GTP and MDG targets will be met despite revised growth rates: Ethiopia

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For the first time in nine years, Ethiopia registered below double digits economic growth in the Ethiopian fiscal year 2011/12, despite strong growth in per capita income. The Ministry of Finance and Economic Development (MoFED), in a press conference held at its headquarters on Monday February 4, , said that Ethiopia achieved a growth rate of 8.5 percent, below the minimum 11 percent target set to achieve the aims of the Growth and Transformation Plan (GTP). The Ministry also said that the country's per capita income has reached 9,370 birr in the 2011/12 budget year, a significant increase from the previous fiscal year (2010/11), where it was 5,800 birr.

Ethiopia's revised macro-economic indicator for the 2010/11 budget year, which is the latest figures on this front, showed that Ethiopia's GDP was about 506.6 billion birr.

The Agriculture sector registered the lion's share with 45.3 percent, followed by Services at 44.2 percent and Industry at 10.5 percent. The Gross National Product (GNP) of 2010/11 Ethiopian fiscal year reached 737 billion birr.

GDP is the market value of officially recognized final goods and services produced by a country in a given period of time and is often considered an indicator of a country's standard of living, while GNP is the total value of final goods produced and services provided by a country during a particular year, plus income earned by its citizens (including income of those living abroad) minus income of non-residents living in that country. Basically, GNP equals GDP plus net income from foreign investments.

Dr. Abraham Tekeste, State minister of MoFED, stated that the drop in the percentage of growth could be attributed to the slowing down of growth in sectors such as industry, agriculture and services.

He however noted that there are no plans to revise the ambitious targets set in the GTP, especially in big infrastructure projects like fertilizer factories and sugar factories, which are going behind schedule.

MoFED says that Rate of Investment has reached 34.6 percent of GDP, with Gross Domestic Savings 16.5 percent, Exports 14 percent and Imports reaching 32.1 percent of GDP, respectively.

On target to meet MDGs and reduce poverty by half

The Ministry also stated that despite the country's slowing growth rate, all the targets of the Millennium Development Goal (MDG) which are expected to be met by the end of 2015, are achievable.

It said one of those goals, reducing poverty by half to reach 27.2 percent in 2015, needs a consistent 7 percent growth which the current rate more than satisfies. MoFED stated that Ethiopia is in a continent where economic growth rate is rapid with average economic growth reaching, on average, 5 to 6 percent annually, in Sub-Saharan Africa.

The Ethiopian government is embarking on large investment projects, to create sustainable economic growth to make poverty reduction a lasting goal.

With this in mind, the Ministry stated that two-thirds of government revenue is geared towards investments for capital projects.