



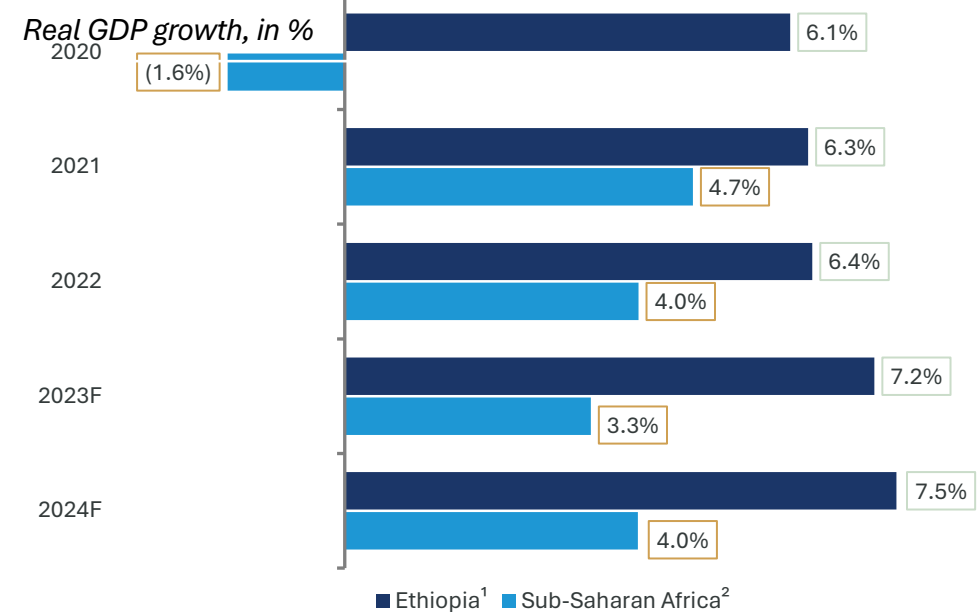
Ethiopia's Macro-economic Developments

**Progresses | Achievements | Challenges | Reform
Efforts Prospects | Call to Action**

**High-Level
Development Forum
14 March 2024**

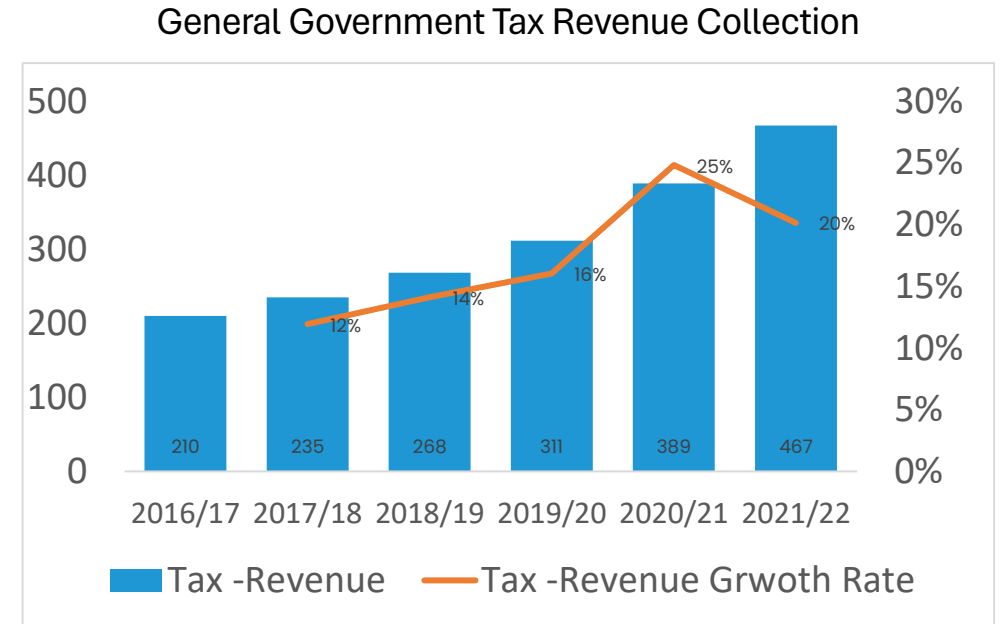
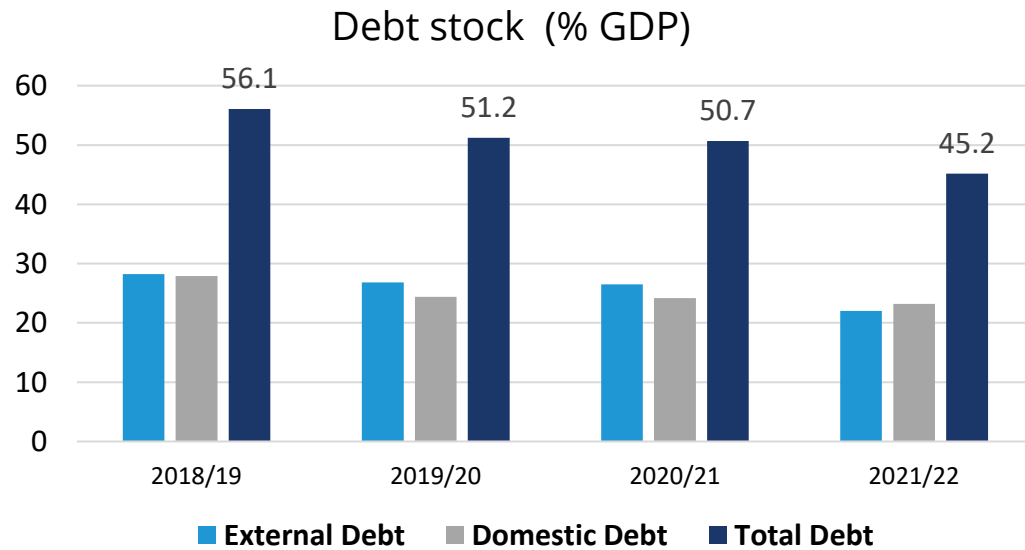
1. Sustained economic growth despite multiple shocks:

Ethiopia remains one of the top African performers in terms of economic growth



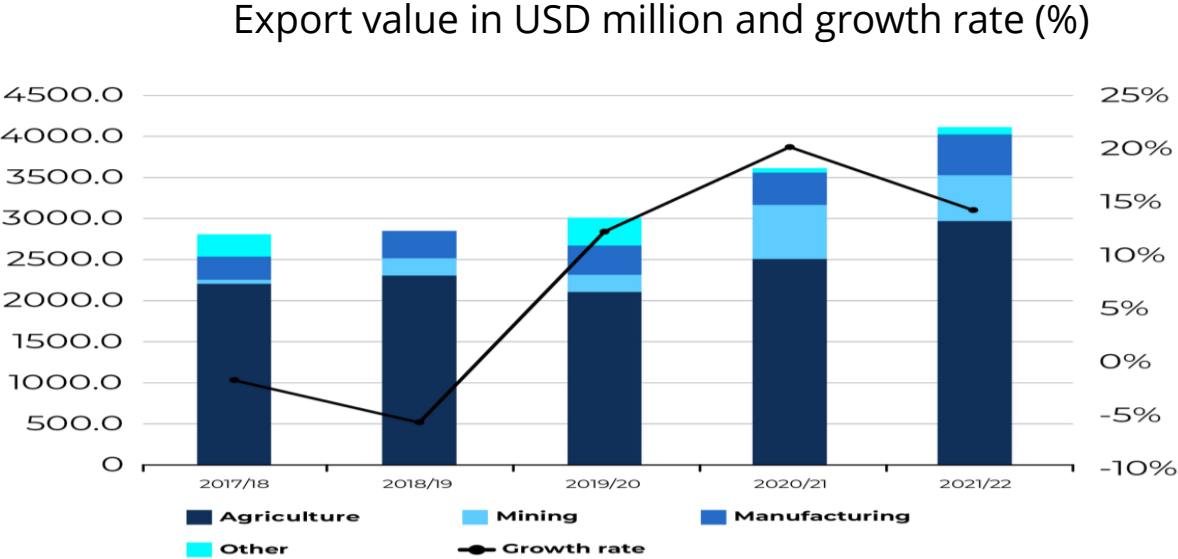
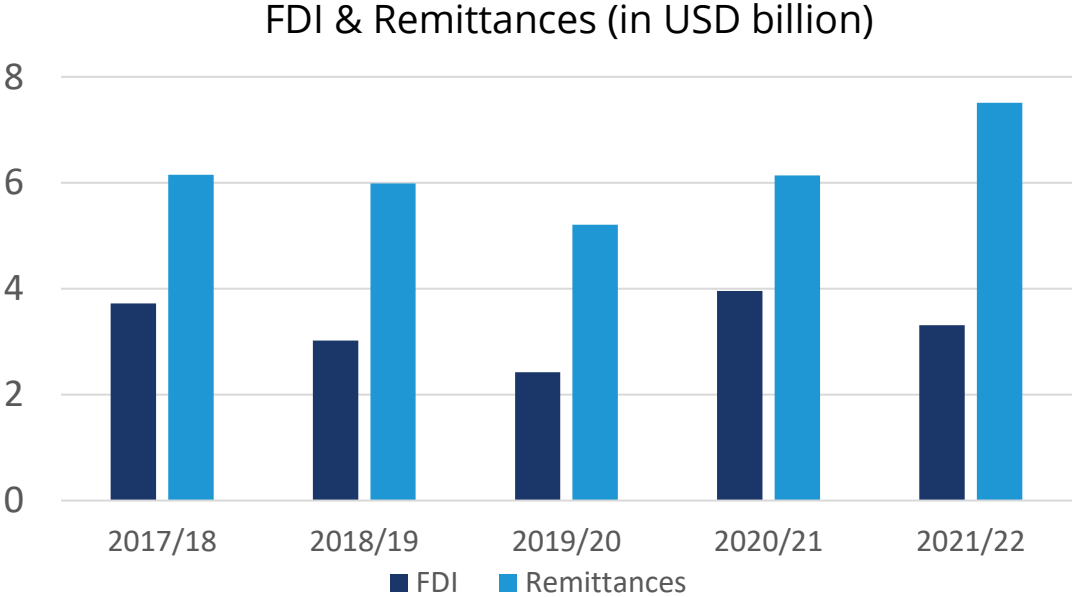
Macro-economic Progresses

2. Increased tax revenue & reduced debt stock:



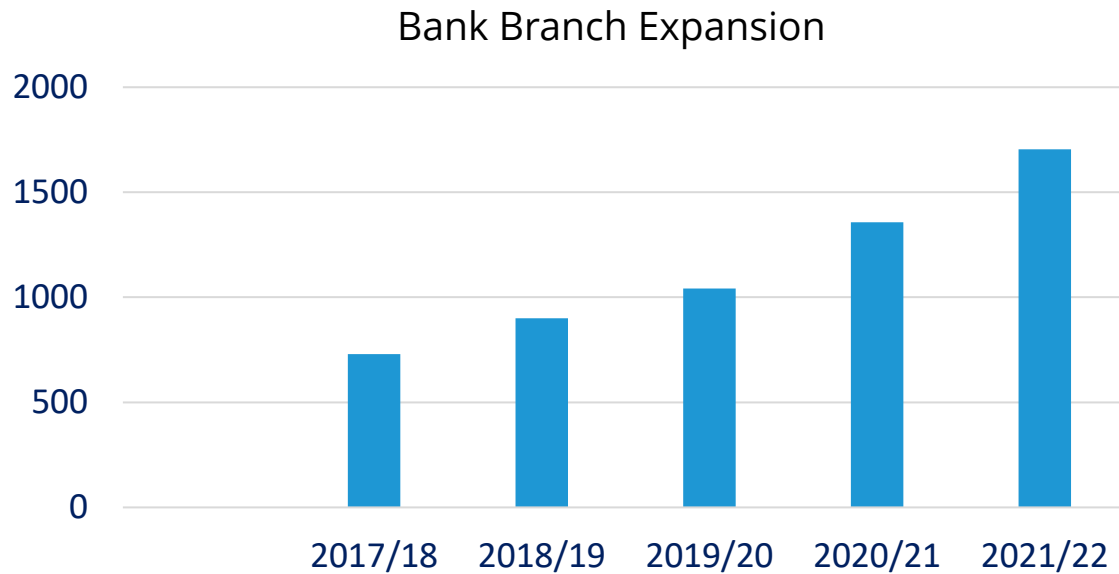
Macro-economic Progresses

3. Recovery in export revenue and sustained capital flows:

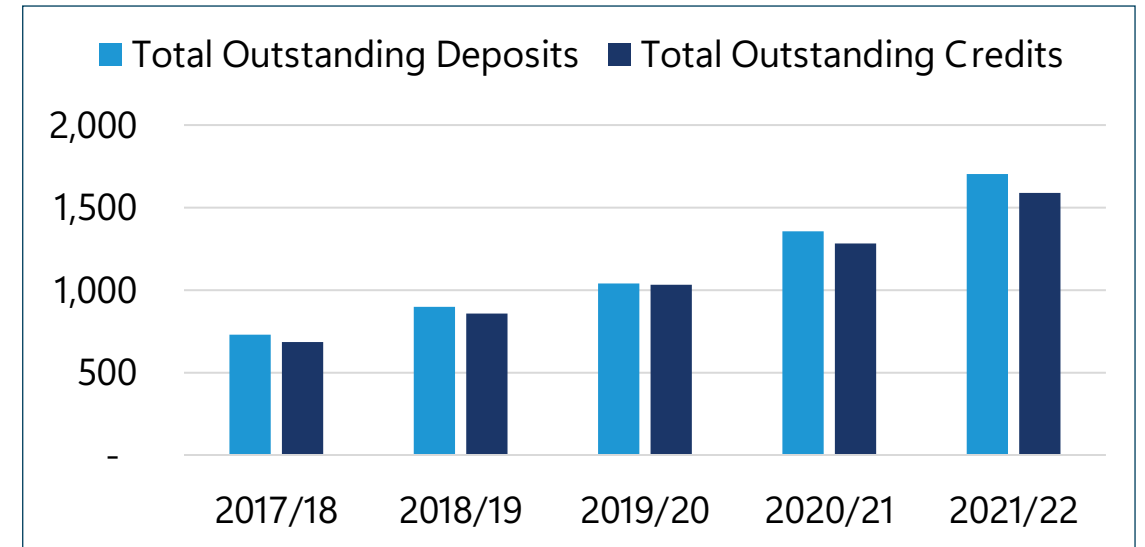


Macro-economic Progresses

4. Banking sector has showed rapid development and financial inclusion is growing:



Banking sector outstanding deposits and credits (in billion ETB)



5. Substantial progress in implementation of reforms to address structural bottlenecks

Reforms to:

- Diversify economic growth potential
- Liberalize the economy
- Remove restrictive legal frameworks for the private sector
- Cultivate collaboration with development partners
- Increase tax revenue and reduce debt stock
- Promote financial sector development and financial inclusion
- Improve Public Investment Management
- Enhance competitiveness of State-Owned Enterprises (SOEs)

Macro-economic Progresses

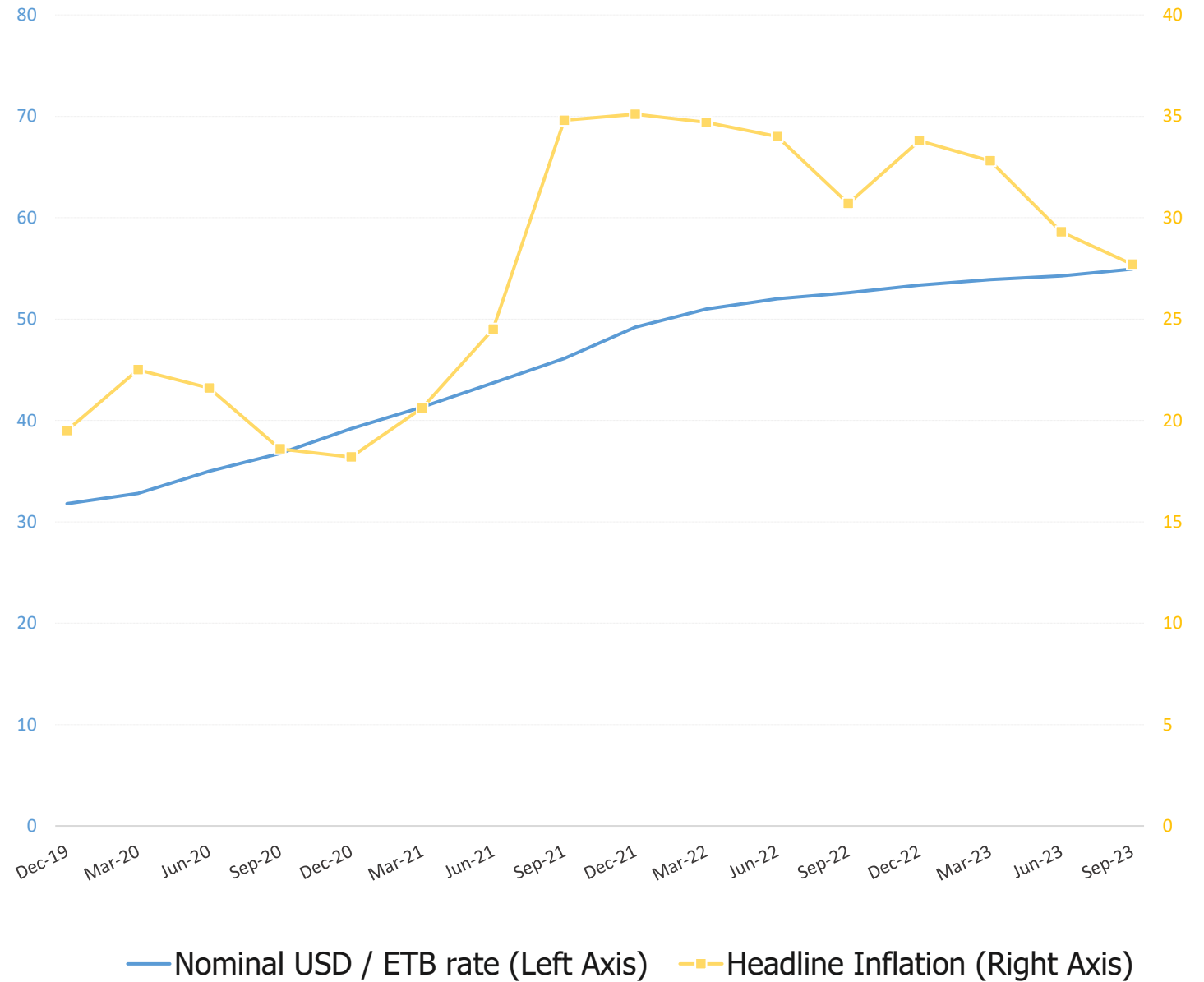
5. Substantial progress has been made in the implementation of reforms to address structural bottlenecks:

Reforms to:

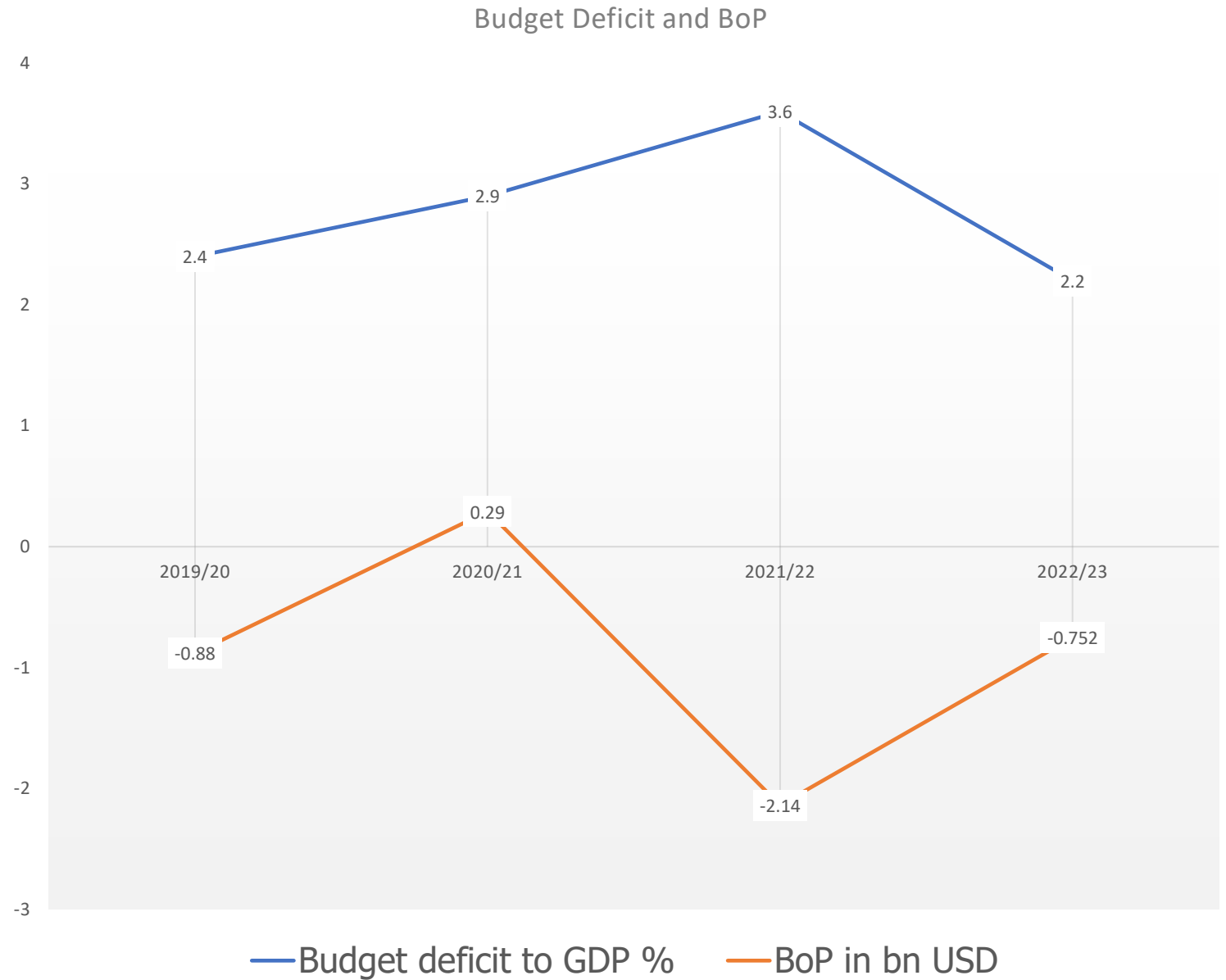
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Macro-economic Progresses

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Macro-economic Progresses

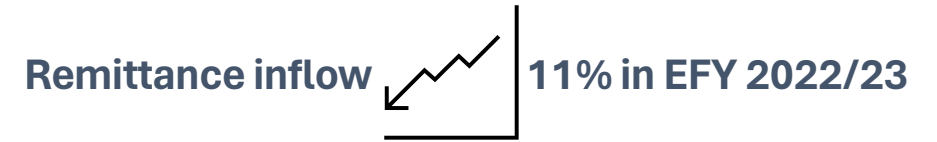


The deterioration of external position is significantly due to:

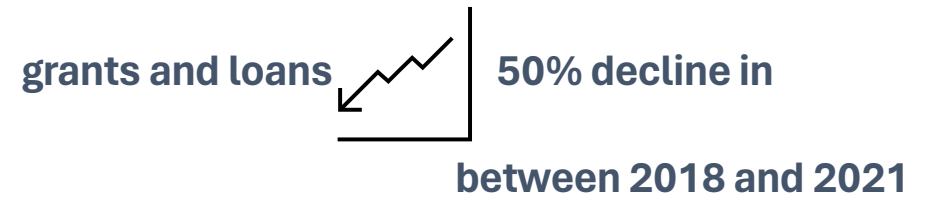
Reform

Systematic and coordinated with emphasis on immediate priorities that will establish a foundation for a sustainable economy in the long-term.

Limited private inflows



Limited international support

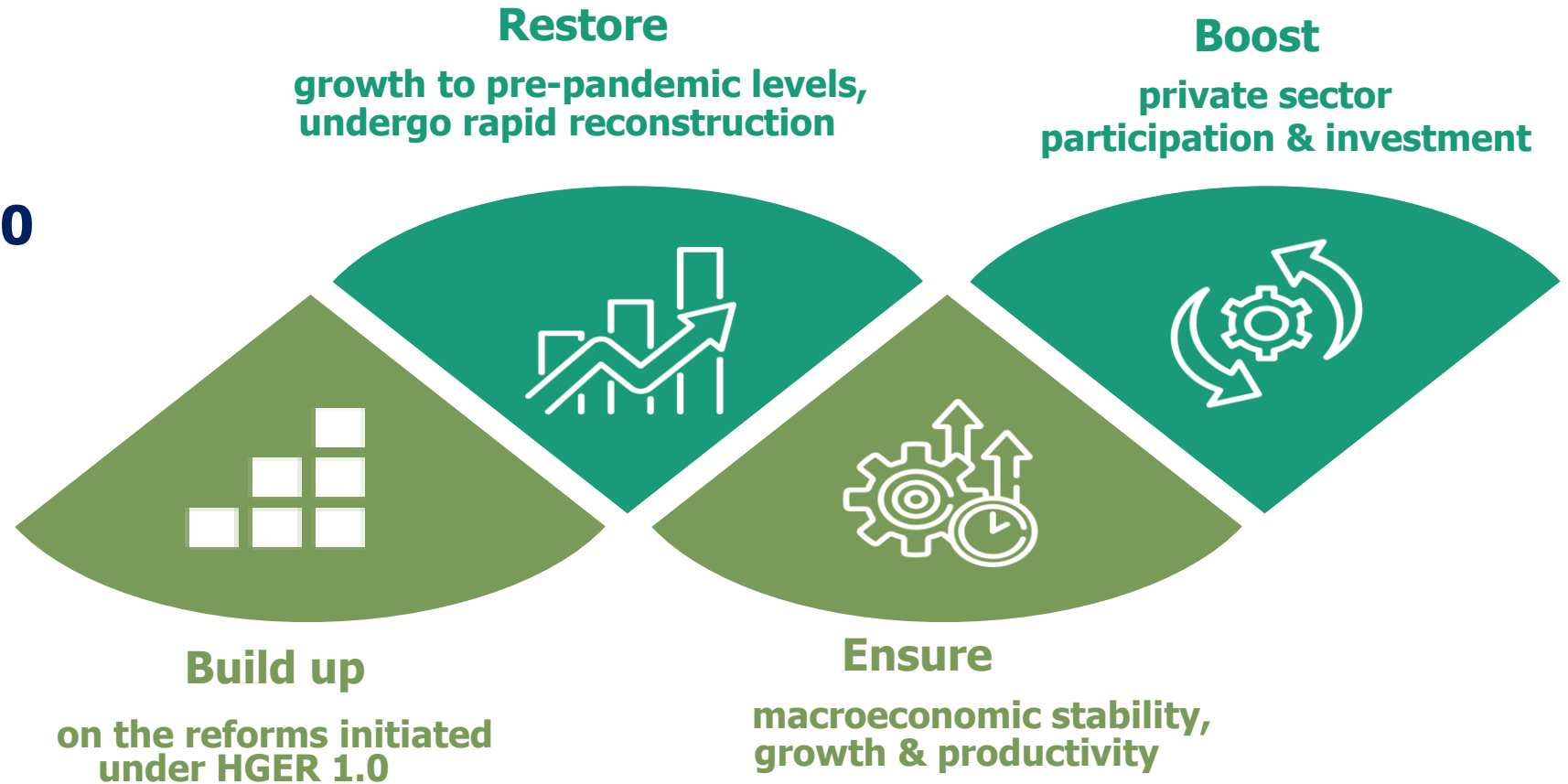


Weak exports



Macro-economic Progresses

Rationale for HGER 2.0



Ongoing Economic Reforms (HGER 2.0)

The four pillars of HGER 2.0



**ESTABLISHING
MACRO-ECONOMIC
STABILITY**



**CREATING
CONDUCTIVE
INVESTMENT AND
TRADE
ENVIRONMENT**



**IMPROVING
PRODUCTIVITY
IN KEY SECTORS**



**BUILDING A
CAPABLE AND
EFFICIENT
CIVIL SERVICE**

Ongoing Economic Reforms (HGER 2.0)

The four pillars of HGER 2.0



ESTABLISHING MACRO-ECONOMIC STABILITY

- Improving revenue mobilization
- Efficient public investment
- Debt sustainability
- Transformed monetary policy
- Sufficient FX
- Stable and strong financial sector
- Robust macro-economic management framework



CREATING CONDUCTIVE INVESTMENT AND TRADE ENVIRONMENT

- Improved market access and competitiveness
- Efficient logistics
- A vibrant MSMEs sector
- Increased FDI flows and market contributions
- Improved labor market

Ongoing Economic Reforms (HGER 2.0)

The four pillars of HGER 2.0



IMPROVING PRODUCTIVITY IN KEY SECTORS

- Enhanced productivity and investment
- Improved export performance and import substitution
- Establishing the country as a global tourist destination
- Unlocking the potential of the digital economy



BUILDING A CAPABLE AND EFFICIENT CIVIL SERVICE

- Efficient and capable civil service institutions
- Enhancing the quality and effectiveness of civil services
- Implement integrated civil service digital information system

Ongoing Economic Reforms (HGER 2.0)

Expected gain from HGER 2.0

Fiscal
Sustainability

Control
Inflation

Open and
Competitive
Regulatory
Framework

Increased
Private Sector
Participation

Enhanced
Productivity

Improved
Domestic and
Global Market
Integration

Efficient
Financial
Markets
Established

Enhanced
Trade
Competitiveness

Diversified
Exports

Departure

**Insight
from HGER 1.0**

**Adaptive
Strategy**

**Extensive
Engagement**

Collaborative and Coordinated

Ongoing Economic Reforms (HGER 2.0)

Immediate Priorities

Reviving long-term economic prospects

Forex regime reforms

Improved external position

Fiscal sustainability

Safety nets expansion & effectiveness

Reviving long-term economic prospects

Ongoing Economic Reforms (HGER 2.0)

Immediate Priorities

Reviving long-term economic prospects

Harness new economic growth potential

Position government as a catalyst investor

Re-focus investment in pro-poor and high-potential projects

Ongoing Economic Reforms (HGER 2.0)

Successful implementation of these reforms requires:

Managing growth tradeoffs

Embark on long-term investment

Strengthen institutional cohesiveness and coordinated implementation

Support from all stakeholders to ensure reform success

Ongoing Economic Reforms (HGER 2.0)