

# Ethiopia

## *The state of inequality in human capital*

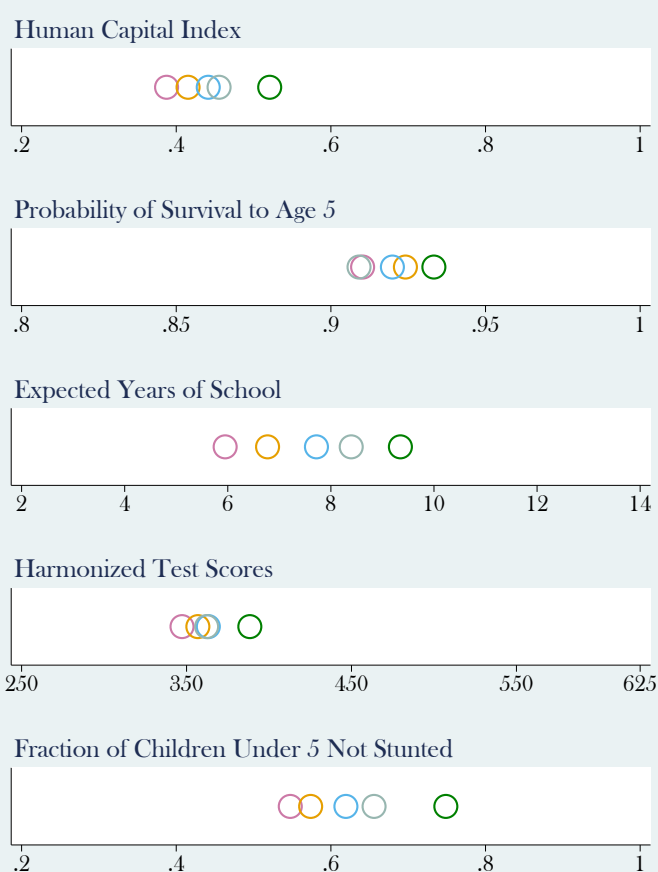
The launch of the Human Capital Index (HCI) in October 2018 underscored a huge gap in human capital outcomes across regions and income groups. As a measure of the relative productivity of the next generation of workers, the HCI shows the effectiveness of current investments and the readiness of a country to be competitive in an increasingly complex world with constantly changing nature of work. Equally important as a country's average distance from the frontier is how different socio-economic groups fare in terms of their relative future productivity. In a world where rising inequality is a critical policy issue, narrowing differences in human capital outcomes across socio-economic groups could be a way to facilitate economic mobility.

This country profile presents the data on disaggregation of HCI and its components (**child survival, expected years of school, harmonized test scores and non-stunted rate**) by socio-economic status. The objective of this exercise is to look at differences within countries and is not meant to be comparable with the cross-country HCI values published earlier. While the exercise employs a similar methodology, it is different in that it excludes adult survival rate and is based on household survey based enrolment rates of children ages 6-17. The disaggregation is available for 51 countries. Given that human capital outcomes may not be uniquely increasing/decreasing across socio-economic groups, this country profile provides a comparison of the richest and poorest 20 percent of households.

### HOW DOES THE POOREST 20 PERCENT FARE COMPARED TO THE RICHEST?

- **Human Capital Index (HCI).** In Ethiopia, the productivity as a future worker of a child born today in the richest 20 percent of households is **52 percent** while it is **39 percent** for a child born in the poorest 20 percent, a gap of **13 percentage points**. This gap is smaller than the typical gap across the 51 countries (15 percentage points).
- **Probability of Survival to Age 5.** In Ethiopia, the probability of survival of a child born today in the richest 20 percent of households is **93 percent** while it is **91 percent** for a child born in the poorest 20 percent, a gap of **2 percentage points**. This gap is slightly smaller than the typical gap across the 51 countries (4percentage points).
- **Expected Years of School.** In Ethiopia, a child in the richest 20 percent of households who starts school at age 6 can expect to complete **9.3 years** of school by her 18th birthday while a child from the poorest 20 percent can expect to complete **5.9 years** of school, a gap of **3.4 years** of school. This gap is larger than the typical gap across the 51 countries (2.4years).
- **Harmonized Test Scores.** Students from the richest 20 percent of households in Ethiopia score **388** while those from the poorest 20 percent score **347**, a gap of **41 points**. This gap is smaller than the typical gap across the 51 countries (56points).
- **Healthy Growth (Not Stunted Rate).** In Ethiopia, the percentage of children in the top 20 percent of households who are not stunted is **75 percent** while it is **55 percent** among the poorest 20 percent, a gap of **20 percentage points**. This gap is slightly larger than the typical gap across the 51 countries (19 percentage points).

### HCI and Components By Income Quintile



- Based on survey data from 2016

- Color code for quintiles (poorest=red, 2nd poorest=orange, middle=blue, 2nd richest=gray, richest=green)

The Human Capital Project is a global effort to accelerate the amount and quality of investments in people.

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