

Poverty Eradication in Ethiopia: The Economic and Social Impacts of the Multiple Crises and Recovery Strategies

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Inter-agency Expert Group Meeting

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Quote About Poverty

“Extreme poverty
anywhere is a threat
to human security
everywhere.”

— Kofi Annan,
Seventh Secretary-
General of the
United Nations



Current State: Monetary Measurement

- Ethiopia has registered one of the highest growth rates in Africa in the past two decades.
- Extreme poverty decreased from 55 percent in 2000 to 24 percent in 2019.
- Headcount poverty in 2023 is estimated at 31%.
- Close to 20 million people are vulnerable to falling into poverty in 2023.
- Close to 7 million people have fallen into poverty in the past three years due to COVID-19 and domestic crises.
- The top 10% and the bottom 10% of the population own 28% and 2.8% of the national income, respectively.



Current State: Non-Monetary- Multidimensional Poverty and Vulnerability Index (MPV) –Anduaem (2022, On publication at UNECA)

- The result showed that 25.58 million people are at risk of staying in poverty and 12.65 million are at risk of falling into poverty.



crises

- Natural-Drought and Flood
- Health-COVID
- Social- War and Civil Strife
- Economic- Unemployment, inflation, growth collapse

Multiple crises: Natural- Drought , Flood

24 million people currently living in drought affected areas

17 million people estimated to be food insecure due to drought

About 6.85 million livestock deaths since late 2021

In 2023, \$US 4 billion needed for the drought response

Flooding and heavy rain have affected or displaced around 240,000 people in several regions of Ethiopia in 2023. At least 29 people died

Multiple crises: Health- COVID

Pandemic (Covid-19):
7574 deaths
registered to date

Non-communicable
disease= 34% of
Ethiopian population
is dying from non-
communicable
diseases

- cardiovascular disease prevalence
- stroke,
- cancer
- pulmonary
- Diabetes
- liver

The top
Communicable
disease=

- Diarrheal diseases
- Lower respiratory infections
- Tuberculosis
- HIV/AIDS.

Multiple crises: Social- War and Civil strife

Tigray War (Two years)

- A million people died with the war
- 2.6 Million people displaced
- Contract the economy growth by more than 2 per cent
- Estimated lose of US 18 Billion
- Schools, health centers and infrastructure damaged

The Ukraine crisis

- Price of imported goods increased

Conflict in Oromia Region and Tension between Amhara Special Force and the government

- public and business activities being halted

Multiple crises: Economic- Unemployment, Inflation, Growth collapse, Financial crisis



Unemployment

72% of the population is below the age of 30

urban unemployment rate is 18% in 2021

Rural unemployment is 5.2% but disguised unemployment accounts 45%

In the urban areas the youth unemployment rate is very high at 23.1% in 2021. This, in turn is very high for females at 29% compared to that of male which is 16%



Inflation

Inflation **increased from** 20.4% (2020), 26.4% (2021) and 37.5 (2022).



Growth

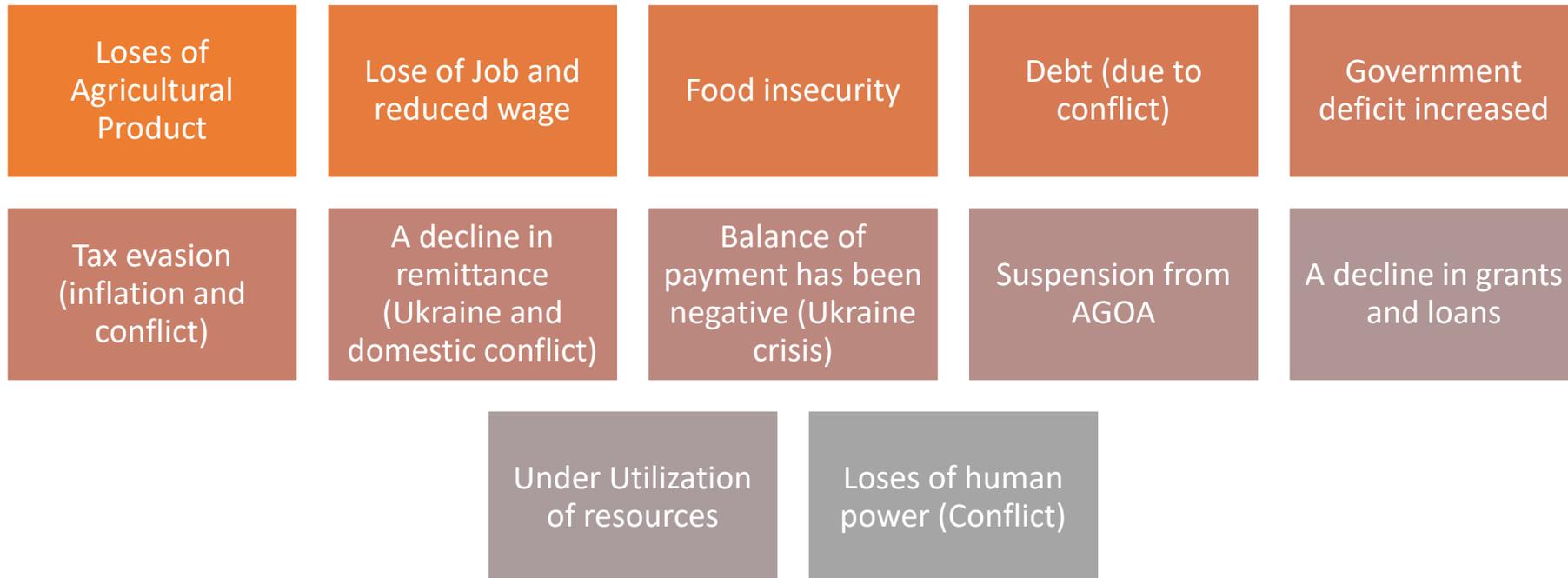
growth was decreased from 8.36 %(2019) to 3.84 (2022)

Multiple crises: Environmental-Climatic change (Pollution, deforestation, weather, landslide ...)



- **Pollution:**
 - indoor air pollution is responsible for more than 50,000 deaths annually and causes nearly 5% of the burden of disease in Ethiopia.
- **Deforestation:**
 - Ethiopia's forests cover about 14.7 per cent of the country's land area
 - From 2001 to 2021, Ethiopia lost 448kha of tree cover, equivalent to a 18% decrease in tree cover since 2000
- **Weather**
 - El Niño: extreme flooding, drought, lack of potable water for livestock and domestic use
 - In 2019, El Niño costs the government US\$1.4Billion
- **Landslide**
 - Millions of people in Ethiopia live in areas at risk from landslides, with the annual average damage to building stock expected to be US\$3 million

The Economic Impact of Crisis



The Social Impact of Crisis

Widening inequality

Unemployment increase

Gender Inequality: crisis impacted men and women differently

Education Sector hugely affected

Health Sectors Damaged

Informality increased (informal settlement, informal employment)

Movement Restriction

Displacement (War)

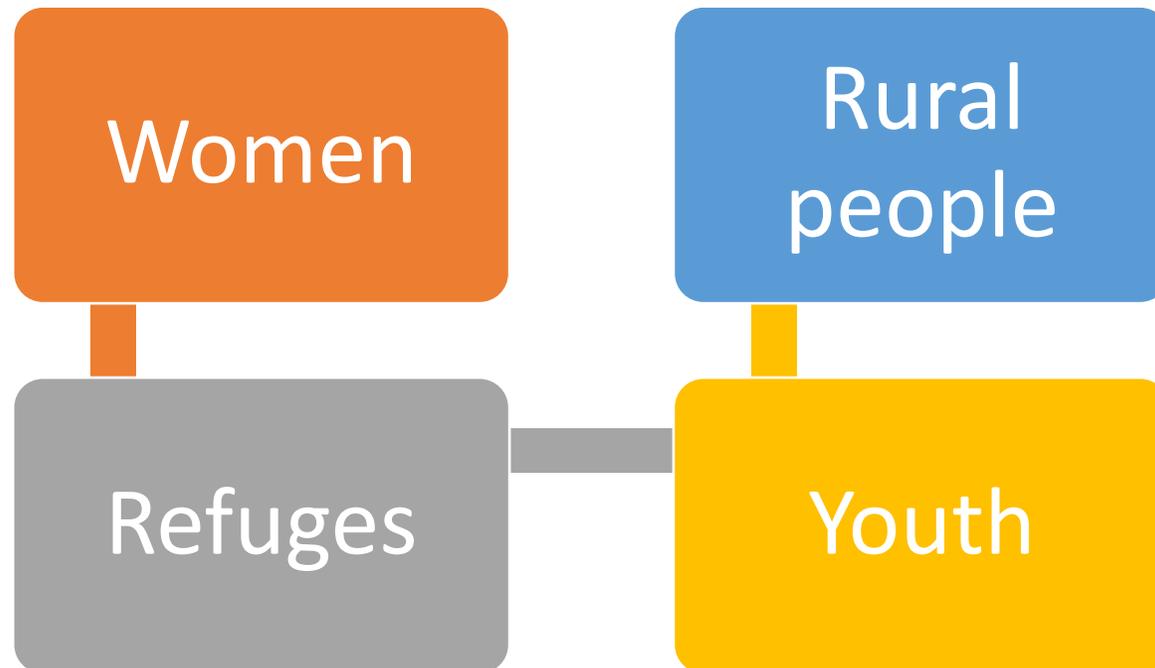
Migration

Hostility among ethnic groups

Deculturation

Crime and Suicide

Vulnerable



Recovery Strategies

- Social Protection Programs
- Mobilizing resources
- Improving the tax system
- Discriminatory Subsidies
- Opening the political space
- Promote indigenous knowledge
- Renewable Energy
- Digitalizing the economy
- Attracting Investment
- Inclusive policies



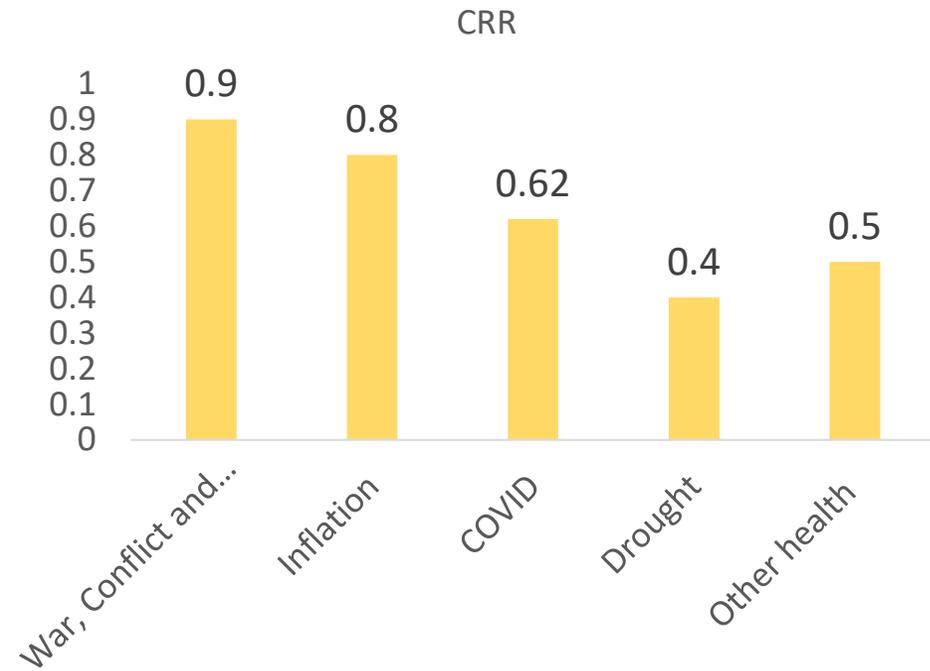
Recovery Strategies

- Compulsory Health Insurance
- Mechanization
- PPP: in the housing
- Substitute Cash-Loan with Capital loan
- Compulsory adult education
- Group loan system
- Privatization
- Farm Insurance
- Carbon Trade
- Irrigation
- Property taxation
- Onset of Capital Market
- Providing Competitive salary for public servants

Recovery Strategies

- Afforestation
 - Promoting MSE and Inclusive Technical and Vocational Education
 - Labor exporting policy
 - Building continental Health center
 - Fertilizer manufacturing plant
 - Rural market in urban towns
 - Rural industrialization (diversification)
 - Public spending prioritization
 - Governance
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Crisis and Risk Ranking (CRR)



Strategy Prioritization Ranking (SPR)

Do First Rank (SPR)



The Way Forward

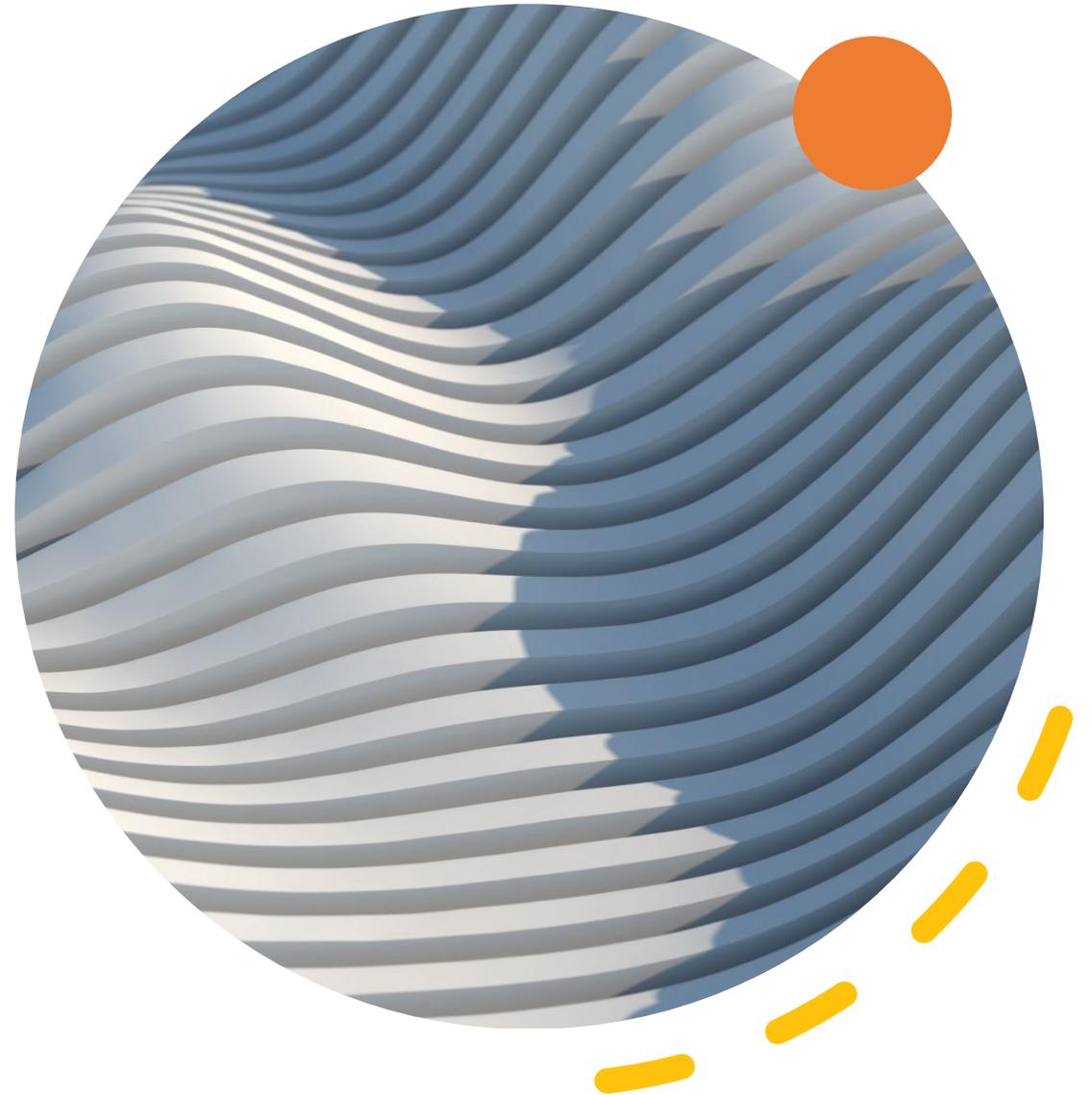
Update data to
inform policy
makers



Updating the
national poverty
line??



The need for
Regional Poverty
Line for African
countries ??



Thank You

