

# Poverty & Equity Brief

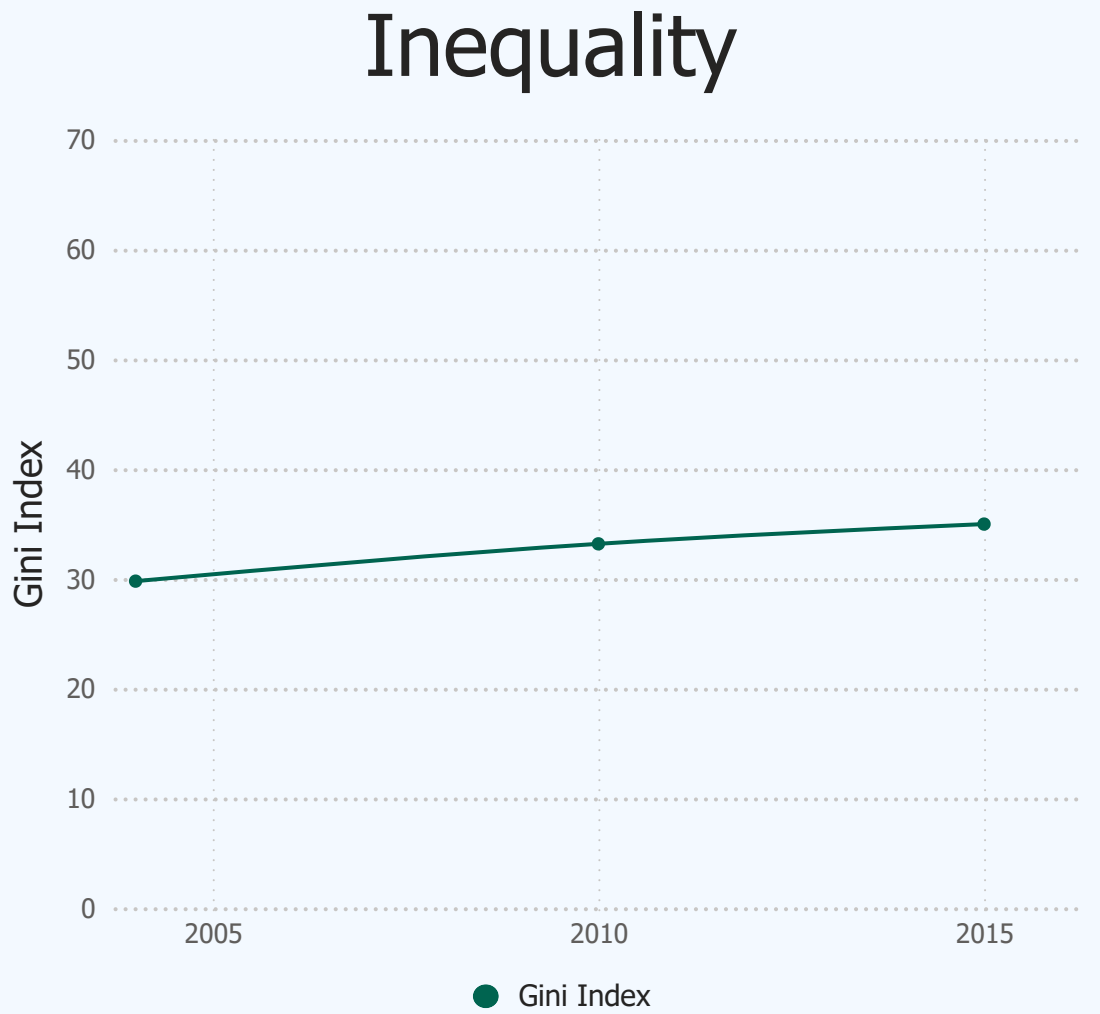
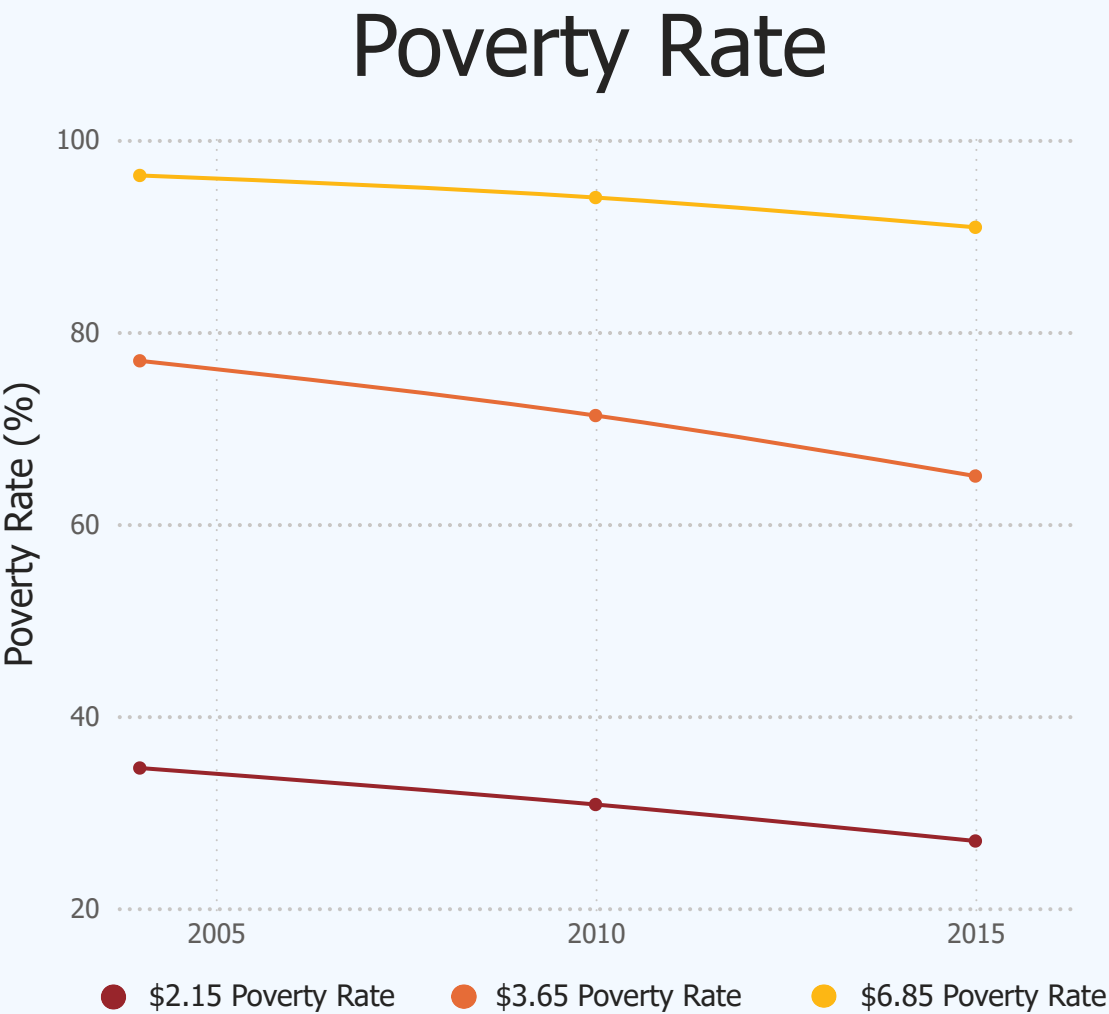
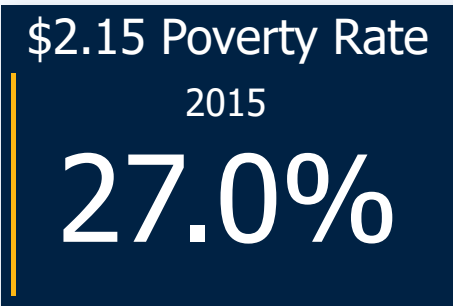
October 2024

## ETHIOPIA

After over two decades of continuous poverty reduction, Ethiopia has faced multiple external and internal challenges that have led to a deterioration of living standards across the country: COVID-19, Russia’s invasion of Ukraine, the Tigray conflict, and severe droughts. Poverty is expected to have increased significantly since 2016, the last official poverty estimate, when national poverty was calculated at 23.5 percent. Rising inflation contributed to welfare losses in urban areas, as most households are net buyers. Most rural households do not produce a marketable surplus and were not positioned to take advantage of rising food prices. Rural households also faced limited access to off-farm opportunities, in part due to restrictive spatial policies that inhibited the efficient functioning of land and labor markets – the two factors of production most available to the poor. These factors are expected to have led to a larger deterioration of living standards in rural areas, which host close to three quarters of the population of the country, making even more pronounced the rural nature of poverty in the country.

Indicators of human capital accumulation remained low by 2019, especially in rural areas, where half of the adults had never attended any form of formal education and about 37 percent of children under five years at the national level were stunted. Poor households also face significant disparities in access to public services – sanitation facilities and electricity connections, for instance, are close to three and four times more common in the top 20 percent families than in the bottom 20 percent. Asset ownership further illustrates the divide. Less than 1 percent of the poorest quintile own refrigerators, cars, bicycles, or computers. Poorest households also often face isolation from markets and public services while they are disproportionately affected by climatic shocks and food shortages.

In late July 2024, the government announced major macroeconomic reforms, which included an immediate shift to market-determined exchange rates. The reforms are expected to impact households’ welfare in the short-term mainly through the prices channel, both for imported products which use the official market, and for products using imported inputs (e.g., fertilizers, fuel). To cushion the short-term impacts of macroeconomic reforms on poverty, the government has started implementing a nearly five-fold increase in social protection spending, wage hikes for the lowest-paid civil servants, while also introducing temporary fuel and fertilizer price subsidies. Although there are significant downside risks, in the medium-term, sustained reforms are expected to translate into tangible benefits for people: higher incomes, more jobs, and better public services.



# Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
National Poverty Line	23,470.2	23.5	2015
International Poverty Line (\$2.15/day)	27,651.6	27.0	2015
Lower Middle Income Class Poverty Line (\$3.65/day)	66,633.0	65.0	2015
Upper Middle Income Class Poverty Line (\$6.85/day)	93,156.3	90.9	2015
Multidimensional Poverty Measure		72.7	2015

## Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)	Multidimensional Poverty Components	(% of Pop.)
Urban population	11.3	Daily income less than US\$2.15 per person	26.9
Rural population	30.7	At least one school-aged child is not enrolled in school	31.2
Males	27.6	No adult has completed primary education	66.7
Females	26.3	No access to limited-standard drinking water	42.7
0 to 14 years old	31.5	No access to limited-standard sanitation	95.9
15 to 64 years old	23.5	No access to electricity	64.1
65 and older	20.6		
Without education (16+)	29.2		
Primary education (16+)	20.9		
Secondary education (16+)	10.4		
Tertiary/post-secondary education (16+)	3.4		

**Note:**  
Data for the "Poverty by Group" table is derived from a 2015 survey and data for the "Multidimensional Poverty Components" table is derived from a 2015 survey. The rates in the "Poverty by Group" table above are shown at the \$2.15 international line.  
"N/A" denotes a missing/removed value, while "N/A\*" refers to a value which was removed due to having fewer than 30 observations.

### Poverty Data & Methodology

Ethiopia's statistical capacity is comparable to countries with similar levels of development. However, Ethiopia's score on the World Bank's Statistical Capacity Indicators has declined in recent years, falling in 2020 below the IDA average for the first time. Household budget surveys have been implemented about every five years since 1996, with the latest one in 2021 which excluded a conflict affected region (Tigray). However, the Ethiopia Statistics Services (ESS) has not yet released the official estimates of poverty from the 2021 survey. Ethiopia plans to increase the frequency of the household survey used to estimate monetary poverty to every three years, with the next round planned to be conducted from September 2024 to September 2025. The planned survey will combine the household consumption and welfare modules with the national labor force survey and migration modules. The Population and Housing Census, planned for 2017, was postponed indefinitely due to the volatile security situation in the country.

### 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.