

Poverty & Equity Brief

Sub-Saharan Africa

Ethiopia

April 2019

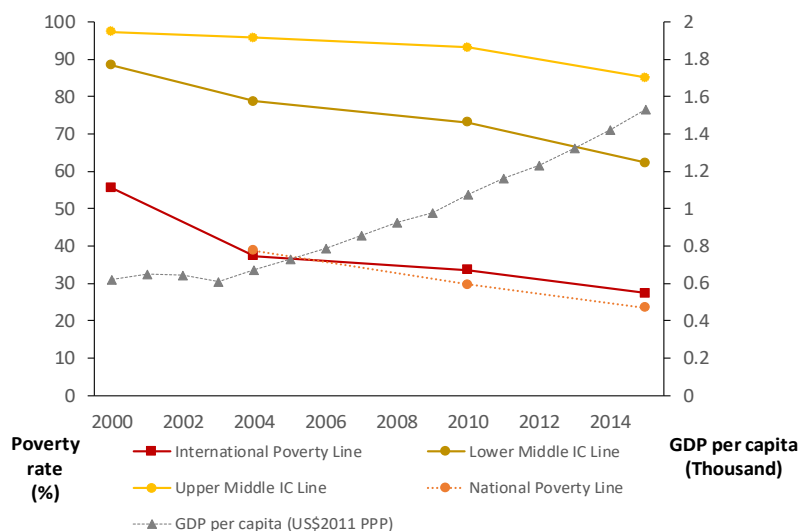
Between 2000 and 2010, poverty in Ethiopia decreased significantly on the back of strong growth in agriculture and improvements in basic services. The share of the population below the national poverty line decreased from 44.2 percent in 2000 to 29.6 percent in 2010, though consumption of the extreme poor (the bottom 12 percent of the population) contracted. While inequality slightly increased, it remained low, with a Gini index of 33. Poverty in Ethiopia has the usual characteristics, with individuals who are less educated, remote, engaged in agriculture, and living in large households with higher dependency ratios more likely to be poor. While spatial inequality in consumption expenditures is low, the pastoral and drought-prone lowland areas in the periphery of the country, mainly in the Regional States of Somali, Afar, and Oromiya, are lagging on virtually all social indicators.

Over the past years, Ethiopia has been hit by a series of climatic shocks, culminating in the **2015–16** El Niño drought, considered the worst drought in 50 years. Agricultural production decreased slightly during the main harvest season in 2015, but quickly rebounded. An effective joint response by the Government of Ethiopia and international partners averted a major humanitarian catastrophe. The El Niño drought has been followed by La Niña in **2016–17**, leading to persistent drought in the lowland areas of Southern and Southeastern Ethiopia. Results from the most recent **2015–16** Household Consumption Expenditure Survey suggest that Ethiopia weathered the drought well, with poverty further declining to 23.5 percent in 2015. Poverty reduction between 2010 and 2016 has been particularly strong in urban Ethiopia, mirroring positive labor market developments.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	23.5	23.5	2015
International Poverty Line 17 in Ethiopian birr (2015) or US\$1.90 (2011 PPP) per day per capita	27.3	27.3	2015
Lower Middle Income Class Poverty Line 28.6 in Ethiopian birr (2015) or US\$3.20 (2011 PPP) per day per capita	62.1	62.2	2015
Upper Middle Income Class Poverty Line 49.2 in Ethiopian birr (2015) or US\$5.50 (2011 PPP) per day per capita	84.9	85.0	2015
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.46	2010-2015
INEQUALITY			
Gini Index		39.1	2015
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-3.23	2010-2015
GROWTH			
Annualized GDP per capita growth		7.4	2010-2015
Annualized Consumption Growth per capita from Household Survey		4.69	2010-2015

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of March 2019, and Global Monitoring Database for the rest.

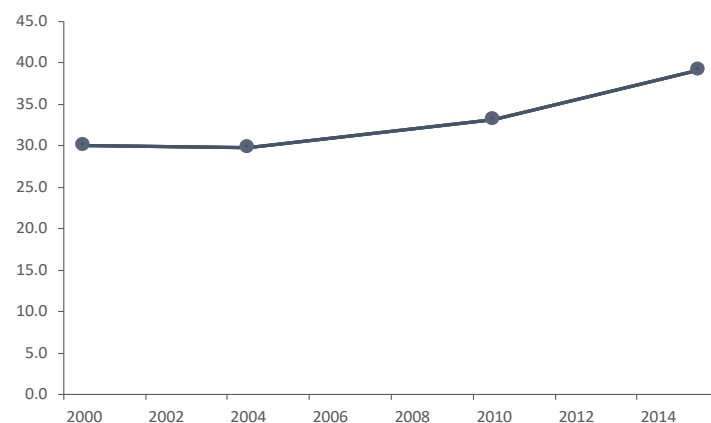
POVERTY HEADCOUNT RATE, 2000-2015



Source: World Bank using HICES/SSAPOV/GMD

INEQUALITY TRENDS, 2000-2015

Gini Index



Source: World Bank using HICES/SSAPOV/GMD

KEY INDICATORS (distribution among groups)

	International Poverty Line (%)		Relative Group (%)		Year
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	90	10	16	84	2015
Rural population	67	33	48	52	2015
Males	73	27	39	61	2015
Females	72	28	41	59	2015
0 to 14 years old	65	35	50	50	2015
15 to 64 years old	77	23	35	65	2015
65 and older	82	18	29	71	2015
Without education (age 16 and older)	71	29	42	58	2015
Primary education (age 16 and older)	79	21	33	67	2015
Secondary education (age 16 and older)	91	9	16	84	2015
Tertiary/post-secondary education (age 16 and older)	98	2	5	95	2015

Source: World Bank using Global Monitoring Database

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. Deflation of the poverty line has not been consistent over time and the construction of the consumption aggregate is poorly documented. Analytical work will test the sensitivity of the poverty trends to methodological choices. Development of statistics is supported by the Bank through the Statistics for Results (SRF) Project (\$10 million, with an additional financing of \$5.5 million) and 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. ESPES will also provide support to the 2018 Population and Housing Census. Access to and dissemination of data in Ethiopia is poor, with no public access to survey microdata. ESPES will also attempt to improve this.

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 44 out of the 48 countries in the SSA region. The four countries not covered in the database are Eritrea, Equatorial Guinea, Somalia and Zimbabwe. Terms of use of the data adhere to agreements with the original data producers.