



THE ETHIOPIAN ECONOMY: FACTS AND FIGURES

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I. Ethiopia's Economic and Social Development in 2014/15(End of GTP-I)

- Progress were achieved and stability ensured in economic and social development;
- Achieved an average GDP Growth Rate of 10.2 % (2010/11-2014/15)(agriculture 6.4%: Industry 21.7% and service 10.2%);
- Percentage share of agriculture in GDP was 38.5%; industry 15.1% (Manufacturing 4.8% and construction 8.5%) and services 46.4%;
- GDP at current market prices reached 61.5 billion USD(1.2 Trillion Birr);
- Per capita GDP@CMP of 691 USD ;
- Export stood at 9.7 % of GDP, Import at 27.1% and Trade Balance (17.4%);
- Domestic saving and investment has reached 21.8% and 39.3% of GDP respectively;

- Inflation Rate stood at 7.7%(Moving Average);
- Total Revenue to GDP ratio 16 % (Tax to GDP ratio stood at 13.3 %, below Sub-Saharan African average of 15%), Total Expenditure as share GDP reached 18.5% and Deficit to GDP ratio was 2.5%;
- Capital expenditure and Total Poverty-oriented Expenditure as share of GDP were 9.4% & 12.3% respectively;
- Urban unemployment declined to 16.8%;
- Population living below poverty line declined to 23.4%;
- HDI increased to 0.448(as of 2015);
- Agricultural Productivity of major crops reached 21.5 Quintal/ha;
- Logistic Performance Index: 2.59;
- Total Road length reached 110,414 K.M, Power generating capacity 4,180 MW;
- National water supply coverage averaged 58%;
- Mobile telephone coverage stood at 43.9%;
- Gender Parity Index (GPI) of Primary education reached 0.93;
- Primary Net enrolment Rate reached 96.9%;
- Access to health service reached 98 % (Maternal Mortality Rate; 420/100,000 live births & Under 5 Mortality Rate 64/1000 live births(in 2014));
- MDGs have been Successfully Implemented and six out of seven MDGs achieved and significant progress made in the remaining one. (Improve Maternal Health)

II. Main Targets for 2019/20 (End of GTP-II)

- Average annual GDP growth rate of 11 % (2015/16-2019/20)(agriculture8%, Industry 20% and Service 10%;
- Percentage share of agriculture 33.5%; Industry 22.3 %(manufacturing 8%);
- Achieve per capita GDP@CMP of 1,177 USD ;
- Increase Export to GDP ratio to 20.6%, Import to 32.3% & Reduce Trade Balance to (11.7)%;
- Increase Domestic Saving to GDP to 29.6%; investment to GDP to 41.3%;
- Maintain Single digit inflation rate;
- Increase Total revenue to GDP 17.6% (Tax to GDP ratio17.2%); and Total Expenditure as share GDP to 22.6%, Deficit below 3%;
- Increase Capital expenditure and Total Poverty-oriented Expenditure as share of GDP to 13.4% & 15.4% respectively;
- Decrease urban unemployment to 12.2%;
- Reduce Population living below the poverty line to16.7%;
- IncreaseProductivity of Major crops to 27.3 Quintals/ha;
- Logistic Performance Index 3.07;
- Road length220,000 K.M, Power generating capacity 17,280 MW (94% renewable energy source) and raise per capita energy consumption to 1269KWH;
- Sustain the ongoing Rail way construction;
- National water supply coverage: 83%;
- 100% mobile telephone coverage ;
- Raise Gender Parity Index Primary education 1-4 cycle (GPI) to 0.99;
- Primary Net enrolment Rate to 98%;

- Achieve 100% health Access, Reduce maternal mortality rate (MMR) to 199/100,000 live births & under 5 mortality rate (U5MR) to 30/1000 live births;
- Establish democratic and developmental good governance ;
- Promote women and youth empowerment;
- GDP at current market prices reached 72.4 billion USD(1.5 Trillion Birr);
- Per capita GDP@CMP reached 794 USD ;
- Export to GDP Ratio declined to 8.0% , Import to GDP 27.8% & Trade Balance (19.8)%;
- Domestic saving and investment has reached 22.4% and 38.5% of GDP respectively;

III.The 2015/16 Performance

- Achieved an average GDP Growth Rate of 8% (agriculture 2.3%, Industrial 20.6% & service 8.7%);
- Contribution of agriculture, industry and services sectors to overall GDP growth rate were 0.9%, 3.1% and 4.0% respectively;
- Achieved Percentage share of agriculture 36.7%; Industry 16.7 % (Manufacturing is 5.4%, construction 9.5%);
- Inflation Rate was 7.5% (MA);
- Total Revenue to GDP ratio 16 %(Tax to GDP ratio stood at 12.5%, below sub-Saharan average of 15%), Total Expenditure as share GDP@CMP reached 18.4% and Deficit to GDP ratio was 2.4%;
- Capital expenditure and Total Poverty-oriented Expenditure as share of GDP were 9.4% & 12.1% respectively;

- Urban unemployment declined to 16.9%;
- Primary Net enrolment Rate rose to 97.6 % (more than target set in 2010(97.56%);
- Achieved Agricultural Productivity of major crops 21.37 quintals/ha;
- Logistic Performance Index: 2.38;
- Road length (All weather roads) reached 113,067 Km, & on-going railway project has made some improvements regardless of financial problems;
- Power generating Capacity of the country; reached to 4269.5MW ;
- National water supply coverage rose to 61%;
- Mobile telephone coverage reached 49%;
- Maternal mortality rate (MMR) reduced to 412/100,000 live births & under 5 child mortality rate (U5MR) to 67/1000 live births;

IV. Targets for 2016/17

4.1 Major Development Targets

- Achieve an average GDP Growth Rate of 11.1% (agriculture 8%, Industrial 20.6% & service 8.7%);
- Contribution of agriculture and industry sectors to overall GDP growth rate is projected to reach 27.0% and 30.8% respectively;
- Percentage share of agriculture 36.4%; Industry 18% (Manufacturing is 5.4%, construction 9.5%);
- Critically focus on Promoting Export by raising export of manufacturing products;
- Maintain Single Digit Inflation below 8%;
- Raise Tax Revenue to GDP ratio to 14%;

- Increase Logistic Performance Index to 2.8;
 - Building and ensuring the quality of road infrastructure;
 - Sustain the ongoing railway transportation ;
 - Increase mobile telephone coverage to 68.2%;
 - Raise power generating Capacity of the country to 6889.5MW ;
 - Raise national clean water supply coverage to 67%;
 - Provide Credit service to 226850 urban safety net beneficiaries (HH) ;
 - Raise gender parity index (GPI) at primary education (1-4 cycle) to 0.95;
 - Build institutional capacity of the construction sector through enhancing man power and developing construction regulations & directives;
 - Ensure women participation in political and socio-economic activities ;
 - Properly manage and administer the on-going rapid urbanization;
 - Sustain democratic and developmental good governance.
- 4.2 Macro-Economic Policies**
- Implement prudent fiscal and monetary policy**
- Increase tax revenue by efficiently administering existing tax policy and tax reform programs;
 - Maintain Fiscal Deficit to GDP ratio below 3%,
 - Maintain Single Digit Inflation.
- 4.3 Foreign Direct Investment**
- Creating Conducive business environment through:
 - Building Industrial Parks,
 - Expanding Infrastructure.
 - Investment incentives

- Customs duty exemption on imported capital goods,
- Income tax exemption (2 to 9 years),
- Loss carry forward (for half of income tax exemption period)
- The incentive policy does not discriminate between domestic & foreign investors etc...

Investment incentives

- 100% exemption from the payment of customs duties and other taxes levied on imports is granted to all capital goods;
- Investors engaged in manufacturing, agribusiness, generation, transmission and supply of electrical energy; and ICT are entitled to income tax exemptions for a period ranging between 1 and 9 years, depending on the specific activity and the location of the investor;
- Loss carry forward (for half of income tax exemption period);
- The incentive policy does not discriminate between domestic & foreign investors.

4.4 Domestic Private Sector

- Speed up and catalyze transformation of the domestic private sector and render them a capable development force;
- Strengthen Public Private Partnership (PPP);
- Building Industrial Parks;
- Expanding Infrastructure.

References

1. NPC (2016) Growth & Transformation Plan II (GTP-II) (2015/16-2019/20) Volume I Document.
2. UNDP – Human Development reports 2016.
3. Central Statistics Agency.
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