job opportunities, while 193,241 job opportunities were created. Accordingly, the 2011/12 job creation performance showed 673% and 9.8% increase compared to the GTP target and the previous year performance respectively. As a result, in the last two years a total of 369,558 job opportunities were created through the integrated housing development program. In addition, 1,237 enterprises were organized. Regarding capacity building of construction design, around 18 low cost housing designs were developed. Moreover, five round training was conducted for about 387 contractors and consultants who are expected to participate in the construction of housing units in the new sugar industries and 10 university construction projects.

3.9.2 Urban Infrastructure Development Program

In 2011/12 various activities were performed to provide efficient and effective urban infrastructure and services by implementing urban infrastructure development program. In the fiscal year, it was planned to construct 105 km of cobble-stone roads in different regions and cities. Accordingly, a total of 245.49 Km of cobble-stone roads were constructed registering 295% achievement of the GTP target. Similarly, 82.64 km drainage networks were constructed and this performance register 88.5% achievement of the GTP target and 8% reduction compared to the previous year. Moreover, 4 solid waste landfill sites and 1 liquid waste landfill sites were constructed in the fiscal year. In terms of supporting MSEs development 3 market areas, 545 shades and 13 market centers were constructed. Urban infrastructure projects were planned to be implemented by regional governments and cities however since budget was not allocated it was undertaken by Urban Local Government Development Project (ULGDP). Due to the huge investment capital requirement of the construction of land fill, liquid waste disposal facility and industrial clusters and due to inability of cities to earmark such budget for such projects, it is realized that such constructions couldn't be implemented in accordance with the plan.

3.9.3 Construction Industry Development

In the fiscal year 2011/12 various activities were carried out to design and implement a system capable of producing competent human resource, to put in place a suitable system promoting transparency and accountability, to create effective organizational systems and finalize preparatory works of making financial and other inputs available in order to successfully execute the extensive construction work in the country. In addition, creating locally and internationally competent consultants and contractors in terms of cost, quality and time was one of the major areas that were given emphasis. Accordingly, to enable the sector to develop, the capacity of 15 construction sector consultants was built and 462 small and medium level contractors were organized. In the fiscal year in terms of building the capacity of consultants' 75% achievement was registered compared to the GTP target and 61% achievement was registered in terms of organizing small and medium level contractors. Moreover, registration of 10,700 medium and high level professionals, 197 consultants, 2,966 contractors and 1,610 construction machineries was made. Regarding capacity building of implementing bodies training on design, construction management and other related areas was given to 1,061 implementing bodies, contractors and consultants who are participating in housing and university constructions. However, most of the activities regarding improving supply of construction materials, strengthening human resources development and improving the regulatory and working system were not accomplished. Therefore, it is crucial to put more effort in the coming years of the GTP period to solve the problems that were faced by the sector through building the capacity of the institution and putting in place an efficient and effective system.

Weak coordination between contractors and MSEs, lack of finance and construction inputs and lack of project management capacity, rent seeking activities at all level of administrations and lack of timely response by stockholders were the major challenges encountered in the fiscal year. To overcome these challenges in addition to improving the overall capacity of implementing bodies, contractors, consultants and micro and small enterprises who are involved in integrated housing development program and huge government projects, different systems were also put in place to ensure effective coordination between these groups. Similarly, a number of consultations were made with stakeholders on works that are jointly conducted. On the other hand, various activities were preformed regarding job creation, capacity building trainings and providing support and supervision.

Although, encouraging work was done on integrated housing development program, urban infrastructure development program and construction industry development, the performance regarding improving supply of construction materials, strengthening human resources development and improving the regulatory and working system need to be intensified further. Therefore, more work needs to be done in terms of finding long lasting solutions for the problems in the coming years of the GTP period. Mainly, undertaking effective capacity building and regulatory activities that can transform and improve the capacity of the construction industry is crucial since the industry plays a critical role in the construction of infrastructure, social facilities and industrial complexes. A crucial element of the capacity and regulatory aspects of the construction industry concerns the introduction of rigorous competence certification of professional, consultants, contractors and other institutions engaged in construction, water, infrastructure and other sectors.

CHAPTER FOUR

SOCIAL SECTOR DEVELOPMENT

To accomplish this goal it is important to work on capacity building so as to ensure behavioral changes, understanding and skill of implementers at all levels. In addition major strategies such as general education standard, science and math's education as well as secondary education have been prepared and implementation started.

4.1 Education and training

The main strategic direction of the education sector is to ensure equitable access to quality education at all levels. Regarding general education, priority has been given to improve quality and achieve the MDGs. Through the implementation of the TVET strategy, the government focuses on producing adequate supply of middle level skilled human resources demanded by the industry. The TVET institutions are reoriented to primarily focus on supporting micro and small scale enterprises through training, business counseling and technology transfer. With regard to higher education institutions; besides ensuring quality, the focus is on ensuring quality and relevance of the education and research to the demand of the economy and the labor market. Moreover, it is important to strengthen the existing efforts so that higher education institutions support the economic development by serving as strategic centers of technology.

4.1.1 General Education

i. Equity and access to general education

Pre-school enrolment rate: gross enrolment rate of pre-school was 4.8% and 5.2%, in 2009/10 and 2010/11 respectively. The plan was to increase the enrolment rate from 5.2% in 2010/11 to 12.1% in 2011/12. By the end of 2011/12 however pre-school enrolment rate has reached 21.6%. This achievement includes child to child and zero class data. Disaggregating the achievement by gender, the gross enrolment rate of boys increased from 5.3% in 2010/11 to 22.1% in 2011/12, while that of girls increased from 5.2% to 21.1% during the same period. This achievement both in male and female has exceeded the target of 20% for 2014/15. The increase in the number of kindergartens from 3,318 and 3,418 in 2009/10 and 2010/11 to 3,580 in 2011/12 has contributed to this improved achievement. As a result, the number of children enrolled in kindergartens increased from 341,315 and 382,749 in 2009/10 and 2010/11 to 397,930 in 2011/12. The introduction of child to child and zero class has also helped to increase the pre-school enrolment. In addition to this 1,031,151 children have enrolled in '0' class, and 193,750 have enrolled in a child-to- child program. These increased the total enrollment of children at this level to more than 1.6 million.

Primary education (1-8) including alternative basic education: During the year under review achievement of primary schools expansion both in rural and urban areas was encouraging. The number of elementary schools increased from 26,951 and 28,349 in 2009/10 and 2010/11, respectively to **29,482** in 2011/12. This shows that the number of additional elementary schools that have been constructed in 2010/11 and 2011/12 were 1,398 and 1,133, respectively. In total during the first two years of the GTP 2,531 schools have been constructed. Active participation of the community has contributed for such an increase and created access to accommodate the intake of children at all levels.

Throughout the years, when education sector development programs have been conducted, primary education participation rate has shown rapid increase. This is mainly due to the significant increase in the enrolment rate of children in grade one. In 2011/12, gross enrolment rate (GER) for grade one was forecasted to reach 125% nonetheless the actual enrolment rate reached 149.3%. This GER performance in 2011/12 is lower compared to the 142.9% and 163% registered in 2009/10 and 2010/11, respectively. In 2009/10 gross enrolment rate (GER) of grade one were 150.4% for male, and 135.2% for female children. In 2010/11, gross enrolment rate (GER) of grade one increased to 171.9% for male and 154.5% for female. In 2011/12 gross enrolment rate in grade one was registered to be 156% for boys; and 142.4% for girls. Correspondingly, the net enrolment rate for grade one in 2009/10 and 2010/11 have been 84.5% and 91.3% respectively. Net enrolment rate for grade one increased to 92.2% in 2011/12 (94.6% for boys and 89.7% for girls). It has been recognized that grade one participation rate has been influenced by below and above age entrance of the target population. The target for 2014/15 is to reach 100%.

The primary school gross enrolment rate (GER) were 93.4% and 96.4% in 2009/10 and 2010/11 respectively. In 2011/12, gross enrolment rate (GER) in primary alternative basic education reached 95.4%, showing a slight decline from the level in the preceding year. This is lower than the 100.3% target set for the 2011/12. Disaggregating by sex, gross enrolment of boys was 97.9%, while it is registered as 92.9% for girls in 2011/12. The plan was to increase the gross enrolment rate to 102.5% for male and 98% for female. The target for 2014/15 is 125.9% (male 129.5 and female 122.1%).

On the other hand the primary school net enrolment rate (NER) marginally increased from 85.3% in 2010/11 to 85.4% in 2011/12, which is by far lower than the target of 91.5%. In the case of male net enrolment rate, it has marginally declined from 87% in 2010/11 to 86.8% in 2011/12 and that of female showed a slight increase from 83.5% to 83.9%. During the same period the target for male and female was to reach 92.4% and 90.4% respectively. An increase in resource allocation to rural and urban school construction and improvement in public participation have contributed to the increase in enrolment. Net enrolment rate target for 2014/15 is 100%.

Although encouraging progresses have been made in emerging regions of Afar and Somali over the last few years, the achievements registered remained behind the target. In Afar, the GER was 58.0% in 2009/10, which appears to have declined to 40.1% in 2010/11. It was then planned to increase the GER to 74% in 2011/12. However, primary school GER in Afar increased only to 43.7%. The target for 2014/15 is 98%. In Somali region, primary school GER was 63.8% in 2009/10, and 61.3% in 2010/11. The GER then increased to 75.1%. The achievement for 2011/12 falls short of the target of 78.2% set for the year. Hence it is essential to redouble efforts in these emerging regions to make sure that they catch up with the other regions and achieve universal access to primary education by 2015.

The number of students enrolled in primary schools had increased from 15.8 million in 2009/10 to 16.7 million in 2010/11 and then to 17 million in 2011/12. In terms of assessing the trend observed to date the goal of making primary education accessible is expected to be attained before the conclusion of MDGs time frame. Primary school parity index between male and female has marginally declined from 0.94:1 in 2010/11 to 0.93:1 in 2011/12 and is also slightly lower compared to the annual target of 0.94:1. This achievement indicates that it is possible to reach the 1:1 ratio before the 2014/15 time frame. With regard to gender parity of primary schools, better community participation, improvement of attitudinal change of the community to send female children to school and better availability of other inputs have enabled to achieve such encouraging results.

Table 33. Performance of Primary Education Enrolment

Indicator	2009/10	2010/11 Performance	2011/12		Target for 2014/15
			Planned	Actual	
Primary education (1-8) gross enrollment rate (%)	93.4	96.4	100.3	95.4	125.9
Male GER (%)	98.7	99.5	102.5	97.9	129.5
Female GER (%)	93.0	93.2	98.0	92.9	122.1
Primary education (1-8) net enrolment rate (%)	82.1	85.3	91.5	85.4	100
Male NER (%)	83.7	87.0	92.4	86.8	100
Female NER (%)	80.5	83.5	90.7	83.9	100
Gender ratio of primary education (1-8) enrolment	0.93	0.94	0.94	0.93	1:1

Source: Ministry of Education

Functional adult education: with active participation of implementing partners from government sector offices (agriculture, health, labor and social affairs, children and women affairs), the Ministry of Education has prepared a guideline on functional education implementation modalities. Regional states have also adopted the guideline to their contexts and have started implementing it. In order to guide and monitor the implementation of the program, an executive board and technical committee comprising of the concerned government establishments have been organized. In 2009/10 and 2010/11 adult literacy rates were 36.0% and 37.5% respectively. In 2011/12, the plan was to mobilize 18.2 million citizens to participate in the adult functional educational program and thereby increase the adult functional literacy rate to 59%. However, the number of participants in functional adult education during the year under review was only 2.1 million persons (1.3 million male and 810 thousand female). This performance is far lower than the target set for 2011/12. To improve the situation, this initiative requires active participation of community, government offices as well as other stakeholders, and thus entails well-coordinated efforts among these agents. The target for 2014/15 is to increase adult functional literacy rate to 95%.

Secondary education (Grade 9-12): With the purpose of increasing access to secondary schools, building of new schools and equipping them with the necessary inputs both in urban and rural areas have been among the major goals set for 2011/12. Accordingly, the number of secondary schools increased from 1,517 in 2010/11 to 1,711 in 2011/12. These shows that 194 secondary schools have been constructed during the year under review. As a result, the gap in participation rate between urban and rural areas has consistently narrowed. A strategy has been designed to make secondary school education more accessible. It is targeted to reach 62% by 2014/15, implying that it is necessary to triple the participation rate achieved to-date. To realize this objective, the target for 2011/12 has been to attain a 45.7% (male 47.2% and female 44.1%) gross enrolment rate; however the coverage reached 36.9% (39.1% for male and 34.6% for female). This achievement stood short of both the target and the previous year's performance. The gross enrolment rates in 2009/10 and 2010/11 were 39.7% and 38.4%, respectively. The gender gap in secondary school (9-10) has narrowed from 0.83 in 2010/11 to 0.88 in 2011/12 with the improvement in female participation.

Table 34. Performance of Secondary Education Enrollment

Indicator	2009/10	2010/11	2011/12		2014/15 Target
			Planned	Actual	
Secondary Education First Cycle (9-10) Gross Enrollment	39.7	38.4	45.7	36.9	62.0
Gross Enrollment of Boys	44.0	41.8	47.2	39.1	61.8
Gross Enrollment of Girls	35.2	34.9	44.1	34.6	62.3
Secondary Education Second Cycle (11-12) Gross Enrollment	6.0	8.1	6.9	8.8	9.5
Gross Enrollment Rate of Boys	8.2	9.4	8.5	10	9.7
Gross Enrollment Rate of Girls	3.8	6.7	5.3	7.6	9.2

Source: Ministry of Education

In relation to gross enrolment rate in preparatory education (11-12), there were 243,080 students attending second cycle secondary education in 2009/10. This number increased to 288,216 students in 2010/11. The target for 2011/12 was to enroll a total of 231,000 pupils, but the achievement was 323,785, showing an increase of 92,785 pupils compared to the target. With reference to the performance of the previous fiscal year, the number of preparatory students increased by 12.3%. Moreover, participation of girls in preparatory education has slightly increased from 42.2% in 2010/11 to 42.9% at the end of 2011/12, indicating narrowing of the gender gap. At the end of the GTP period GER target for preparatory education is 360,000 students.

ii. Quality of education and competence

Key priority of the education sector development program is to improve and ensure the quality and efficiency of education at all levels. To accomplish this goal it is important to work on capacity building so as to ensure behavioral changes, understanding and skill of implementers at all levels. In addition major strategies such as general education standard, science and math's education as well as secondary education have been prepared and implementation started. To realize this priority, the government has already started implementing a strategic direction of General Education Quality Improvement Package (GEQIP); which encompass six programs namely; Teacher Development Program (TDP), Curriculum Aligned to Student Assessment and Examinations, Ethics Program, Management and Administration Program (MAP), Information Communication Technology, Program Coordination and Monitoring and Evaluation. Accordingly, various activities have been accomplished to implement the package more effectively in 2011/12.

According to the national standards, primary education (1-8) requires teachers with minimum qualification from College of Teacher Education (CTE). During the year under review the plan has been to increase primary school first cycle qualified teachers from 15.5% in 2009/10 to 20.9% in 2010/11, and further to 61% in 2011/12. However, the progress was only 30.2%, which is lower compared to the plan but has shown an improvement in relation to the performance of the previous fiscal year. Preparation of qualified teachers for primary schools did not progress as expected to meet the national standard. The main reason is the change in the general direction that raised the standard from certificate to cluster diploma level qualification. Accordingly, teachers with certificate level qualification are not

considered as qualified for the first cycle primary education starting from 2009/10. However, to upgrade teachers to qualify for teaching in the first cycle primary education, summer and continuing courses are being provided in different institutions.

In 2011/12, primary school first cycle completion rate has reached 73.8% (male 74.1%, female 73.4%). The completion rate was 74% in 2009/10 and 69.1% (male 72%, female 66.1%) in 2010/11. Achievement of completion rate in primary school second cycle (5-8) has shown improvement from 84.3% in 2010/11 to 91.2% in 2011/12. Similarly, performance of 5-8 completion rate has increased from 46% in 2009/10 and 49.4% (male 52.5%, female 46.2%) in 2010/11 to 52.1% (male 52.4%, 51.9%) in 2011/12, respectively. In 2014/15 it is targeted to reach 79% and as observed from the achievements to date it is possible to achieve the targets.

Pupil-teacher ratio (PSR) in primary schools (1-8) was 56.9:1 in 2009/10, which then improved to 51:1 in 2010/11 and further to 50:1 in 2011/12. In 2014/15 it is targeted to reach 47.8:1. Similarly, pupil-teacher ratio in secondary schools (9-12) has improved from 31:1 in 2010/11 to 29:1 in 2011/12. In terms of pupil section ratio of primary education (1-8) it has improved from 56.9:1 and 57:1 in 2009/10 and 2010/11, respectively to 55:1 in 2011/12. However, compared to the plan of 54.2:1, the performance fell short of the target for the fiscal year under review. Regarding primary school pupil-books ratio, regional differences are obvious. Particular problems related to the delay in printing and distribution of the new books adversely affected the progress of achieving the 1:1 target. However, efforts have been made to achieve the 1.2:1 ratio at the end of 2011/12.

In secondary schools (9-12), Pupil-Section -Ratio (PSR) declined from 64:1 and 58:1 in 2009/10 and 2010/11 to 56:1 in 2011/12, respectively. Compared to the plan of 54.4:1 set for 2011/12 the performance is not satisfactory. Pupil-Section -Ratio for secondary school is targeted to reach 40:1 by the end of 2014/15.

Table 35. Number of Teachers at All Levels

Indicator	2009/10	2010/11 Performance			2011/12 fiscal year		
		Male	Female	Total	Male	Female	Total
Kindergarten	9,712	4,199	9,764	13,963	704	11,776	12,480
Primary school (1-8)	283,091	192,201	113,969	306,170	203,676	118,218	321,894
Secondary school (9-12)	46,060	42,862	9,663	52,525	50,525	8,824	59,349
TVET	11,439	10,758	2,132	12,890	10,758	2,132	12,890
Higher Education	15,707	15,710	1,589	17,299	18,695	1,973	20,668

Source: Ministry of Education

During the year under review, it was planned to increase the performance of higher education (9-12) teachers from 79.4 and 83.6% in 2009/10 and 2010/11 to 87.8% in 2011/12, while the achievement is 90.7%, which is higher than both the plan set for 2011/12 and the performance of the previous fiscal year. By 2014/15 it is targeted to reach 98.2%

Related to quality and efficiency, capability of learning assessment national study report for 10th and 12th grade released and published as of December 2010 showed a performance of 36 and 47.8%, respectively. This performance shows that it is possible to achieve the national minimum standard target of 50% at the earliest possible time. Dropout rate registered for grade one was 16.7 and 19.9% in 2009/10 and 2010/11, respectively while it reached 25% during the year under review. As a result coordinated and strengthened efforts are required to reverse such adverse effects of quality and efficiency. Generally, focus has to be given to student centered approaches, encouraging teacher's initiatives, efficiency of school management, community participation, and improving various input supplies. In other words, the General Education Quality Improvement Package (GEQIP) has to be implemented more effectively in order to address the problems described with regard to quality and efficiency of general education.

4.1.2 Technical and Vocational Education and Training/TVET

TVET plays a vital role in producing and meeting the demand for middle level skill of the different industries and support the expansion of micro and small scale enterprises in the country. In 2009/10 and 2010/11 the number of trainees attending TVET programs were 353,420 and 371,347, respectively. In 2011/12 the plan was to increase to 881,494, however the achievement was only 259,360 (29.4%). The reasons for the low performance have to be analyzed and accordingly rectifying measures have to be undertaken. The proportion of female trainees increased from 46% in 2009/10 to 47.6% in 2011/12. In 2014/15, it has been targeted to reach Enrollment of 1,127,330 students.

TVET sector is expected to contribute to economic growth by supplying mid-level skilled technicians to industries and by promoting the development of micro and small enterprises. Thus in addition to taking measures to expand the TVET to produce adequate supply of middle level technicians, it is essential to ensure quality and relevance of the TVET system. It is critical also to promote the participation of women and youth in the TVET system adequately. In light of the 2014/15 target of fulfilling 50% intake of women, redoubling the efforts so far is critical.

In order to address occupational requirements in all segments of the labor market, TVET programs during the GTP period have focused on 8 sectors namely; agriculture, industry, infrastructure development, trade, mining, health, culture and tourism, and labor and social affairs. Within these 8 focus areas, twenty five occupational (trade) standards had been registered in 2009/10. Excluding trade and mining sectors, in 2011/12 it was planned to increase the number of occupations to 340 while the achievement reached 390. By doing so, effort has been made to generate the required man power that would feed in to the micro and small scale enterprises and strengthen culture of self-employment. In terms of creating competent work force the number of occupation assessment professionals increased from 1,324 in 2009/10 to 6,250 in 2011/12 and the achievement reached 4,926. It was planned to increase the number of TVET providers from 174 in 2009/10 to 250 in 2011/12. The progress turned out to be 833.

Wider intake composition was expected at lower standard levels of 1 and 2 of the TVET system. However, the intake in these low levels did not increase as expected. In 2009/10 the intake registered 23%. In 2011/12, it was planned to increase the intake to 65% and the achievement registered was 76%. In the three standards; A, B, C it was planned to increase the number of TVET trainers from 9,514 in 2009/10 to 11,120 in 2011/12 and achievement reached 13,127; out of which assessed occupational qualification standards A, B, and C registered 211, 4031 and 8,883; respectively.

During 2009/10 the number of public and private TVET institutions was 257 and 557, respectively. In 2011/12 it was planned to increase the number of the institutions to 317 and 627, however the number of the TVET institutions actually increased only to 285 and 310, respectively. The decline in the number of private TVET providers was due to regulatory measures taken by the government related to result based registration, accreditation and certification. On the basis of such quality assessments and inspections, private TVET institutions that did not fulfill the devised standard qualification system were pulled out of the market system. In 2009/10 only one polytechnic institution existed. In 2011/12, the number of polytechnic institutes increased to 53 against a target of 16. A TVET institution that would produce trainees with standard A and B has also been established.

4.1.3 Higher Education

To increase participation in higher education, one of the major implementation strategies stated in the GTP is increasing the intake capacity of all universities especially in science and technology. In this regard, total undergraduate participation in higher education increased from 420,387 and 444,553 in 2009/10 and 2010/11, to 491,871 in 2011/12, respectively. As a result, considerable achievement has been observed in the participation of higher education in public universities in 2011/12. Regarding undergraduate regular participation the plan was to increase the number of students from 185,788 and 211,197 in 2009/10 and 2010/11 to 310,120 in 2011/12. Actually, there were 246,653 students attending undergraduate regular programs in 2011/12. The proportion of female participation in higher education regular program slightly increased from 29.0 and 25.6% in 2009/10 and 2010/11 to 26.5% in 2011/12. Compared to the annual target of 31.8%, adequate measures need to be taken to achieve the targets over the coming years in this regard. It is targeted to reach 40% by 2014/15.

Regarding the post graduate programs of both public and private institutions, the intake in 2011/12 reached 25,797 students. In 2009/10 and 2010/11, the share of female students in post graduate programs were 11.9 and 13.5%, respectively. In 2011/12 this figure has increased to 20.1%, which is higher than the target of 16.8% set for the fiscal year. The measures have to be consolidated to increase the share of female post graduates to 25% by 2014/15. In 2011/12 a total number of 77,269 and 6,162 undergraduate and post graduate students have graduated at national level, respectively. Besides increasing higher education enrolments, maximum effort has been exerted to improve the relevance, quality and equity of higher education in accordance with the programs developed to achieve these objectives. Public universities have already started admitting students in line with the 70:30 strategies between science and technology on one hand and social science on the other.

Table 36. Enrollment and graduation of under and post graduate students

Indicator	2009/10			2010/11 Performance			2011/12 fiscal year		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Undergraduate	306,883	113,504	420,387	327,711	119,982	447,693	353,163	138,708	491,871
Graduated	51,321	15,678	66,999	54,778	20,570	75,348	57,411	19,858	77,269
Postgraduate	12,574	1,698	14,272	17,369	2,781	20,150	20,570	5,175	25,745
Graduated	4,196	677	4,873	5,350	900	6,250	5,299	863	6,162

Source: Ministry of Education

GTP performance in the first two years indicates that efficiency and quality of education at all levels are still critical. Thus the effectiveness of the implementation of the programs designed to ensure quality, relevance and efficiency of the education systems have to be improved. In terms of access to general education, greater focus is required on improving the situation in Somali and Afar regions as well as other lagging areas. In terms of results of improving enrolments in TVET and higher education, it is important to fully work on quality programs drafted to bring about fundamental change. In addition, progress in participation rate of functional adult education is not as expected and so a coordinated effort is important in this regard. In general, the tendency of stagnation in primary school net enrolment rate, a continuous increase in first grade dropout rate particularly in populous regions, low number of TVET enrolment and the youth joining the labor force without TVET training are key challenges to be addressed in the remaining GTP period.

4.2 Health Sector

Expansion of quality health services is the main strategic theme of the health sector during the GTP. The strategic directions to achieve this objective are expansion of primary health care services, promoting active participation of the community and strengthening of the implementation of the by Health Extension Program (HEP). Thus the government has given particular focus to the improvement of quality health services during the GTP period. Accordingly, the progress over the last two years is analyzed as follows.

4.2.1 Community Initiative/Participation and Ownership

To achieve the objectives of the Growth and Transformation Plan and the MDGs with regard to health, continuous trainings have been given to the leadership and professionals of the health sector, with particular emphasis to those deployed in health centers and to the health extension workers. Implementation is under progress in close collaboration with the regional health bureaus. Procedures have been developed to organize and mobilize the critical mass in Health Sector Development, and consensus is also reached to develop integrated plan and its implementation. To strengthen the critical mass in Health Sector Development and implement the health extension package, scaling up strategy of best practices was adopted from the experience of the agricultural sector. On mobilizing communities for the scaling up of the implementation of the health extension package, the primary focus has been on women groups. This women centered one-to-five network development is called Women Development Group (WDG) formation. The implementation of this strategy had been initiated in Tigray and SNNP and their best experiences have been expanded to other regions in 2011/12, which would carry out the strategies in line with their particular contexts.

As part of the initiative to have two health extension workers (HEW) per rural kebele, a total of 34,604 health extension workers were deployed across the country in 2011/12. Initiatives were also taken to set up health extension program in urban areas based on the lessons drawn from the rural health extension program. In this regard, the number of urban health extension workers has reached 3,498 in 2011/12.

4.2.2 Improving Access to Basic Health Services

According to the Ethiopian Demographic and Health Survey (EDHS) assessment, outcome indicators related to the reduction of maternal mortality and child mortality are known only every five years after conducting the survey. For that reason trends in annual progress of maternal mortality between the surveys can only be indicated using proxy measures such as contraceptive acceptance rate, antenatal care, proportion of births attended by skilled

health personnel and postnatal care. Similarly, trends in yearly progress of reduction in child mortality can only be approximated using proxy indicators such as proportion of one year old children immunized against measles; and using pentavalent vaccination coverage for under five mortality. Accordingly, achievements for the year under review are explained as follows.

a. Family Planning Services: The data for Contraceptive Prevalence Rate (CPR), is collected and analyzed every five years using EDHS, and implies how much fertility can be reduced, while Contraceptive Acceptance Rate (CAR) is an indicator that shows how much inputs/materials have been annually distributed for the targeted women. CAR is one of the proxy indicators that help to measure the improvement of CPR. According to the 2011 EDHS results CPR stood at 29% and is targeted to reach 66% by 2014/15.

In 2010/11 Contraceptive Acceptance Rate reached 61.7%. The plan in 2011/12 was to increase the service coverage to 77%. However, achievement reached only 60.4%, which is a bit short of the previous year's performance.

Wide regional variation has been observed with regard to CAR. The 2011/12 data showed that, the lowest rates were reported for Somali (7%) and Gambella (8%), while the highest performances have been registered in Amhara (85%) and SNNP (74%) regions. The low rates of the service across emerging regions are related to adverse influences primarily caused by cultural and religious beliefs and practices and low level of community awareness about family planning services. Measures to be taken include designing specific strategies and giving close support to these regions.

Similarly, as elaborated in the sub sections that follow, Antenatal Care (ANC), %age of births attended by skilled health personnel and Post natal services are proxy indicators that help to measure the improvement of CPR services and reduction in maternal mortality rate.

b. Antenatal Care (ANC): In 2011/12 it was planned to increase ante natal service coverage to 85.1% and the service was provided to 2.6 million mothers leading to an achievement of 89%. Disaggregated by region, ANC coverage showed wide variation across regions ranging from 139, 105, and 100% in Addis Ababa, Harari and Tigray, to lowest rates of 31, 40 and 42% in Afar, Gambella and Somali regions, respectively.

c. Percentage of births attended by skilled health personnel: The plan was to increase proportion of births attended by skilled health personnel from 16.6% in 2010/11 to 38% in 2011/12; however the proportion of births attended by skilled health personnel stood at 20.4%, which is higher compared to the preceding year's accomplishment but lower than the target for the year. Regional disaggregation of the achievement shows that Harari, Addis Ababa and Dire Dawa registered better results with 67, 66 and 41% coverage, respectively. On the other hand the lowest performers; were Benshangul Gumuz, Afar, Amhara, Somali, SNNP and Gambella registering 8%, 12%, 12%, 13%, 13% and 14% respectively.

d. Post natal service coverage: The plan was to increase the service coverage from 42.1% in 2010/11 to 60.1% in 2011/12. The achievement turned out to be about 44.5% in 2011/12. Compared to the preceding fiscal year, achievement in 2011/12 showed an increase. However, it is much below the plan of 60.1% set for the fiscal year under review. With respect to regional distribution of PNC services, the highest coverage was observed in Dire Dawa (60.2%) followed by Tigray (53.9%) and SNNP (49.6%), whereas Afar (3.2%) and Gambella (4.7%), Somali (12.5%) registered the lowest. Postnatal achievements are mainly lower in emerging regions, where general information indicates most of the women do not visit health institutions after delivery, attributed to cultural and behavioral reasons.

To address multidimensional challenges contributing to maternal death, measures being taken include ensuring access to better quality health service, increasing supply of health transport services and effectively implementing the scaling up strategy. Central to all these is effective scaling up of the implementation of the health extension package through active participation of the public and particularly women groups. In this line maximum efforts would be exerted to realize the MDG target of 75% reduction in maternal mortality rate by 2015.

Table 37. Performance of Major Health Indicators

Indicator	2009/10	2010/11	2011/12		2014/15 target
			Planned	Actual	
Family Planning Services (%)	61.9	61.7	77.0	60.4	82
Antenatal Care (ANC) (%)	31.0	82.2	85.0	89.0	86
Proportion of births attended by skilled health personnel (%)	15.7	16.6	38.0	20.4	62
Post natal service coverage (%)	34.0	42.1	60.0	44.5	78
Pentavalent vaccination coverage (%)	82.0	84.7	89.0	84.9	96
Measles (%)	76.6	81.5	86.0	79.5.0	90

Source: Ministry of Health

Improve child health service: During the year under review, it was planned to increase pentavalent vaccination coverage from 84.7% in 2010/11 to 89% in 2011/12. The achievement was 84.9%, which is slightly above the performance of the previous fiscal year. Regional distribution showed that the highest coverage was found in SNNP (94.4%), Oromia (81.9%) and Tigray (86.3%) whereas Gambella with 22.3% and Afar 43.7% registered the lowest coverage during the year under review. Regarding measles vaccine coverage, the plan during the year under review was to increase the achievement from 81.5% in 2010/11 to 86% in 2011/12 and the performance for the fiscal year reached 79.5%, which is lower than the target set for the fiscal year. Regional disaggregation showed that SNNP, Oromia and Addis Ababa registered 94.4, 84.2 and 82%, respectively. Gambella (18.5%) and Afar (38.1%) performed the least.

Nutrition program: During the fiscal year under review, the plan was to gather polio and BCG vaccination materials enough for 1.5 million children. Accordingly sufficient materials have been distributed to all regions in the form of a campaign. Particularly, in emerging regions technical and input support have been provided. For instance, measles vaccination to 1.5 million children and polio vaccination to 312 thousand children have been given in 53 woredas of the Somali region. Similarly, in Gambela region by providing technical and input support for the second round polio vaccination campaign, 62.5 thousand children received the vaccination. In Afar region, meseales vaccination has been given for 64.6 thousand children in 12 woredas. In Benshangul Gumuz region, polio vaccinations were given to about 124 thousand children during the first round of campaign, while the vaccinations were given to about 132 thousand children during the second round of campaign. During the fiscal year, Vitamin A supplementation activities have been conducted. In 2011/12 the target was to give vitamin A coverage to 11.1 million children. However 12.8 children aged 6-59 months actually received the first dose of Vitamin A supplementation coverage during the year. The performance is higher than the target. With regard to regional disaggregation, the coverage ranged between 11% in Addis Ababa to more than 100% in Afar, Somali, Benshangul Gumuz and SNNP regions.

To ensure a properly functioning cold chain system and thereby also support the effectiveness of the vaccination programs, a national survey on cold-chain system and establishment of a new refrigerators mapping system has been conducted, while maintenance of non-functional refrigerators has been undertaken. Regarding albendazol service coverage it was planned at 7.9 million children but performance reached only 3.2 million (39.2%) children, far below the target as well as the performance of the previous fiscal year. The reason was due to delay in procuring albendazol, resulting in a delay in implementation of deworming. With regard to TB prevention, preparation has been conducted to start a new vaccination program and give the service in all regions.

Hygiene and environmental health services: Related to the critical mass in Health Sector Development a manual on training and usage of latrine was prepared. Health extension workers and supervisors were trained. In addition, awareness creation has been given on methods to control domestic water pollution. Construction of latrines was also performed during the fiscal year under review. Accordingly, the number of latrines increased from 14,730,588 in 2010/11 to 15,083,779, in 2011/12. This performance has improved the sanitation coverage from 86% in 2010/11 to 93% in 2011/12.

TB and Leprosy prevention and control: the plan was to detect 221,778 TB patients, but prevalence performance reached 136,176 (61.4%) during the fiscal year. On the other hand survey result conducted at national level showed that smear-positive B cases derived from models developed by the World Health Organization ensured that the case detection rate has reached the 70% standard; and on that basis recent data indicates that the spread of TB incidence

in Ethiopia lowered from 163/100,000 in 2010/11 to 108/100,000 in 2011/12. In relation to the strengthening of TB and leprosy treatment services, the plan was to expand the service from 95% to 100%. Accordingly, medicine and reagents sufficient for treating 201,698 patients as well as sufficient medicine for leprosy patients were distributed to regions.

Malaria prevention and control services: Malaria indicator survey is carried out in different regions at different times. In 2011/12 efforts were made to address the challenge of malaria, which adversely affect farmers. With reference to malaria insects control, the plan for 2011/12 was to supply chemical that cover 10 million households, and procure 5.4 million Insecticide-Treated Nets. However a total of 6.6 million bed nets and 957,100 kg Deltametrin chemical have been distributed and 4.4 million houses have been sprayed. In order to strengthen the treatment of malaria, 17.9 million rapid test kits and anti-malaria drugs adequate for more than 9.6 million cases have been distributed to malaria prone regions.

4.2.3 Improving Quality of Health Service Delivery

With the view to realize the Ethiopian Hospital Management Initiative, various training guidelines and standards were developed. The guideline comprises of 124 standards which contain detailed operational guides on hospital management of medical records, pharmaceutical services, laboratory services, nursing care, infection prevention, medical equipment management, human resource management, financial management and housekeeping. All hospitals are implementing the guideline and the implementation rate for all standards has reached 65%, short of the target of 70%. Ethiopian Hospitals Alliance for Quality was formed in order to increase the sharing of best practices and reward high achievement and all other public hospitals are clustered under those 15 lead hospitals to get their close support.

Public health emergency preparedness and response: Concerning hospital emergency services, it was planned to give service to the community for 75% of identified emergency cases within 48 hours in 2011/12. But the achievement in different parts of the country showed that it was possible to assess the identified cases and give response within 3 hours for 54 emergency cases.

Pharmaceutical supply and services: To improve pharmaceutical supply and services, targets were set on major activities including purchase and distribution of medicines and medical equipment; construction and maintenance of warehouses and equipping with the required facilities; training of professionals and establishment of Drug and Therapeutics Committees. The plan for procurement of pharmaceuticals and medical equipment with birr 2.9 billion in 2011/12 was fully performed. In addition, pharmaceuticals and medical equipment worth of birr 2.6 billion was obtained from aid agencies. The revolving fund has increased to 1.2 Billion birr by the end of the fiscal year under review.

Evidence-based decision making by enhanced harmonization and alignment: To ensure timely and reliable data Health Management Information System (HMIS) has been strengthened. Based on that, a system has been practical in 92% of the hospitals and 78% of the health centers. In order to initiate rural Family Folders (FF) in all Health posts (HPs), guideline on rural FF was finalized. Family Folders adequate for 7.1 million rural families have been distributed and it was possible to have FF for 3.6 million (33.3%) rural families. Regarding urban FF, the design was finalized and piloting is underway in cities utilizing the close service of urban HEW.

Improving basic health infrastructure: In 2009/10 and 2010/11 the number of health posts were 14,192 and 15,095 respectively. In 2011/12 the cumulative number of health posts has increased to 15,668. Accordingly, in 2010/11 and 2011/12 around 903 and 573 new health posts have been constructed respectively, implying that a total of 1,476 health posts were constructed during the first two years of the GTP period. Hence, according to the current implementation procedure one health post is providing service to 3-5 thousand citizens. In addition, during the fiscal year under review 2,268 health posts were equipped with the necessary materials. Basic health service is delivered based on health extension program encompassing 16 packages that among others include; prevention of major diseases, hygiene and sanitation, mothers and child health, nutrition and first aid. To implement these packages 2 female HEWs in each rural kebele have been deployed with the total number of HEW working in rural kebeles now reaching 34,604. Regarding urban health extension program, 3,498 female health extension workers have been deployed by the end of 2011/12.

Health centers are used as referral centers and have the responsibility of providing technical support to HEWs. With regard to the coverage, one health center is required to serve 25,000 people. The number of health centers has increased from 2,142 and 2,660 in 2009/10 and 2010/11 to 2,999 in 2011/12. This shows that in 2010/11 and 2011/12, 518 and 339 health centers have been constructed respectively, implying that a total of 857 health centers were constructed during the first two years of the GTP period. The plan for 2011/12 was to increase the number of

health centers to 3,329. To realize full coverage of basic health service, it requires 3,300 health centers. One health center is currently providing service to a population of 30,794. Given the standard of health center 1:25,000, Ethiopia needs 3,300 health centers to meet this standard. Currently the number of health centers is 2,999 health centers. With reference to hospitals, in 2009/10 and 2010/11 the number of hospitals were only 116 and 122 respectively. However in 2011/12 the number of hospitals has increased to 125 and the proportion of hospitals to beneficiaries stood at 1:671,402 by the end of 2011/12.

4.2.4 Human Capital and Leadership

In 2010/11, the number of nurses stood at 29,550 and currently the proportion of nurses to beneficiaries reached 1:2,762 exceeding the WHO standard of 1:5,000 in least developed countries. Regarding population to physician ratio; the WHO standard for developing countries is 1:10,000. In 2011/12, Ethiopia has reached 1:30,158. With reference to accelerated midwifery training, it has been planned to train 5,600 midwives in three years. During the first round a total of 1,665 midwives have graduated, out of which 1,061 were successful to pass the relevant qualifying examination and acquired their certificate of competence. In the second round 1,500 trainees have been admitted to attend their training. Regarding health insurance finance; the government has established an agency that coordinates the work. This agency instituted under the Ministry of Health has been undertaking organizational activities as well as awareness creation.

The progress in the health sector has generally been encouraging. The achievements in terms of reducing child mortality and expanding primary health care service through the health extension program to a significant majority of the population have to be consolidated further. Two issues require however primary attention over the coming three years: reducing maternal mortality rate as per the MDGs target and improving quality of health service delivery. Thus the undergoing programs and interventions will be consolidated to achieve these overarching objectives over the next three years.

CHAPTER FIVE

CAPACITY BUILDING AND GOOD GOVERNANCE

5.1 Public Sector Capacity Building

From capacity building perspective, the main strategic directions of the GTP are establishing government structures with strong implementing capacity, establishing transparency and accountability, combating corruption from its source, ensuring public participation and incorporating cross cutting issues in the civil service.

5.1.1 Enhancing leadership, managerial and professional capacity

During the fiscal year of 2011/12, various training programs were delivered to the top and middle leadership at federal and regional level on different subjects essential to meet the transformational need of their respective jobs. In addition, in order to improve efficiency of the civil service, recruitment and deployment of young graduates have been undertaken during the fiscal year.. The significance of mobilizing the public to actively participate in the governance and development programs is recognized and has been given due attention over the last two years of the GTP period. Thus civil service organizations at all levels have devised a strategy to directly engage the public in their endeavors. These organizations and their leadership are now experimenting the mobilization of the public for their active participation in the development and governance process. These exercises are expected to be consolidated over the coming years so as to enhance public participation in the development and governance process.

Training has been provided by Ethiopian Civil Service University to new and senior 5296 students drawn from various civil service office on regular, extension and distance programs at undergraduate and postgraduate (masters) level studies. Among those, 36 students (Male 21, Female15) in public policy, and 36 students on public procurement and utility administration, and 519 (male 446, female 73) in urban development studies master's degree programs are pursuing their studies at the University. In addition, 1035 males and 517 females civil servants drawn from 12 public institutions and emerging regions were trained in 23 different fields. To build the capacity of emerging regions 56 higher officials and 190 process owners and professionals from Benishngul Gumuz, 82 higher officials and 121 professional from Gambela, and 40 officials and 82 professionals from Somali were trained on different fields. To enhance the organizational capacity and working procedures of developing regions, draft manuals have been prepared and delivered to their regional management institutes.

5.1.2 Developing the System of Transparency and Accountability

Monitoring and support efforts have been carried out to support the establishment of transparent and accountable working procedures in federal and regional institutions so as to satisfy the demand of customers. To enhance transparent and accountable service delivery, standards were set by business process reengineering studies. Many public offices have also prepared citizens' charters and have disclosed them to the general public to ensure accountability and reveal the level of service delivery. Based on the citizen charter, service delivery efforts were showing progress. In light of this, other organizations are preparing their own charters. Therefore, to deliver better services to the public, standards are set by institutions while institutions' expectations from service users were also clearly indicated to ensure transparency and accountability.

5.1.3 Enhance Citizens Participation

Government institutions at all levels have been striving to enhancing public participation in policy formulation, developmental plan preparation and implementation, and service delivery. In order to make public participation sustainable, many institutions both at federal and regional levels have established regular forums with their stakeholders, customers and various association These initiatives are expected to be strengthened further over the coming years during the GTP period.

5.2 Communication Information Technology

5.2.1 Expansion of information technology

During 2011/12 fiscal year, to ensure E-Governance and development in the field of electronics service, it was planned to purchase and distribute one thousand computers to institutions which could be able to link to electronic service development. Accordingly, the plan has achieved 100% accomplishment. Network has also been established in 32 institutions that have been given priority attention for the establishment of public information system based on ICT. Furthermore, preparation was made through concerted efforts to provide all government services in one widow portal.

5.2.2 Promoting Community Use of Information Technology

It was planned to build 10 centers which can serve community in the field of information communication. However, 17 social centers were established with a view to make the society a beneficiary of information technology. Only two community radio centers were built during 2011/12 against the target of constructing 12 public owned community radio centers. About 69 information service centers that serve as communication bridges between the public and government were constructed against a target of 120 during the fiscal year under review. Works are underway to establish 40 telephone, electricity and water unified billing centers to ascertain a speedy service to the society. By the end of 2011/12 only 7 centers were established.

5.2.3 Supporting Agriculture-led Industrial Development and Export

Forty four information service centers were established to support the country's agriculture led industrial development and export and the implementation have been 12% higher than planned. On the other hand the implementation of 74 transactional services show accomplishment of more than 48%. The level of service delivered to the society, as per the UN index and based on the UN study conducted in 2012 has improved from 11 to 80 in web measurement and from 135 to 19 in E-participation.

The development of IT Park Village has been underway in Addis Ababa. Such IT Park Village development is important to support the growth of the national IT Sector. In connection with this, the Government is undertaking industrial village development including land, infrastructure, building, etc. to support private investment in the industrial sector. Furthermore, to get foreign and domestic IT companies involved in IT park development activities, the Government has been undertaking promotion works.

5.2.4 Accelerating Information Technology Assisted Social development

With regards accelerating Information Technology Assisted social development and assisting in broadening the scope of quality of education and health services, the goals set for the planned years in the health and education service sectors has been fully accomplished.

5.2.5 Developing public participation for good governance

The information communication has developed its role of building a non-interrupted network capacity by 40% in developing public participation for good governance which is a 100% accomplishment. On the other hand a directive for creating information communication technology security follow-up procedure has been implemented and dispatched to all the concerned bodies.

5.2.6 Producing trained Human Resource in due quality and quantity

In the field of ICT's related subjects, various training programs were planned to be delivered to about 800 workers but was only given to 664. In addition, trainers' training on ICT was planned to be given to 10 thousand primary school teachers and was actually delivered to 9031. Likewise a training program was planned for 1,000 secondary school (9-10 Grade) teachers and it was actually delivered to 1337 secondary school teachers. In addition, 624 TVET teachers were trained in ICT against a target of 300 during 2011/12.

5.3 Justice System Reform

Human resource capacity development

To enhance the capacity of professionals in the justice system, short and long term training programs were provided to diverse stakeholders. Accordingly, over 5,642 short-term and long term trainings were given to enrich human resource capacity in the justice system with the appropriate skills and knowledge. In 2010/11 different trainings were given to over 7,249 lawyers and other professionals in the justice sector. Furthermore, during the fiscal year 18 relevant research projects were finalized, while additional 15 research studies are underway.

Enhance efficiency and effectiveness of the sector

To ensure efficiency and effectiveness of the justice system, during the budget year a holistic system was put in place that enables combating and prevention of crimes prior to their occurrence. Efforts were made to improve prosecution rate and protection of witnesses. Furthermore, the existing judiciary system was strengthened to improve the efficiency and the service delivery of the judiciary. Therefore, the congestion rate has decreased and clearance rate of courts have been improved. Various activities have also been undertaken to improve the effectiveness of the justice system during the budget year where over 96,165 files were reviewed, which is higher than the preceding year accomplishment by 5,518 files. Consequently the average number of adjournments in first instance and appeal cases improved from 90% to 97.2% in the year under review, and average duration for disposal of cases both at federal and regional states judicial organs decreased from an average of 45-60 days in 2010/11 to 22-30 days time in 2011/12.

Ensure supremacy of Law

In order to ensure the supremacy of law, formulation of law that are in tandem with the federal constitution and also international laws were deemed crucial during the GTP period. Hence, during the budget year under review it was planned to draft and prepare 6 laws, regulations and procedures; actually a total of 134 laws were drafted. Furthermore, to enhance citizen awareness on the federal constitution and related laws during the plan year, it was possible to raise the awareness of over 39.1 million citizens while the performance for the previous year was 9 million. Similarly over 86,537 copies of different pamphlets and flyers were distributed to the society.

Improve transparency and accountability of the justice sector and the judiciary

To enhance the justice system implementation and improve its transparency and accountability in the country, different systems (rules, regulation, guideline and manuals) were developed. During the year under review, it was planned to formulate 16 laws, regulation and guidelines while it was managed to formulate and enact 46 laws, regulation and guideline that ensure the transparency and accountability of the justice system. Moreover, a compliant handing mechanism was developed and implemented.

Improve access to justice service

To ensure accessibility of the judicial system to the general public, a number of activities were carried out. During the planning period, service centers were expanded so as to improve and diversify the justice services to reach different locations. The number of judges and prosecutors was also increased again in order to improve access to justice services. During the year under review, video conferencing was introduced to enable suspects and other concerned actors follow their cases from where they are. Implementation of alternative dispute resolution mechanism was also one of the major activities conducted during the fiscal year that enabled to reduce cost and time of litigating disputes.

Rehabilitation of prisoners

During the GTP plan period it was planned to prepare national prison inmate handling and protection standards. Following this during the year 2011/12 several skill enhancing and trainings were given to prisoners to support them become peaceful and productive citizen that serve their countries after serving their time in prison.

Strengthening the federal system

To resolve dispute in a peaceful manner efforts were made to build values and culture that respect tolerance. Following this it was able to establish over 729 peace committees and clubs all over the country during the fiscal year 2011/12. To enhance harmonization, cooperation and respect among religious institutions and their followers, remarkable efforts were made and encouraging result were achieved during the year under review. Furthermore, awareness creation training was given to over 144,732 participants from different background and parts of the country regarding federal system.

Enhance public participation in the Justice Sector

In order to increase public participation in the justice system, nationwide justice day was celebrated with a theme “to enhance public participation in the justice system and avail information to the general public we will exert our at most effort”. To resolve dispute in conflict vulnerable areas in a sustainable manner, several platforms were formed, while consultations and discussions were conducted with over 780 leaders from the justice and peace security sectors during the year under consideration. Furthermore discussion on establishment of peace and security committees was made with over 6,439 representatives from elderly, women and youth committees.

Automate the Justice Sector Reform Program with ICT

To improve the quality and accessibility of the justice system different ICT projects were developed and undertaken. During the fiscal year under review efforts were made to implement the National Integrated Justice Information System/ NIJIS/. In addition, PIS database development was integrated with government Portals System.

5.4 Democracy and Good Governance

5.4.1 Strengthening the Democratic System

Strengthening Economic and Political Community: to enhance one economic and political community and to strengthen the relationship between nations, nationalities and peoples of different regions, several activities have been conducted. The 6th Ethiopian Nations and Nationalities Day was celebrated in Tigray regional state capital Mekele with Symposiums and Cultural shows that promoted unity in diversity. National Flag Day and International Democracy Day were also nationally celebrated. On these occasions several messages were delivered to the general public with regards to unity, integrity, democracy, and significance of the federal constitution in strengthening economic and political community of the country.

In selected federal institutions and regional states assessment was conducted to establish legal framework that address civil law and help to create one economic and political economy. Furthermore, after conducting assessment in Harari, Somali, SNNPR and Oromia Regional States and also the two City Administration information generated are organized in such a way that it will be utilized for further analysis. The survey assessment will be scaled up to other regions in due course to cover all regional states

Revising the Federal Grant Sharing Formula: Preparations have been made to revise and improve the existing federal grant sharing formula. In collaboration with Central Statistical Agency, Federal Auditor General, Sector ministries and regional states, the regional expenditure demand and revenue potential assessment was conducted. After finalizing the assessment, the new federal grant sharing formula was enacted for the next five years. The new federal grant sharing formula is more fair, equitable and takes the special needs of different regional states into account. The formula was decided with mutual consent, in participatory way, considering the different scenarios proposed. All members were aware from the beginning of the design and training was given in different levels to make the formula transparent.

Legislation and Oversight: Legislation is one of the House of Peoples Representatives’ (HoPR’s) power and responsibility. Of the several issues with social, economic and political content sent to the legislative body by the government, 50 draft bills were reviewed and adopted or passed during the 2011/12 fiscal year. Furthermore, the resolutions on nine different issues were passed after they were widely examined. Oversighting is the other main task of every parliamentary system. Accordingly the House conducted a half day discussion forum to reach consensus with all government executive organs. Moreover, the House through its standing committees has made the government bodies to submit their performance report and then to report in person as appropriate either to the House or to the standing committees. In this regard, extensive discussions were made on 206 plan and performance evaluation reports. In addition the standing committees have made extensive oversight works which include 88 fieldworks and observations as well as applying different methods during the budget year.

Enhance citizens’ constitutional and federalism knowledge: Using various channels of communication and awareness creation tools several activities that enhance the citizens’ knowledge and understanding of the constitution were undertaken. During the budget year under consideration electronic mass media (Radio and Television including Regional Community Radios) were used to air the awareness creation teachings and question and answer session

were aired in different languages to mention few Amharic, Afan Oromo, Tigrigna, Somali and Afar languages. In general over 150 programs were broad casted in the languages stated above. An animation cartoon that raises constitution awareness for children was prepared to create awareness of children. In the fiscal year over 40 programs were aired in Ethiopian Television.

To raise citizen awareness with regards to constitution besides the electronics Medias, over 50,000 copies of the constitution was translated in different language and distributed all over the country. Moreover during the budget year over 2,000 copies of constitution were prepared and distributed to visually impaired citizen. Furthermore, over 14,020 training manual on basic principles of federalism and constitution were prepared in Amharic, Tigrigna and Afan Oromo languages and distributed to federal institute and regional states.

5.4.2 Strengthening councils and other institutions

To ensure good governance, put in place a prompt and transparent law formulation system, strengthening capacity of the legislative is among the strategic direction in the GTP.; hence several activities were conducted during the budget year to capacitate formulation of laws and monitor their effectiveness, improve councils M&E capacity.

Different trainings were given to member of the councils and expert from the office on institutional management and leadership. Training on the working system of parliament, code of conduct of member of parliament, MGDs and the role of members of federal and regional councils was give to over 250 trainees. Furthermore, long-term training was give to over 73 members of the councils. Over 166 members of the councils and expert were trained on several issues that include basic principles of law, English language and basics of computer and computer software’s. Similarly to enhance the overall capacity of the House of Federation, several trainings and workshops were conducted on translation/definition of constitution, regional grant subsidies formula, nation’s and nationalists rights, leadership skills, IT and financial resource administration, etc.

5.4.3 Human rights protection and monitoring

Citizen’s Human rights awareness creation: training on the principles of human rights, protection and respect for human rights and the role of media in this regard was given to 99 media expert from Amhara and Oromia regional states. Similar awareness creation training was given to 152 representatives from Zonal and Woreda Administrations. Different awareness creation trainings and workshops were given to Women’s and Youth Associations leaders, stakeholders working on children and female rights, and prevention of harmful traditional practices. Besides, training and awareness creation workshops were give on secularism to religious institute leaders, elders and representatives from justice organs. Further more extensive training was made to leadership of associations of citizens with disabilities.

To nurture and promote human rights in schools, over 20 human right clubs of students were established in primary and secondary school in different cities. Over 35,000 copies of 10 international treaties that Ethiopia has ratified were translated in to Amharic, Afan Oromo and Tigrigna and distributed to different institutions and stakeholders. Moreover, over 1,610 copies of constitutional and international human treaties were made in brail form and distributed to visually impaired persons in different part of the country and also to several libraries. Moreover, different studies have been conducted in relation to human rights. To enhance human rights protection, the Ethiopian Human Rights Commission has singed memorandum of understanding with several higher institute and professional training institutes.

Build the capacity of democratic institutions and law enforcement organs about human rights, several short term trainings and panel discussion were made with 1273 participants from Oromia, Amhara, SNNPR, Tigray, Harari, and Somail regional states member of councils, speakers on role of members councils and speakers in protection of human rights. Similarly training were give on protection of human right to over 2,218 representatives and management from national defense force, federal and regional policy commissions and representative from federal and regional prison and rehabs, judges, prosecutors and different law enforcing organs this has a great contribution on protection and improvement of human rights in the country. Ethiopia has also prepared a draft Human Rights Action Plan with the participation of all concerned actors. The draft will be consulted with relevant actors before it is finally approved.

Monitoring of on human right protection and expanding Commission’s accessibility

To expand it accessibility to the public in all direction, the Commission has opened six new branch offices in Mekele, Bahirdar, Jimma, Gambela, Hawassa and Jigjiga during the last fiscal year and the offices were fully operational. Through its Legal Aid Centers opened the year earlier, the Commission in partnership with universities and civil

society organizations have been providing free legal aid services to members of the society that could not afford otherwise. The centers have rendered free legal service to over 7,872 citizens that can't afford to pay for the services. Moreover, 102 Legal Aid Centers have been opened and now different organizations are working in collaboration with the Commission and the Legal Aid Centers. The Commission has also carried out the preparation of different regulatory and operational manuals during the fiscal year. To ensure protection of human right and create enabling environment, trainings were therefore provided on human right fundamentals and their implementations to several stakeholders that include civic society, non-governmental organization, and higher education institutions. Furthermore to enrich the concept of human right, its protection and tolerance, partnership was established with several civic societies, religious leaders and their followers and several law enforcing organizations. In order to monitor human rights violation, electronic compliant handling and free telephone handling system implementation is under process.

Rectify human rights violations committed against citizens: several activities were conducted during the fiscal year under review on complain, investigation and rectification of human right violations. One of the mandates of the Commission is to undertake investigation, upon complaint or on its own initiation, with respect to human rights violations. Accordingly during the fiscal year a number of cases have been submitted to the Commission. In 2011/12 a total of 1319 cases were forwarded to the Commission ,and the Commission has undertaken appropriate actions. Furthermore, to implement one of the commission activities, the Commission has monitored 170 police centers at regional states and city.

Human right and research: the Commission has initiated a study on human rights situation in Ethiopia. Consequently the first draft of the Human Rights Report was finalized and distributed to experts and management for their review. The comment and suggestion were incorporated into the draft and the draft is in its final form.

Reducing administrative mal-practices and ensuring right to information: To strengthening implementation capacity and also secure citizen access to information, 5 branch offices of the Ombudsman Institution were opened in 2011/12 against the target of opening only three. Furthermore, to enhance the capacities of the Institution's staff, trainings were given to over 114 members of the Institution. To indentify source of administrative malpractice and take corrective measures accordingly, the Institution was able to conduct 9 research studies out of its plan of 11 in 2011/12. To enable executive organs to be able to respect and protect citizens' constitutional rights and also take special care for vulnerable group such as women and children, 95 trainings and awareness creation programs were undertaken during the year under review against a target of 60 training and awareness creation programs. In addition, 34 monitoring measures were undertaken on selected government entities that provide service to the general public to investigate for malpractices in the delivery of their services.

Regarding citizen right to information, 32 awareness creation programs were delivered against the target of 15 in 2011/12. About 15 manuals and guidelines were prepared and distributed to help with enforcement of proclamation No 590/2000 section 3 that deals with freedom of press and media during the fiscal year

5.4.4 Civic Societies and Charity Organizations

The GTP clearly outlines the role of charities and civil society organization in ensuring sustainable development and good governance. However, the participation and contribution of civic societies and charity organizations to the development and democratization process was not guided by a transparent law until 2009. This in turn undermined the contribution of these actors to the development and democratization process of the country. Thus a law was introduced in 2008/09 to enhance the role of civil society organizations and charities in the development and governance process, to ensure transparency and accountability with regard to the operation of these actors and guarantee public interest and benefit from the operation of the civil society and charities.

Following the enactment of the law, the contribution of the sector to development and democratization process has started to pick-up. The new legal framework has enabled efficient registration and functioning of these entities. This is depicted on the number of newly established and registered civic societies and charities in accordance with the code. By 2011/12, about 2,695 civil societies and charities were registered at federal level alone (Table 38). In addition, there are other regional societies and charities operating in their respective regions. In 2011/12 alone, 413 new societies and charities were registered with the concerned agency. Out of the total number of societies and charities registered with the Agency at federal level, more than 470 societies operate on human rights and governance issues.

Table 38. No. of Charities & societies re-registered & newly registered as per the new proclamation

Type of organization	2009/10		2010/11 Newly- registered	2011/12 Newly registered	2009/10 - 2011/12 Total
	Re-registered	Newly- registered			
Ethiopian resident charities	959	118	332	228	1637
Ethiopian resident societies	58	14	22	29	123
Ethiopian societies	178	37	72	61	348
Ethiopian charities	86	5	15	5	111
Foreign charities	225	21	33	25	304
Consortium	25	7	12	5	49
Adoption	63	0	0	0	63
Total	1,594	202	486	353	2,635

Source: Charities and Societies Agencies

Thus the data indicate that the introduction of the law has not undermined the participation of civil societies and charities. Instead, it has clearly demarcated the roles and responsibilities of these institutions and thereby created transparency and accountability in the sector. It has also created a more conducive environment for the better contribution of charities and societies to the development and democratization process of the country. The law has in particular created a better environment for civil society organization to better contribute to the deepening of the democratization process in Ethiopia. These can be observed from the number of new societies and charities that have been registered following the enactment of the law. In 2010, 2011 and 2012, the numbers of new societies and charities registered to operate according to the new law were 202, 486 and 413 respectively. To further strengthen the participation of societies and charities in the governance and development process of the country, the conducive environment would be further enhanced during the coming GTP periods.

The objective and roles of Charities and Societies Organizations are clearly elaborated in the legal frameworks of the country (Proclamation, Regulation and Guideline on the registration and administration of Charities and Societies). The roles of Charities and Societies are also further detailed in different working papers such as in "the roles of Charities and Societies Organizations" prepared by the Charities and Societies Agency in May 2012. Such a regulatory and operational measures are critical to support and make the work environment conducive and transparent so that Charities and Societies Organizations can play their roles in areas of their influence to significantly contribute to the realization of the GTP.

5.4.5 Preventing and Controlling Corruption

During the GTP period, the major challenges listed in achieving the overall development objective foreseen are rent-seeking practices witnessed in the country. Hence, to combat these bottlenecks of development, the major sources of rent-seeking activities were identified and various preventive and corrective strategies were undertaken.

a. Strengthening institutional capacity to prevent and control corruption

Ethics and Anti-Corruption Institutions at every level could have a significant role in the all rounded effort being made to restrain corruption from hampering development and good governance endeavor. Expanding ethics education has a crucial role with a view to achieving the ongoing effort to create a society that does not condone corruption. In this regard awareness raising education has been provided. Accordingly, in the period under review Training of Trainers was provided to 5,886 people. Awareness raising education was also provided to some 900,423 people drawn from various segments of the society. Regarding print media education 165,604 brochures, 18,000 posters, 209,700 fliers, and 62,503 magazines were published and distributed to the public. In addition, translation of the education was made in different languages through the Commission's outlets. On the other hand, using electronic media four radio and two television dramas and 29 radios and 20 television spots were prepared and transmitted. In addition production of one documentary film based on a true corruption investigation and 10 short plays were aired.

Regarding Corruption Investigation and Prosecution, Ethics and Anti-Corruption Institutions focus on ethics and anti-corruption education expansion and corruption prevention as a major anti-corruption strategy. But if there are sound evidences about an alleged corruption offense, the Commission investigates and takes the case to Court. Accordingly, it was possible to receive 7,072 tip-offs and investigation was made on 3,057 files of which 1,041 cases were taken to Court. In an effort launched to return properties owned through corruption it was possible to retain and transfer 703,935 square meters of land, 16 buildings, 15 vehicles, more than 103 million birr and 5.6 million birr worth of other properties to the respective government institutions. Thus, the conviction rate has reached 79.3% on documentation and 76.65% on convict.

Asset declaration and registrations being one of the corruption prevention methods, the assets of appointees, elected persons, and pertinent public servants were registered during the fiscal year. This could also create mutual trust between the public and the government. In this regard the Federal Ethics and Anti-Corruption Commission of Ethiopia (FEACC) and the Tigray Regional State Ethics and Anti-Corruption Commission have already started implementing the Proclamation for the Disclosure and Registration of Assets by ratifying the Proclamation by their respective Parliaments. Hence, the assets of 31,734 and 965 appointees, elected persons, and pertinent public servants were registered in Federal and Tigray Regional States respectively in 2011/12. In addition certificates were provided to some 32,297 registrants at the Federal level. On the other hand the Amhara, Oromia, Beneshangul Gumuz, Gambella and the South Ethiopia Nations, Nationalities and People's Regional States Ethics and Anti-Corruption Commissions have already ratified the Proclamation for the Disclosure and Registration of Assets with a view to launching the registration process in 2012/13 (2005 E.C) budget year.

The second national corruption survey was conducted with the view to undertake corruption prevention measures based on research. The finding of the survey was launched in the period under review. Some eight surveys aiming at assessing the level of public satisfaction with the anti-corruption struggle at Federal and Regional level were conducted. Similarly, to combat and reduce corruption practice on government higher institute procurement and construction assessment study was conducted and presented to representative from different government organs. In relations to prevention of corruption and ill practices, examining the working procedures and methods of work in public offices and enterprises to close the loopholes was among the activities planned to be undertaken during the fiscal year under review. Accordingly, examination of 99 working procedures of public offices and public enterprises was undertaken and follow up was conducted on the implementation of the recommendations put forward to the public offices and enterprises, whose 61 working procedures were reviewed. Furthermore, Impact Assessment Study of ethics and anti-corruption activities executed over the past 10 years was conducted.

To strengthen the implementation capacity in Ethics and anti-corruption institutions implementation of improved organizational structure and working methods has vital importance following this several structural adjustment activities were made during the fiscal year to improve the working environment. In addition to this, in an effort made to strengthen Ethics and Anti-Corruption Institutions with skilled human power some 185 professionals were recruited at the Federal and Region; 578 professionals also received short term training aiming at filling the gap in human power 14 professionals are following long term training. Over 16 proclamations, rules and regulations aiming at making the anti-corruption endeavor a success and thereby strengthening executive capacity are drafted, improved and adopted

b. Strengthen tax reform program and tax administration system

Among the three major sectors listed as major source of rent-seeking activities and practices, the tax administration and management system is one. To collect the tax that the economy generates efficiently and effectively and thereby also ensure a productive and competitive economy reducing the rent-seeking practice is a necessity. Hence, several corrective measures were taken to control and protect the tax administration from rent-seeking behavior during the last years. These measures include improving the tax administration information system, customer education, enforcement and capacity building. These are the strategic directions pursued to establish and implement efficient and effective tax reform and administration system.

Strengthening modern tax information system

To establish efficient tax administration and information system Standard Integrated Government Tax Administration System SIGTAS had been implemented fully at the federal level. In addition the authority is deploying SIGTAS in regions. In deploying SIGTAS in all Regions different activities have been done in order to support regions specifically in Oromia, South Nations Nationalities, Amhara and Tigray regional states. Experts were also trained to implement the system in a more efficient and effective manner.

With the view of enabling the system to provide additional services, SIGTAS was configured with automation finger print identification system (AFIS) and card production facility (CPF). Custom information management system (ASCUDA++) was implemented at all custom branch offices and information generated from the system was used for customs procedures implementation, post clearance audit, import export trade, etc. regarding the integration of TIN system with SIGTAS (TINS SIGTAS integration) to enable tax payers registration service be more efficient the service was built in such a way that it cover all regional states. Beside the tax collection centers accountable to the Authority additional centers 10 in Addis Ababa, 14 in Oromia, 7 In SNNPR, 5 in Tigray, 1 each in Harari, Somali, in Afar, Benshangul Gumuz regional states and Dire Dawa city council totaling 41 tax collection center has implemented finger print backed TIN registration online. In addition, cargo scanning machine, electronic vehicle's road controller machine, custom value database management and customer call service have been set up during the fiscal year.

In implementing SIGTAS E-Filing and E-Payment Deployment Large Tax Payers Branch Office has been chosen as pilot project implementation branch with its 50 sample taxpayers. The objective of this system is to introduce a system which helps tax payers to declare their tax from their work place; mean without coming to their tax centre. In relation to this goods needed for E-filing system have been bought, trainers training was given to experts, to selected 50 sample taxpayers' and respective bodies. The authority was also undertaking different activities to implement E-tax system which helps tax payers to pay their tax from their work place without coming to the tax centre. On the other side, customs information administration system, ASYCUDA++ is providing use full import-export information to ease customs duty and tax assessment and enforcement activities. IP address have been given to new and old Remote DTI Service user clients. In addition ASYCUDA Software installation and configuration service has been given to branches.

Electronic cargo trucking and scanning system implementation helps to maximize use of technologies to support balance between trade facilitation and customs control efficiently and enhance monitoring the flow and movement of goods and vehicles in transit from. During the fiscal year under review regarding Electronic cargo trucking system plantation of the machines in selected places and request for technical accreditation were under taken while development of infrastructure for setting-up the scanning machine and manual for management of scanning machine were among the major achievement regarding Electronic cargo scanning system.

Regarding establishment of Customs valuation Database several activities where undertaken during the fiscal year. Re-organizing customs valuation data base has been undertaken with the objective of shifting from a minimum price data base valuation system towards the WTO Valuation Agreement Principles system. Thus, procurement of Valuation Detailed Declaration (VDD) software trainings to the authority's staff, transit & clearing agents and traders were undertaken during the fiscal year under review. For tax data collection that were not part of the 2009/10 fiscal year Addis Ababa City sales data, second round tax data collection was undertaken during 2010/11 with this; daily sales data of 31,031 new and existing Addis Ababa City small traders have been collected.

Customers' education and communication on tax and its benefit to development

Enhancing the awareness of taxpayers to encourage voluntary compliance, improve taxpayers training and relation, increase taxpayers' registration and improve taxpayers' cooperation were among the strategic directions pursued under this objective among the activities conducted are training to taxpayers and several commerce/trade community. Flowingly intensive taxpayers' education have been undertaken using electronics and print media and taxpayer education. As a result taxpayers registration increased 331,899 tax payers has been registered during the fiscal year, as of July, 2012 a total of 992,398 taxpayers have been registered and received TIN certificates throughout the country. With the aim to broaden the tax base, enhance trade competitiveness and encourage investment the government has introduced Value Added Tax (VAT) system. During fiscal year 2011/12 16, 080 VAT registrants were registered. Since its inception, the total number of VAT registrant throughout the country reached 90,030. In addition to the above results taxpayers' cooperation and voluntary compliance have been increased accordingly.

Enforcing the taxation law

Different intelligence works have been done collaborating with different partners. Most customs branches of the authority were exercising risk averting management system. During the fiscal year proportion of court cases decided for the authority to the total court cases was 90.25% (conviction rate). To combat malpractice attached to tax and revenue in general and contraband in particular from the root, the authority has discussed repeatedly with different religious leaders, region managers and federal police about the disadvantage and effects of contraband. During the fiscal year different goods estimated birr of 26.61 million also put under control when trying to smuggle outside the country while goods estimated worth birr 307.39 million has been under control while trying to enter the country.

c. Urban land development and management program

To combat corruption and rent-seeking practices from its very source, to prevent public resource from looting and exploitation and also establish full fledged and efficient good governance system, establishment of transparent and accountable land administration system has paramount role. This is therefore one of the strategic directions being pursued during the GTP. The major targets are to develop and implement land and land related information management system, improve land use management and administration system, improve urban planning and implementation and build the capacity of executives and top managements in urban administration. Accordingly, during the fiscal year, model law that assists the implementation of land lease proclamation was developed and made ready for use. Preparation of the new lease proclamation, its approval by the parliament and awareness creation measures to the public was among the major activities conducted during the fiscal year.

The other target in this fiscal year was the establishment of land institutions at regional levels. Accordingly 6 land management information system project offices were established. As outlined in the land management and development policy, establishment of new organizational structure that administer the development and management of land information were made in five regional states (Tigray, Amhara, Oromia, SNNP and Harari) and Dire Dawa. With the objective of establishing urban plan section in regional states that deserve special emphasis it was managed to establish two urban plan divisions at these regional states. The other target in land development and management program is capacitating executives and top managements in urban land management system and urban plan. Accordingly, 358 professionals are trained in land registration and information system, 41,136 professionals in land management and administration. Moreover, 129 professionals from government organizations and 10 private consultants are trained in urban plan preparation.

The key program that would help rout out rent-seeking and corruption in urban land concerns the development of land registration and cadastral system. The approach was to develop and experiment the system in Addis Ababa first, and based on this experience scale it up to other major cities and towns across the country. Thus to implement this priority task, it is essential to urgently conclude the land registration and cadastral system in Addis Ababa. Then the experience needs to be documented for scaling it up to other cities and towns in the country during the GTP period.

d. Ensuring Efficient, Effective, Transparent & Accountable Government Financial System

To enable government financial system to be modern, efficient and effective, and also ensure its transparency and accountability various reform projects were undertaken during the first two years of the GTP period. Accordingly during the fiscal year 2010/11 several preparatory works were undertaken to replace the traditional line item budgeting system with the advanced program budgeting system at federal level. The 2011/12 budget was prepared using program budgeting. To efficiently implement program budgeting, legal framework such as preparation of finance administration procurement, directive and guideline was prepared and enacted

To combat corruption from its root and discarding maladministration, ensuring government procurement transparency and accountability is among the strategic direction being undertaken during the GTP period. In 2011/12 several trainings were conducted to boost the knowledge of procurement in general to different stakeholders and part of the society on public procurement which include general training on procurement to over 400 representatives and professionals from federal institution, 920 training to representative from regional and woreda administration responsible for procurement. In addition, experience sharing was made on the feasibility of e-procurement in Ethiopia. Platform that enable discussion and experience sharing between regional states and city administration on public procurement implementation, the challenges encountered and strategies to overcome the challenges were also undertaken during the plan period. Furthermore, over 20,000 copies of different documents that create awareness on systems and procedures of government procurement were printed and distributed. Different other communication tools were also deployed to raise citizen awareness on public procurement.

One of the areas where corruption and malpractice on public procurement is witnessed is procurement in government higher institutions. To combat this malpractice and ensure efficiency and effectiveness in the sector, procurement auditing and monitoring were conducted in 12 public universities. Furthermore, over 19 documents that enable to conduct procurement bidding, procurement auditing and compliance handling manual were prepared and circulated to different stakeholders. Effort to establish Ethiopian institute of procurement and asset management is also underway.

To improve and upgrade the finance system to new level/ladder and enrich /enable fast, modern, efficient and effective finance system so as to ensure transparency and accountability in the sector, implementation of IFMIS project is underway; to finalize the project on time, keep the deadline and undertake the implementation accordingly

several supports and monitoring the progress was given. In addition, support and supervision were given to the ongoing project such as IBEX 1& and IBEX 2. Several capacity building trainings were conducted on IBEX 1&2 similarly capacity building training was given on IFMIS to improve the finance system.

To ensure transparency and accountability of the government spending and budgeting in the year under consideration budget disclosure and awareness creation to the citizen through training was undertaken. The Financial Transparency and Accountability (FTA) work enabled citizens to be informed about the budget and expenditure in their locality in a transparent and accountable manner using indigenous knowledge and tools. Besides improving accountability and ensuring good governance, the FTA work has made the country a pioneer in implementing FTA in such detailed and grassroots level.

5.4.6 Media Broadcast and Communication

Expansion of Mass Media: The Authority carried out various activities during the budget year that boost the benefits of the public in the expansion of media. Community radio is an alternative media for people with low or no access to media as well as to those whose interests cannot be covered by other media. To address the needs associated with the diversity of nations and nationalities of the country, expansion of community radio is vital. From this perspective, the Authority imparted trainings to its stakeholders to boost their awareness pertaining to community radio and related issues. Following this, the demand to open community radio has increased. The baseline number of community radios were 8 and the plan was to reach 16 in 2011/12. Four community radio licenses were given in 2011/12 which increased the total number of community radios to 14. In relation to private radio, the Authority previously issued 5 licenses for radio broadcasters which are now all operational. In 2011/12 it was planned to give 2 licenses to private radio operators. Accordingly, need assessment survey has already been conducted to grant the licenses.

Along with this, the government gives special attention to transform television services of the country from analogue to digital technology. In this regard, steering committee has been established from different government institutions. The steering committee selected DVT2 which are widely used in rest of the world. Roadmap was drafted to guide establishment of sound policy decision for the digital migration. Regarding public media, it was planned to increase the number of radio stations from 9 as a baseline to 12. However, due to absence of request the desired target was not achieved. Regarding government/public television broadcast service; the target was to increase from 4 to 6 in 2011/12. In 2011/12 there was one license request however; it has been decided to provide the license in accordance with the digital technology transformation. Till then, the applicants can prepare studio and programs. Regarding media expansion license, it was planned to grant 22 licenses in 2011/12 and 9 licenses were issued to 2 radio stations the rationale behind is issuance of 36 licenses the year before which was way above the target in that year.

Regarding registering periodicals, it was targeted to register 52 applicants. The accomplishment is 42. In addition to this, news agency was registered and competency certificate to license renewal were imparted to 25 license holders in accordance with the procedure. Concerning improvement of customers' satisfaction through licensing and registration activities, it was planned to increase the satisfaction from 85% to 100%. While it was managed to register a satisfaction rate of 94% during the year under review.

In relation to media laws and regulations, it was planned to improve and reform three laws and working regulations used for media expansion. Accordingly, advertisement proclamation, community radio directive, community radio, technical standard, and television studio technical standard have been prepared and become operational. As a result, the achievement is 133.3% of the target. To increase customer's participation towards expansion of media, it was planned to conduct 5 communication works with 9 communication stakeholders. In line with this, communication works were conducted in collaboration with different stakeholders. The communication work was also extended to public relation officers of federal government offices. As an upshot, the communication works have immense contributions to work efficiently in collaboration with them. And, the achievements of the communication works become 200% of the target.

In building the capacity of EBA's staff, it was planned to conduct 5 workshops and train 40 professionals. On this basis, it was made possible to hold 8 awareness creation workshops and 98 staff were trained in different disciplines that the job requires.

Mass-Media Inspection & Support: Regarding the broadcasting media in order to make operators responsible for media laws and through monitoring of broadcasted programs, field inspection and appropriate decision making on broadcasting complaints, it was made possible to rectify 158 violations out of the planned 150 programs. Along with this, 48 violations were rectified by monitoring the periodicals.

In order to enable broadcasters and media professionals respect media laws and regulations, it was planned to train 120 media professionals. On that basis, 391 community radio board members and other concerned media practitioners were trained on media laws and regulations, taxation, contribution of broadcasters on GTP, federalism and related issues. The reason for such achievement was the effort of organizing stakeholders in accordance with change agent. This condition created a favorable condition to provide training to more professionals in the media sector.

On the other hand, in order to create a conducive environment in the sector by conducting participatory workshop with broadcasters and media associations, three workshops were conducted on the role of broadcasters on GTP, the situation which media professionals organized and work closely, the Authority working system and related issues. As a result, it was possible to achieve total planned target. In order to strengthen the transparency and accountability in the media sector, it was planned to improve three working manuals and standards in 2011/12. On this basis, it was made possible to prepare drafts of basic guideline on developmental journalism, the preparation of media program, news and current issue, model editorial policy of community radio and standard and guidelines for the vulnerable group of the community.

CHAPTER SIX

CROSS CUTTING SECTORS

1,478,152

WOMEN were provided with credit and saving services

6.1 Women, Children and Youth Affairs

The main targets for 2011/12 fiscal year were to ensure women, children and youth participation in the on-going social, economic and political affairs and organize them to benefit from the economic growth, follow-up that adequate care and support provided to orphans and children at risk, protect children from harmful traditional practices and follow-up that their safety and rights are respected. In this regards, targets set to be achieved during the budget year include the following.

Increase the number of women entrepreneurs that graduate from operating micro enterprise to small and medium scale businesses: During the budget year, targets were set to transform 100 women cooperatives from micro to small and medium scale businesses, provide credit and saving services for 1,500,000 women, upgrade and establish two management & training institutions and train 49,350 women in business management and livelihood skills. Accordingly, 119 cooperatives were transformed from micro to small and medium scale businesses, 1,478,152 women were provided with credit and saving services, four training institutions have been upgraded and established and 70,550 women were trained in business and livelihood skills respectively. The performances registered in 2011/12 were 119%, 98.5%, 200% and 143% respectively.

Mainstreaming women and children affairs in all sectors: The Government has given strong emphasis on the participation of women and children in political, economic and social matters and benefit from the economic growth. To accomplish this objective, targets were set to mainstream 35% women's and children's affairs in federal and regional sectoral offices and development program, increase women's decision making position in the parliament by 30%, increase women's decision making position in judiciary by 22%, and to increase women's decision making in executive by 22%. Moreover, it was planned to give capacity building trainings for stockholders who are engaged in women's and children's affairs. Accordingly, 35% of the federal and regional government offices have mainstreamed women's and children's affairs in their development programs which is 100% of the target accomplishment. Similarly women decision making position in the parliament, judiciary and executive bodies increased to 27.9%, 30% and 16.6% respectively. Training program has been undertaken to capacitate stakeholders involvement in the women's and children's affairs and the achievements has been encouraging.

In the budget year, it was planned to design and implement child policy that takes international child convention into consideration. In this regard, the policy document has been drafted and presented to the Councils of Ministers for approval. To improve the lives of vulnerable and children at risk, 5,258 committee were formed and 1,269,831 vulnerable children at risk have received support from the program, and 24,462 people have received training to give door to door support for children who need this services and within this performance it was able to achieve 90% and 98.5% of the GTP target respectively.

Strengthening Youth Associations: Capacitating youth implementation capacity and enabling them to benefit from the economic growth was one of the target areas in the budget year. Accordingly, training has been given for 1,943,804 youth and 1,570 youth leaders have received training on management. To enable the youth benefit from economic growth, 433,820 micro enterprises were scaled up to small and medium enterprises and they were given financial, technical and material support. Multi-purpose recreation centers have been constructed to facilitate productive engagement of the youth. Various conferences were organized in 2011/12 in order to enhance youth participation in good governance and democratization process.

6.2 Sport Sector

Policy direction focus in Sport sector for youth development in 2011/12 budget year was to enhancing the participation of youth in democratic governance, economic and social initiative and ensuring youth benefit from the result outcome. In this regards, 2011/12 major Sport sector targets are organizing and Supporting Sport Federation Association & Community sport Committees, Support Community Participation for sport development expand sport facility development, expand sport education and training were main targets set to be implemented during the 2011/12 budget year and accordingly, the achievements of the planned activities are presented below.

Organizing and Supporting Sport Federation Association and Community Sport Committees: In this regard, emphasis was given to ensure effective public participation and efficient utilization of all available resources and capacities. In the fiscal year under review, it was planned to establish two new associations, organize 4,235 sport committees at regions, zone and wereda level, organize 34 sport committees at different government organization, and organize 10,284 sport committees and clubs at various levels. Accordingly, the achievements were 100%, 205%, 100% and 88% respectively. In the budget year, 250 sport associations have received financial, technical and material support and 12,296 sport teams, clubs, federations and higher institutions organized at different levels from region to kebele have received financial and material support. Similarly, 1,308 higher institutions, government organization and enterprises were given educational and technical training registering 100% achievement compared to the target.

Development of Sport Facilities: The development of sport infrastructure such as pitches, gymnasiums, stadiums, tracks and training centers have direct impact on sport growth and development. The government is committed to increase its efforts to finance sport infrastructure and create conducive environment for the private sector to invest its capital in sport infrastructures and facilities. During 2011/12 budget year, 2009 sport field were expanded and improved and 12 private investors were involved in sport infrastructure development, materials and equipment supplies. Compared with the target for the year under review, the performance registered was 97% and 67%. This performance achievement is higher than the previous year performance by 24% and 37% respectively

Community Participation: Developing people's participation at all levels and in each direction is recognized as a major direction for sport sector development. To fulfill this target, the participation of people, increasing the number of sport events, games, festivals, seminars, workshops, and discussion programs were to be undertaken. In this regards, in 2011/12 budget year 4,623 festivals and 4,784 awareness creation programs were planned and the achievements were 298% and 160% respectively.

Expand education and training program: Attention has been given to expand training centers and organize training programs to those elite athletes and sport professionals. To accomplish this target, Federal sport commission, with the collaboration of ministry of education launch youth training project throughout the country and have implemented sport science training programs in joint venture of higher institutions. In 2011/12 budget year, 20,235 youth have received training service, 1,925 athletes have participated in different sport filed, and 10,166 sport professionals have received training. Similarly to enhance sport development activities, 39 research studies have been conducted. Compared with planned targets for 2011/12, the achievements were 101%, 85%, 125% and 87% respectively.

6.3 Prevention and control of HIV/AIDS

The HIV/AIDS incidence rate has been increasing in Ethiopia until recently. However during the last few years the spread of HIV/AIDS has stabilized and is on a declining trend as a result of the various strategies implemented over the years. In 2011/12, it was planned to distribute 400 million condoms, but only 146.8 million condoms (36.7%) were actually distributed. In 2010/11, 181 million condoms have been distributed. This shows that during the first two years of the GTP a total of 328 million condoms have been distributed. In terms of improving communities' awareness, counseling and testing services have been provided to different institutions such as schools, development establishments, etc. The number of HIV/AIDS counseling and services centers increased from 2,309 in 2010/11 to 2,881 in 2011/12. In 2011/12 it was planned to provide HIV/AIDS counseling services to 10.1 million people (o/w 52.6% female, 47.4% male) and performance of VCT services stood at 11.2 million people. Of the 11.2 million people who received VCT services, 1.1 million people received HIV/AIDS testing services. Out of the 1.1 million people whose blood samples were tested, 120,546 people have been reported positive.

In 2011/12 the number of People Living With HIV/AIDS reached 759 thousand. Out of these 168 thousand (22%) were children. In 2009/10 adult prevalence rate has been reported as 2.4%. During the GTP period it was planned to maintain the prevalence rate at 2.4%. However, according to EDHs data for 2011 the prevalence rate is estimated at 1.5%. At the end of 2011/12, this rate is estimated to have declined to 1.3% (1.8% female and 0.9% male). Based on good experiences that have been practiced to date in contributing to preventing and controlling the spread and prevalence of HIV/AIDS, the government would strengthen these ongoing efforts. On the other hand, while drafting the GTP, it was planned to reduce HIV/AIDS incidence rate from 0.28% in 2009/10 to 0.14% in 2014/15. As a result, according to the assessment of the 2011 EDHs, HIV/AIDS incidence rate has declined to 0.03% in 2011/12, implying that it has been possible to achieve the target before the time frame of 2014/15.

In tandem with the trends in the anti HIV/AIDS medicine supply, centers used to distribute the medicine increased from 596 in 2009/10 to 743 in 2010/11, and further to 838 in 2011/12. In 2011/12 anti HIV/AIDS medicine coverage reached 71.5%. This achievement indicates that it is possible to reach the targeted 85% coverage at the end of 2014/15. Regarding trends in the coverage of HIV- positive mothers who received PMTCT service, it has increased from 22% in 2008/10 to and 33.4% in 2010/11, and further to 35.2% in 2011/12.

6.4 Social Affairs

One of the main focus areas in the implementation of the 5years GTP (Growth and Transformation Plan) is the issue of social welfare which mainly focuses on persons with disabilities and elderly people. The main strategic direction of this sector is protecting the rights of and creating opportunities for participation of people with disabilities and elderly people so that they contribute fully to the development process as well as to political, economic and social

activities in the country. Hence during the 2011/12 budget year the following activities have been achieved. During the budget year 2011/12 it was planned to provide services of physical support to 57,664 individuals of which 47,697 have received physical rehabilitation services. The performance compared with the annual plan was 83% but it is 3 fold as compared to the similar performance of 2010/11. Shortage of trained manpower was one of the reasons for not performing the task as planned. In order to overcome the skilled manpower problem of the centers, 23 prosthetic and orthotics technicians were trained and a direction has been set up to continue the training Hence the achievements of the budget year as compared to the target set for 2014/15 is 50%.

In response to the need of access and service delivery of social protection, the sector has planned to provide social support in nine regions and two city administrations/excluding Afar and Somali regions/ for 383,517 different socially vulnerable groups. A total of 281,317 people under difficult circumstances have received different types of social Welfare /protection services. This is 73% of the target set for the budget year. The achievement is encouraging though it was not 100% performed as compared to the target set for the budget year for the reason that some regions are with shortage of manpower. The aggregate performance of the budget year is 44% of the target set for 2014/15. It was planned to conduct training of awareness creation on the legal framework of social protection issues and identifying the root cause of the problem for 384,055 different social groups. The achievement was 5,514,428

6.5 Labor Affairs

With regard to the establishment of labor market system, during the budget year it was planned to conduct a survey and collect data on two selective key labor market indicators. However, data have been collected and organized ready to analysis on five key labor market indicators namely *Labor Force Participation ratio*, *employment-to-population ratio*, and *employment in the informal sector*, *unemployment*, and *Youth unemployment*. During the budget year it was planned to support 12,060 job seekers with domestic employment opportunity and about 348,983 job seekers were able to be employed domestically on permanent, contract and non-permanent basis and have become productive citizens. The performance is 2893% of the target set for the year. It is also 10 times fold the performance of the previous year. The result obtained is mainly due to working in collaboration with private organization, employers, and other stakeholders.

Urban unemployment survey results: The Central Statistical Agency (CSA) provides data on urban labor market. According to the survey the total urban population figure in 2011/12 is about 14 million out of which 11.11 million are above the age of 10 years. Out of the total population aged ten years and above, the size of economically active population based on the current status approach was 6,944,691 (62.5%) Out of the urban population in 2010/11, 60.3% were economically active and this increased to 62.5% in 2011/12. (See table below). This implies that the number of citizens who participate in the labor market is increasing from time to time.

Between 2010/11 and 2011/12, workers-population ratio increased from 49.4% to 51.5%. This shows that the number and proportion of working citizens out of the total population is increasing. Population in the informal sector decreased from 36.5% to 32.7. More importantly, in the same period, urban unemployment rate declined from 18% to 17.5 while youth unemployment declined from 23.7% to 23.3. Similarly when we look at the unemployment rate among female it is higher than male in all regions.

Table 39. Urban Unemployment Survey Results in 2010/11 and 2011/12.

No.		2010/11 Results			2011/12 Results		
		Male	Female	Total	Male	Female	Total
1	Economically active population (%)	67.9	53.5	60.3	69.7	56.2	62.5
2	Workers-population ratio (%)	60.2	40.0	49.4	61.7	42.6	51.5
3	People in the informal sector (%)	28.0	48.4	36.5	24.2	42.2	32.7
4	Unemployment rate	11.4	25.3	18.0	11.4	24.2	17.5
5	Unemployment among the youth (15-29)	16.5	30.3	23.7	16.1	29.6	23.3

Source: Central Statistical Agency (CSA)

During the budget year it was planned to employ 40,000 citizens abroad, but 198,667 citizens (consists of 10,736 males and 187,931 female) have been sent to foreign countries which is more than the plan for the budget year by 396%. The performance of the budget year is much higher as compared to the previous year and significantly exceeds the target estimated for 2014/15.

Regarding Ethiopian citizen working abroad, a national committee has been established to protect the welfare of the citizen and prevent the illegal human trafficking. Under this national committee a technical committee has been set up and a working manual was issued for its further task. A committee has been formed and had already started the task in all regions and city administrations to control the illegal trafficking of human being in organized and systematic way from Federal up to regions. Some of the activities that the committee has accomplished are set up organizations; to improve the organizational structure of “expand job opportunity services”, to prevent illegal trafficking of human being, in addition to at Federal level organize committees at regional level too to protect the right, privilege, and honor of Ethiopians working abroad.

For the budget year it was planned to issue work permits for 23,000 foreign citizens. Totally 30,269 foreign nationals were issued with work permit services. The reasons for the performance to be higher than the target set for the year is due to the encouraging investment policy prevailed in the country and better conditions created due to good infrastructure development carried out by the government which as a result increase in the number of foreign nationals entering the country for investment. The performance of the budget year is fully achieved the target set for 2014/15.

With regard to improving working environment, during the budget year it was planned to monitor service of working conditions of 6,274 different organizations. During the reporting period, a total of 27,572 enterprises were inspected, which is above four times fold the planned period. The reason for such encouraging performance is the increase in the number of organizations in relation to investment and the emerging of new structures which addresses these issues. The performance of the fiscal year as compared to the previous year and the target set for 2014/15 is three times folded.

Regarding bilateral consultation system at organizational level, during the budget year it was planned to establish bilateral consultation system between the employee and employers within 75 organizations. In the reporting period, a total of 349 bilateral consultation mechanisms were established. This is four times fold of the target set for the budget year. The reasons for this higher performance are the efficient and effective nature of the system of the bilateral consultation mechanism and the effort paid by the experts to accomplish the task very seriously. The performance as compared to the previous year is more than 3 times folded but it is 175% of the target set for the year 2014/15.

Regarding work disputes and solving through dialogue, during the budget year it was planned to settle work disputes of 62% of the total disputes for settlement. Out of the total disputes submitted for dialogue, 84% were settled by agreement. The performance is 135% the target set for the year. The result for such a higher performance registered is due to an attempt of the implementing body in relation to the strategy to control the work place dispute, cooperation at work place among the workers, increase the number of organizations that set up social consultation and board of employers and employees mediators initiatives to mediate the two parties prior to the time table of the law. The aggregate performance of the budget year is above the target set for year 2014/15.

Regarding the amendment of the proclamation of employers and employees, after intensive dialogues and discussions, comments and suggestions were forwarded to be incorporated in the main document by government, Ethiopian Employers Federation, Ethiopian Employees’ Associations’ Confederation and different stakeholders at national level, and an agreement have been reached to incorporate the comments and suggestions and submit to the board of consultants for final checking and to be endorsed by the government. However, a forum has not yet been prepared for Government developmental organizations, Ministry of Industry and representatives of private sectors to collect comments and suggestions on the improvement of the proclamation but a forum will be facilitated in this fiscal year.

The major problem in this sector is the worrying illegal human trafficking and inability of to fully ensure the right and welfare of citizens working abroad particularly in the Middle East. The Government has taken a number of measures, but the issue continues to require a coordinated and urgent action. Thus the undergoing initiatives will be strengthened over the coming years to address this problem.

6.6 Population and Development

With regard to the establishment of National Population Council, the draft regulation has been presented to the council of ministers last year and an amendment has been given and submitted again for the second time. Until then the directorate in collaboration with the concerned stakeholders is preparing an alternative draft document that facilitates the establishment of National Population and Development taskforce that would help to coordinate population issues implementation. Regarding the National Population Plan of Action, in the previous budget year

the documents were printed and distributed to relevant implementing sector institutions and some regions to incorporate in their development plan. Some regions like Amhara, Oromiya, and Dire Dawa town administration are implementing the action plan considering their regional circumstances. To integrate population issues in development planning that helps to mainstream population issues in to macro and sector development plans, a survey has been conducted in collaboration with the Addis Ababa University. The finding of the assessment indicated that 13 institutes with less quality standards have integrated population issues in their development plan.

Population and development indicators have been prepared, printed and disseminated to the respected stakeholders. A survey has been conducted on the accessibility and benefit of information of population issues which is given to the public through Ethiopian Radio and Addis Zemen newspaper on a continuous base. The study has pointed out the measures that should be taken to strengthen the work in the future.

Training on various topics such as on population management, reproductive health, family planning, population information analysis and research, fund raising and using for population projects has been given for federal and regional bureaus of 17 experts both abroad and local. Regarding National Population Information Communication advocacy strategy, a committee consists of federal and NGO higher experts has been established to follow up and coordinate the implementation of the strategy. As has been done last year educational message on the relationship between population and development and inculcating the attitude of small, happy and prosperous family was disseminated to the public at lager using various Medias.

6.7 Culture and Tourism

During the fiscal year at national level, it was planned to register three non moveable heritages, five National & Nationalities intangible heritages, 301 moveable heritages, and two heritage places recognized and the whole target is achieved. To reduce illegal trading activities of wild life raw materials, during the budget year it was planned to carry out sudden investigation on seven suspected places and 1 and it was found that in 12 places there were found to have an illegal transfer of Ivory. The criminals were arrested and have been put on trial. Moreover it was planned to establish 4 legally recognized wild animal parks whereas 5 were established.

During the budget year it was planned to create job for 300,000 citizens and the performance was 243,646. Regarding promoting the good image of the country and attracting tourists, it was planned to increase the number of tourists up to 650,000 and a total of 584,498 tourists have been visited the country. It was planned to increase the number of days of stay of tourists to 7 days on average in the country, and the achievement is 6.5 days. The number of constructed lodges during the fiscal year was 30 which are a bit larger than the target set for the year and the figure was 28. During the plan period it was expected to collect revenue from tourists amounting 773 Million USD but about 411,683,987 USD which is 53% of the target set for the year has been collected.

With regard to protected information heritages, during the budget year it was planned to protect and secure 7019 information heritages but around 20,528 were protected and secured. The planned number of heritages developed and used for appropriate purposes during the budget year was 500 and hence it is fully achieved. During the budget year it was planned to train 252 art professionals (50% females, 70% youth) and it is fully achieved. To increase the number of key and endangered wild life animals, monitoring mechanisms have been introduced.

As compared to the extension and impact of the prospected National Policy formulation, Strategies and Packages, the low levels of experiences of the implementers was the main challenge of the sector during the budget year. Trainings were given for experts both abroad and domestically as an attempt to overcome the problem.

6.8 Science and technology development

During the fiscal year under review 1,063 technological information that will help in the growth and development of industry (textile technology 123, agro-processing 153, bio-technology 110, chemical and pharmaceutical 143, agriculture 112, leather 90, construction 35, information and electronics 130 and metal 167), were collected and 591 of them were disseminated to the end users.

In 2011/12, a national survey was conducted on innovation, research and development to show the status of Science and Technology development in the country. The collected data was organized, analyzed and the survey result is published and distributed to stakeholders. According to the survey result it has been indicated that, 0.24% of Gross Domestic Product was allocated to research and development. Out of the total population the proportion of persons engaged in research and development was 164 persons per million inhabitants. The number of researchers per

million inhabitants is only 91. Disaggregated by gender 10.3% of the R&D personnel and 6.5 of the researchers are female. National award to recognize and honor outstanding achievements of researchers, innovators and institutions was prepared. Through different communication techniques including electronic and hard copies, the guidelines were communicated to the concerned stakeholders to send applicants for competition. Following the evaluation of the work, 152 students and teachers, 46 TVET trainees and trainers and six researchers as well as innovators were selected for the national award.

In 2011/12, Southern Ethiopia Rift Valley Tsetse Fly Eradication Project (STEP) was engaged in expansion of the tsetse fly control area from 25, 000 km² where the fly density is planned to reduce from 90-95% and its final achievement increased to 47,000 km² at the end of 2011/12. The Project planned to treat 1,785,000 cattle with pour-on, whereas performance reached 3,439,670. On the other hand the total area planned to conduct ground spray to suppress the fly density for the fiscal year is 4,000 km² while the actual area where suppression is carried out stood at 2,562.5 km² which is accounted for 64% of the planned total area to be suppressed. The reason for under achievement is due to delay in supply of necessary inputs that should complement with the equipment required for suppression activities.

Protection and development of intellectual property: In the Intellectual Property sector annual collection of 4,750,000 and dissemination of 1,250,000 patent documents were targeted and achievement reached 5,321,949 (112%) and 1,800,000 (144%) documentation and dissemination respectively in line with the strategic technological needs of the country.

Radiation Protection and Regulatory Control: In view of Inspection and law-enforcement, 375 different entities have unremittingly been inspected in order to make sure that the radiation protection and safety is accordingly respected for. Evidently, on the basis of the blessing tendency of whistleblowers, 58 settings located within various regions of the country are banned and prevented from being involved in their activities on account of their failure to meet with the requirements of the Authority. Standards Development and Implementation: During the 2011/12 it was targeted to prepare 2,275 Ethiopian standards and ended up by preparing 2,118 (1534 new and 584 revised) which accounted to 93% of performance achievement.

National Metrology: In expanding the scope of the national metrology service from 10% to 30%; a national calibration and measurement need assessment report is finalized and new area of pressure calibration using gas medium and atmospheric pressure measurement calibration has begun. In the area of mass calibration, density measurement set-up to measure the density of weights and calibration of hydrometers, using hydrostatic method is conducted using the support of Korean Metrology Institute.

In the area of electrical calibration, Alternating Current calibration has begun using the National Transfer standard. With the accuracy of 0.05v, a computerized calibration facility for Electrical energy meter calibration is operational. The capacity of electrical current calibration is increased from 20 ampere to 1,000 ampere as well as, the capacitance calibration capacity is increased from 11 nano farad to 110 mili farad. In the area of temperature calibration, with the support of fixed point cells and other relevant equipment from Korean Metrology Institute, National metrology institute of Ethiopia (NMIE) capacity is upgraded from secondary national measurement standard to primary national measurement standard. With the activities listed above the scope of NMIE is increased from 10% to 26.7%. A total of 8248 calibration certificates were provided (61%) to customers. National accreditation: During 2011/12 over 80 documents required to render Accreditation Services were prepared and out of these documents 6 documents were revised based on the requirements of ISO/IEC 17,011.

Conformity assessment: Certification and laboratory testing services were provided to enhance the quality of products and services that are given by producers and service providers. Regarding certification services, out of the planned 96 new conformity certificates and 382 renewals, 56 new certificates and 209 renewals were provided. The performance reached 55%. It was planned to give laboratory testing services to 5,145 test samples and 3,488 samples were tested with a performance of 68%. The planned details are to give testing services to 675 agricultural products, 1,500 construction and building materials, 600 food samples, 340 chemical and chemical products, 850 electro technology products, 300 textile products, 80 leather and leather products, 400 microbiological test samples and 400 radiation test samples. The performance of testing the planned samples was 360,1050,338,288,769,334,66, 233 and 50 respectively.

Regarding the development of quality system, quality manuals, procedures and work instructions were developed to attain accreditation and international recognition. In attaining accreditation, out of the six operating laboratories, internal audit performed on five requisitions is presented for accreditation body. Accordingly, 90% of the plan is achieved. In general, provision of product and service quality conformity, broadening service accessibility and development of quality management system performance reached 76%.

6.9 Environment and Climate Change

Environment and Climate Change is among the list of priorities in the Growth and Transformation Plan as environmental protection is crucial to ensuring sustainable development. Building a green economy and effectively implementing ongoing environmental laws are among the strategic goals to be pursued during the plan period. In the process of building a climate change resilient green economy, there are two key issues, adaptation to climate change and mitigation of green house gases. So as to achieve the targets set in the sector and then reach on the objectives mentioned above, enhancing green economy system development; improving provision of support for implementation of green economy system and enforcing environmental laws in all administrative units and sectors are the major targets which have been undertaken since the start of the Growth and Transformation Plan. The major achievements of the sector in the 2011/12 fiscal year are presented hereunder.

Enhancing the capacity required to build Climate Change Resilient Green Economy: - In relation to this, two climate adaptation action programme and manuals and 26 sectoral and regional climate change adaptation programmes have been prepared. Ethiopia's Climate Resilient Green Economy Vision was translated into Amharic and Ethiopia's Climate Resilient Green Economy Strategy was prepared both in English and Amharic languages. Ethiopia's Climate Change Adaptation Programme of Action was also prepared.

On the other hand, it was planned to carry out 11 environmental conservation activities in 22 Woredas to reduce vulnerability of infrastructures to climate change and it was possible to accomplish 91% of the target. 6 projects have been implemented to reduce vulnerability of lakes, wetlands and rivers to climate change. Furthermore, 40 environmental conservation projects in 97 woredas located in Amhara, Southern Nations and Nationalities and Peoples Regional State and Tigray regions were accomplished to build climate resilient, carbon neutral economy at Woreda level.

Developing capacity for taking actions on mitigating Green House Gases (GHGs):- Supports have been provided to establish 7480 watt solar energy system. 4 projects have been implemented to produce 525,000 liter ethanol and biodiesel annually to reduce air pollution and technical assistances have been given to during the implementation of these projects. 8 supports have been given for vegetation coverage of 89370.1 Sq. kilometer degraded and eroded land. Similarly, 308 stoves have been distributed so as to help reduce deforestation. Support also provided to implement Green House Gas reduction/ carbon sinking projects in 2876 Sq. km natural forest, 4390 Sq. km savanna land, 60360 Sq.km national parks and 51496 Sq.km wet lands.

Enforcing Environmental Laws in all Administrative Units and Sectors: - Seven compliance reports on the enforcement of the solid waste management proclamation have been prepared and 11 projects have been implemented to ensure enforcement of solid waste management regulation. A report has been prepared of the 8 industry sectors with the regulation and emission standards and one technology was demonstrated for these sectors to help them abide by the environmental regulations and emission standards. Supports which are 5 in number have been provided to environmental units and a number of reports have been prepared to ensure incorporation of environmental considerations in development endeavors. On top of this, three environmental conservation systems were prepared.

Further, system designed to establish Climate Resilient Green Economy Facility and investment proposal design manual which helps to transfer Climate Change Adaptation and Green House Gas emission reduction technologies to communities is prepared. Besides, 6 reports have been prepared on flower farm system compliance. In the preparation of annual and 5 year state of the environment reports it was possible to accomplish 18% of the target.

CHAPTER SEVEN

MONITORING AND EVALUATION SYSTEMS

In view of managing the economy in a transparent and accountable manner, price information was updated on monthly basis and used as input for policy decision. Close follow-up of the fiscal and monetary policies, export performance and other macroeconomic indicators were conducted to ensure stable and sustainable macro economic situation...

The main objective of the Monitoring and Evaluation system of GTP is to follow-up, monitor and evaluates the accomplishments of the GTP's major outputs and outcomes. The system has been built on government's development policies and strategies to inform timely information decision making so as to properly manage the development process. M & E system provides tools for coordinating and managing development processes at macro and sectoral levels for efficient results and effective outcomes. Accordingly, in 2011/12, the following activities were performed.

7.1 Monitoring the Overall Plan Performance by MoFED

In 2011/12, consultations, workshops and seminars were conducted at the Federal and Regional levels to create awareness on the GTP implementation. Continuous follow-up and support have been provided to implementing bodies through various consultation fora, training, guidelines, etc. The first year Annual Progress Report of the GTP was prepared and approved by the government. Consultative meetings were organized and conducted both at the federal and regional levels to discuss the annual progress report and to draw lessons for effective implementation GTP in the future. In the consultative meetings, representatives of the private sector, development partners, civil society organizations, religious institutions, youth and women association, were participated. Bi-annual High-level Forum (HLF) and Joint Budget and Aid Review (JRIS/JBAR) were also conducted to review progresses in GTP and Protection of Basic Service Program II.

In view of managing the economy in a transparent and accountable manner, price information was updated on monthly basis and used as input for policy decision. Close follow-up of the fiscal and monetary policies, export performance and other macroeconomic indicators were conducted to ensure stable and sustainable macro economic situation by by taking corrective action for the challenges encountered.

7.2 Performances of the Federal Executive Bodies

Executive bodies have implemented their annual plan(which was prepared based on the Growth and Transformation Plan (GTP)). Performances were monitored and evaluated at consultative forums prepared at different levels. Accordingly annual reports of executive bodies have been submitted to the federal government. Their annual reports have also used as input for GTP 2011/12 National Report. Enhancing capacities of implementing institutions so as to properly collect, compile, analyze and utilize information is a key factor that should be looked ahead.

7.3 National Survey and Census studies

The GTP monitoring activities are being supported by administrative and survey data/information. Administrative data/information are provided by implementing agencies/line ministries and Survey data are being generated through survey studies conducted by the Central Statistical Agency(CSA). Accordingly, the following survey data are generated and used in preparing the 2011/12 Annual Progress Report.

Agriculture, Natural Resources and Environmental Statistics: In the area of agriculture, the following data have been collected, processed, analyzed and statistical reports have been prepared and disseminated to various data users: the 2011/12 Report on Pre-harvest Crop Production Forecast survey; the 2011/12 Livestock and Livestock Characteristics Survey Report; the 2011/12 Report of Post-harvest Area, Production and Yield of major crops of main season; the 2011/12 Report on Farm Management and Agricultural Practices of Main Season; the 2011/12 Crop Land Use Survey Report of Main Season; the 2011/12 Crop and Livestock Products Utilization Statistical Report.

Ongoing activities in agricultural statistics are: the 2011/12 Large and medium scale commercial farms data collection activities has been completed and the data processing work is in progress; the 2011/12 "Belg" season Survey data collection activities has been completed and the data processing work is underway; the 2011/12 SNNP Region Selected Vegetables and Root Crops including Enset sample Survey data collection activities has been completed and the data processing work is underway.

Business Statistics: several statistical surveys on the sector were planned to be conducted, namely annual survey on manufacturing industries, periodic survey of distributive trade, and contract construction survey and small scale manufacturing industries. Data was compiled from sector Ministries on transport, communications, and finance institutions that are presented in the Annual Statistical Abstract. Quarterly reports on producers' prices index for manufacturing (PPI-M) and annual medium and large scale manufacturing industries, and distributive trade statistics were produced and disseminated to the users.

Household Surveys and Price Statistics: During the plan period 2011/12 the data processing and analysis of two surveys have been completed and the data have been disseminated to the users. These two surveys are Welfare Monitoring Survey and Household Consumption and Expenditure Survey where the data collection activities were conducted in the previous year. These surveys were conducted simultaneously every five-year to show the income and non-income dimensions of poverty.

Monthly average price of goods and services, monthly Consumer Price Index and Monthly producers' prices for agricultural products and the corresponding price indices have been produced and disseminated to users on timely fashion. Annual Urban employment and unemployment surveys has been conducted and disseminated to users. Moreover, quarterly statistical data on price of goods and services mainly stationary and some construction materials have been generated and submitted to Ethiopian Procurement Agency. Under International Comparison Program with financial support from AfDB/ COMESA, statistical data on price of goods and services were generated and submitted to AfDB and COMESA. Various data were compiled from administrative records for the annual statistical abstract of Ethiopia. More over monthly Harmonized Consumer Price Index (HCPI) was prepared and submitted to COMESA.

Population Statistics: - During the plan period 2011/12, the third Ethiopian Demographic and Health Survey (EDHS 2011) data analysis and report writing, publishing and dissemination of the results have been undertaken. The DHS report contains different indicators which explain the achievements of the Growth and Transformation Plan. The preparation of both thematic report and in-depth analysis on selected topics on the 2007 Population and Housing Census data were conducted and have been published and disseminated to data users. The first inter-censal population survey preparatory activities including the pilot and main survey have been conducted in 2011/12 and the data processing of the survey is underway.

National Statistical Quality and Standards Coordination and Capacity Building: To create uniform statistical system in the country, the existing methods and procedures to generate data from surveys and administrative records should be compatible, so the development of common concepts and definitions, classifications, standards, codes, formats and methods were developed and finalized. A survey was conducted to Ministry of Education and Ethiopian Road Authority to know and identify the existing data system. Continuous statistical support was given to various sector ministries and agencies.

Cartography and GIS: Atlas on Population, Agriculture and Rural infrastructures are produced and disseminated to data users during the plan period; Land classification data base was produced; In this document delineation of enumeration areas, preparation of various atlases, land utilization and land coverage are incorporated and GIS data collection activities has started in urban centers.

Information Technology Systems: To make the agency's statistical data accessible to data users all survey results were posted on the agency's web page. The agency informed all web- subscribers updates timely. All old survey data were archived to the agency data bank. During the plan period semi survey data processing and data transfer processes were done through the existing wide area network system. In 2011/12, CSA has collected various socio-economic data using household approach both from rural and urban parts of the country, from randomly selected 2,290 and 790 enumeration areas respectively. In addition to this, retail prices were collected from 119 market places selected from 106 towns. Data on manufacturing and construction industries are also collected from business establishments.

CHAPTER EIGHT

SUMMARY AND CONCLUSIONS

The economic growth rate registered is not only rapid but also broad based with significant impact on poverty reduction. This rapid economic growth has significantly contributed to poverty reduction in the country. The 2011 Household Income and Consumption Expenditure Survey shows that poverty has declined both in rural and urban areas.

In 2011/12, the Ethiopian economy has registered a growth rate of 8.5%, against the target of 11.1%. The rate of growth registered in 2010/11 was 11.4%, which slightly exceeds its target. Accordingly, in the first two years of the GTP, the economy grew on the average by about 10% per annum. In light of the global economic situations and compared to the 5.3% average growth rate of Sub-Saharan African countries as well as the 7% growth rate required to reduce poverty by half by 2015, the growth rate registered in 2011/12 is considered to be very strong. In general, the growth registered during the first two years of the GTP period has contributed to the attainment of average economic growth rate per annum of 11% over the last nine consecutive years between 2004 and 2012.

The economic growth rate registered is not only rapid but also broad based with significant impact on poverty reduction. This rapid economic growth has significantly contributed to poverty reduction in the country. The 2011 Household Income and Consumption Expenditure Survey shows that poverty has declined both in rural and urban areas. The headcount poverty rate fell from 38.7% in 2004/05 to 29.6% in 2010/11. This is forecasted to decline further to 27.6% in 2011/12. Rural headcount poverty rate also declined from 39.3% in 2004/05 to 30.4% in 2010/11. Over the same period, in urban areas poverty declined substantially from 35.1% in 2004/05 to 25.7% in 2010/11. Unemployment rate in urban areas has also shown a declining trend. Social and economic services and infrastructure have also expanded improving the welfare of citizens significantly. Thus the economic growth registered over the first two years of the GTP period has improved the welfare and service delivery to citizens. Poverty and unemployment levels are however still unacceptably very high, and hence the rapid and broad-based economic growth registered over the past nine years has to be sustained to significantly reduce these problems.

However, inflationary pressure has remained a critical challenge in the last two years. This inflationary pressure has had an adverse effect on poverty reduction and investment expansion outcomes. Although the inflation was thought to be mainly an imported one, a number of measures have been undertaken in order to address the domestic sources of the inflationary pressure. The government has taken tight fiscal and monetary measures in order to circumvent inflationary sources from this dimension. The government maintained a very low level of budget deficit and financed the deficit through non-inflationary means. It sterilized the excess foreign exchange reserves that consequently exacerbated the inflationary pressures. To improve the efficiency and competitiveness of the domestic market structure, reforms with regard to business registration and licensing as well as trade practices have been implemented. To ease the burden on low and middle income citizens, the government has been distributing basic food items of wheat, edible oil and sugar in urban areas. As a result, inflation has started to slow down. However, the most effective and lasting solution to ensure stable prices is to further enhance productivity of the agriculture sector and accelerate rapid growth of the manufacturing industry. These moves have to be accompanied massive expansion of productive employment opportunities in urban and rural areas. To sustain the progress made so far, the primary focus is still on improving the productivity of small holder agriculture and promotion of small scale enterprises. The strategies to achieve these objectives are clear. With regard to agriculture, more effective implementation of the scaling up strategy remains critical. To promote the expansion of micro and small enterprises, the revised strategy of the sector has to be implemented more effectively. However, better support has to be provided also to strengthen the role and contribution of the medium and large-scale private sector both in agriculture and manufacturing sectors. To do away with imported inflationary pressures, it is required to strengthen import substitution industries. Moreover, increasing the stock of strategic commodities is essential. With regard to ensuring a more efficient and competitive domestic trade and marketing system, it is crucial to reinforce the domestic regulatory system.

In terms of fiscal administration, tax revenue has nearly doubled from birr 43.3 billion in 2009/10 to birr 85.7 billion in 2011/12. Tax to GDP ratio has also increased from 11.3% in 2009/10 to 11.6% in 2011/12. However, in relation to tax generating capacity of the economy, in comparison to other countries' position at similar stage of economic development and the financing needs of the country's development programs, there is a need to exert additional efforts to increase the tax revenue. The four strategies of the tax reform will be deepened further over the coming years to increase tax revenue further to 15-17% of GDP. In terms of budgetary allocations, priority has been given to capital investment. For example, in 2010/11 and in 2011/12, 57% and 59% of total government expenditure has been allocated to capital budget expenditures respectively. Similarly, the allocation of government expenditure has a priority focus on pro-poor and growth oriented sectors such as education, health, road, water and agriculture. In 2010/11 and in 2011/12, government expenditure allocated to these sectors accounted for about 66% and 70.4% of the total government expenditure showing the government's commitment to poverty to eradication. In addition, the government accords equal attention to more efficient and effective utilization of available government finances at all levels.

The share of domestic saving and investment in 2009/10 and 2011/12 has shown remarkable improvement. Domestic saving as a share of GDP has increased from 5.2% in 2009/10 to 12.8% in 2010/11 and further to 16.5% in 2011/12. Likewise investment as a share of GDP has increased from 22.3% in 2009/10 to 27.9% in 2010/11 and further to 34.6% in 2011/12. Though the performance registered in domestic saving in the last two years is impressive, the saving and investment gap is still very wide. Therefore, additional efforts need to be exerted to strengthen and sustain the progress made so far in domestic saving mobilization to narrow the saving investment gap. The plan is to increase the domestic saving rate to about 20% by the end of the GTP period by consolidating the ongoing measures with regard to domestic saving mobilizations. The investment rate would be maintained at its current level.

In 2010/11 and 2011/12, remarkable achievements have been registered in growth enhancing infrastructure development programs particularly in roads, energy and communication sectors. However, during the last two years, bottlenecks such as shortage of development finance, project management capacity limitation, weak capacity of contractors and consultant and weak institutional capacity to manage and operate projects, have been experienced in the delivery of the various infrastructure programs. To address these challenges, more focus will be given to establishing clear priority with regard to projects. Priority will also be given to increasing domestic savings, planning management capacity, strengthening implementation capacity of domestic construction and manufacturing firms, building implementation capacity of infrastructure and utility companies. With regard to potable water supply, all actors (government, communities, private sector and development partners) will be mobilized and coordinated to ensure the universal access to water supply by 2015 from its current level of about 58.3%.

In 2010/11 and in 2011/12, achievements in the social sector (education and health) were impressive. These achievements are expected to help meet most of the MDG targets in the social sector by 2015. With regard to attainment of MDGs, the main challenge is associated with maternal health. Thus, to reduce maternal mortality to the target set in MDG (267/100,000 in 2015), the focus will be on strengthening the effectiveness of the undergoing interventions in the remaining GTP period. The primary focus will be on improving the quality of education and health services over the remaining GTP years.

It is critical to further deepen the implementation of the capacity building, democratization and governance programs over the coming years. It is crucial to ensure the fundamental rights of citizens are met by ensuring good governance, strengthening public and private sectors, capacity building of the community to implement and promoting development attitudes. In terms of deepening developmental attitudes the strategic directions are to ensure public awareness, active participation of the public, strengthening the anti-corruption institution, and ensuring transparency and accountability in key sources of corruption. Already identified sources of rent seeking are tax, urban land and public procurement. The government has already developed reform program in the fight against corruption and malpractices in these areas. The focus over the coming years concerns a more effective implementation of these reform programs. Regarding the justice sector, the results achieved so far in terms of improving access, effectiveness and accountability of the judicial services would be consolidated further. In order to deepen the democratic governance system, it is critical to ensure direct participation of the public at large and civil societies at all levels. In this regard, the various initiatives would be scaled up and strengthened over the coming years. Public education of the provisions of the constitution and the basic principles of democratic and human rights would also be expanded.

Annexes

Appendix 1. Regional Drinking Water Access Coverage in %

No.	Region/City Administration	2010/11		2011/12		Regional Total	Regional Total
		Rural	Urban	Rural	Urban		
1	Tigray	52.27	68.69	55.40	58.64	72.05	61.20
2	Afar	34.96	82.22	38.02	37.53	80.68	40.32
3	Amhara	51.95	65.95	53.43	60.79	70.65	61.83
4	Oromiya	49.83	74.16	51.82	54.94	85.12	57.40
5	Benshangu-Gumuze	59.64	66.84	59.92	65.68	69.76	65.84
6	S/N/N/P	42.90	65.89	44.29	49.12	75.53	50.72
7	Gambela	63.58	80.29	66.09	71.44	85.71	73.58
8	Hareri	65.11	99.99	84.01	87.12	97.18	92.57
9	Somale	36.11	74.56	41.60	56.12	77.38	59.20
10	Addis Ababa	-	82.22	82.22	-	80.71	80.71
11	Dire Dawa	75.61	87.57	83.77	77.06	85.45	81.27
National Access Coverage (%)		48.85	74.64	52.12	55.21	78.71	58.25

Source: Ministry of Water and Energy

Appendix 2a. DAG Adjusted Indicators

Indicator	Baseline	2010/11 F. Y	2011/12 F.Y		Comments
	(2009/10)	Actual	Planned	Actual	
The Macro Economy					
External Sector					
1 Manufacturing share as%age of total exports	-	7.5%	-	8.1%	
2 Absolute Poverty Headcount (%)	29.2	29.6	26.1	27.6	
Rural	-	30.4	-	28.6	
Urban	-	25.7	-	23.8	
3 Food poverty Headcount (%)	28.2	33.5	25	32.7	
Rural	-	34.7	-	37.7	
Urban	-	27.9	-	26.4	
Economic Development					
Agriculture					
4 Area of land rehabilitated (thousands ha)	3,208	4,055.1	5,660	5,394	
5 Agriculture Exports% of total exports	-	72.4	-	70.3	
6 Number of male and female headed farmers graduating from PSNP based on evidence	730,494	152,006	320,940	226,881	
Road					
7 % of rural kebeles connected to main roads by an all weather road	39	42	63	52	
Energy					
8 Power generating capacity (MW) and% of which is renewable	2,000	2,049	2,582	2,177	
9 Total system loss (%)	22.39	20.97	16.5	18.97	
10 Increase number of new customers (mln and per 100 population)	2	-	-	-	Data unavailable
Telecommunication					
11 Mobile telephone subscribers (million population)	6.52	10.7	16.6	17.3	
Water					
12 Number (in million urban and rural) and% of beneficiaries provided with new/ improved drinking water sources	68.5	42.4 ³ (52.12%)	-	48.8 (58.23 ⁴)	
13 Area of land under small, medium and large scale irrigation (ha) And/or	853.1	1,064.2	1,173.1	1,460	
Construction and Urban Development					
14 Jobs created for men and women through MSEs (mln population)	0.474	0.542	0.554	1.148	
Social Development					

Education												
15 Net (total and male/female) primary enrolment ratio (1-8) (%) (and by Region)	82.1			85.3			91.5			85.4		
	M	F	T	M	F	T	M	F	T	M	F	T
Tigray				91.9	94.8	93.3				90.3	93.9	92.1
Afar				31.6	32.2	31.9				33.9	37.5	35.4
Amhara				91.5	95.5	93.5				91.0	94.5	92.7
Oromiya				87.8	81.0	84.5				86.4	80.6	83.6
Somali				52.8	48.4	50.9				65.3	61.6	63.7
Benshangul Gumuz				100	86.6	95.2				100.3	86.4	93.4
SNNP				97.2	87.1	92.2				94.9	86.9	91.0
Gambela				100	91.9	97.6				108.1	96.4	102.6
Hareri				82.1	69.5	75.9				83.5	70.9	77.1
Addis Ababa				75.0	71.0	72.4				79.1	74.7	76.6
Dire Dawa				73.9	68.9	71.4				74.6	68.6	71.6

Indicator	Baseline	2010/11 F. Y	2011/12 F.Y		Comments
	(2009/10)	Actual	Planned	Actual	
Health					
16 (HIV /AIDS incidence rate) prevalence among pregnant women age 15-24					Data are not available
17 TB case detection rate (%)	36	36.8	62	71.8	
Good Governance and Capacity Building					
18 The established systems for participation of citizens', community based organizations' and other civil society organizations' in development processes at all levels					Enabling environment & system in place for citizen & CBO's participation in development process and participation started Subject to discussion with the sector
19 # of male and female civil service staff trained through short and long term trainings					Reform program implementation started & awareness created among the civil servant Data not available
20 %age improvement in expanding alternative dispute resolution mechanism and access to legal aid clinics					BPR started Data not available

³ Total beneficiaries up to 2010/11 and coverage access as per WASH inventory conducted in 2010/11.

⁴ Based on WASH inventory conducted in 2010/11.

Indicator	Baseline	2010/11 F. Y		2011/12 F.Y		Comments
	(2009/10)	Actual	Planned	Actual		
CHILDREN AND GENDER DEVELOPMENT						
21	% of decision making positions in the judiciary which are held by women (Changed to %growth of decision making position in the judiciary which are held by women)	19.8	30	22	30	
22	% of decision making posts (at team leader or above) that are held by women (changed to %growth of women's decision making in executive bodies)	19.4	16.5	22	16.5	
23	New Social Protection Policy in place and number of vulnerable groups benefiting (by children, elderly, disabled etc) (Changed to Number of vulnerable children supported and threatened by social support system)	5,000	64,289	1,500,000	1,269,831	

Appendix 2b. New Indicators Suggested by DAG

	Base line 2009/10	2010/11		2011/12 F.Y		Comments
		Actual	Planned	Actual		
The Macroeconomy						
24	Annual Inflation Rate (annual moving average)	Single digit	18.1	Single digit	34.3	
25	Private Sector contribution to total GDP					Best practices are needed, not feasible at current stage,
26	Private investment as a share of GDP (disaggregated by Foreign Direct Investment, diaspora investment, formal bank lending, and domestic investment from savings as well as by implemented and operational investment as a share of total investment licenses)					Best practices are needed, not feasible at current stage
Public Finance						
27	% of federal budget allocated to schemes addressing gender inequality and women's participation					Clarification is needed from DAG
28	% of federal budget allocated to health	-	5.8	-	4.1	
Economic Development						
Agriculture						
29	Regional Level Emergency contingency plans prepared and implemented (#) (contingency budget in thousand birr)	115,000	118,230	150,000	121,400	
30	National Agricultural land certification study completed and implemented (number of Male and Female Households) (Male headed/female headed farmers certified with first and second level land ownership certification in million)					
	First level land ownership certification (in million)	8.02	1.21	1.44	0.93	
	Second level land ownership certification (in million)	0.99	0.0006	1.69	0.031	
31	Regional climate change adaptation plans prepared and implemented (#)	-	20	21	26	
Industry						
32	Growth of Industry value added	10.8	15.0	17.9	13.6	
33	Industry% share of GDP	12.9	10.6	14.0	11.1	
Infrastructure Development						

		Base line 2009/10	2010/11 Actual	2011/12 F.Y Planned	2011/12 F.Y Actual	Comments
Roads						
34	Number of fatalities per 10,000 vehicles (a key issue to follow)	70	72	40	-	Data unavailable
35	Routine and Periodic Maintenance expenditure as a%age of road sector expenditure (%)					
36	Reduction of transport prices for goods	-	-	-	-	Definition of indicators and clarity is required.
Telecommunication						
37	Speed of internet connection	-	-	-	-	Not relevant as connection speed depends on the type of network connection.
38	Doctors to Population Ratio (%)	1:37996	-	-	1:30158	Subject to discussion with the sector
39	Child nutrition					Subject to discussion with the sector
40	Number of PEFA indicators showing overall improvement during subsequent PEFA reviews (specifically PEFA 15 (tax), 26 (audit scope), 28 (timeliness of audit), 28 (legislative scrutiny of audits)					Subject to discussion with the sector
41	Number of identifiable international standards that are included in new or reformed media legislation, Change to: Number of commercial radio stations (from GTP Policy Matrix)	-	-	-	-	Not relevant
42	Country-led annual joint GTP results report (i.e. Annual Progress Report APR) produced by December each year and discussed (including with non-state actors)		Prepared		Prepared	Consultations at the Federal and Regional levels have been conducted from March to April 2013.
43	Aid Management Platform (AMP) operational and updated by donors every six months	-	yes	-	yes	
44	% of aid using country systems and procedures	-	52	-	52	
45	% of aid channeled through joint programmes, pooled funds and/ or sector budget support		-	-	-	
46	Amount and% of aid disbursed in relation to multi-year/annual frameworks					Under consideration

