

Strong winds of change

By Belayneh Akalu

It is amazing how time flies by considering that it has already been about three years since the Council of Ministers and the House of People's Representatives adopted the GTP as the national planning document of the country for the period 2010/11 – 2014/15. Designed based on the experiences gained from its preceding national plans and the national vision as a whole, the GTP is ambitious in the amount of resources, public participation and coordination that it sets out to make use of. With over half of the period gone, there has been an annual progress report for the fiscal year 2010/11. The progress report for 2011/12 is expected shortly though some data have been released prior to the official launch date. I have thus tried to analyze, using these resources, if the plan is, as most skeptics categorize it, over ambitious and unattainable.

As any attempt to analyze the attainability of a project would require comparing progresses made with the goals set for that period, I start off with what the GTP generally attempts to accomplish.

The GTP is a tool being used to craft the country's vision "to become a country where democratic rule, good governance and social justice reign, upon the involvement and free will of its people, and once extricating itself from poverty to reach the level of a middle-income economy as of 2020-2023." The vision set specifically for the economic sector includes "building an economy which has a modern and productive agricultural sector with enhanced technology and an industrial sector that plays a leading role in the economy, sustaining economic development and securing social justice and increasing per capita income of the citizens so as to reach the level of those in middle-income countries."

The Ministry of Finance and Economic Development is responsible for establishing a system for the preparation and implementation of national development plans, and in cooperation with the concerned organs, preparing the country's economic and social development plan as well as following up their implementation after they are ratified. The Ministry had accordingly

coordinated the design and implementation of the Sustainable Development and Poverty Reduction Program (SDPRP), which covered the years 2002/03-2004/05 and A Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) that ran from 2005/06 to 2009/10. PASDEP had a medium term development perspective and aimed, at a minimum at achieving the Millennium Development Goals (MDG). During the PASDEP implementation period, high and sustained economic growth and significant social and human development results were realized. During the same period the economy grew on average at 11% per annum. By sustaining the economic growth over the next five year period, the government aims to achieve the MDG targets by 2015. Generally, during these plan periods remarkable achievements of economic growth, social development and good governance were registered. On the basis of the experiences gained thus far and the national vision, the Growth and Transformation Plan (GTP) has been prepared with clear objectives and targets through wide public participation at both the federal and regional levels. The Council of Ministers and the House of People's Representatives have adopted the GTP as the national planning document of the country for the period 2010/11-2014/15.

In summary, the overall objective of the GTP, over the five year period, is to sustain broad based, fast, and equitable economic growth so as to eradicate poverty in due process. Accordingly, the GTP has the following major objectives:

1. Maintain at least an average real GDP growth rate of 11% 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.

To make our analysis more structured and comparative, let's use the seven goals dubbed the strategic pillars of the GTP on which the country's objectives and strategies for sustaining rapid and broad-based economic growth path are dependant on. The seven pillars are:-

1. Sustaining rapid and equitable economic growth,
2. Maintaining agriculture as major source of economic growth
3. Creating conditions for the industry to play key role in the economy,
4. Enhancing expansion and quality of infrastructure development,
5. Enhancing expansion and quality of social development,
6. Building capacity and deepen good governance, and
7. Promote gender and youth empowerment and equity.

I have used the first four of the seven pillars in the comparative analysis of the implementation of the GTP as the last three use more qualitative parameters of achievement unlike the first four. By considering the objectives set under each pillar and comparing them with the progress report for 2010/11 and, in some circumstances, data for 2011/12, we can determine if the GTP is within the realm of achievement.

1. Sustaining rapid and equitable economic growth

The Ethiopian economy has shifted to a higher growth trajectory since 2003/04. This has been sustained, and during the last five years, overall real GDP has grown rapidly at an average of 11% per annum. Agriculture, Industry and Services have registered an average annual growth rate of 8.4%, 10% and 14.6% respectively. In order to achieve the vision of the country and, in due course, eradicate poverty and so improve the livelihood of citizens, it is imperative to sustain the higher economic growth of the last eight years. For this reason, the GTP plans to invest in growth enhancing sectors such as infrastructure and social sectors at a larger scale. Economic growth is central in creating growing employment opportunities and Ethiopia's transformation into a middle income country.

The GTP envisages that the agricultural sector will continue to be the major driver of economic growth with particular focus on industrial growth. Rapid growth of an industrial sector that increases the competitiveness of Ethiopia's exports and results in import substitution will be encouraged. This approach is expected to result in the rapid and broad based economic growth that will provide a foundation for structural transformation.

Accordingly, an 11.4% growth rate of GDP was registered in 2010/11 which is in line with the plan for sustained rapid economic growth. The growth rates of the GDP by major economic classification during the period under review indicate that agriculture, industry and services have registered growth rates of 9%, 15% and 12.5% respectively. Considering the planned GDP growth was 11.0% while those for agriculture, industry and service sectors were 8.5%, 14% and 12.5% respectively, the plan seems to be on track for a big success.

Although the annual progress report for the fiscal year 2011/12 has not been made official, a recent press release from MOFED, the government office responsible for the job, has indicated some relevant data. The press release indicates that the base year has been changed from 1999/2000 to the more recent 2010/11. Accordingly, the GDP for 2011/12 is 511.2 billion birr based on pre-revised data (1999/2000 base year) while the post revision (2010/11 base year) result is 506.6 billion birr. The growth rate of GDP for the fiscal year was 8.5%. During this period, the growth rate for agriculture, industry and service sectors was 4.9%, 13.6% and 11.1% respectively. The share of GDP for the agricultural sector is 44.0% while that of the industrial and service sectors are 11.0% and 45.0% respectively.

As indicated above, the 2011/12 fiscal year registered lower economic growth rate than preceding years. The main reason for this has been attributed to lower implementation of plans for crop production and productivity in the agricultural sector.

The average annual growth rate of GDP for the past eight years (2004-12) was 11.0% while that of the agricultural, industrial and service sectors was 9.6%, 11.1% and 12.7% respectively. Therefore, the plan to sustain rapid economic growth is generally being met. There, however, should be strict adherence to the implementation of plans if the results registered so far are to be emulated for the coming years resulting in the achievement of the MDGs by 2015.

2. Maintaining agriculture as major source of economic growth

The growth and transformation plan envisages that the agricultural sector will continue to be the major source of economic growth and that the sector will grow on average at least by 8.6% per annum. Accordingly, a growth rate of 9% in the sector was registered in the 2010/11 fiscal

year while the plan could not be met for the fiscal year 2011/12 which saw a growth of only 4.9% in the sector. The contribution of agriculture to GDP was 41% in 2010/11 while it went up to 44% in 2011/12. Evidently, the role of agriculture as the major source of economic growth has declined in the fiscal year 2011/12, sending strong warning signals that should be received loud and clear and acted upon in time to ensure the achievement of the GTP. The relative slow down in the pace of economic growth in 2011/12 to 8.5% is mainly associated with, as mentioned above, lower performance in the crop production and productivity sector. On the other hand, the 9% growth in agriculture in the 2010/11 fiscal year contributed a lot to the overall good performance of the country's economy. That vividly shows the strong role agriculture still plays in determining how well the country's economy does.

To realize the plan of 8.6% per annum average growth in the sector, specific targets were set for 2010/11 to increase agricultural production and productivity, improving natural resource management and utilization, building the capacity for disaster prevention and preparedness, improving the agricultural marketing system, promoting the participation of the private sector in agricultural investment and reducing the number of food insecure households. In light of these targets, the results achieved in 2010/11 are presented as follows. As has been mentioned earlier, the results for 2011/12 have not been disclosed officially and thus could not be included here.

1.1 Production and productivity

Crop production:- Total crop production in 2010/11 amounted to 221.8 million quintals. This exceeds the 2009/10 production level of 201.46 million quintals by 19.36 million quintals (or by 9.6%). In 2010/11, cereals production amounted to about 191.81million quintals, accounting for 86.5% of total crop production. In the same period the volume of pulses produced was 20.66 million quintal accounting for 9.3% of total crop production, while oilseeds production amounted to about 9.36 million quintals accounting for 4.2% of the total crop production in 2010/11. The increase in crop production is crucial for the country's endeavor to attain food security and increase export earnings.

Crop production:- In order to accelerate economic growth, improve food security and increase export earnings increasing productivity was an important target in the plan period. In 2010/11, the plan was to increase the average productivity of the major food crops including cereals, pulses and oil seeds from 15.38 quintals per hectare in 2009/10 to 17.5 quintals per hectare. The actual performance shows that average production of these crops is 16.5 quintals per hectare, which is 1.12 quintal/ha higher than the productivity in 2009/10 and 1.0 quintal/ha smaller than the target for the same year. Given the increase in crop production, the implication is that land cultivated during the period has increased compared to what was cultivated in the previous year. Total land covered by these major crops increased from 13.16 mln ha in 2009/10 to 13.45 mln ha by 2010/11, showing an increase of 2 percent. In this regard, enhancing crop productivity should be paid proper attention to augment agricultural production, ensure food security and input supply for local industries and improve foreign currency earnings.

Improvement in Livestock productivity and production:- Improving livestock production and productivity plays a crucial role in attaining food security and strengthening foreign exchange earnings. Accordingly, in 2010/11, the plan was to increase percentage of improved cattle by 17.69 percent; while the achievement was 12.38 percent (70%). In relation to improving livestock genetic potential, the plan was to produce 600,000 doses of semen and 450,000 liters of liquid nitrogen in 2010/11. At the end of the fiscal year, 89% and 37% of the plan was achieved, respectively. Similarly, of the total targets to produce 459,070 crossbred cattle and 165,265 crossbred milk cows for the fiscal year, 438,337 (95%) and 157,801 (95%) were achieved, respectively. In relation to increasing livestock production and productivity, researches that improve animal health care have also been conducted in 2010/11. There was a plan to conduct assessments on 8 cross-border livestock diseases and the target has been fully achieved. Moreover, it was planned to examine and follow-up the effects of tsetse fly and anthrax on 1440 animals. Accordingly, 99.8% of the plan was achieved. The achievement for the target of vaccinating 45% of the total livestock under the regular program in 2010/11 was 41%. In addition, it was planned to produce 114.4 million doses of vaccines in 2010/11 and the achievement was 107% of the target.

Agricultural extension service:- With the objective of improving production and productivity, smallholder farmers, pastoralists and semi-pastoralists received strong agricultural extension services in the fiscal year under review. Accordingly, 9,044,000 smallholder farmers, pastoralists and semi-pastoralists have benefited from agricultural extension services. Of these beneficiaries, 30% were female-headed farmer households and 10% were youth farmers. Disaggregating the beneficiaries by group of farmers, 8,849,000 were smallholder farmers, 144,200 were pastoralists and the remaining 50,350 were semi-pastoralists.

1.2 Natural Resource Conservation and Utilization:- In relation to strengthening the natural resource conservation and utilization, one of the targets was to prepare development plans on 3912 community-based basins for engaging organized communities in soil and water conservation works. The achievement was the preparation of development plans for 5554 basins. It was also planned to protect 4383 thousand hectares of land for rehabilitation in the same fiscal year; the achievement was 4055.1 thousand hectares of land, which is 93% of the target. Furthermore, it was planned to work various soil and water conservation activities on 4426 hectares of community-based resources. At the end of the plan period, it was possible to perform conservation works on 4490 hectares of community-based resources, an achievement of 113% of the target. In addition, to improve soil fertility, use of organic fertilizers was widely implemented during the plan year. 1.1 million hectares of land was also irrigated using small-scale modern irrigation schemes during the fiscal year, exceeding the target by 0.1 million hectares.

In 2010/11, it was planned to cover 7.72 million hectares of land with multipurpose trees; the achievement was the coverage of nearly 7 million hectares of land, which is 91% of the target. There was also 105.6% achievement on the plan to collect and distribute 4316.6 quintals of tree seeds. The plan to increase the number of species and sub-species on which analytical research is conducted also registered 140% achievement as the number grew to 7 from the projected increment from 2 to 5 for the fiscal year.

In relation to rural land administration, it was planned to establish Land Administration Information System in 54 woredas. However, the system was only established in 12 woredas

during the fiscal year. It was also planned to give a first level land ownership title to 3.09 million households though only 1.21 million households received the certificate. Similarly, it was planned to give a second level land ownership title to 1.3 million households, but only 600 households were issued with such a title.

1.3 Disaster Prevention and Preparedness:- One of the planned activities in this regard was raising the contingency budget by 10 million birr to a total of 125 million birr through fund raising but only 3.23 million birr (32.3%) was raised. It was planned to prepare a disaster vulnerability profile for 247 woredas in 2010/11 in order to establish and implement disaster prevention and early warning system that is based on disaster vulnerability. However, only 24% of the target was achieved. The low accomplishment was attributed to delayed start of the work owing to unavailability of the required resource on time. In addition, it was planned to support 1.1 million people in non-food items in the same year; however, the support was given only to 41,000 people due to a reduction in natural disaster that requires material aid.

1.4 Private Sector Participation in Agriculture:- In 2010/11, support was given in particular to private investors investing in flower, vegetable and fruit as well as in greenhouse development. Accordingly, relatively better results were registered mainly in vegetable farm development. However, the participation of the private sector is not as expected for various reasons.

In terms of extensive commercial farming, it was planned to delineate 3.2 million hectares of investment land and transfer 1.33 million hectares of land to the Federal Land Bank during the fiscal year under review. In this regard, 1.89 million hectares was transferred to the Federal Land Bank. Similarly, it was planned to transfer 1.5 million hectares of land to private investors for agricultural activities. But only 255, 528 hectares of land (17%) was transferred to investors in a transparent and accountable manner during the fiscal year.

1.5 Food Security:- With regard to food security programs, it was planned to benefit 5,096,680 food in-secured beneficiaries by engaging them in the Productive Safety Net Program (PSNP) in 2010/11. During the fiscal year however, a total of 7,748,305 beneficiaries benefited from the productive safety net program, surpassing the target by about 52%. Furthermore, in the same fiscal year, 233,700 food insecure household heads were targeted to be involved in the

household credit package and asset building program. The achievement level was 72%. In addition, 370,980 household heads were targeted to attain their food need and graduate from the safety net program. However, at the end of the plan period, only 152,006 households (41%) graduated from the program. This low performance was mainly due to inadequate and/or absence of rainfall in moisture stress areas of the country which were also safety net program areas. Voluntary resettlement program is another food security and welfare program implemented in the country. In 2010/11 fiscal year, it was planned to resettle 52,042 voluntary household heads, but only 4,322 household heads from SNNP and Oromia regions were voluntarily resettled.

3. Creating conditions for the industry to play key role in the economy

The five year growth and transformation plan envisages ensuring faster and sustained development of the industrial sector and enabling the sector to gradually play a key role in the economy. To this end, particular emphasis is given to the promotion of micro and small enterprises as well as supporting the development of medium and large scale industries. Accordingly, the sector grew by 15% in the 2010/11 fiscal year while it was 13.6% in the next. That is a testament to the significant growth in the sector. Let's take a look at the performance of the sector in 2010/11 as that of the 2011/12 is unavailable.

3.1 Small and Micro Enterprise Development

The development of Micro and Small Scale Enterprises is the central focus of the industrial development strategy. In line with the primary goals set for 2010/11, a comprehensive micro and small enterprises development strategy was devised and approved by the government in consultation with all relevant actors. In addition, the federal executive agency responsible for the execution of the strategy was reorganized to strengthen its institutional capacity. A strategy was also devised targeting employment generation, skill and business development. These were in particular planned to be realized through the construction of public universities, sugar factories, integrated housing construction, road development, train network development, power generation schemes, and cobblestone development activities. Accordingly, detail

implementation manuals and guidelines have been prepared in relation to these strategies in 2010/11.

In parallel, industrial extension services and supports were accorded to small business in order to create productive jobs during the fiscal year. Training was provided to 453,511 employees on entrepreneurship, business management, handicraft and technology to promote saving. Moreover, 452 hectares of land, 1,463 shades and 71 buildings were delivered in micro and small enterprises in order to ease their capital constraints. In addition, 983 million birr was provided in credit to various micro and small enterprises throughout the country. By providing such supports to micro and small enterprises, it was planned to create job opportunities for 410,000 people in 2010/11. Accordingly, around 542,000 jobs were created at the end of the fiscal year. The survey data from the Central Statistical Agency corroborate these performances that urban unemployment has declined from 20.4% in 2008/09, to 18.9% and 18% in 2009/10 and 2010/11 respectively.

3.2 Medium and Large Scale Manufacturing Industry

Foreign Exchange Earnings: - In 2010/11, it was planned to generate a total of 353.2 million USD in foreign exchange earnings from the manufacturing industry; but the total amount generated was only 207.7 million USD during the fiscal year indicating a 58.8% achievement of the target. Compared to the previous fiscal year, the foreign exchange earnings grew by 75.4%. Further disaggregation of the performance of the sub-sector indicated that the pharmaceuticals and chemical industries achieved 96% of their target, while textile and garment industries attained 73.1% of their target. Leather and leather products and agro-processing industries performance were 57.7% and 42.8% respectively.

In relative terms, the foreign exchange earnings of 2010/11 are better than that of 2009/10. Nonetheless, the aggregate and sub-sectoral performances all fall short of the target for the fiscal year. As envisaged by the GTP, the role of the sub-sector is significant in bringing about structural transformation in the economy and accelerated industrial development. Thus, it is critical to improve the performance of the manufacturing industry in the future. In this regard,

it is also critical that the structural problems of technological capability and input supply need to be fundamentally and urgently addressed.

Textile Investment: - six new and 4 expansion projects, which already started investment process, were supported and supervised. Two of these projects, though delayed, have already commenced production. Another private yarn firm with a production capacity of 180 tons of thread per day is in the process of setting up a yarn factory over 50 ha of land in Kombolcha. The company has also secured a loan that would enable it to start project implementation activities. In another development, an agreement was signed to build a factory at Dire Dawa with an investment capital of 645.4 million birr. The civil work and 15% of the steel work of the factory is completed according to its plan. Upon completion, the factory will have a production capacity of 50 tons of yarn daily, 12 tons of twitting, 4 tons of netting and 12,000 meters of cloth. In addition, the factory is expected to bring technological transfers and export 75% of its product.

Leather and leather products investment: - In the fiscal year 2010/11, support and supervision was furnished to 18 projects, of which 5 are tanneries, 9 foot wear and 4 leather glove factories. Of these, 4 tanneries, 2 foot wear and a glove factory have started production in 2010/11 whilst the construction and plant erection of the remaining would shortly be completed and start operation. These projects will have the capacity to dye 10,500 skins, to produce 1040 pairs of shoes and 240 pairs of gloves per day.

Agro processing industry:- investment support has been given to factories that are under construction including oil seed processing, beverages and food processing industries. In relation to the sugar industry, two private projects, one in Western Wollega (Oromia) and another in Gambella, have started investment activities. The former, with an investment capital of 225 million birr, produces sugar and ethanol while the latter, with an investment capital of 3 billion, produces sugar and its raw material, sugarcane.

Recent data show that expansion projects of long existing sugar factories (Wonji/shoa and Fincha) is only months away from completion and commencing service provision while that of

Tendaho sugar factory is progressing rapidly. Parallel to these projects, the construction of 10 other sugar factories in different administrative regions is going well.

Import Substituting Industry:- Project information and profiles were prepared to promote private investors interested in participating in caustic soda, soda ash, pulp and paper, soap and detergents, plastic, pharmaceuticals and medical equipment industries.

With the view to attain the objective of creating a manufacturing capacity of 9 million tons of cement by the end of 2010/11, cement factories which have already transitioned to production as well as being under construction were supported and supervised. Three cement projects started operation one of which produces Clinker, an input for cement factories while the remaining two are engaged each in the production of 150,000 tones and 1.4 million tons of cement.

Regarding the cement industry, 12 existing and new projects created an additional production capacity of 3.65 million tons of cement. Six cement factories with quality problems were spotted and were technically advised to improve quality. Ten additional cement projects were under construction of which 5 projects have (1 new and 4 expansion) completed their plant installation and embarked on production in 2010/11. Regarding investment in the cement industry, 16 projects took investment licenses. Three of these projects were in pre-construction activities while five were inactive though they received construction land. Eight projects did not take land. In general, a total of 6.45 million tons of cement was produced by existing and new factories in 2010/11.

Industrial Zone Development:- The GTP emphasized the establishment of four industrial zones. Supports were channeled to the establishment of three zones in different parts of the country. The construction of the Eastern Industrial Zone at Dukem is about to be completed, while Ethio-Turkish Industrial Zone and the Kombolcha textile cluster are a bit lagged due to absence of adequate readiness from the investors' side. Efforts are under way to speed up the implementation through close supervision and support.

Mineral and Petroleum Investment Expansion program:- In relation to mineral investment, the plan was to increase the volume of mineral investment from 12.7 billion birr to 13 billion birr. It was possible to increase investment to 13.8 billion birr, 1.1 billion birr higher than the target. It was also planned to increase the volume of petroleum investment from 238.7 million USD to 292.7 USD. However, the volume of petroleum investment was only 105 million USD because one of the companies investing in the sector terminated its work. Similarly, though the plan was to collect 70 million birr as mining revenue, 104 million birr was collected. In relation to foreign currency earnings from export of minerals, the target was to secure 110 million USD from the export of 4500 Kg of Gold, 210 tons of Tantalum, 100 m³ of marble and 170 tons of pumice. The achievement indicated that 4376 Kg of Gold (97.25% of the plan), 187.2 tons of Tantalum (89.11% of the target), 131.4 m³ of marble (131.41% of the target) and 240 tons of pumice have been exported, earning 175.2 million USD during the fiscal year.

In 2010/11, it was targeted to issue 56 mineral exploration and 7 mineral extraction licenses. In this regard, 54 mineral exploration and 5 mineral extraction licenses have been issued. Similarly, the plan to issue a license for petroleum exploration has been met.

4. Enhancing Expansion and Quality of Infrastructure Development

The GTP stipulates that road networks will be expands in the plan period. Every Kebele will be connected to an all weather road and thus to the main road network. Railway line connecting various parts of the country will be developed. To meet the country's growing energy needs efforts will be made to increase use of alternative energy sources such as wind, geothermal and hydro energy. The ongoing telecommunication infrastructure expansion program will be concluded and good quality and efficient services will be provided by fully utilizing this countrywide and affordably priced infrastructure.

4.1 Road Development:- Generally during the five year span of the GTP, it was planned to rehabilitate 728 Km of trunk roads, upgrading 5023 Km of trunk and link roads, construction of 4,331 Km of new trunk and link roads, periodic maintenance of 4700 Km of asphalt and gravel roads and routine maintenance of 84,649 Km of road network as well as construction of 71,522

Km of new all-weather roads that connect all rural woredas. Regional road authorities also have a plan to construct 11, 212 Km of rural roads in the five years period.

In 2010/11, the target at country level was to construct and maintain a total of 39,723 Km by federal, regional and district road authorities and offices. At the end of the fiscal year, 34,795 kms were constructed indicating a performance of 88% of the target. Disaggregating the performance by federal and regional authorities along with districts, the federal target was to construct 16,538 kms. The achievement was 19, 159 kms, which is 116% of the target. Similarly, the regional road offices planned to build 13,357 Kms of road in the fiscal year and ended up building 14,650 Kms (110% of the target). With regard to the district road offices, however, the performance was only 9% of the target. The low performance was due to the fact that the focus of the target was mainly on activities related to preparatory works.

Generally, the national road length (federal and regional total road length) has increased from 48,793 Kms in 2009/10 to 52,042 kms in 2010/11. There was no all-weather woreda road in 2009/10, but a total of 854 kms of woreda road was built in 2010/11. As a result of the increased road construction and maintenance in the country, road density measured by kms per 1000 Kms² of area increased from 44.5 to 48.1 and the proportion of kebeles connected by all-weather roads increased from 39% in 2009/10 to 42% in 2010/11. Moreover, roads in acceptable condition (good and fair conditions) increased from 79.7% in 2009/10 to 82% in 2010/11, indicating improvement in the quality of roads. Owing to increase in road density and improvement in the quality of roads, the average vehicle coverage per day (measured by km of travel per day) has increased from 9.6 million km to 12.1 million km. As a result of all these accomplishments in the road sector, the average travel time to all-weather roads declined to 3.5 hours in 2010/11 from 3.7 in 2009/10. Recent data show that the time has still gone down to 2.9 hours in 2011/12. Moreover, road construction and maintenance activities have created 69,617 employment opportunities.

4.2 Rail Way Development:- In the five year plan period, the target for the sub-sector is to build a total of 2395 km rail network. During the fiscal year under review, concerted efforts have been made to finalize the prerequisite activities such as surveying; detail engineering

design and tender document preparation. Accordingly, civil engineering design including alignment selection, design work, feasibility study, environmental and social impact assessment were performed. In addition, wide range of capacity building activities were conducted in the rail industry. Physical activities of laying down rails were carried out in 2011/12, though the exact figures have not been disclosed.

4.3 Power Generation:- The major objectives of the energy sector are to provide sufficient and reliable power sources at all times for economic and social development as well as for irrigation activities, to accelerate and complete the construction of the ongoing hydropower electric generation projects. The sector planned to complete pre-feasibility study of five hydropower projects with an installed capacity of 2780.4 MW and eight hydropower projects with an installed capacity of 6967.4 MW. However, because of budget shortage they only implement one pre-feasibility and one feasibility study in 2010/11. Projects that are nearly completed and ready for operation are Fincha-Amertineshi HEPP 97 MW and Ashegoda 30 MW Wind Power Plant Project. The inspection and testing activities of Fincha-Amertineshi HEPP were completed at the end of the fiscal year and 48.5 MW generating capacity (50% of plant capacity) was added to the national grid. Similarly, 26.6 MW wind power plant project, which added together, increased the national energy generation capacity from 2000 MW in 2009/10 to 2075.1 MW in 2010/11.

Projects that are under construction include Gibe III HEP project with accomplishment of 46% of the total project plan. Adama Wind Power Plant Project was scheduled to start construction at the beginning of the fiscal year but the construction was postponed to July 2011 due to shortage of finance. The Grand Renaissance HEP project was one of the biggest projects started in 2010/11 fiscal year and preliminary activities have been progressing well. Sources from the contracting company, Saline, have recently disclosed that over 10% of the Grand Renaissance project have been carried out.

Genaledawa III HEP project was also planned to start in 2010/11 fiscal year and the contractor has completed mobilization of logistics to start construction. ChemogaYeda HEP project has completed the pre-construction activities including topographical survey and hiring of the

consultant. Aysha Wind Power Plant project has aimed to ameliorate the energy deficient before Gibe III became operational. Other projects such as Geba HEPP, HalaleWorabesa HEPP, GenaleDawa Six HEPP, Debreberhan Wind Power and Asela Wind Power projects are also in the pipeline.

4.4 Telecommunication:- In 2010/11 fiscal year, the Ethiopian Telecommunications Corporation has been re-organized and replaced by Ethio-telecom. After the re-organization, certain achievements were obtained. Accordingly, the number of mobile subscribers and telecom density for mobile line increased from 6.52 million and 8.7% in 2009/10 to 10.7 million and 12.85% in 2010/11. Similarly, the coverage of wireless telephone service increased from 50% in 2009/10 to 90% in 2010/11, while the number of subscribers and telecom density for fixed line declined from 1.36% in 2009/10 to 1.03% in 2010/11 indicating an absolute decline in the number of fixed line subscribers.

During the fiscal year, there was a significant reduction of service charges. The price of sim card (including 15 birr air time and VAT) was reduced to 40 birr. The price of airtime per minute has been reduced and flat national tariffs are set across all telecom zones. With regard to quality of services, the corporation has made efforts to enhance the quality through the provision of new services such as EVIDEO and fixed wireless services although the quality of the services seems deteriorating because of the expansion of mobile subscribers and damage made on fiber cables.

4.5 Potable water supply:- In 2010/11, the plan was to increase rural, urban and national potable water supply coverage from 65.8%, 91.5% and 68.5% in 2009/10 to 73%, 93% and 75% in 2010/11 respectively. A number of activities were performed to achieve these targets during the fiscal year. These include digging 93 deep boreholes, 1313 shallow boreholes, 4833 hand dug wells, to develop 3502 springs and construct 474 rural pipe systems. In total, 11,811 rural potable water supply schemes were constructed. Medium and big maintenances were performed for 5,513 rural potable water supply schemes. Moreover, while construction, expansion and rehabilitation activities of potable water supply schemes for 22 towns were

completed in the plan period, construction of potable water supply for other 127 towns are underway.

As a result, coverage for rural water supply increased to 71.3% providing access to 4.9 million more rural people, while urban and national coverage for potable water supply increased to 92.5% and 73.3% respectively in 2010/11. Though this is an encouraging achievement, the target of decreasing percentages of damaged potable water supply schemes could not be realized, which remained at 20% at the end of 2010/11.

Conclusion

As has been shown in detail in the above four parts, the accomplishments of the GTP in 2010/11 and 2011/12 seem, in most cases, very encouraging. There have been more than 100% achievements of goals in all sectors and that is commendable as it helps turn the ambitious goals of achieving the MDGs by 2015 and transforming the country into a middle income country by 2020-23, a reality.

As the first step in solving a problem is identifying the problems, all stakeholders in the execution of the GTP should be able to admit the problems evident along the process of implementation. Accordingly, the financial, administrative and human resource problems that have withheld various projects back need to be addressed in time for the GTP to benefit the whole country. With achievements as low as 9% in a fiscal year, the time for addressing the problems could not be more acute.

In what could be taken as a glimpse of what will happen at the final period of the GTP, some projects have enjoyed more than 100% achievement while other have hardly taken off. Although that would even result in a significant change, it would take longer time to alleviate the level of poverty we are in and that translates to more sufferings. Therefore, timely measures should be taken to make the projects lagging in execution catch up with the plan set by the GTP.