



INTEGRATED SDG INSIGHTS ETHIOPIA

This initiative supports the articulation of national commitments to SDG transformation, towards accelerated SDG action in the second half of the 2030 Agenda.



HOW TO READ THIS REPORT



Integrated SDG Insights provides an overview of a country's economic growth trajectory, highlighting potential conflicts between growth, environmental concerns, and societal well-being (referred to as the **SDG Moment**).



It builds from the foundation of national SDG progress through the lens of the 5Ps and uses machine learning to analyse national development ambition with an SDG lens (**SDG Trends & Priorities**).



Combined, these insights are mapped against SDG interlinkages to define policy choices that accelerate SDG progress, tailored to national context (**SDG Interlinkages**).



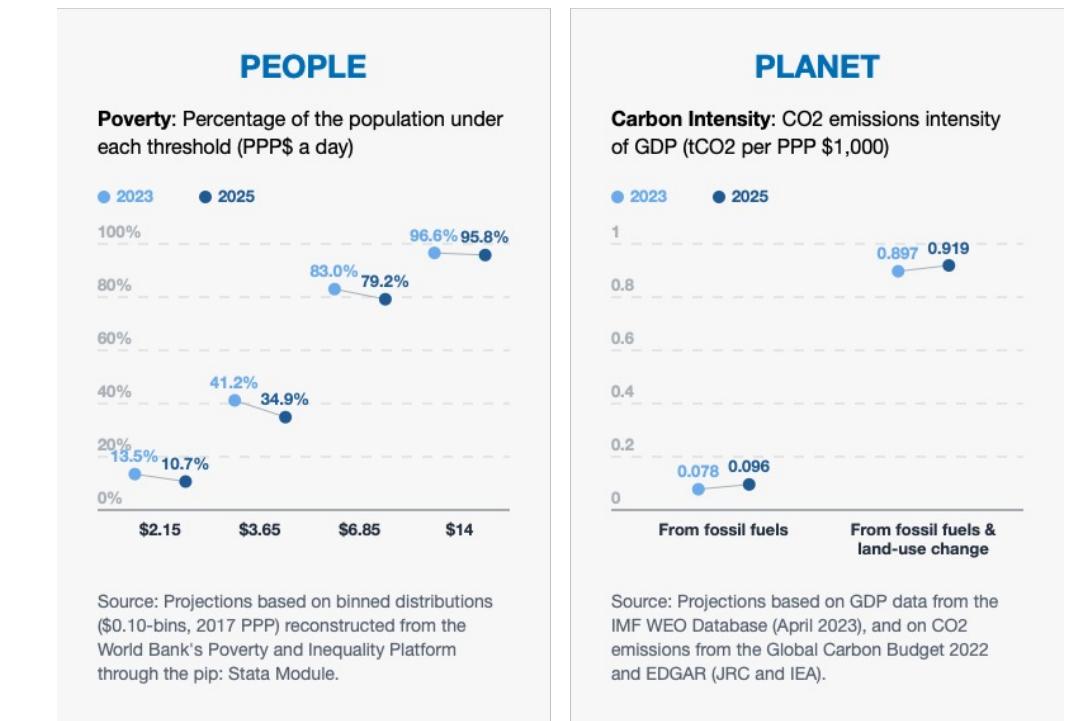
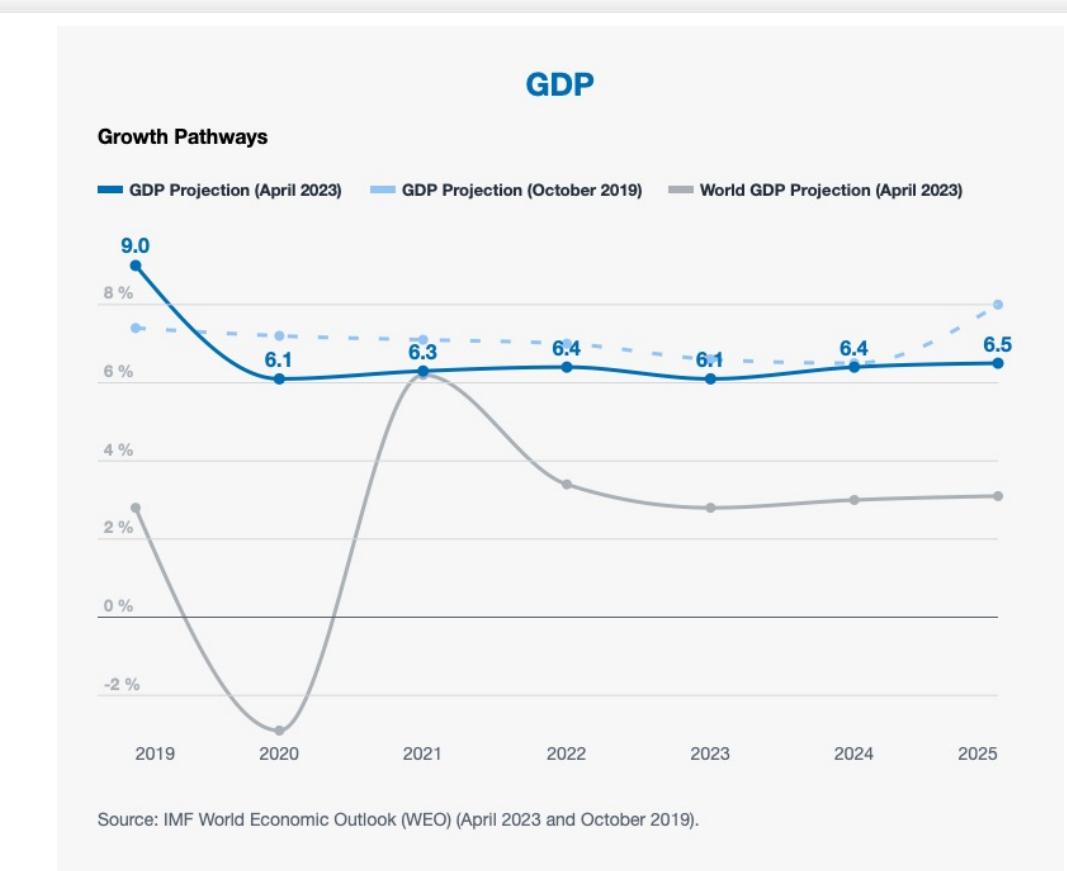
These policy choices are made against fiscal constraints and opportunities for stimulus to ensure choices translate to development impact and leave no one behind (**Finance & Stimulus**).

SDG MOMENT: ETHIOPIA

While economic growth is a key element in achieving the SDGs, many countries are intent on moving beyond growth as a yardstick for progress. In the short run, growth enables the SDGs; but in the long run, the SDGs aim to transform the pattern of growth itself.

Ethiopia's pace of growth during the cycle 2023-2025 is projected to be in acceleration, at twice the global growth rate; though still below the country's growth performance forecast before the pandemic.¹ Accordingly, Ethiopia's commitments to achieving the SDGs are focused on ensuring it becomes Africa's beacon of prosperity.

While this pace of growth is projected to reduce the incidence of poverty, Ethiopia remains committed to sustained growth while managing risks. Given there are risks that Ethiopia's growth cycle may negatively impact the environment, through its climate resilience green economy strategy the country will continue to green its investments, to restore macroeconomic stability and to ensure a conducive investment climate.²

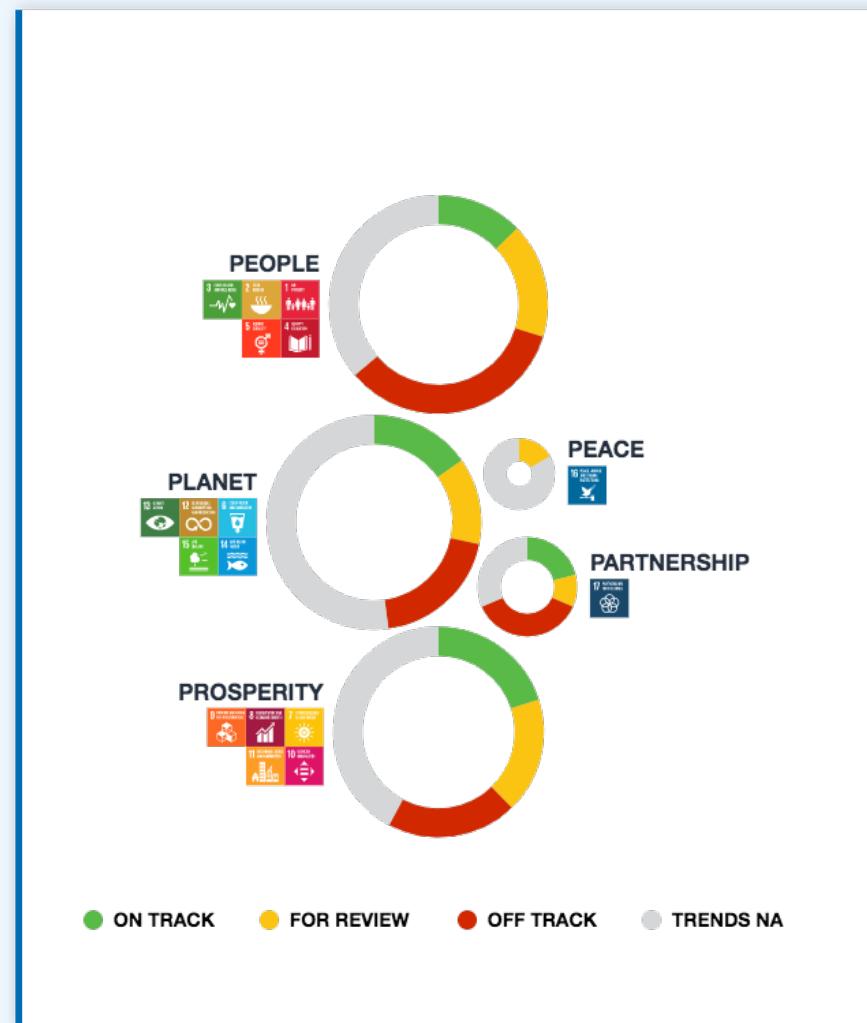


¹ The economic cycle is determined by adjusting the country's current GDP growth forecasts (April 2023) by their gap relative to the forecasts made before the pandemic and subsequent crises (October 2019). If the adjusted rates (not shown) are below 2%, the economy is considered in mitigation; it is coping if the adjusted rates range between 2%-4%, and it is in acceleration if they are above 4%.

² CO2 emissions intensity of GDP is computed as tonnes of CO2 per \$1,000 (2017 PPP).

SDG TRENDS

Understanding how Ethiopia performs against the SDG targets provides a baseline landscape against which to build integrated SDG pathways. SDG progress tracking follows UN Stats standards and methodology, and is aligned with country profiles.



SDG PRIORITIES

Ethiopia's national priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents. This analysis uses a custom-built model for SDG classification. It considers 100k+ terms, including phrases and expressions.



Key documents for analysis:

1. A Homegrown Economic Reform Agenda: A Pathway to Prosperity 2020
2. Ethiopia Ten-Year Development Plan (TYDP) 2021-2030
3. Ethiopia Voluntary National Review 2022

SDG INTERLINKAGES

SDG interlinkages reveal how actions directed towards one SDG can impact others. Uncovering and understanding these interactions can help Ethiopia to achieve the 2030 Agenda for Sustainable Development and to navigate trade-offs.

Based on a global framework for interlinkages, Ethiopia's SDG progress is colour-coded at the target level.

Building from national trends and priorities, the following integrated SDG pathways reflect policy choices with the most potential to accelerate the SDGs for Ethiopia:

- Target 2.4: Sustainable food production and resilient agricultural practices
- Target 7.1: Universal access to modern energy
- Target 8.5: Full employment and decent work with equal pay
- Target 9.2: Promote inclusive and sustainable industrialization

These SDG targets could be the basis upon which Ethiopia articulates its ambitions for the next seven years and makes commitments at the upcoming SDG Summit.



TRANSFORMATIVE PATHWAYS



SDG INTERLINKAGES

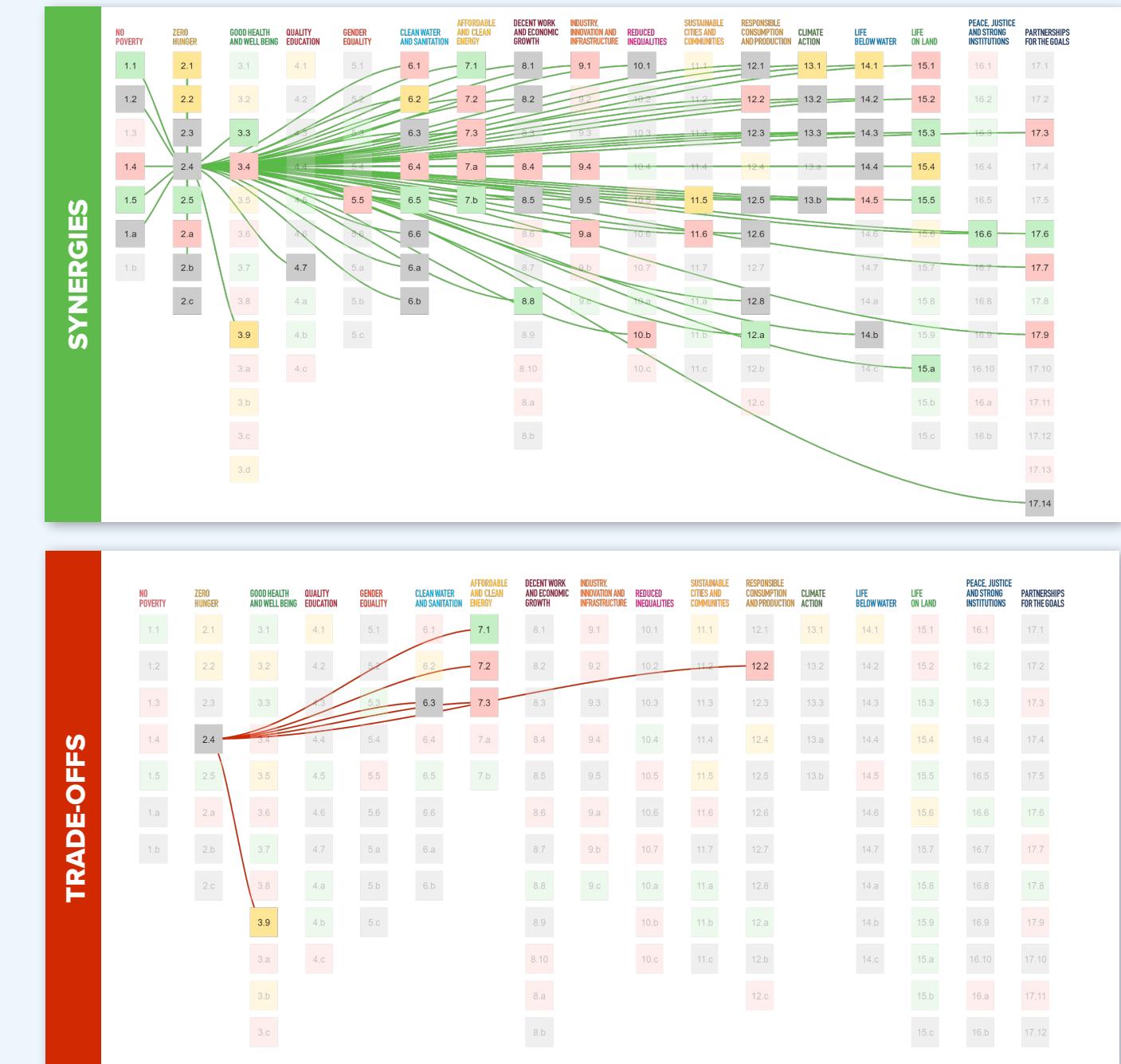
2.4 By 2030 ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality

Two-third (67%) of Ethiopia's labour force is in agriculture. Modernizing agriculture is therefore seen as a way to improve agricultural wages (target 8.5). It will also improve food production to ensure security in food and nutrition (target 2.2).

The focus does demonstrate areas of co-investment to ensure progress, including for example fostering climate-resilience (target 13.1), local manufacturing of agriculture tools (target 9.2), encouraging private sector participation (target) and trade (target 17.11).

It also requires co-investment in availability of reality data (target 17.18), for which government has initiated a process of conducting the next agricultural census. This will in turn provide guidance for policy coherence (target 17.16) across the SDGs. It will also help improve the GDP estimates that will determine drivers for economic stability (target 17.13) for the local authorities.

● ON TRACK ● FOR REVIEW ● OFF TRACK ● TRENDS NA



Explore the interlinkages at:

<https://data.undp.org/sdg-push-diagnostic/ETH/synergies-and-tradeoffs>

SDG INTERLINKAGES

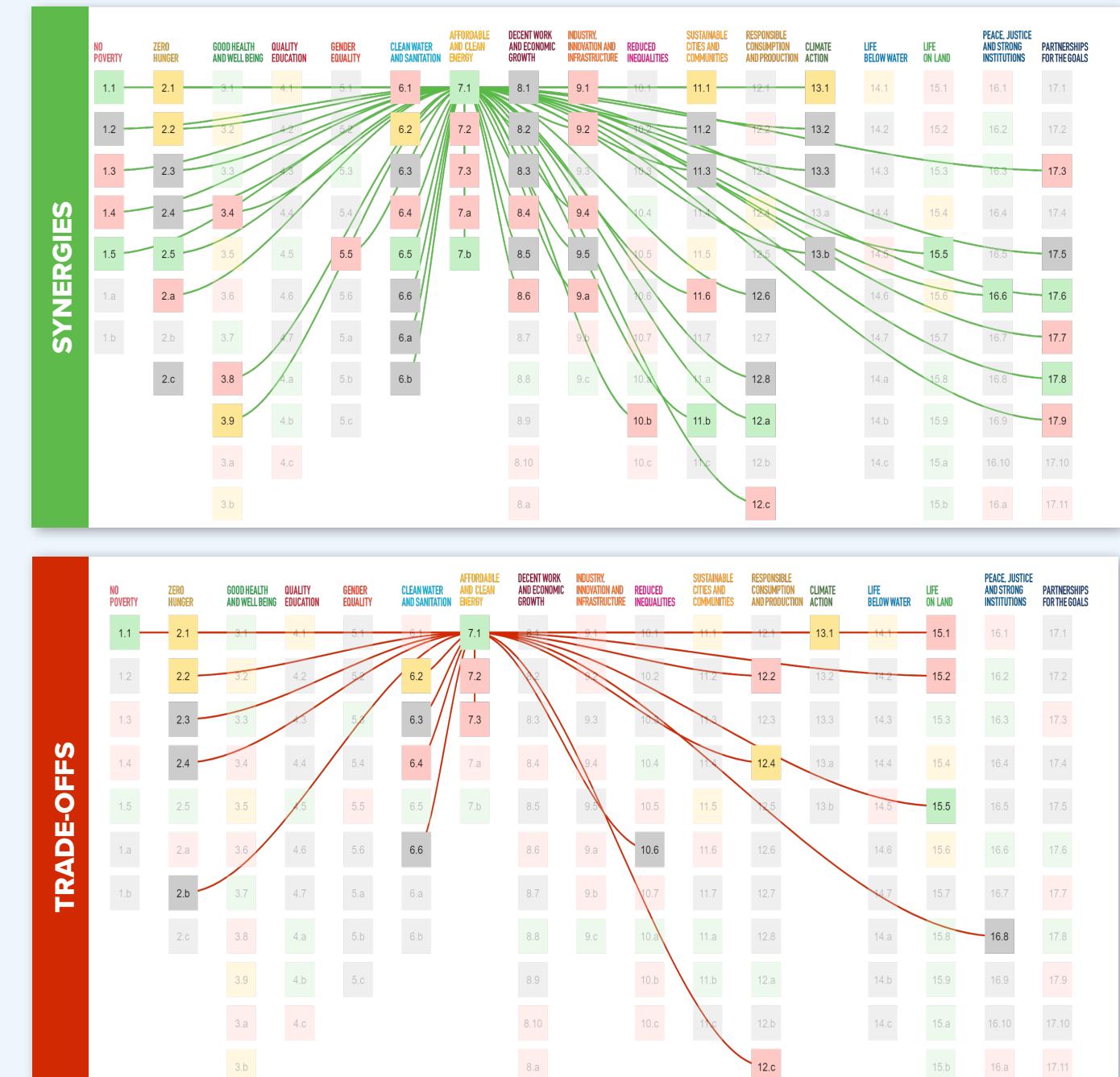
7.1 By 2030 ensure universal access to affordable, reliable, and modern energy services

Access to affordable and reliable energy is considered a critical enabler for Ethiopia. It will help reduce poverty (target 1.1), create jobs (target 8.5), supports value addition (target 9.2) and, above all, empowers women (target 5.4). However, it is important that the potential negative impacts on the environment (target 13.1) are taken into account.

Ethiopia's investment in energy is to provide the economy with quality electric power service that is accessible, equitable and affordable (target 11.1); and to expand the required infrastructure (target 9.1). Additional policy combination is will be to invest in opening up rural areas (target 11.1) so as to receive clean energy technologies (target 7.2). Ethiopia will explore opportunities for financing from multiple sources (target 17.3) to ensure a healthy financial position of the energy sector.

One of the targets is to increase the number of electricity customers from 5.8 million to 24.3 million, which is a significant increase. Even with this significant expansion in customers, there will be room to increase the figure still further.

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SDG INTERLINKAGES

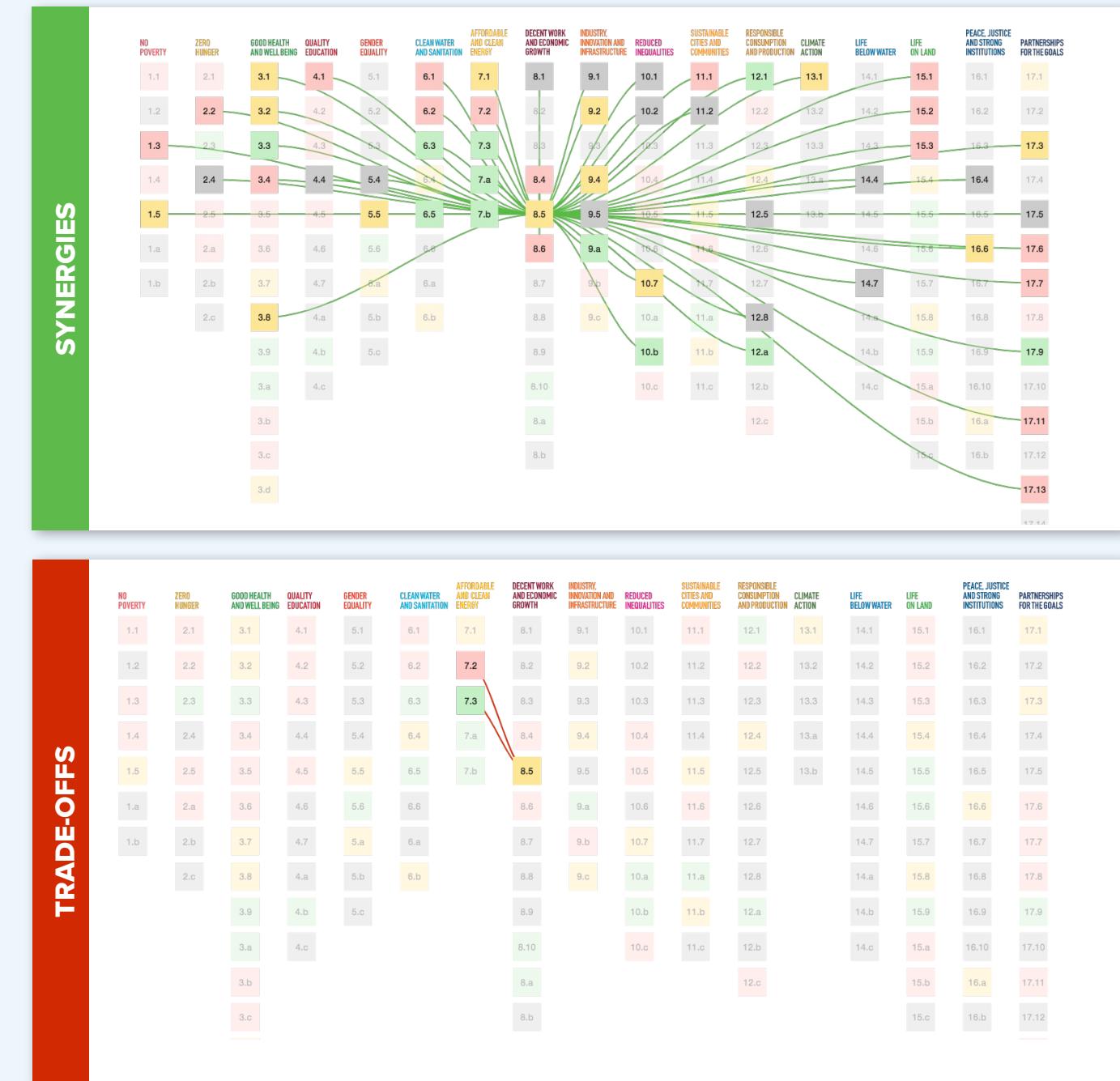
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Over 70% of Ethiopia's 120 million population is below the age of 30 and two to three million join the labour force every year. With more people in rural areas, the challenge of creating jobs is real.

The combination of policy pathways to create job opportunities include investing in rural areas (target 11.1), which also means addressing pockets of conflict (target 16.1) across the country. In fact, peace is a requirement especially in rural areas. Investment in value addition (target 9.2) will drive jobs while at the same time ensuring progress on sustainable industrialization.

While statistics show the national unemployment rate at 8%, investment in data (17.18) to better characterize the job market will help to understand which sectors have the potential for decent jobs.

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SDG INTERLINKAGES

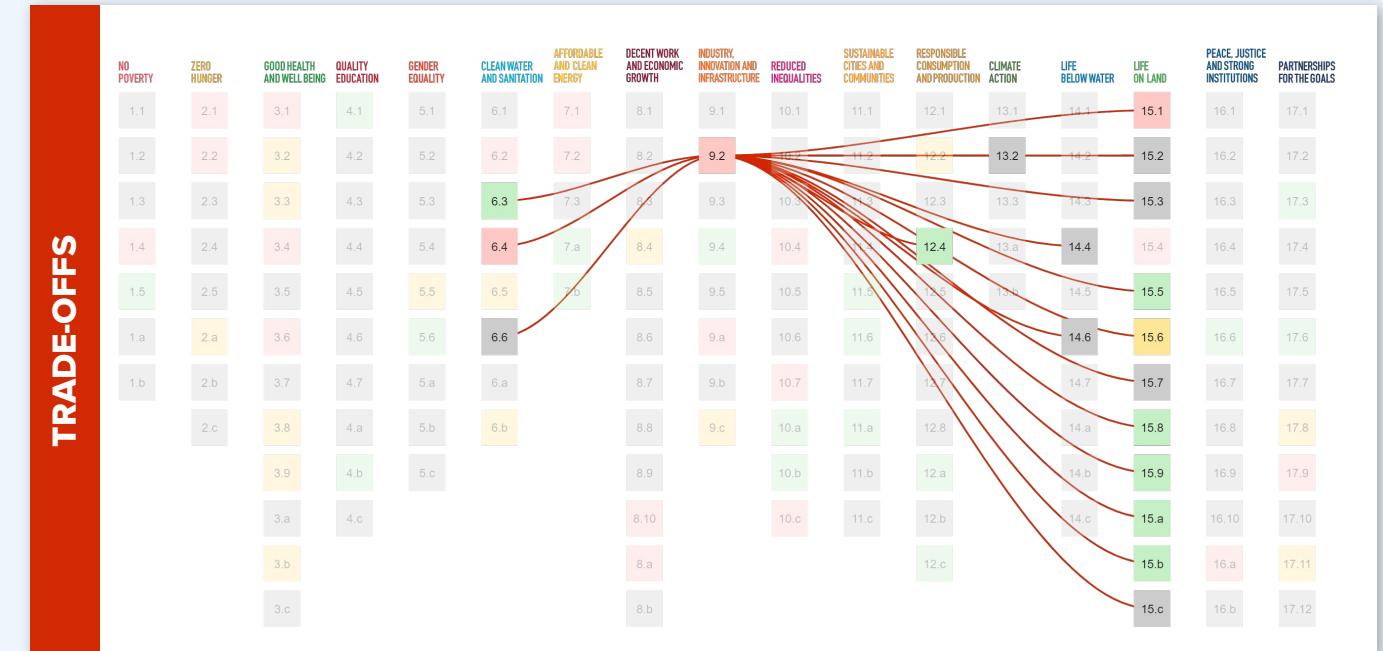
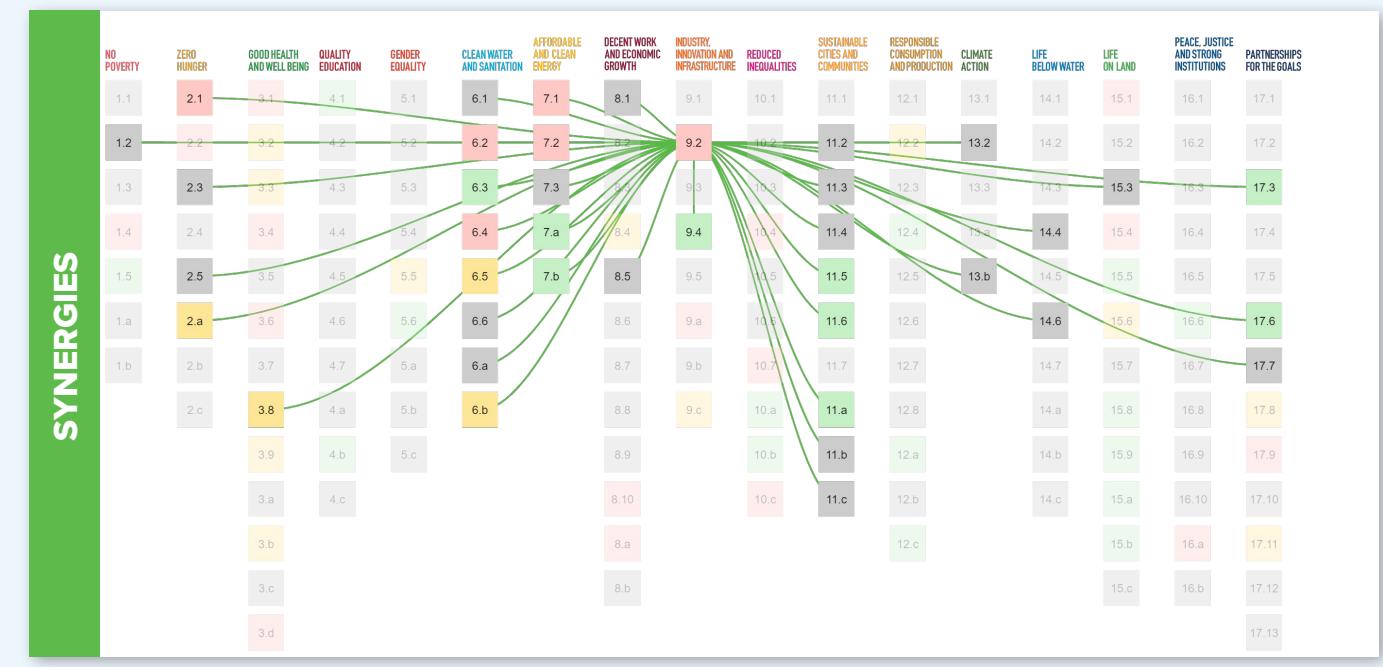
9.2 Promote inclusive and sustainable industrialization, and by 2030 raise significantly industry's share of employment and GDP, in line with national circumstances, and double its share in LDCs

One of the key pillars of the TYDP is enhancing the productivity and competitiveness of the Ethiopian economy for ensuring quality growth and shared prosperity. The sectoral focus of the home-grown economic reform agenda includes investments in agriculture value addition (target 2.4), manufacturing (target 9.4) and mining (target 12.2) which are the bases for inclusive and sustainable industrialization. These investments are critical to the well-being of citizens, to creating jobs (target 8.5) and to addressing macroeconomic challenges (target 17.13), such as ensuring quality and sustained growth, fighting inflation, and addressing both foreign exchange problems and the fiscal space.

Ethiopia does recognize the trade-offs associated with promoting industrialization, with the environment most likely to be negatively impacted. Through its Climate Resilience Green Economy strategy, Ethiopia, together with its partners, will continue to green its investments.

The country is well aware of the impact of climate-related challenges as it is one of the drivers of conflict within Ethiopia's borders. The nation will continue to pursue green industrialization to mitigate any trade-offs.

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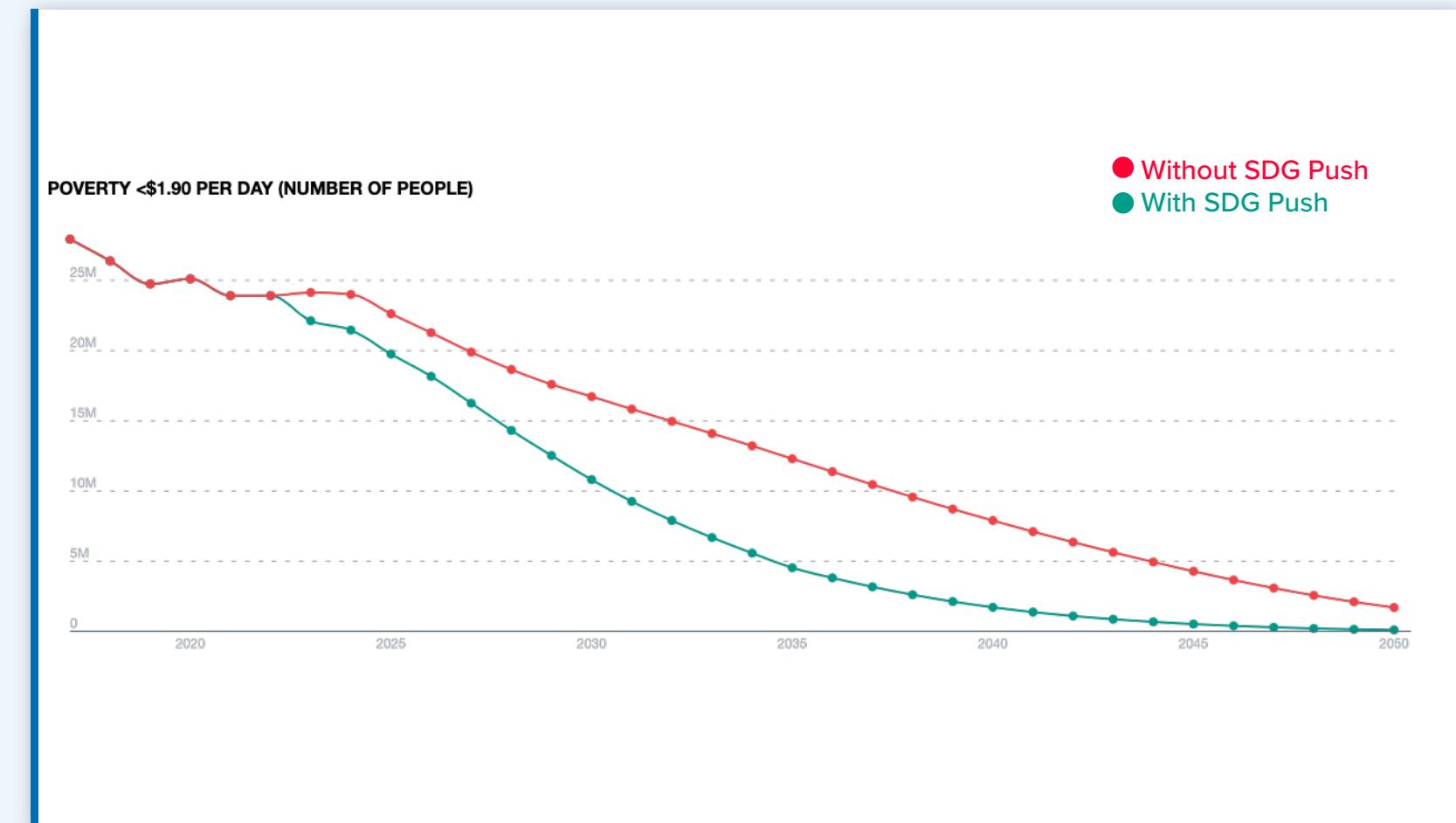
FUTURES SCENARIOS

Achieving the SDGs is possible.

The ‘SDG Push’ is a futures scenario based on 48 integrated accelerators in the areas of Governance, Social Protection, the Green Economy and Digital Disruption. It uses national data to explore the impact on human development by 2030 and by 2050 across key SDG indicators.

Incorporating ‘SDG Push’ accelerators into development interventions in Ethiopia can reduce the number of people living in poverty over time.

People living in poverty	By 2030	By 2050
Without the SDG Push	17 mn	1.7 mn
With the SDG Push	11 mn	94,000



Explore SDG Futures Scenarios at:

<https://data.undp.org/sdg-push-diagnostic/ETH/future-scenarios>

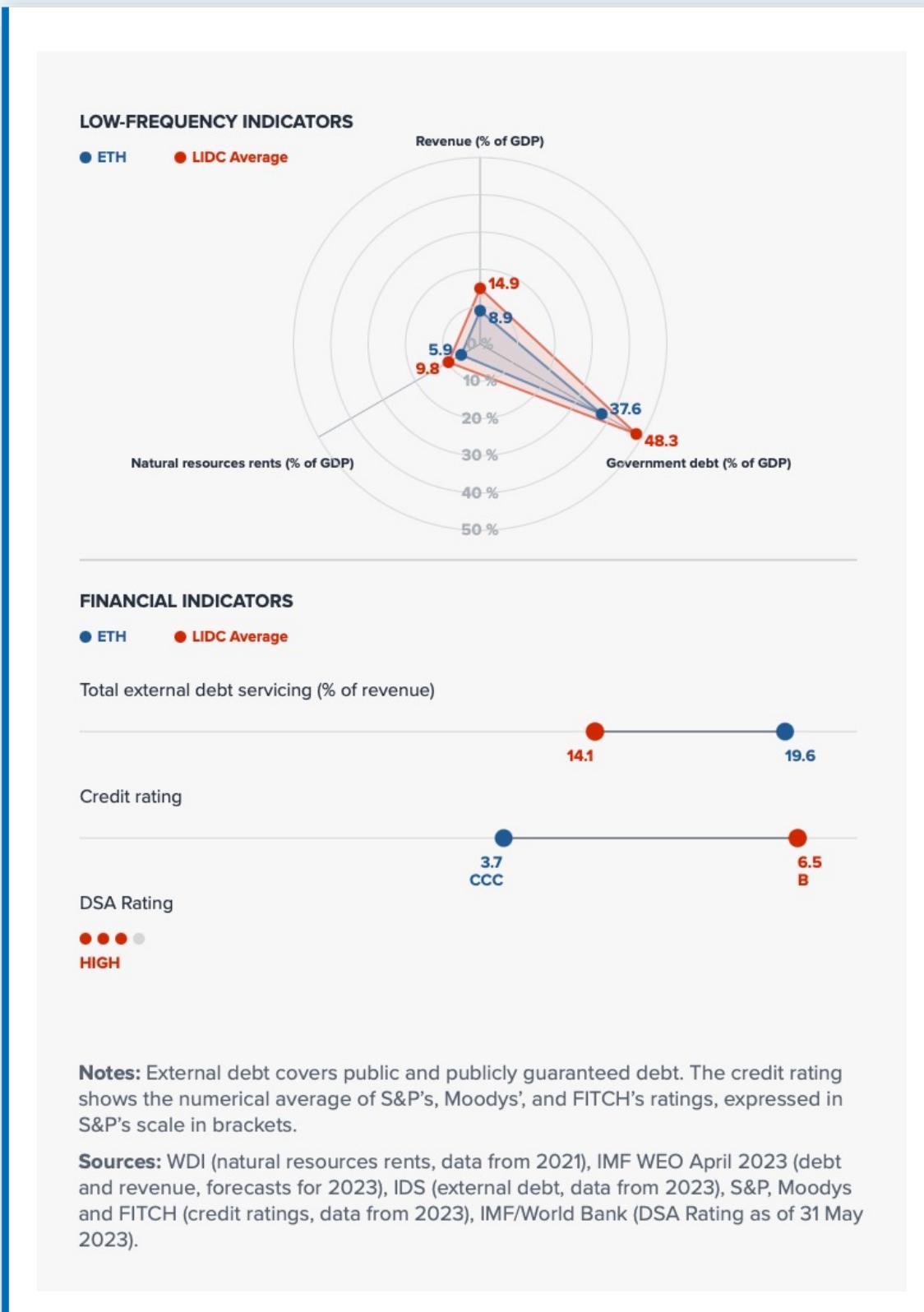
FINANCE & STIMULUS

Many countries are facing reduced fiscal space, high debt levels, rising interest rates and downgrades on credit ratings. Fiscal and financial constraints tend to slow or even reverse SDG progress.

The radar diagram shows low frequency data points linked to government revenue, debt and natural resource rents as a proportion of GDP. The financial indicator graphs show external debt servicing relative to revenue, the sovereign credit rating and the country's latest Debt Sustainability Assessment (DSA) risk rating.

Ethiopia's gross government debt is projected at 37.6% of GDP in 2023 and thus more than 10 percentage points below the low-income developing economies (LIDC) group average of 48.3%. With a projected 8.9% of GDP this year, Ethiopia collects less than two thirds of the LIDC group's 14.9%.

This year Ethiopia is projected to spend nearly 20% of revenue on public external debt servicing, which is significantly higher than the LIDC average of 14.1%. Ethiopia is one of four countries that have signed up to restructure its debt under the G20's Common Framework for Debt Treatments, and negotiations are still ongoing. The country's credit rating is in default territory. According to the latest World Bank and IMF DSA from May 2020, Ethiopia was assessed at 'high risk' of debt distress.



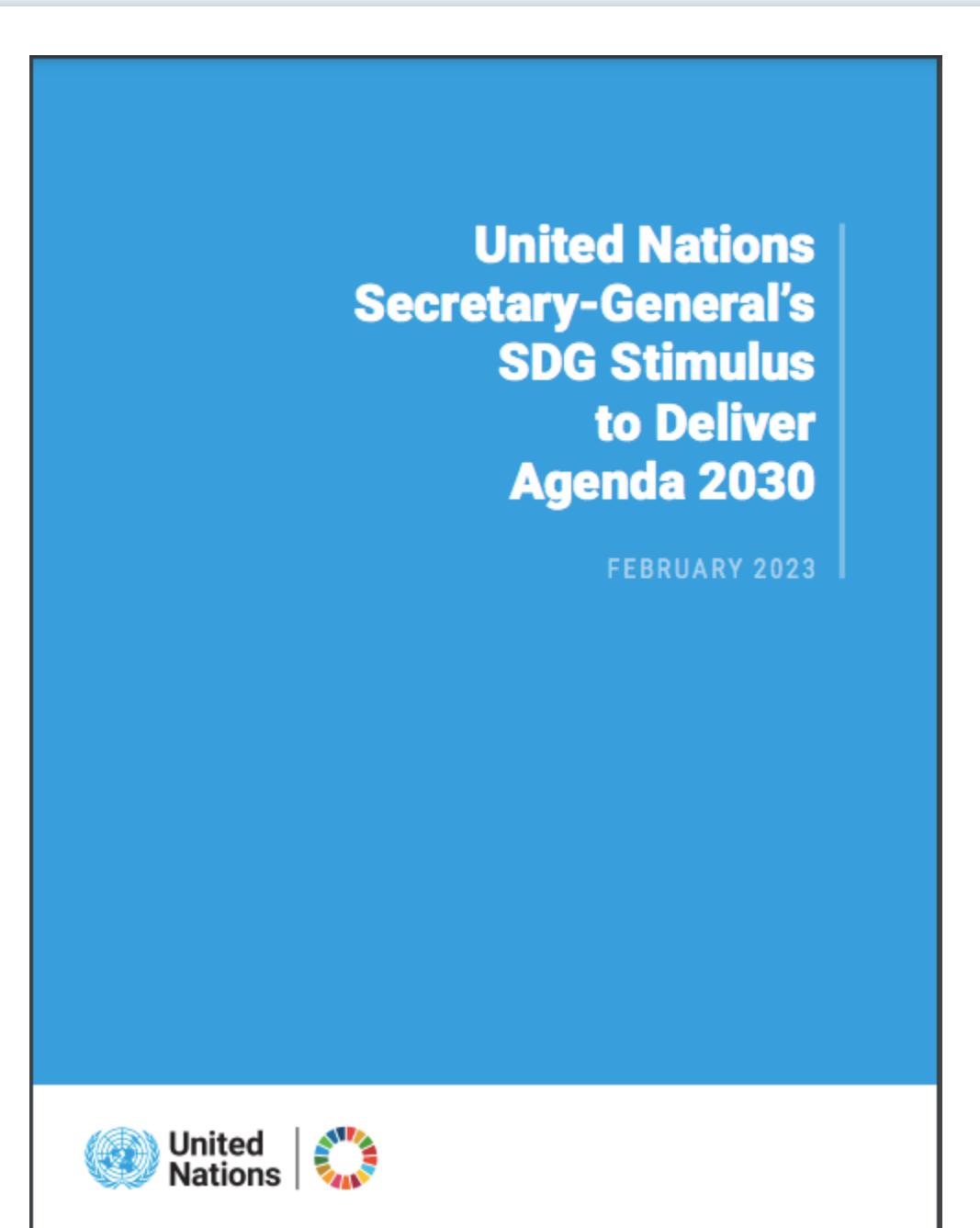
SDG STIMULUS

The UN Secretary General's SDG Stimulus Plan lays out a blueprint for action within the existing financial architecture. It includes:

- Providing liquidity to support recovery in the near term
- Enhancing debt relief for vulnerable countries
- Expanding development financing by MDBs
- Aligning financial flows with the SDGs and the Paris Agreement, according to country-level priorities and needs, for example through the roll-out of the UN Integrated National Financing Framework (INFFs).

Given the projected fiscal and financial constraints faced by Ethiopia, possible funding options for the investments derived from the identified interlinkages are as follows:

- Tax and revenue reform
- Debt for SDGs
- Climate finance
- Blended and public-private finance
- SDG-aligned business environment and investment
- Accessing financial markets and insurance
- Remittances, philanthropy and faith-based financing



METHODOLOGY

Click [here](#) to view the Methodological Note for the Integrated SDG Insights



SDG MOMENT

Methodology

Assesses challenges and opportunities in national growth trajectories with insights on environmental sustainability and inclusiveness.

Data Sources

Future trajectories to 2025 are based on IMF-WEO GDP projections, distributions of per capita income or consumption from the World Bank, and CO₂ emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).



TRENDS & PRIORITIES

Methodology

SDG trends tracks progress from 2015 to date for the 231 indicators. National priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents.

Data Source

Trends utilizes official [UN statistics](#) to assess [SDG progress](#), supplemented with national data when available. Priorities uses a custom-built model for SDG classification. The policy documents analyses are provided by Governments.



INTERLINKAGES

Methodology

Global target-level interlinkages are drawn from the [KnowSDGs Platform by European Commission](#). SDG interlinkages were retrieved through a structured literature review in Scopus and Google Scholar to tap both grey literature and peer-reviewed publications as a source of information.

Data Source

The exercise globally considered a total of 454 documents published from 2015 to August 2022. ([Miola et al., 2019](#) updated in [2021-2022](#))



FINANCE & STIMULUS

Methodology

Provides insight into indicators of fiscal and financial stress with options (INFF) for stimulus and other means to accelerate progress.

Data Source

Most recent resource data from UNU-WIDER GRD (between 2018 and 2021), debt and revenue from IMF WEO (between 2020 and forecasts for 2023), external debt from IDS (2023), yields from Haver Analytics (8 June 2023), credit ratings from S&P, Moodys and FITCH (2023), and DSA ratings from World Bank/IMF (31 May 2023).