Ethiopia's Strategic Planning and Foresight for SDG and Agenda 2063 Financing:

keen to share Ethiopia's practical experiences in integrating strategic foresight into our national planning and budgeting, in support of the SDGs. My remarks will directly address the key questions posed for this session.

Let me begin by addressing **how Ethiopia has used strategic foresight in our planning process and national budgeting:**

- We firmly believe that **strategic planning and governance foresight are critical for accelerating Agenda 2063's Decade of Acceleration (2024-2033) and equally vital for advancing the 2030 Agenda.**
- Strategic foresight is our **structured and systematic approach** to **navigating uncertainty and complexity**, moving beyond conventional planning. It's essential for **fostering adaptive, forward-looking development strategies** in our fast-changing environment.
- While the assessment of Agenda **2063's First Ten-Year Implementation Plan (FTYIP) revealed persistent gaps i**n foresight integration, we are **actively addressing these**.
- Our **Ten-Year Development Plan (TYDP)** serves as our long-term vision, explicitly **integrating all 17 SDGs** and **Agenda 2063** with a **dedicated alignment matrix.**
- **To operationalize** this, we use rolling **three-year Medium-Term Developm**ent and Investment Plans (MDIPs). These plans **detail costed public investment priorities and performance targets, ensuring coherence across annual budgets**.
- Our ongoing **Homegrown Economic Reform (HGER) program** is designed to deepen **SDG domestication and implementation**, enhancing our **capacity for evidence-based policymaking and inter-sectoral coordination**, crucial for effective foresight.

Now, **let me share some examples** of where **strategic planning and foresight have** helped us **address financial gaps** in our national development plans to achieve Agenda 2063 and the SDGs:

- **Fulfilling financial gaps is paramount** for both Agendas. **Strategically, over 60 percent of Ethiopia's federal budget is allocated to pro-poor sectors** like health, education, and agriculture, **directly supporting core SDG** outcomes.
- **Our Integrated National Financing Framework (INFF), or E-ISFS**, is a forward-looking strategic tool, informed by a **comprehensive Development Finance Assessment.** It outlines our pathway to close SDG **financing gaps by mobilizing domestic resources, concessional finance, climate funding, and private capital.**
- **Under the leadership of the Ministry of Finance and Ministry of Revenue, and guided by a national steering committee**, we are implementing a **midterm revenue strategy for 2024/25-2026/27.** This strategy is **spearheading comprehensive reforms.**
- We are currently undertaking the **rationalization of outdated taxes** and significantly improving **income tax, value-added tax, and excise tax**. A substantial reform has also begun on **property tax to boost subnational government revenue.**
- To combat **tax aviodance**, a **minimum alternative tax system** is under preparation for imminent implementation.
- Our efforts in **Domestic Resource Mobilization (DRM) have shown significant progress**: **total tax collection more than doubled between 2015/16 and 2023/24,** driven by strategic policy actions like electronic tax systems and stronger audits.
- We are also making substantial advancements **in tax administration reform and modernization,** particularly through **our e-tax initiatives**. We are actively working on implementing an **electronic refund system**, alongside efforts to enhance input collection. The **e-Clearance system ,e-Payment, e-Filing, we are enhancing the system to ensure**

taxpayers receive notifications more effectively when filing electronically. Epayment reached 80 % of the total tax payment

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- **The implementation of a social development tax, the increase in taxpayers transitioning to digital tax systems, and enhanced tax audit effectiveness are all contributing to our revenue growth.** These efforts are being replicated at regional and municipal levels to diversify revenue sources.
- **Furthermore,** in a manner that does not exclude service delivery**, service fees have been rationalized based on** the **benefit principle,** ensuring additional **non-tax revenue becomes a means for resource mobilization to finance the SDGs.**
- A concrete example of our commitment to local ownership is **the SDG acceleration fund for regional administrations. T**his fund has consistently grown, from 6 billion ETB in 2018/19 to 14 billion ETB by 2022/23, **ensuring sustained funding for regional SDG progress.**
- In the face of recent **donor funding suspensions, Ethiopia launched 'Ethiopia Aid,' a domestic initiative involving public and private sector actors to maintain critical interventions – a clear example of innovative, adaptive financing.**
- We are also strategically utilizing **innovative financing mechanisms** for SDG support. These include:

    - **Educational programs funded by school alumni**, harnessing private giving for public good.
    - **Community-based health insurance programs**, addressing health service delivery effectiveness and affordability at the grassroots level.
    - **Resource mobilization from non-state actors** to build core tourism infrastructure and support urban renewal.
    - **Utilizing community-based coalitions** to support local-level voluntary activities that assist vulnerable groups.
    - Implementing **Productive Safety Net Programs (PSNP)** to address basic needs and create assets for the poor in both rural and urban areas.

- We are also strategizing on **disaster and risk management financing**. Under our new disaster and risk management policy and proclamation, **we are establishing a disaster fund.** This is complemented by the insti**tutionalization of self-sufficient humanitarian aid and disaster preparedness at all levels, from Kebele to Woreda, Zonal, Regional, and Nationa**l, **through local resource mobilization**.
- We are also **expanding market-based instruments**, including the recent **launch of the Ethiopian Securities Exchange and scaling up treasury bond issuance, to attract long-term domestic and diaspora capital, reflecting our foresight in diversifying financing.**

Finally, let me address how Ethiopia finds the APRM Toolkit on Strategic Planning and Foresight useful for our country's strategic preparedness:

- We warmly **welcome and find immense value in the APRM's newly adopted toolkit**.
- it is crucial for supporting African countries in applying the **principles of effective governance for sustainable development.**
- For **Ethiopia**, this toolkit provides a **structured framework for self-assessment,** helping us pinpoint areas **to further strengthen our forward-looking approaches in decision-making**. We note that APRM assessments have highlighted limited national capacities to anticipate and mitigate disasters and shocks due to the absence of forward-looking approaches in many African countries.
- This toolkit will assist us in
  - **systematically integrating strategic foresight** more deeply into our national development plans, thereby **enhancing our capacity to anticipate and mitigate future shocks and seize new growth opportunities in our dynamic economic landscape.**
  - We eagerly anticipate utilizing **this toolkit to refine our strategies and ensure more resilient and inclusive development.**

In summary, Ethiopia is deeply committed to leveraging strategic planning and foresight to close financial gaps and accelerate progress towards Agenda 2063 and the SDGs.

We believe our experiences, **particularly in domestic resource mobilization and innovative financing,** offer valuable lessons. We look forward to continued collaboration and learning from our peers. Thank you.