

# Poverty & Equity Brief

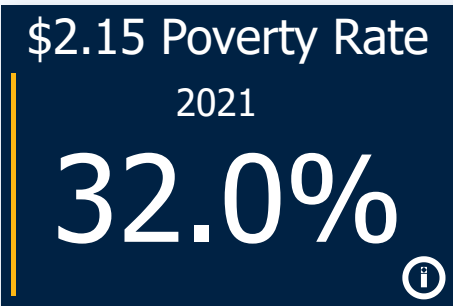
April 2025

## ETHIOPIA

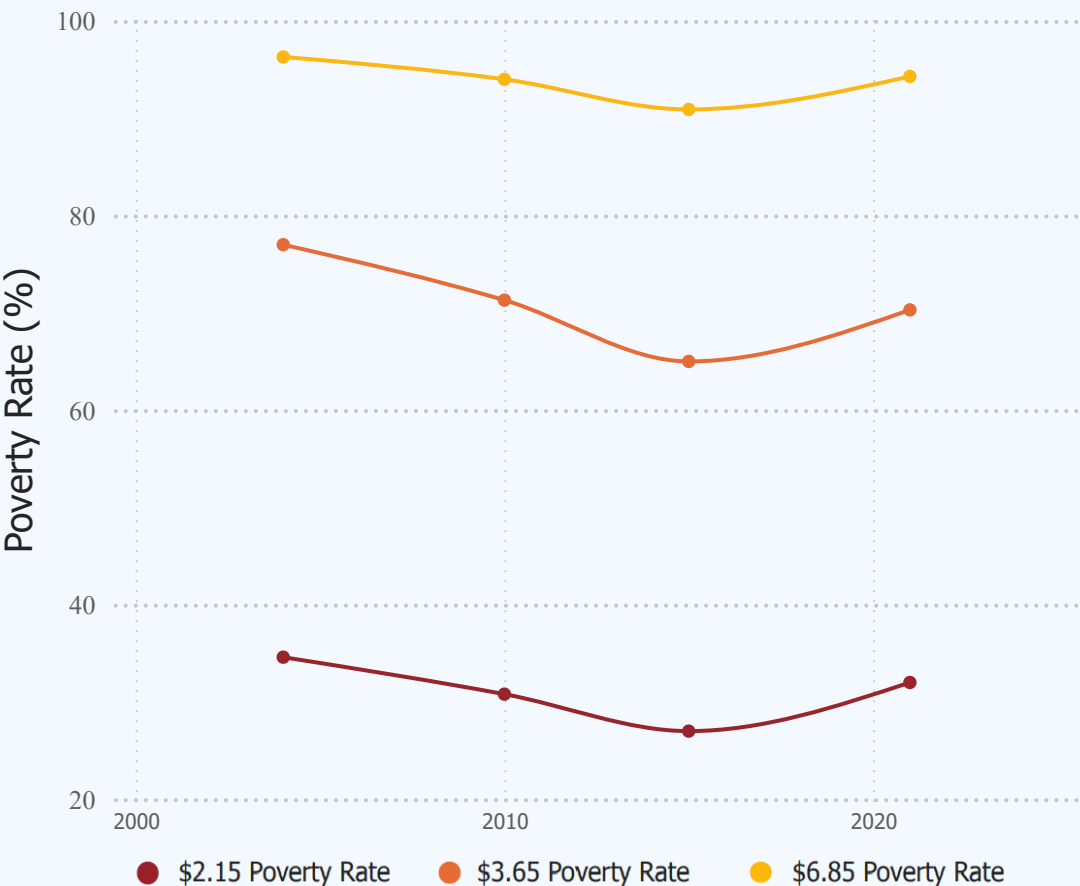
Over the past twenty years, Ethiopia has made significant strides in reducing poverty; however, it has recently encountered a series of external and internal challenges that have adversely affected living standards nationwide. These challenges include the COVID-19 pandemic, the Tigray conflict, severe droughts, a slowdown in GDP growth, and soaring inflation. As a result, poverty levels rose sharply from 27 percent in 2016 to 32 percent by 2021 (measured at \$2.15 per day, 2017 PPP), with expectations of further increases in subsequent years. The escalating inflation has particularly impacted urban households, which are net buyers of food, while many rural households have been unable to benefit from rising food prices due to limited market engagement. Additionally, rural communities have faced restricted access to off-farm opportunities, largely due to spatial policies that hinder the effective functioning of land and labor markets. Consequently, the decline in living standards has been more pronounced in rural areas, where approximately three-quarters of the population resides, accentuating the rural nature of poverty in Ethiopia.

Human capital indicators in the country remain alarmingly low, especially in rural regions. By 2021, 86 percent of rural adults had not completed primary education, nearly half of rural households had at least one stunted child, and over a quarter reported having a severely stunted child. Disparities in access to public services are stark, with sanitation facilities and electricity connections being nearly three to four times more prevalent in the top 20 percent of households compared to the bottom 20 percent. The ownership of assets further underscores this divide, as less than 1 percent of the poorest quintile possess refrigerators, cars, bicycles, or computers. The poorest households often experience isolation from markets and public services and are disproportionately affected by climatic shocks and food shortages.

In July 2024, the government introduced significant macroeconomic reforms, including a transition to market-determined exchange rates. To mitigate the short-term effects of these reforms on poverty, the government raised urban and rural safety net benefits, increased public sector salaries, and implemented temporary subsidies for fuel and fertilizer. Recent monitoring indicates that, contrary to expectations, inflation did not rise immediately following the foreign exchange reform; however, household economic sentiment remained negative in 2024, and real incomes continue to be suppressed due to ongoing inflation. By 2025, poverty is projected to have escalated to 37 percent (\$2.15 per day), with a gradual decline anticipated only by 2026. The reforms aim to foster private sector-led job creation, enhance smallholder farmers' market participation, and strengthen safety nets to protect the poor and vulnerable populations.



Poverty Rate



Inequality



# Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
National Poverty Line	40,467.7	33.1	2021
International Poverty Line (\$2.15/day)	39,035.6	32.0	2021
Lower Middle Income Class Poverty Line (\$3.65/day)	85,812.5	70.3	2021
Upper Middle Income Class Poverty Line (\$6.85/day)	115,226.9	94.3	2021
Multidimensional Poverty Measure		65.0	2021

## Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)	Multidimensional Poverty Components	(% of Pop.)
Urban population	11.6	Daily income less than US\$2.15 per person	32.0
Rural population	37.7	At least one school-aged child is not enrolled in school	38.1
Males	32.3	No adult has completed primary education	26.1
Females	31.6	No access to limited-standard drinking water	41.3
0 to 14 years old	38.4	No access to limited-standard sanitation	95.4
15 to 64 years old	27.7	No access to electricity	70.0
65 and older	22.5		
Without education (16+)	20.6		
Primary education (16+)	29.9		
Secondary education (16+)	19.6		
Tertiary/post-secondary education (16+)	5.1		

**Note:**  
N/A denotes a missing/removed value, while N/A\* refers to a value which was removed due to having fewer than 30 observations.  
The rates in the Poverty by Group table above are shown at the \$2.15 international line.  
Data for the Poverty by Group table is derived from a 2021 survey and data for the Multidimensional Poverty Components table is derived from a 2021 survey.

### Poverty Data & Methodology

Since 1996, household budget surveys in Ethiopia have been conducted roughly every five years. The latest survey in 2021 excluded Tigray due to conflict. The World Bank used the 2021 data to publish the most recent poverty and inequality estimates available for the country. Household welfare is measured using a consumption aggregate that includes food, non-food items, durable goods purchases, and imputed housing value, adjusted for regional and seasonal price differences and standardized per adult equivalent. The national poverty line, based on a minimum caloric intake of 2,200 kcal, was set in 1996 and it has been updated only for price changes since then. The next household budget survey, called the National Integrated Household Survey (NIHS), is currently in the field (September 2024 to September 2025) and includes labor force and migration modules.

### 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.