

Poverty & Equity Brief

Sub-Saharan Africa

Ethiopia

April 2020

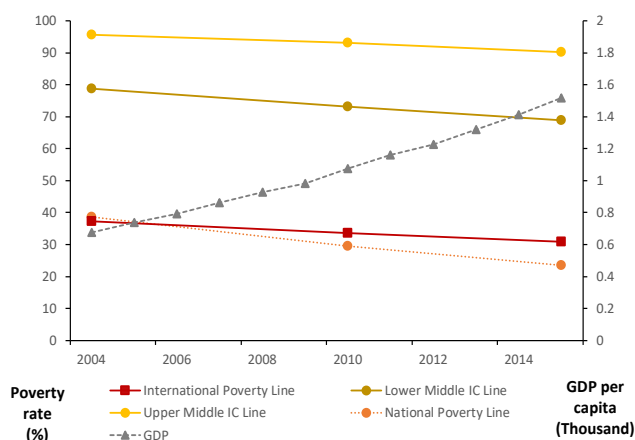
Ethiopia achieved strong poverty reduction between 2005 and 2016, with the share of the population below the national poverty line dropping from 39 percent in 2005 to 24 percent in 2016 (the last available data). Poverty reduction was especially strong in urban areas, reflecting the large urban investments linked to the urban renewal initiative and overall fast economic growth. Poverty reduction in rural areas, where the bulk of the poor live, was strong as well though has slowed down in the most recent period (2011-2015), during which rural consumption growth amounted to less than one percent per year (compared to six percent in urban areas). Though poverty reduction has been strong, the poorest segment of the population - mainly concentrated in remote rural areas- did not experience any real consumption growth between 2005 and 2016. As a result, rural poverty severity, which measures the depth of poverty, was higher in 2016 than in 2005. While still low (Gini of 0.33), inequality in Ethiopia has been increasing in recent years due to the diverging welfare trends between urban and rural areas. While regional inequality in consumption is low, the pastoral and drought-prone lowland areas in the geographical periphery of the country, mainly in the Regional States of Somali, Afar, the southern parts of SNNPR and the southern and eastern parts of Oromiya, are lagging on virtually all social indicators. The rate of poverty reduction is likely to be slow in the near future due to COVID-19. The effect is expected to be strong on households dependent on remittances or export related sectors. Low-income urban households are also likely to be hit hard due to lay-offs.

Poverty in Ethiopia has the usual characteristics, with poor people living in rural areas, in large households with high dependency ratios and headed by a largely uneducated household head. Poor households tend to be more remoted and have worse accessibility to key infrastructure and basic services. An estimated 16 percent of people in rural Ethiopia are chronically poor, mainly concentrated in SNNPR. Despite real progress and large investments, human capital outcomes in Ethiopia remain low. According to the latest Welfare Monitoring Survey (2015/16) and DHS survey (2016), 33 percent of 15-to-24-year-olds had finished primary school, gross enrolment in secondary school was 31 percent, 39 percent of children (12-23 months) had received all basic vaccinations and 26 percent of children were born in a health facility.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	23.5	23.5	2015
International Poverty Line 16.8 in Ethiopian birr (2015) or US\$1.90 (2011 PPP) per day per capita	31.1	30.8	2015
Lower Middle Income Class Poverty Line 28.2 in Ethiopian birr (2015) or US\$3.20 (2011 PPP) per day per capita	69.5	68.9	2015
Upper Middle Income Class Poverty Line 48.5 in Ethiopian birr (2015) or US\$5.50 (2011 PPP) per day per capita	91.0	90.2	2015
Multidimensional Poverty Measure		55.7	2015
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		0.35	2010-2015
INEQUALITY			
Gini Index		35.0	2015
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.21	2010-2015
GROWTH			
Annualized GDP per capita growth		7.16	2010-2015
Annualized Consumption Growth per capita from Household Survey		1.56	2010-2015
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.64	2010-2015

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

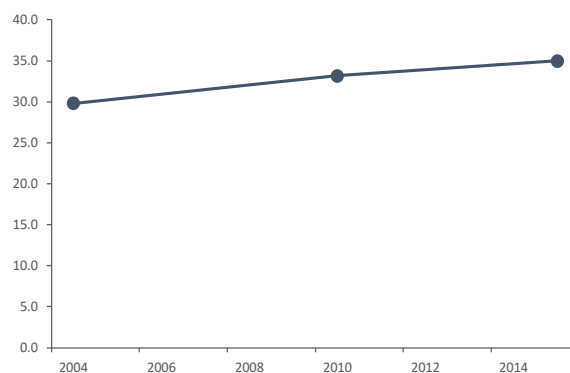
POVERTY HEADCOUNT RATE, 2004-2015



Source: World Bank using HICES/SSAPOV/GMD

INEQUALITY TRENDS, 2004-2015

Gini Index



Source: World Bank using HICES/SSAPOV/GMD

KEY INDICATORS

Distribution among groups: 2015	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2015
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	87	13	18	82	Monetary poverty (Consumption)	
Rural population	65	35	45	55	Daily consumption less than US\$1.90 per person	30.8
Males	69	31	41	59	Education	
Females	70	30	39	61	At least one school-aged child is not enrolled in school	31.2
0 to 14 years old	64	36	46	54	No adult has completed primary education	66.7
15 to 64 years old	73	27	36	64	Access to basic infrastructure	
65 and older	76	24	31	69	No access to limited-standard drinking water	42.7
Without education (16+)	67	33	42	58	No access to limited-standard sanitation	30.3
Primary education (16+)	76	24	34	66	No access to electricity	28.5
Secondary education (16+)	88	12	18	82		
Tertiary/post-secondary education (16+)	96	4	7	93		

Source: World Bank using HICES/SSAPOV/GMD

Source: World Bank using HICES/SSAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Statistical capacity in Ethiopia is fairly good, witnessed by a score of 70 on the World Bank's Statistical Capacity Indicators (IDA average of 63). Poverty surveys have been implemented roughly every five years since 1996, with the last one in 2015–16. Ethiopia has expressed the intent to increase the frequency of the main poverty survey to every three years. The Population and Housing Census, planned for 2017, has been postponed indefinitely due to the volatile security situation in the country. The next poverty survey is planned to happen between July 2020 and June 2021. The main poverty survey was changed to an annual 12-month survey starting with the 2010/11 round, meaning that comparability with earlier rounds is not guaranteed. The approach to update the poverty line for inflation has not been consistent through time and the construction of the consumption aggregate is poorly documented. The poverty team based in Ethiopia is working closely with Central Statistics Agency (CSA) and the National Planning and Development Commission (NPDC) to improve the quality of the next poverty survey and poverty measurement including transparency and consistency in methodology. Development of statistics was supported by the Bank through the Statistics for Results (SRF) Project (\$10 million, with an additional financing of \$5.5 million) and is being supported by the additional financing of the Enhancing Shared Prosperity through Equitable Services (ESPES) project. While SRF has mainly focused on infrastructural upgrading, data production, and the transition to CAPI, the ESPES support will focus on increasing the frequency of the poverty surveys and improving price and business statistics. There is no public access to micro-data in Ethiopia.

HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The four countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.