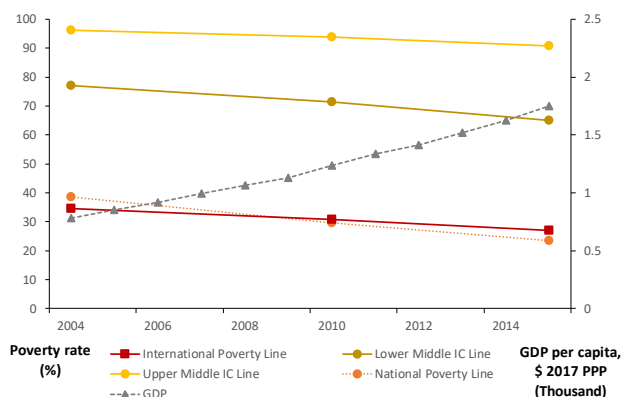Ethiopia achieved strong poverty reduction between 2010/2011 and 2015/2016 (the last available data), with the share of the population below the national poverty line dropping from 30 percent to 24 percent. Poverty reduction was especially rapid in urban areas where average consumption per capita grew by around 6 percent per year, three times higher than in rural areas, where the poorest 20 percent did not experience any growth. Although the Gini index remained relatively low, at 35 in 2016, inequality rose due to the diverging welfare trends between urban and rural areas. Human capital accumulation has also been low, especially in rural areas where half of the adults in 2021 had never been to school. As of 2019, about 37 percent of children under five years were stunted. The pastoral and drought-prone lowland areas in the geographical periphery of the country, in the Somali and Afar regions and lowland areas of Oromiya and SNNP (Southern Nations, Nationalities and Peoples), have high monetary poverty rates exacerbated by the prolonged drought in those areas and are lagging on virtually all non-monetary indicators.

Recent employment and GDP (Gross Domestic Product) growth data point to a more challenging environment for poverty reduction following recent major shocks. Growth averaged 7.7 percent per year during 2016–22 and has decelerated in recent years while the agricultural sector, which employs nearly two-thirds of workers, grew slower than other sectors. The labor market conditions have also deteriorated. Labor force participation declined by 12 percentage points between 2013 and 2021, while unemployment rose from 5 to 9 percent. Conflict and drought shocks increases, which were associated with a reduction in consumption expenditure in pastoral areas of 22 and 14 percent, respectively. Drought, conflict, the fallout from the war in Ukraine, and rising food prices have added to household vulnerability and threatened to undo the poverty reduction gains made in the past. These factors could have stalled poverty reduction. Preliminary evidence from panel data suggests that median consumption growth was less than 2 percent over 3 years since 2019, and growth was negative for the top half of the welfare distribution, though positive for the bottom 40 percent owing to income growth in rural areas. This points to high churning in poverty status, with the rural poor likely having a better chance of escaping poverty, while urban households and better off households were vulnerable to falling into poverty.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	23.5	23.5	2015
International Poverty Line 15.8 in Ethiopian birr (2015) or US$2.15 (2017 PPP) per day per capita	27.7	27.0	2015
Lower Middle Income Class Poverty Line 26.8 in Ethiopian birr (2015) or US$3.65 (2017 PPP) per day per capita	66.6	65.0	2015
Upper Middle Income Class Poverty Line 50.2 in Ethiopian birr (2015) or US$6.85 (2017 PPP) per day per capita	93.2	90.9	2015
Multidimensional Poverty Measure		72.7	2015
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		0.80	2010-2015
INEQUALITY			
Gini Index		35.0	2015
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.22	2010-2015
GROWTH			
Annualized GDP per capita growth		7.20	2010-2015
Annualized Consumption Growth per capita from Household Survey		2.02	2010-2015
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		2.09	2010-2015

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.
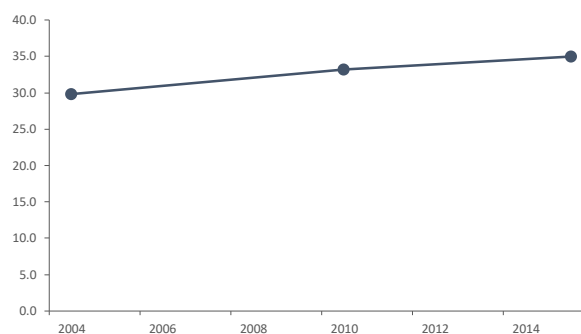
POVERTY HEADCOUNT RATE, 2004-2015

Poverty rate (%)	■ International Poverty Line ● Lower Middle IC Line
	● Upper Middle IC Line ○ National Poverty Line
	△ GDP

GDP per capita, $ 2017 PPP (Thousand)

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 (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	89	11	18	82
Rural population	69	31	45	55
Males	72	28	41	59
Females	74	26	39	61
0 to 14 years old	69	31	46	54
15 to 64 years old	76	24	36	64
65 and older	79	21	31	69
Without education (16+)	71	29	42	58
Primary education (16+)	79	21	34	66
Secondary education (16+)	90	10	18	82
Tertiary/post-secondary education (16+)	97	3	7	93

Multidimensional Poverty Measures: 2015	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US$2.15 per person	26.9
Education	
At least one school-aged child is not enrolled in school	31.2
No adult has completed primary education	66.7
Access to basic infrastructure	
No access to limited-standard drinking water	42.7
No access to limited-standard sanitation	95.9
No access to electricity	64.1

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 respectably compared to countries with similar levels of development; however, Ethiopia's score on the World Bank's Statistics Capacity Indicators declined in 2020 and become lower than the IDA average for the first time (48 vs. 58). Poverty surveys have been implemented roughly every five years since 1996, with the latest one in 2015/16. Ethiopia plans to increase the frequency of the main poverty survey to every three years. The poverty survey planned for 2020/21 was postponed due to COVID-19. While the survey was fielded between January and December 2021, it did not cover the Tigray region due to the conflict. Data cleaning is completed, and the final data is expected to be available for users before the end of the calendar year. Given that the current survey is conducted during a time characterized by conflict and in the aftermath of the COVID-19 pandemic and amidst other crises, there is a plan to field another poverty survey in two years, a supposedly normal time to do a survey. The poverty team also administered a survey of pastoral and agropastoral areas of the country not effectively covered by conventional surveys. The Population and Housing Census, planned for 2017, is postponed indefinitely due to the volatile security situation in the country.

Challenges in survey methodology and transparency remain. The poverty team based in Ethiopia is working closely with the Ethiopia Statistics Services (ESS) and the Ministry of Planning and Development (MoPD) to address these gaps and ensure statistical independence in the country. The development of statistics was supported by the Bank through the Statistics for Results (SRF) Project ($15.5 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, the ESPES support focuses on increasing the frequency of the poverty surveys and improving price and business statistics. There is no public access to micro-data in Ethiopia.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of $2.15, $3.65, and $6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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 three 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.

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