

Addis Ababa University
College of Business and Economics
Department of Public Administration and Development
Management

Assessment of Goal 1 of the Millennium Development Goals in
Wereda, 09 of the sub-City of Addis Ketema,
Addis Ababa, Ethiopia

A Thesis Submitted to the Department of Public Administration and Development Management of Addis Ababa University in Partial fulfillment of the Requirements for the Masters of Arts Degree in Public Management and Policy.

By:
Khalid Osman

May, 2014
Addis Ababa, Ethiopia.

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Forward

Poverty is a multidimensional phenomenon that exists throughout the world, although its severity level varies. Poverty is severe in Africa especially, in sub-Saharan region, where Ethiopia is located. Ethiopian Human Development condition was very low in the 1990s. This factor and others are the push factors to embrace the Millennium Development Goals (MDGs) into the national development plans. The Government of Ethiopia by combining different developmental plans with that of the MDGs made efforts to bring development in all dimensions. Despite the ground facts that reveal the deep rootedness of poverty in Ethiopia the progress towards the achievement of the MDGs are researched in very few numbers by picking up a single factor and solely depending upon secondary data. Furthermore, the achievement of MDGs is not yet researched by selecting a case study area. By identifying the mentioned gaps, the objectives of these thesis research was assess the major achievements so far made in terms of eradicating extreme poverty and hunger of Goal 1 of the MDGs including major challenges and opportunities .The study used primary data to assess poverty at household level in the case study area as well as, secondary data, by using different surveys, reports from MoFED, and various reports of international Developmental actors. Remarkable, success has been observed in meeting Goal 1 despite the harsh and severe poverty level the country faced in 1990s. The country's foreign relation, commitment to development and the increasing number of educated man power are the opportunities. Even though significant progress made, there have been internal and external constraints that minimized the pace progress that include. The Country is still using backward method of Agriculture that decreased its productivity, the global economic situation, rice in oil price and foreign exchange rate. Therefore, creating backward and forward linkage between Agriculture and Industry is needed.

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List of Acronyms

ADB	African Development Bank
CSA	Central Statistic Authority
CSA	Central Statistic Authority
EDHS	Ethiopian Demographic and Health Survey
ETB	Ethiopian Birr
FDRE	Federal Democratic Republic of Ethiopia
GDP	Growth and Domestic Product
GTP	Growth and Transformation Program
HDI	Human Development Index
HH	House Hold
ILO	International labor Organization
MDGs	Millennium Development Goals
MoFED	Ministry of Finance and Economic Development
NCHC	National Center for Health
PASDEP	Plan for Accelerated and Sustained Development for Eradication of Poverty
PRSP	Poverty Reduction Strategic Program
SDPRP	Sustainable Development for Poverty Reduction Program
SNNP	Southern Nation, Nationality and People
UN	United Nation
UNDP	United Nation Development Program
UNFPA	United Nation Food Program Authority
UNICEF	United Nation Children’s Fund
US	United States

WB World Bank
WHO World Health Organization
WMS Welfare Monitoring Survey

Chapter One

Introduction

1.1. Back ground

Poverty is a multidimensional phenomenon that affects a high proportion of the world's population. There are pockets of poverty in every country of the world including the richest, although there is sufficient wealth in these countries. It is estimated that one fifth and quarter of the world's population live in absolute poverty without adequate basic needs. Even in the wealthiest countries 10% or more of the population is living in absolute poverty (UN, 2006)

Most Countries of Africa, especially those in tropical Africa including Ethiopia are among the world poorest countries. The existence of chronic poverty in many African countries affects their pace of development. In Sub Saharan Africa probably about 250 million of people are today surviving on less than the equivalent of 1\$ a day. Recent economic performance of Sub-Saharan African countries is discouraging. The purchasing power of GDP per capital grew at the rate of 1.7 percent annually from 1970 to 1982 and declined at the same rate annually from 1982 to 1992 (WB, 2005)

Large and land locked, Ethiopia is the second most populous country in sub –Saharan Africa and one of the most impoverished. Only seven of 177 other countries have lower human development indexes. In 2006, 44% of Ethiopia's population live below the national poverty line in 1999/2000 and repeated droughts have contributed to regular food shortage and famine. (Tesfaye, 2007)

Ethiopia's human development conditions have started from a very low base. By the early 1990s indicators of poverty, malnutrition, and basic health were among the worst in the world, with widespread hunger and food insecurity, a literacy rate of only 26%, an infant mortality rate of 123 per 1,000, and less than a third of children going to school to mention

a few. Against this background, the progress Ethiopia has made been truly astonishing. (MoFED and UNDP: MDGS Report, 2008).

Besides, there are a number of programs and policy reforms currently in place that serve as a basis for an acceleration of progress towards the MDGs. On the basis of current trends, the Government has high confidence that most of the Goals will be achieved by 2015. Nonetheless, there remain challenges - related to the fragility of the external environment and financing requirements and not least, the very difficult position from which Ethiopia initially started marked the beginning of the effort to align national development strategies with the MDGs (MDG Report, 2007).

Ethiopia was among the first countries in Africa to embrace the MDGs and put them into the national context following the issuance of Ethiopia's first generation Poverty Reduction Strategy Program (PRSP) - SDPRP. In this context, medium-term programs such as the then SDPRP and now PASDEP serves as a vehicle towards reaching the MDGs. Having made an early commitment to the MDGs, the Government launched a major exercise in 2004, in collaboration with the United Nations, the World Bank and other donors, to cost the MDGs and determine what was needed to achieve them, culminating in the "Millennium Development Goals Needs Assessment Study" issued in 2005,(Ashenafi,2010).

The Government began a detailed assessment of what is required to achieve the MDGs in July 2004 and by the 2005 the Government came up with the consequent Plan for Accelerated and Sustained Development to end Poverty (hereafter the PASDEP) (2005/200-2009/2010). The Growth and Transformation Plan (hereafter the GTP) (2010/11-2014/15) has been formulated, on the basis of experiences gained from the previous two PRSs, and is currently being implemented aiming at the achievement of the MDG targets by 2015, and the long term national vision of making Ethiopia among middle income countries by 2020-2023 (MOFED, 2010).

In response to the conditions confronting Ethiopia, since the mid-1990s the Government has made different activities addressing human development needs and reducing poverty

as the core of its development strategy. Ethiopia's strategy is predicated on achieving poverty reduction through accelerated growth, while at the same time building the human and institutional capacity; the country will need to improve the basic conditions under which the majority of Ethiopians live.

The poverty reduction effort of the Government has taken a longer-term view, with the MDGs placed in perspective, and the PASDEP conceived as a medium-term plan to attain at least the MDGs. The ultimate goal of the PASDEP is to ensure human development among the poor generally, and among women in particular; and in broad economic terms, move Ethiopia along the path to becoming a middle-income country in about 20 years,(MoFED,2012).

Through the PASDEP, and its precursor the Sustainable Development and Poverty Reduction Program (SDPRP) the Government has embarked upon an aggressive program to accelerate progress as quickly as possible, including a big push on education to create human capacity, expanding infrastructure to enhance the competitive advantage of the economy, building institutions, decentralizing government, and mobilizing the power of grass roots communities including civil society. This has been accompanied since the mid-1990s by a massive re-orientation of public spending to pro-poor investments, and the launch of nationwide sector development programs to improve health care, education, and food security (MOFED and UNDP: MDGS Report, 2008).

Achieving and sustaining broad-based growth through transforming the agricultural sector and encouraging private institutions founded on small and medium enterprise development and job creation is considered central to the Government's poverty eradication efforts. The efforts include diversification of the economy, and development of a vibrant private sector, as well as a concentration on the types of growth - small-scale agriculture that most benefits the poor. These efforts have already started to bear fruit, as indicated by recent economic growth of over 11% well above the level estimated by the United Nations needed by countries to achieve the MDGs and by the measured reductions in poverty levels described under Goal 1 (MOFED, 2010).

1.2. Statement of the Problem

Poverty is not a new phenomenon to Ethiopia. It is a chronic problem made worse by transitory periods of serious droughts until recently, a debilitating civil war. Hence, income has been low and subject to reduction. The poor suffer from serious consequences of those reductions of income, including the substantial reduction of asset.

In spite of the ground facts that reveal the deep rootedness of poverty in Ethiopia, the Current Government which sets 5.7% annual growth in the Economy to reach the 2015 Developmental targets and struggling towards it. As Millennium project global report mentions how serious is Ethiopia in the commitment to the MDGs and defining it as “credible and ambitious “and the UNs, MDGs survey group are claiming for Ethiopia, that, there is greater scope to achieve the MDGs (MoFED,2013).

According to the report of UNDP on MDGs (2008), Asia leads the way in reducing poverty rates and in sub Sub-saharan Africa, where Ethiopia is located, the situation deteriorated further and millions fell into a deep poverty. UNDP (2006) report states that Sub- Saharan Africa’s poverty rate is 44%.Virtually the same as 1990, is significantly lower than the 2001 level of 46.4%. The rate is projected to remain above 38% in 2015 far above the 22.3% target.

Sub-Saharan Africa is a region in transformation and with diverse performances. Several Countries have achieved significant growth rates over the last ten years ,and many have achieved progress in poverty reduction ,life expectancy and other MDGs, including Ghana, Senegal, Cape Verde and Uganda while, others have experienced, modest of even negative growth rate and increase in poverty. Therefore, there is no unique picture for the region. (UNDP World MDGs Report, 2006)

Unlike the experience of the present industrialized countries of the world, urbanization in underdeveloped countries, where Ethiopia could be identified with, has been taking place

under different physical, social, economic and political conditions. It is taking place in the context of extremely low technology, poor infrastructure meager economic base and other attributes of underdevelopment. As a result the spatial economic distribution largely revolves around a hyper urbanized primate city surrounded by a vast rural periphery. The reality in the present day Ethiopia as well as in the past has been as a steady flow of human and material resources from rural to urban areas (Ashenafi,2010).

Even though, eradication of extreme poverty and hunger, that are Goal 1 of the MDGs and also the achievement of other goals of MDGs are affected by different factors, as many Researchers have addressed the issue of poverty by identifying a single factor as a main consideration. To mention some, Tadese, (2006), made a research on the financial requirement of MDGs to achieve Goal 1 (alleviating poverty in Ethiopia) and concluded that the overall investment required to the real growth rate in GDP, is about 17% of GDP. That is mainly due to the responsiveness of poverty to economic growth. To achieve the required real growth rate financing gap of a US \$1.6 billion per year is estimated and he recommended significant debt relief, increased development assistance and access to external sector can cover this gap easily.

Desta, (2007), focused on the MDGs and performance of health sector in eradicating poverty, and concluded income growth and the MDGs cannot be achieved without strengthening the health system.

Additionally, few researchers tried to show the challenges faced and progresses made in terms of achieving the MDGs in general term, that is, by generalizing all the goals in national level up to the year 2010, this is mainly due to the unavailability of data and if the data is available they are depend solely in secondary data. Taking some gaps of the previous researches, this research by incorporating latest publications from various sources, both secondary and primary assessing the poverty level in the case study area, tried to give a more recent picture of the progress made and challenges to achieve the MDGs encountered in terms of eradication of extreme poverty and hunger in Addis Ababa city Administration of Addis Ketema sub-city Wereda 09.

This study takes a specific case to identify the challenges, prospects and performance for the eradication of extreme poverty and hunger by using the MDGs Goal 1 progress tracing parameters indicated in the annex section as a means to monitor progress.

1.2.1. Research Questions

These are basic research questions that are going to be answered in this research. The main ones being;

1. What are the main achievements gained to date in terms of reducing the proportion of people living below the poverty line and those who suffer from hunger by half in the case study area?
2. What are the major achievements in creating employment opportunities for women and youth in Addis Ababa City and the study area?
3. How much is the average income earned by the lower income group and lower employees in the study area?
4. How many times do lower income group and lower employees eat within a day at the study area?
5. What are the areas where further interventions or improvements are required by stakeholders to enable the country and the City fully realize the goal of eradicating extreme poverty and hunger by 2015, if any?

1.3. Research Objectives

1.3.1. General Objective

The need for addressing poverty is becoming an increasingly urgent need of the developing countries. The report made by the World Bank team in 2000 has indicated. “Unless poverty is addressed urgently and on the sustained bases there is the danger that there will be far fewer physical and human resources available in Ethiopia in the future than required to generate and sustain positive development and social progress”. With this consideration, the general objective of the study is to assess the prevalence and characteristics of poverty in Addis Ababa in relation with eradication of poverty and hunger, the set Goal 1 of the MDGs by focusing on a selected case, Wereda 09 of Addis Ketema sub-City, Addis Ababa .

1.3.2. Specific Objectives

Based on the above mentioned objectives the study aims to achieve the following specific objectives.

- Assess the progress made after the embracement of the MDGs in terms of eradicating extreme poverty and hunger
- To identify the challenges in realizing Goal 1; and
- To indicate areas where further interventions are deemed necessarily

1.4. Scope and Limitation of the Study

The nature of ‘poverty’ is examined in relation to a model of causes affecting the welfare of a community. It is suggested that one can operationally distinguish four major dimensions of poverty, namely economic, social, political and legal poverty; and that one might in addition be able to characterize three further aspects, namely psychological, ideological and conceptual poverty. It is proposed that at least the first four aspects should be distinguished and explicitly named, thereby specifically characterizing these different dimensions of ‘poverty’; so studying every aspect of poverty in this research paper will be impractical, hence, the need to delimit the boundary of the research arises.

The scope of the study only focuses on wereda, 09 of Addis Ketema Sub-City in Addis Ababa City. Other regions and sub-Cities are not included under the research.

As it is well known from the listing of the MDGs indicators (2008), the MDGs are contained in the eight goals, 21 targets and 60 indicators to monitor progress. Considering all the eight goals along with their targets and indicators would result in a more comprehensive and detailed result of the context of poverty in the country but due to constraints in time, finance and expertise the study is limited to discuss about Eradication of Extreme Poverty and Hunger (i.e. Goal 1) along with its three targets and, five indicators as set by the united nations, only in Addis Ababa City of Addis Ketema sub- City wereda 09.

1.5. Research Methods, Data Sources and, Method of Analysis

1.5.1. The Research Methods

Descriptive research method has many advantages to answer questions like “what”, “how” and, “why” which are assumed to be more appropriate to have detailed insights and understandings of the topic under study and hence, the researcher will employ the descriptive research method.

In addition, qualitative research approach will be used to help assess and understand different issues contributing to the challenges, opportunities and achievements of the topic under Consideration.

1.5.2. Data Sources

For undertaking the research, primary and secondary data sources were used as a means of acquiring the required data. The research extensively relied on the quantitative surveys conducted by the Researcher in Addis Ketema sub City of Wereda 09, as a primary data, the WB, CSA, MOFED and UNDP as secondary data from published and unpublished

documents. The primary sources are conducted by using questionnaire and interview in the case study area.

1.5.3 Data collection Instruments

Assessing the poverty condition of Addis Ababa City is not an easy exercise. Given its complexity and the kinds of data required. The Researcher nevertheless, made efforts to capture data on the basis of secondary and primary sources. The data collection for the secondary instruments will include from published and unpublished books, different censuses conducted by CSA and other nongovernmental institutions. The researcher also solely used primary data only to assess the poverty situation in relation to the MDGs of Goal 1 existed in the city of selected areas. These instruments include questionnaire, interview and observation.

1.5.4. Sample size and technique

As mentioned above, assessing the poverty level in Addis Ababa City is very difficult due to the wide area and the size of the Population. Thus Addis Ketema Sub City is purposely selected, since the area is well known for the prevalence of poverty, crime, almost similar economic status of the households, and it is the major business area in Addis Ababa, Ethiopia and in Africa as it is the home of MERKATO.

So far there has not been any meaningful research undertaken in the Sub -city concerning poverty situation. After identifying the Sub-City the sample population is obtained on the bases of three stage simple random sampling procedure. At the first stage from the ten Weredas in the sub city Wereda 09 were chosen as a sample of 10 Weredas. And from these weredas 300 households were randomly drawn. This sample size was then distributed to the two Kebeles, selected randomly from the seven kebeles of the Wereda, in proportion to the size of population in each Kebele. In order to select the sample households from each Kebele, the recent record was used as a sampling frame and finally households were picked

using systematic sampling technique from the list of household following number at fixed interval.

1.5.5. Data Description and Analysis

The research tried to describe the incidence and severity of poverty and the level and distribution of consumption at the national and regional level as well as cross-tabulating the correlates of these. The incidence, depth, and severity of poverty, expressed by the headcount, gap and severity index, respectively, is presented and discussed in tabulation and graphical formats. For simplicity and purposes for carrying out comparisons, data were presented in tabular and graphical forms and analyzed both in absolute figures and in percentages.

1.6. Significance of the Study

The study tried to examine the implications of the MDGs in Addis Ababa focusing on poverty eradication and hunger. By discovering the situation of poverty in the light of MDGs this study revealed whether the case study area in the City is in the right track of achieving eradication of poverty and hunger of the households. The study also will serve to have a better understanding of the MDGs with their relevance to the current situation of the country, concept of poverty, measurement of poverty. Therefore, the thesis paper will be significantly important to all people who have an interest to know the progress and challenges in the areas of poverty and hunger eradication and to researchers and academicians to get and know the concepts, gaps and problems in extreme poverty and hunger eradication.

1.7. Organization of the Study

The paper is organized into five chapters. The first chapter contains statement of the problem, Objectives of the study, significant of the study, scope and limitation of the study

and methodology, data sources and treatment of the data. The second chapter deals with an over view of poverty, hunger and MDGs in the Ethiopian context. The third chapter includes data description; discussion and analysis are presented in terms of achievement and barriers in the national and regional levels by using the secondary data only. The Fourth Chapter include data, collected from the Households of Wereda 09,of Addis Ketema sub-City and the Data was analyzed and discussed by using tables and graphs. Finally the last chapter, chapter five presents conclusion and suggested recommendations.

Chapter Two

Literature Review

The main objective of this chapter is to review the definition, conceptual issues and measurement of poverty and millennium development goals. Since for a broader analysis and understanding, it is imperative to look into the concept and definition of poverty and the issues embodied in it.

There is no theoretical framework that analyzes poverty in its entirety. Conceptualization of poverty differs based on disciplinary background. In fact, poverty has different conceptual frame work in different social, political, cultural, institutional and environmental context.

2.1 The Concept of Poverty

There are several approaches to the concept of poverty. Some of these approaches have been subjected to severe attacks recently and examined critically. The most commonly known approaches are disused as follows.

2.1.1 Biological approach

One of these approaches is the biological approaches, which conceptualizes poverty as the inability to meet the requirement for physical efficiency is not fulfilled. Thus one is defined as poor if he fails to meet certain basic needs like food, clothing and housing. Thus the approach considers starvation as the most telling aspect of poverty, (Sen, 1981).

2.1.2 Normative approach

Comparatively, the normative approach conceptualizes poverty based on value judgment about the minimum adequate level of welfare below which one is said to be poor. The process of defining the minimum adequate level of welfare is subjective and individualistic. It depends on the norms, values over time and has resulted in variation on the content of poverty (Sen, 1979).

2.1.3 Inequality approach

The inequality approaches also tries to identify poverty based on observable phenomenon. It considers the economic gap between the rich and the poor as a reflection of poverty. It deeply looks at the nature and the size of the difference between the bottom 20 or 10% and the rest of the society for instance conceptualizing the poverty in terms of stratification dimension. To address the problem the approaches believes that transfer from the rich to the poor can make the substantial development on poverty in most societies. Although poverty and inequality are related closely to each other, there are distinct concepts and neither subsumes the other (Miller and Robly, 1971).

2.1.4 Social approach

Similarly the approach of social poverty specifies its argument by saying that poverty is a reflection of social inequality. In addition to this social approach states it is absence of access to enjoy fundamental human right.

As Desta, (2007) cited the Encyclopedia of Britannica, defined poverty as “a situation that is said to exist when people lack the means to satisfy their basic need” is a somewhat obscure vocabulary. There is also ambiguity as to what things it constitutes. Since the needs of a person can be affected by the norms and cultures of a nation or a society.

According to Tadese,(2005)Poverty has traditionally been defined as a discrete characteristics either one is poor or not given a particular indicator of welfare, a certain line or a standards drawn, and an individual or household falls on one side or the other.

UNDP (1997) defines poverty in the human development perspective. Since its launch in 1990 the Human Development Report has defined human developments as “the process of enlarging people’s choices”. According to the report, the most critical ones are to lead a long and healthy life, to be educated and to enjoy a decent standard of living. Additional choices includes political freedom, other guaranteed human rights and various ingredients of self-respect- including what Adam Smith called the ability to mix without being “ashamed to appear in public”. These are among the essential choices, the absence of which can block many other opportunities. If human development is about enlarging choices,

poverty means that opportunities and choices most basic to human development are denied- to lead a long, healthy, creative life and enjoy a decent standard of living, freedom, dignity, self-respect and the respect of others.

According to Tizita, 2001 Conceptualization of poverty also differs from country to country. For instance chronic poverty, mass poverty etc are used to characterize poverty in developing countries. Chronic poverty refers to the state of being poor and failure to move out of it. Chronic poverty is the characteristics of both rural and urban areas. A family without basic needs of survival, low quality of land, productive asset on rural area and low access to education, health and urban facilities in urban area is identified with chronic poverty. The view towards chronic poverty identifies the poor as inheriting poverty and passes it to the next generation for instance the similarity of children in developing country is characterized by 'mass poverty, which is explained as a situation where more than half of the total population lives in poverty.

2.2 Absolute Poverty

Absolute poverty is a situation of insufficient or no command over resource independent of the general style of living in a society. The definition of absolute poverty is associated with subsistence poverty. As Rowentree (1990) explained absolute poverty is 'a situation of not having enough to get by or not having enough to meet ones need'. Thus Absolute poverty is claimed to be an objective definition based up on the notion subsistence. Therefore, based on the above explanation Absolute poverty is the same standard all over the world.

2.3 Relative Poverty

Relative Poverty is a situation of relative deprivation that depends on the general style of living in a society. As Rowentree, (1990), explained relative poverty is a problem of an affluent but unequal society. Basic needs may be met but those at the very bottom have less access to other social expectations. It results on the exclusion of those at the bottom from the customary standard of living on that society. Hence, relative poverty is not the same as absolute poverty all over the world. It is different based on the persons living and society.

2.4 Subjective poverty

The approach of subjective poverty aims to elicit local peoples conception of poverty, deprivation and to harness their own priorities in the complex and heterogenic societies in which they live (Chambers, 1992; 1995). This approach explicitly recognized that poverty is inherently subjective judgments individuals make about what constitute socially acceptable minimum standard of living in a particular society.

The variation in concepts reveals the multi dimensional nature of poverty. Poverty can be conceived as absolute or relative, as lack of income or failure to attain capabilities. It can be chronic or temporary, is sometimes closely associated with inequality, and is often correlated with vulnerabilities and social exclusion. (Tizita, 2001).

As Smith (2005) quoted in Ashenafi (2010), the World Bank interviewed more than twenty thousand poor people to define poverty in their own terms. The results of the interview were published in a three volume set on the World Bank website. Smith 2005, have listed some of the definitions given by the poor and some of them are selected and listed here below to show how diverse poverty is both in character and content.

Voices from Ethiopia—How It Feels Like To Be Among the Ultra Poor

- ✂ We are left tied like a straw
- ✂ Living by scratching like a chicken
- ✂ What is life when there is no friend or food?
- ✂ Life has made us ill
- ✂ We are deprived and pale
- ✂ We are above the dead and below the living
- ✂ Hunger is a hyena
- ✂ A life that cannot go beyond food
- ✂ We simply watch those who eat
- ✂ Difficulties have made us crazy
- ✂ We sold everything we had and have become shelter seekers
- ✂ It is like sitting and dying alive
- ✂ A life that is like being flogged
- ✂ A life that makes you look older than your age
- ✂ Just a sip and no more drop is left
- ✂ If one is full, the other will not be full
- ✂ We have become empty like a hive

2.5 Measurement of Poverty

Poverty has, as we seen from the above definitions have so many definitions depending upon the different social condition, economic condition and political condition.

The measurement and analysis of poverty is very important to know the level of poverty existed in the environment. The following are the basic imperative points to measure poverty.

- ◆ For cognitive purposes (to know what the situation exists)
- ◆ For analytical issues, (to clearly understand factors that could determine the existing situations).
- ◆ For policy making purpose (to design and implement policies that could alleviate the existing situation).
- ◆ For evaluation and Monitoring purpose (to assess whether the current situations are changing due to the adopted policies).

2.5.1 How to measure poverty

To compute a poverty measure, three ingredients are needed:

- ◆ One has to choose the relevant dimension and indicator of well being;
- ◆ One has to select a poverty line, that is threshold below which a given household or individual will be classified as a poor.
- ◆ One has to select a poverty measure which is used for reporting the population as a whole or for a population sub-group only. (Kamanou, *et al*, 2005)

2.5.2 The Objective and Subjective perspective of poverty

Poverty can be approached from objective or subjective perspectives. The objective perspective (sometimes referred to as the welfare approach) involves normative judgments as to what constitutes poverty and what is required to move people out of their impoverished state, (UNDP, 2004).

Economists have traditionally based their work on the objective approach, mainly because of the obstacles encountered when trying to aggregate multiple individual utilities across a population. Advocates of this approach use the argument that, individuals are not always the best judges of what is best for them. For example, most poverty measurements system focuses on nutritional attainment. Although all individuals value food consumption, some may place higher value on certain food types or food quantities that are not best for their physiological well being. (UNDP, 1998).

A poverty line typically specifies the income (or level of spending) required purchasing a bundle of essential goods: typically food, clothing, shelter, water, electricity, schooling, and reliable health care. This specific income or expenditure level serves as a threshold where people who earn or spend below it are considered poor and those who earn or spend beyond the level are considered non poor. (Ashenafi, 2010).

The non-welfare approach often used for drawing a poverty line is based on the basic needs or minimum caloric requirement. There are three methods of setting poverty lines that use calorie requirement:

- Direct Calorie intake
- Food energy intake
- Cost of basic need method (Tizita, 2001)

Tizita (2001) further added, the Direct calorie intake method, a poverty line is defined as the minimum calorie requirement for survival. Individual who consume below a predetermined minimum level of calorie intake are deemed to be under poverty. Hence, this method equates poverty with malnutrition. The drawback of this method is that it does not take into account the cost of getting the basic calorie requirement. It totally overlooks the non food requirement. The second non welfare method of setting a poverty line is the food energy intake method. The basic idea in this method is to find the per capital consumption at which a household is expected to fulfill its calorie requirement. in this case, the poverty line is then defined as the level of per capital consumption at which people are

expected to meet their pre-determined minimum calorie requirement. It is normally estimated by regressing the per capital consumption expenditure on calorie intake. Then the predicted value of the per capital consumption expenditure at the pre-determined calorie intake is taken as a poverty line. This method is an improvement over the direct calorie intake method in terms of the representativeness of the poverty line as it now provides a monetary value rather than purely nutritional concept of poverty. The third method of setting a poverty line is the cost of a basic need method. First, the food poverty line is defined by selecting a “basket “of food items typically consumed by the poor. The quantity of the basket is determined in such a way that the given bundle meets the predetermined level of caloric requirement. This “basket” is valued at local prices or at national prices if the objective is to arrive at a consistent poverty line across regions and groups. The specific allowance for the non food component consistent with the spending patterns of the poor is added to the food poverty line.

The subjective approach places a premium on people preference on how much they value goods and services. It is conceivable that the subjective approach could both under value and over value food consumption when compared to the welfare approach, leading to conflicting assessment as to who are the poor, (The Poverty Site, 2013).

Poverty measurement has traditionally been dominated by the objective approach. Recently the traditional community as a whole took a serious interest in measuring subjective poverty. This is mainly because of mounting recognition of the limitations associated with the so-called objective indicators and the value of understanding the perspective of the poor in shaping policies and programs. As a result, participatory poverty assessment methodologies have been gained ground, (Ashenafi, 2010).

Clearly both objective and subjective perspectives bring valuable insights to the measurement and analysis of poverty. Both approaches indicate the phenomenon from different angles and captures fundamentally different aspects of it, neither of which can be said to be categorically right or wrong.

2.5.3 Desirable Poverty Measures

According to Kamanou, et al. 2005, poverty measures are used first and foremost to monitor social and economic conditions and to provide benchmark of progress or failure. Here, poverty measures are indicators by which policy results are judged and by which the impact of events (e.g., the introduction of a government transfer program) can be weighted. Measures used for monitoring and targeting need to be trusted and require rigorous underpinning. The measures will function well as long as everyone agrees that when poverty measures rise, conditions have indeed worsened (and conversely, when poverty measures fall, that progress has been made). A second important use for poverty measures is descriptive. Poverty statistics play critical roles in summarizing complex social and economic conditions that inform conversations around economic and social priorities. For this purpose, effective measures need not completely capture all (or even most) morally relevant aspects of poverty. But the limits of measures need to be understood, and transparency and ease of interpretation are critical here. (Kamanou, *et al.* 2005)

Furthermore, (Kamanou, *et al.*, 2005), explains building blocks include concepts such as “scale invariance”. This is the idea that poverty measures should be unchanged if, for example, a population doubles in size while everything else is maintained in the same proportions. A second building block focuses on the well-being of those below the poverty line —so that changes among better-off people do not affect measured poverty. In other words, the measure should not vary if the income of the non-poor varies i.e. the “*focus*” axiom This axiom rules out measures based on relative notions of poverty (i.e., where poverty is not measured by absolute deprivations relative to a fixed poverty line but instead the poor are identified relative to a shifting statistic like the median income of the whole population). Our focus here is on “absolute poverty” as measured by a fixed poverty line. A third attribute, the “*monotonicity*” axiom, states that, holding all else constant, when a poor person’s income falls, poverty measures must rise (or at least should not fall). Here one can say that any income gain for the poor should reduce poverty.

The “*transfer*” axiom (sometimes referred to as the Pigou-Dalton principle, after those who employed it first in their analysis) has more analytical bite. It states that, holding all else constant, taking more money from a poor person and giving it to a less poor person must increase the poverty measure. Conversely, poverty falls when the very poor gain through a transfer from those less poor (Ibid).

“Transfer sensitivity,” a related notion, goes further. It is best seen by example. Consider a population where the poverty line is set at \$1,000. Next, imagine that \$10 is taken from someone earning \$600 and given to a neighbor earning \$500. Any poverty measure that satisfies the transfer axiom will fall. Measured poverty should also fall (for such indices) when \$10 is taken from someone earning \$300 and given to someone earning \$200. The transfer-sensitivity axiom says that the reduction in the second case (in which a very poor person is made better off relative to her neighbor) should be greater than the reduction in the first case (in which the recipient is less poor). An additional desirable characteristic is the ability to decompose poverty measures by subpopulation. Sub-populations may include, for example, residents of different regions. The critical feature for decomposition is that the sub-groups are distinct from each other (so that there is no overlap in membership) and that together they encompass the entire population (Kamanou, et al., 2005).

2.5.4 Measures of Poverty and Inequality

Given information on a welfare measure such as per capita consumption, and a poverty line, the next issue is deciding on an appropriate summary measure of aggregate poverty.

2.5.4.1 Headcount Index

According to (Haughton & Khandker, 2009), the most widely used measure is the headcount index, which simply measures the proportion of the population that is counted as poor, often denoted by P_0 . Formally,

$$Po = \frac{NP}{N}$$

Where, Np is the number of poor and N is the total population (or sample). If 60 people are poor in a survey that samples 300 people, then $Po = 60/300 = 0.2 = 20$.

The greatest virtues of the headcount index are that it is simple to construct and easy to understand. These are important qualities. However, the measure has at least three weaknesses. First, the headcount index does not take the intensity of poverty into account. It does not show to what extent the poor is poor. It just shows the proportion of those considered poor to the total population. Second, the headcount index does not indicate how poor are the poor, and hence does not change if people below the poverty line become poorer. In other words, the headcount registers no change when a very poor person becomes less poor. Nor does the headcount change when a poor person becomes even poorer. Third, the poverty estimates should be calculated for individuals, not households. If 20 percent of the households are poor, it may be that 25 percent of the population is poor (if poor households are large) or 15 percent is poor (if poor households are small); the only relevant figures for policy analysis are those for individuals.

Another explanation, (Kamanou, *et al*, 2005), emanates from the failure of the transfer axiom, combined with the focus on whether people are above or below the poverty line. If policymakers see their task as reducing poverty as measured by the headcount, their work will be made easier by focusing on improving the lot of individuals just below the poverty line. A little improvement at this level can raise the incomes of the “barely poor” above the poverty line and hence can reduce the poverty headcount fairly rapidly. Directing resources to very poor people, on the other hand, may be socially beneficial,

But far larger income gains are required to take them over the poverty line and thus to make a dent in the poverty headcount. So if efforts are allocated specifically to reduce the headcount, priority will likely go to helping the least poor over helping the poorest.

2.5.4.2 Poverty Gap Index

A moderately popular measure of poverty is the poverty gap index, which adds up the extent to which individuals on average fall below the poverty line, and expresses it as a percentage of the poverty line.

$$G_i = (Z - Y_i) * I(Y_i < Z)$$

More specifically, define the poverty gap (G_i) as the poverty line (Z) less actual income (Y_i) for poor individuals; the gap is considered to be zero for everyone else.

The poverty gap is intrinsically meaningful, taking us from counting people to counting shortfalls of income or consumption. It answers the question: how much would have to be spent to eliminate poverty through costless (and perfectly) targeted transfers. Its underlying assumptions are clearly unrealistic: in practice, transfers will never be administratively costless, nor will they ever be perfectly targeted. However, this hypothetical question still provides a helpful way to quickly gauge the scale of deprivation (Kamanou, *et al*, 2005).

2.5.4.3 Squared Poverty Gap (Poverty Severity) Index

To construct a measure of poverty that takes in to account inequality among the poor, some researchers use the squared poverty gap index. This is simply a weighted sum of poverty gaps (as a proportion of the poverty line), where the weights are the proportionate poverty gaps themselves; a poverty gap of, say, 10 percent of the poverty line is given a weight of 10 percent while one of 50 percent is given a weight of 50 percent; this is in contrast with the poverty gap index, where the gaps are weighted equally. Hence, by squaring the poverty gap index, the measure implicitly puts more weight on observations that fell well below the poverty line. (Ashenafi, 2010)

Allocating anti-poverty resources to minimize the poverty severity index would thus tilt efforts toward the poorest—which is a feature that many analysts find appealing. This

index also satisfies the transfer—sensitivity axiom described above, and it is decomposable into the population-weighted sum of the poverty indices of regions or groups (Kamanou, et al, 2005).

2.6 Introducing the MDGs in Ethiopia

Ethiopia was among the first countries in Africa to embrace the MDGs and put them in to the national context following the issuance of Ethiopia’s first generation Poverty Reduction Strategy Program (PRSP) - SDPRP. In the context of Ethiopia, medium-term programs such as the then SDPRP and now PASDEP serves as vehicles towards reaching the MDGs. Having made an early commitment to the MDGs, the Government launched a major exercise in 2004, in collaboration with the United Nations, the World Bank and other donors, to cost the MDGs and determine what was needed to achieve them, culminating in the “Millennium Development Goals Needs Assessment Study” issued in 2005.

In June 2002, as PRSP preparations moved forward. Africans first MDGs action forum significantly raised the profile of the MDGs with in Ethiopia organized by several UNDP offices and held in Addis Ababa. The forum brought together high government officials ,civil societies, private sector representatives and Un staff from 14 central and fast African countries to plan actions, polices and programs to achieve the MDGs. Simultaneously the UNs country team began to introduce the MDGs to Ethiopian counter parts and to advocate for a national MDGs report (UNDP,2006)

Increased awareness of the MDGs, Ethiopia’s agenda for poverty reduction and the prospect of additional aid helped to motivate the Government of Ethiopia to address the goals. The government decided to rely largely on the SDPRP structures already in place instead of creating parallel mechanisms. It however did establish MDGs task force to coordinate campaigning and preparation of MDGs report, co-choired by the director of planning in the MOFED and the UNDP. The MDGs task force initially came from the Government, UNICEF and the World Bank. UN country team MDGS focal points, WHO and

UNFPA joined in February 2003 and succeeded in preparing the 2004 MDGs Report. The government opted to consult civil societies at a later stage and through different means. (ibid, 2006)

2.6.1 Placing the MDGs in the Local Context

Adopting the MDGs to the local context is important because the global MDGs to fit the specific context of a particular country.

According to the UNDP, 2006 MDGs report adopting the MDGs to the local context is understood as an exercise that helps to

- ◆ Examine MDGs indicators based on data availability
- ◆ ensure the consistency of the goals, strategies and policies context and time like.
- ◆ Examine the governance structure, which will be instrumental for design and implementation of policies and strategies.
- ◆ determine the feasibility target in light observed trends and required finance.

Connecting SDPRP to the MDGs in Ethiopia has contributed to:

- ◆ deepening to effective partnership to reduce poverty
- ◆ Assessment of actions, needs and costs for a ten year plan to achieve the MDGs
- ◆ strengthening of poverty reduction policies by positioning to prepare MDG based PRSP in 2005 which is the PASDEP.
- ◆ Initiation of preparation for a comprehensive financing strategy to achieve the MDGs
- ◆ Monitoring of development performance, by linking the SDPRP indicators and intermediate MDGs targets.
- ◆ Improvement in the quality and quantity of aid delivery, through the alignment of development assistance around PRSP and MDGs priorities. (Ashenafi,2010)

Furthermore, the discussion in MDGs report shows that there are several areas in which the translation of MDGs in the context of Ethiopia can be monitor using data that are less

expensive, could be easily generated, and are helpful in tracking development and remain comparable over time.

2.6.2 Local context of Goal 1, Targets and indicators an overview

Goal 1 Eradicate extreme poverty and Hunger

The objective of goal 1 is to eradicate extreme poverty and hunger. The targets with regard to this aim is to reduce the proportion of people whose income is less than 1 dollar per day and the proportion people who suffer from hunger between 1990 and 2015 (Millennium stats,2003).

In Ethiopia to quantify the proportion of people, whose income is less than 1 dollar per day is an expensive task. It requires launching of periodic house hold budget surveys in order to monitor and track annual changes in the level and depth of poverty. (MOFED, 2004).The first reliable and nationally representative survey was conducted in 1995/96 and repeated in 1999/2000.The analysis in the SDPRP was based on this surveys. Also in 2004, another survey was made which was a basis for the PASDEP.

In the MDG Report (2004), it is noted that income, as a core indicator of wellbeing in the Ethiopian context, is not effective in tracking changes. According to this report, the substantial non monetary transfers and non marketable assets that are involved in the house hold economy are difficult to account through ordinary house hold survey. Thus if poverty conditions are understood in a narrow sense of income, this makes the indicators sensitive to slight changes in living styles. Additionally, in this report it is recommended that, in the future it may be necessary to rely on robust indicators that effectively track realized changes in welfare levels, such as household durables, farm assets, human capital etc. with regard to hunger, its incidence is approximated by the percentage of children who are stunted and wasted. Adult malnutrition is also an appropriate indication. However, its reliability was questioned by the MDGs report.

Prevalence of child malnutrition is the percentage of children less than 5 years whose weight for age is less than minus two standard deviations to the median for the international reference population's ages 0-59 months. The proportion of children who are underweight is the most common indicator of malnutrition, (CSA, 2004).

The MDGs report discussion of placing MDGS in the local context has conveyed two messages. The first messages relates to the fact that all targets have equal weight and urgency in Ethiopian context: it is impossible to separate and make emphasis on one or other as there is so much interdependence that the total is greater than the sum of the individual goals. The second messages are that, investigation of policy stance of the government of Ethiopia has show evidence of consistency with the tents of the MDGs in the last decade. However several constraints such as institutional bottle necks, inefficient civil service, structural rigidities within the economy, several fiscal strains and major shocks such as war and drought, undermine the progress towards registering meaningful reductions in the incidence of poverty. This is further aggravated by macroeconomic environment vulnerable to vagarious nature and external shock.

Chapter Three

Data description, analysis and Discussion

3.1 Data Description

3.1.1 Depicting recent socio Economic Developments into context

With 79.4 million populations in 2010(CSA 2009), Ethiopia is the second most populous country in sub-Saharan Africa. It is a land of ethnic, linguistic and cultural diversity. Ethiopia is administratively divided into nine regional states and two city administrations. As part of the government's effort towards Decentralization, higher administrative authority is given to lower administrative levels.

3.1.2 Macroeconomic indication

Poverty eradication is the core development objective of the Ethiopian Government while rapid Economic Growth is a key strategy to this objective.

According to GTP Report ,2013 The ongoing Growth and Transformation plan(GTP) has been drafted based on the achievements of the plan for accelerated and Sustained Development to end poverty(PASDEP),the MDGS and the National vision ...The major objectives of the plan are to:(1)maintain at least an average real GDP growth rate of 11.2%per annum and attain MDGs;(2) expand and ensure the qualities of Education and health services and achieve MDGs on the social sector,(3) establish suitable conditions for sustainable nation-building through the creation of a stable democratic and developmental state; and(4) ensure the sustainability of growth by realizing all the above objectives within a stable macroeconomic framework.

Table 3.1: GDP growth rate by sector (2008/09-2011/12)

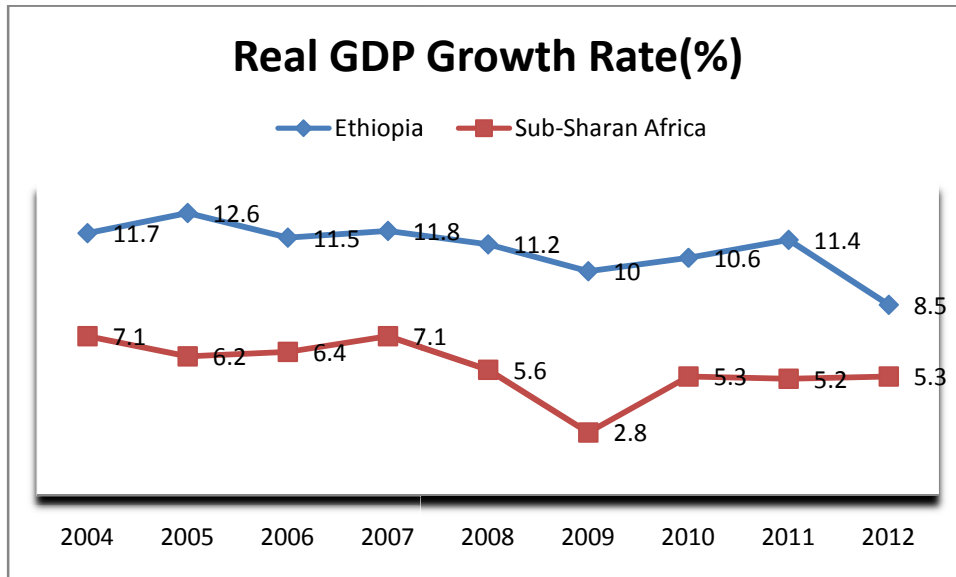
Sectors	2008/09	2009/10	2010/11	2011/12	Average
Agriculture	6.4	7.6	9	13.5	9.125
Industry	9.9	10.8	15	28.5	16.05
Service	14	13.2	12.5	23.5	15.8
All Sector	10.1	10.53	12.17	21.83	13.6583

Source: MoFED, 2013

Table 3.1 shows during 2011/12, Ethiopia's Economy, as measured by Growth Domestic Product (GDP) grew by 8.5%. Agriculture, industry and services grew by 13.5 %, 28.5 % and 23.5% respectively. The rate of GDP growth registered in 2011/2012 was slightly lower than the target set for the fiscal year under review because of the shortfall in the performance of agriculture and Industry. The growth registered in the fiscal year was ,however, very high compared to the 5.3% of Sub Saharan Africa average growth rate for the same period and the average GDP growth rate of 7% required to achieve MDGs target of reducing poverty by half by 2014/2015. In addition to this remarkable, the Overall performance of the current Ethiopian Economic growth is still ranked among the top performers of the non-oil economies in the world.

According to the MoFED, 2012, it is to be recalled that Ethiopia's Economy grew by 11.4% during the first year of the GTP period. In the First two years of GTP implementation, therefore, the GDP has grown on average by about 10% per annum. This achievement is slightly lower than the 11.1% annual average growth rate target set for the first two years of the GTP period and the 11.2% annual average growth rate target set for the entire GTP period through accelerated growth of the agricultural and industrial sectors.

Figure 3.1 Real GDP Growth Rate (in %)



Source: IMF and MoFED: SSA Report, 2013 and Authors Computation

Figure 3.1 shows comparisons of the sub-Saharan region with Ethiopia. The year 2004-2005 the GDP growth rate was increased by increasing rate while the GDP growth rate of that of the sub-Saharan was decreased by decreasing rate. But the year 2005-2006 the growth rate of the GDP was the reverse from the year 2004-2005 for Ethiopia and sub-Saharan Africa.

In addition to this, the year between 2007 and 2009 was bad for both Ethiopia and sub-Saharan Africa since the growth of their GDPs was declined by decreasing rate.

In 2010/11 and 2011/12, the agriculture sector has grown by 9% and 4.9%, respectively. This implies that the Agricultural sector grew on average by about 7% per annum against the target of 8.5% per annum for the first two years of the GTP period. According to MoFED, 2013 GTP report the improved delivery of agricultural inputs such as fertilizer and improved seeds, as well as the scaling up of the dissemination of the best agricultural technologies and farming techniques of the best farmers via the extension system and training of farmers have been instrumental in the growth of agricultural sector. Similarly,

in the two GTP implementation years, the industrial sector has gone through promising achievements by registering average growth rate of 14.3%. Although the growth achievements of the industry sector during the two GTP years were above the PASDEP five year s average, It is still lower than the 16% average growth rate target set for the two years under review. In particular, the growth rate of the micro and small scale enterprise sub sector has been lower than the target set for 2011/2012. Thus to register double digit economic growth rates over the next three years of the GTP period.

Table 3.2 Growth Rate Real GDP in 2011/12(%)

Sector	2005-2010 Average performance	2010/11 Performance	Planned	Actual	2010/11 and 2011/2012 Average	2010- 2015 Average Plan
Real GDP	11.0	11.4	11.1	8.5	9.95	11.2
Agriculture	8.4	9.0	8.5	4.9	6.95	8.6
Industry	10.1	15.0	17.9	13.6	14.3	20
Service	14.4	12.5	11.5	11.1	11.8	10.6

Source: MoFED, *Growth and transformation Plan: Annual progress report 2013*

Table 3.2 shows the Real growth rate in GDP for different sectors. And we can easily see that the Industry sector shows high increment through time even though, the sectors performance was below the expectation in the year 2010-2012, the expected growth rate was 17.9 where as the actual to be 13.6 which is in 4.3% below the planned growth rate.

In terms of distribution of sectors GDP, the service sector has remained at its dormant position by accounting for 45.6% of GDP in 2011/2012. Agriculture and industry contributed about 44 and 11% to GDP respectively. The contribution of the Agriculture sector to the overall economy is slightly declining, while the share of the Industry is still at its infancy level. Although the growth performance of the industry sector during the two GTP years were above the PASDEP five year average, the predominantly narrow industrial

base has hindered the sector not to go beyond 10.85% of GDP on the average during the first two GTP years. The implication is that the manufacturing industry has to grow even faster to play a greater role in the overall economy and by ensure significant structural transformation of the national economy. The source of this overall economic growth between 2004 and 2012 is mainly attributed to the growth in the agriculture and service sectors. As these sectors takes the lion share of the economy, improvements in the growth of these sectors boost the growth of the overall economy. Ethiopia's agriculture is still dominated by small holder farming with low productivity. The growth in the service sector is mainly emanated from the expansion of hotels and restaurants, real estate and housing, transport and communication, banking and insurance and trading activities. Similarly, under the industrial sector, the increment mainly emanated from the boom in the construction sector.

Table 3.3 Pro-poor Government Spending in Billion Birr

	2011/2012 Fiscal Year				Performance (%)			
	2009/10 Actual	2010/ Actual	Plan	Actual	As %of total expendit ure	2011/2 012 plan	2010/11 perform ance	2014/1 5 Plan
Total	71,334	93,831	106,125	124,124	100	17.0	32.3	201,146
Expendit ure								
Capital Expendit ure	39,322	53,297	60,901	72,871	58.7	19.7	36.7	122,222
Current Expendit ure	32,012	40,535	45,224	51,252	41.3	13.3	26.4	78,924
Educatio n	16,870	23,345	24,562	29,710	23.9	21.0	27.3	44,025
Health	4,547	6,307	7,027	7,626	6.1	8.5	20.9	13,894
Agricult ure	6,998	8,246	13,123	11,042	8.9	-15.9	33.9	25,699
Water	4,235	5,563	5,701	10,147	8.2	78.0	82.4	17,321
Roads	14,601	18,918	21,752	28,836	23.2	32.6	52.4	45,898
Poverty- expendit ure	47,251	62,378	72,165	87,568	70.4	21.1	40.0	146,837

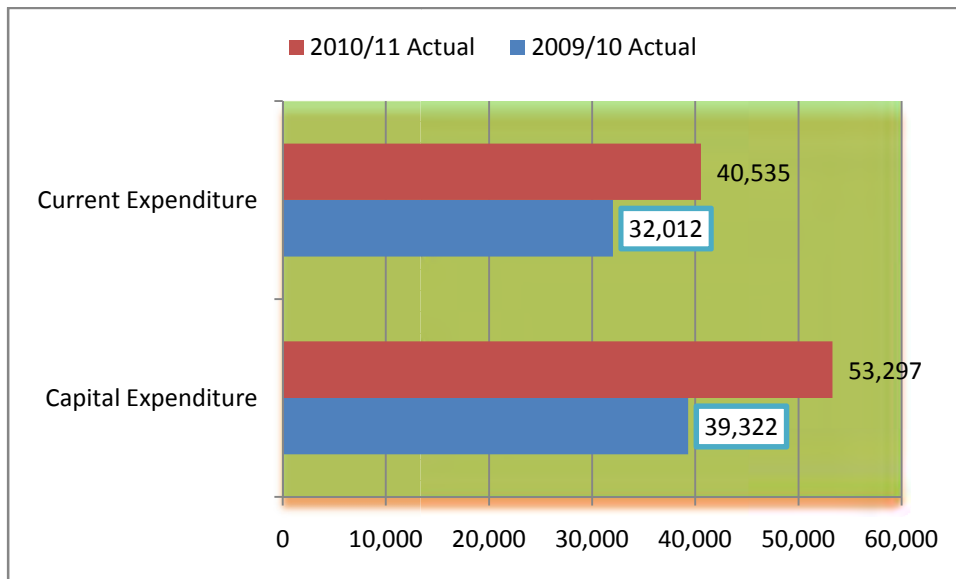
Source: ADB: African Development Fund: Annual Report 2012

Based on the above table both current and capital expenditure is increasing throughout the year. The Government spending is increasing for all sectors under current expenditure.

During 2011/12, total government expenditure has increased to birr 124.4 billion from 93.8 billion in 2010/2011. The government starting from the period 2009/10 and its plan

for 2014/15 gives much focus for the education and road sector. Education holds from the total government expenditure 23.9 percent and 23.2 percent for road development. The government’s total expenditure goes to the capital expenditure section which is 58 percent and the current expenditure holds the remaining of the total expenditure.

Figure 3.2 Distribution of capital and Current Expenditure



Source: ADB: African Development Fund: Annual Report 2012

Based on the above table and figure, out of the total government expenditure, birr 32.012 billion or 45% is spent on recurrent expenses, while the remaining 39.32 billion or 55% of the total expenditure is spent on capital expenditures. During the fiscal year, recurrent and capital expenditure have increased by 26.4% and 36.7% respectively, indicating that even though the economy operated under tight fiscal policy, the capacity and commitment of the government to invest on national development programs has been sustained remarkably. of the total spending ,70.4% spent on growth –oriented pro poor sectors. The spending on growth oriented pro-poor sectors has increased by 40% compared to that of 2010/11. According to GTP progress Report, 2013 The federal government has allocated additional fund to the tune of 15 billion birr to all regions to support their efforts to achieve the MDGs and this budgetary allocation is in accordance with the stated fiscal policy of the planning period. The increment in spending on the growth oriented pro-poor sectors

reflects Ethiopia's commitment to eradicate overall poverty and thereby to achieve all Millennium development goals throughout the country.

3.1.2 Regional level consumption and caloric availability

The non-welfare approach often used for drawing a poverty line is based on the basic needs or minimum caloric requirement. The Direct calorie intake method, a poverty line is defined as the minimum calorie requirement for survival. Individual who consume below a predetermined minimum level of calorie intake are deemed to be under poverty.

Table 3.4 Regional (Rural Urban) Consumption expenditure in Birr

Regions	Per Adult				Per Capita		
	<i>Food Share</i>	<i>Food Consumption</i>	<i>Non-Food Consumption</i>	<i>Total Consumption</i>	<i>Food Consumption</i>	<i>Non-Food</i>	<i>Total</i>
Tigray	0.504	2115	2803	4917	2590	3428	6018
Afar	0.619	2545	1927	4472	3059	2310	5370
Amhara	0.520	2018	2651	4668	2450	3210	5660
Oromiya	0.519	2135	2436	4570	2636	2989	5625
Somalia	0.637	2416	1863	4279	3013	2322	5336
Benshangul-Gumuz	0.517	2153	2628	4781	2660	3234	5894
SNRP	0.526	2145	2313	4458	2650	2847	5497
Gambela	0.593	2419	1907	4326	2935	2288	5222
Harari	0.565	2979	2536	5515	3637	3090	6728
Addis Ababa	0.456	2954	2647	5601	3440	3083	6523
Dire-Dawa	0.570	2721	2005	4727	3272	2407	5679
Total	0.521	2151	2475	4626	2637	3022	5659

Source: MoFED: Development and poverty in Ethiopia, 2013

Table 3.4 presented the nationally representative picture of trends in consumption. This section goes beyond this average to assess how widespread growth in consumption has been. In general the difference real consumption among regions is very small, real consumptions levels are highest in Harari, when measure in per adult equivalent and Addis Ababa when measured in per capital terms. for the per capital terms it is followed by harari, Tigray, Benshangul- Gumez and Dire Dawa regions, while Amhara, Afar Oromiya and Somali recorded lower consumption levels.

In all regions, consumption is higher in urban areas. Among those Regions that are predominantly rural (Tigray,Oromiya,Somali,Benishangul-Gumez,and SNNP),there is remarkably little difference in consumption levels while rural Afar and Gambela have the same level, but slightly lower level of per adult equivalent consumption.

3.3 Non-Consumption Dimensions of poverty in Ethiopia

As outlined in the literature review ,although the head line “poverty rate “in Ethiopia is based on a monetary definition of poverty ,it is well understood by policy makers and analysis of poverty that poverty is multidimensional phenomenon. This section therefore examines non-income aspects of wellbeing such as health, nutrition, education and literacy, sanitation access to service and assets using data from welfare monitoring survey. According to MoFED, 2013 there are many improvements since 1995, and also since 2004, some aspects of non- monetary poverty remain stark in Ethiopia and are areas for improvement.

3.3.1 Illness.

Given that the incidence of self reported, and may suffer from such bias, it is unclear how to interpret over time. Therefore, turn to another indicator of health that is access to health providers. For the subset of people who report a health issue in the past two months.

Table 3.5 Incidence of self reported illness, by gender and location over time

Consumption Quintile	Urban					Rural				
	1	2	3	4	5	1	2	3	4	5
Male	65.6	70.1	80.7	77.8	83.3	54.5	57.0	58.8	63.1	70.2
Female	65.7	69.4	75.7	74.5	80.0	51.4	55.7	61.1	57.4	64.1
All	65.7	69.7	77.6	75.9	81.4	52.9	56.3	60.1	59.9	66.8

Source: CSA, HICE survey of 2009, interim Report on 2010/11 Poverty analysis

Incidence of self reported illness based on the above table there is no much difference between male and female in urban and rural areas. Comparing females in urban and rural areas, the self reported illness is higher in the urban than that of the rural. This shows that despite the awareness change made so far in the rural areas, much things still waiting to create the awareness to use medical centers in the rural areas.

The Ethiopian Demographic and Health Survey (EDHS) is a detailed study of many aspects of adult and child health in Ethiopia. The study presented here indicators of child nutrition from the EDHS based on comparisons between children aged under 60 Months with the latest WHO multi Country Growth Reference. These new references, developed since 2004, incorporate an international reference group of well-nourished children as the ideal growth profile for the child development. Statistics compare to the highest and weight of a child to the average to their sex and age group. If a child is more than two standard deviations below the average height -for-age, they are experiencing growth retardation, or stunting.

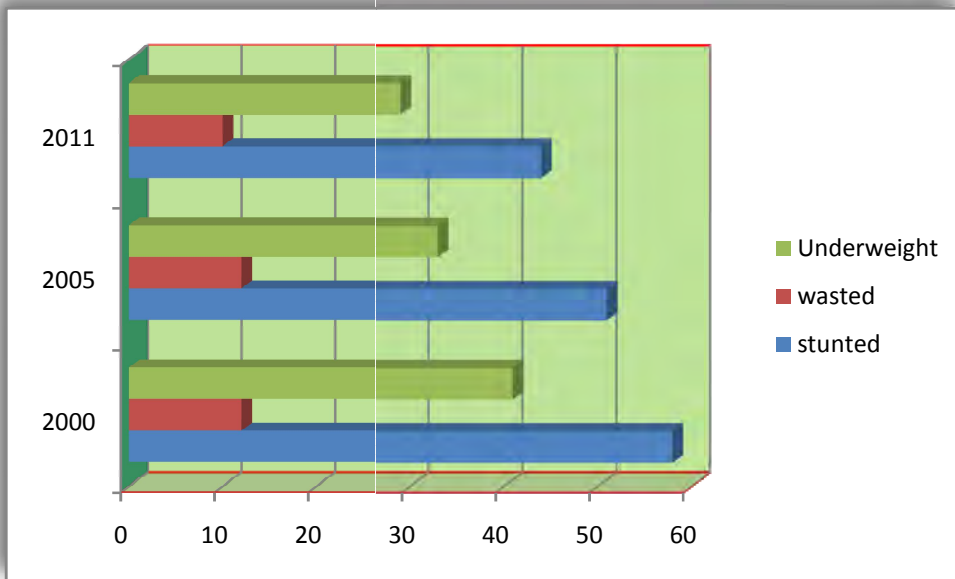
Stunting is a reliable indicator of childhood cumulative poverty, as height for age represents the cumulative investment for nutrition and health in the Childs life thus far. Weight is an indicator of recent nutritional indicator intake, and can be compared to the international reference group or to the child's height if the child has weight -for- height that

is greater than two standard deviations under the average of the well-nourished group, they are considered as wasted.

If the child has weight-for-age of more than two standard deviations below the average of the well-nourished group, they are considered as underweight.

Figure 3.3 below shows stunting, wasting and underweight for the past decade. It shows a clear downward trend, indicating success in the nutritional policies pursued by the government of Ethiopia, which has lowered the rate of stunting from 58 percent in 2000, to 44 percent in 2011. Underweight is similarly on a downward trend.

Figure 3.3 Ethiopian child nutrition indicators over time



Source: Authors computation from HICE survey of 2010/11 poverty Analysis

The prevalence of wasting, or low weight-for-age has fallen less significantly, though was at lower starting level in the year 2000. comparing the stunted, wasted and underweight for the year 2000 and 2011 there is decreasing situation. But the percentage of wasted children remains the same for the year 2000 and 2005 with slight reduction in 2011.

Table3.6 Indicators of child nutrition in Ethiopia, by region in 2012.

<i>Region</i>	<i>Stunted</i>	<i>Wasted</i>	<i>Underweight</i>
<i>Tigray</i>	<i>51.4</i>	<i>10.3</i>	<i>35.1</i>
<i>Afar</i>	<i>50.2</i>	<i>19.5</i>	<i>40.2</i>
<i>Amhara</i>	<i>52</i>	<i>9.9</i>	<i>33.4</i>
<i>Oromiya</i>	<i>41.4</i>	<i>9.7</i>	<i>26.0</i>
<i>Somali</i>	<i>33</i>	<i>22.2</i>	<i>33.5</i>
<i>Benshangul</i>	<i>48.6</i>	<i>9.9</i>	<i>31.9</i>
<i>SNNP</i>	<i>44.1</i>	<i>7.6</i>	<i>28.3</i>
<i>Gambella</i>	<i>27.3</i>	<i>12.5</i>	<i>20.7</i>
<i>Harar</i>	<i>29.8</i>	<i>9.1</i>	<i>21.5</i>
<i>Addis Ababa</i>	<i>22</i>	<i>4.6</i>	<i>6.4</i>
<i>Dire Dawa</i>	<i>36.3</i>	<i>12.3</i>	<i>27.6</i>

Source: CSA surveys of 2010

The percentage of stunted children in Amhara region consists the highest from all regions which is 52% followed by Tigray and Afar regions. Wasted children are the largest in Afar region holds the maximum number in wasted and underweight 19.5% and 40.2%, Addis Ababa region holds the least number of stunted, wasted and underweight children relative to other regions in Ethiopia.

3.3.2 Education

Literacy and Numeracy

Literacy continues to increase over time both in rural and urban areas, and for both males and females. There remain some considerable differences in literacy rate between male and female, though the gap has closed slightly in rural areas over the past six years.

Table 3.7 Literacy and Numeracy

	<i>National</i>			<i>Rural</i>			<i>Urban</i>		
	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
<i>2011</i>	<i>56.2</i>	<i>37.6</i>	<i>46.7</i>	<i>49.7</i>	<i>30.0</i>	<i>39.7</i>	<i>87.6</i>	<i>69.6</i>	<i>77.9</i>
<i>2004</i>	<i>49.9</i>	<i>26.6</i>	<i>37.9</i>	<i>43.4</i>	<i>18.7</i>	<i>30.9</i>	<i>86.2</i>	<i>64.4</i>	<i>74.2</i>
<i>1996</i>	<i>34.8</i>	<i>16.9</i>	<i>25.8</i>	<i>27.9</i>	<i>8.4</i>	<i>18.3</i>	<i>77.5</i>	<i>56.7</i>	<i>65.7</i>

Source: MoFED, Ethiopia: 2013 Growth and Transformation Plan, progress Report

The above table depicts comparisons of rural and urban areas. The literacy condition between male and females in urban area is better than that of rural area but the percentage between females of urban and rural areas there is high gap. The urban females are more exposed to education than the rural females.

On average, just under half the population is literate and this breaks down into 56% of males and 47% of females. The gap between rural and urban residents is more striking, 78 % of urban residents over ten years reporting that they can read, compared to only 40% of rural residents.

The proportion of rural women who can read is only 30%, which represents a considerable increase since 2004, and a great improvement since in 1996 in the first Survey, where less than 10% of rural women could read. However there is still a gap to catch up, as the current rate of literacy for rural women is around as it was for rural men 15 years ago, and it is less than half the rate of urban literacy.

3.4 Status and Trends of Consumption poverty and inequality

3.4.1 Status and changes in national, rural and urban poverty

Status of poverty and inequality: According to 2010/11 HICES, the proportion of poor people (Poverty head count index) in the country is estimated to be 29.6% in 2010/11 while the proportion of people below the poverty line stood at 30.4% in rural areas. The national

level poverty gap index is estimated to be 7.8% while it is 8% in rural area and 6.9% for urban areas. Similarly, the national level severity index stood at 0.031 with rural poverty severity index (0.032) being slightly higher than that of urban areas (0.027). The mean separation test shows that the difference in poverty incidence, gap and severity between rural and urban is statically significant from zero.

Table 3.8 Trends in National poverty level

	<i>Total Poverty</i>	<i>Food Poverty</i>	<i>Gini-Coefficient (inequality)</i>
<i>Urban</i>	<i>0.257</i>	<i>0.279</i>	<i>0.371</i>
<i>Rural</i>	<i>0.304</i>	<i>0.347</i>	<i>0.274</i>
<i>Total</i>	<i>0.296</i>	<i>0.336</i>	<i>0.298</i>

Source: MoFED, Ethiopia: 2010 MDGs Report

Trends in national Poverty: Using real per adult consumption expenditure, the levels of total, rural and urban poverty indices for 1995/6, 1999/00, 2004/05, 2010/11 are provided in Table 3.8. Compare to 2004/05 poverty in 2010/11 has declined substantially and it is statistically significant, but limited to the incidence (head count) and depth of poverty (poverty gap). The 2010/11 poverty head count index (incidence of poverty) is lower than the index for 2004/05 by 24% while the poverty gap is lower by 5.5% indicating a substantial decline in poverty during the five year period ending in 2010/11 (table 3.7). Moreover, the decline in poverty is much higher after 2004/05 (PASDEP period) than before 2004/05 (the SDPRP period). However, the severity of poverty (squared poverty gap) between 2004/05 and 2010/11 increased by 14.4% which is statically significant indicating that growth has failed to adequately reach the poorest of the poor.

Table 3.8 trends of national poverty

	Poverty indices over time				Change (%)	
	1995/96	1999/00	2004/05	2010/11	2004/5 over 1999/00	2010/11 over 2004/05
National						
Head count index	0.455	0.442	0.387	0.296	-12.4	-23.5
Poverty gap index	0.129	0.119	0.083	0.078	-30	-5.5
Poverty severity index	0.051	0.045	0.027	0.031	-39.8	14.4

Source: MoFED, Interim Report on the 2010/11 Poverty Analysis

3.5 Current status of Food Poverty

The achievement of food self sufficiency is one of the key objectives of the government of Ethiopia as articulated in its GTP, which is also consistent with the Millennium development goals of eradicating extreme poverty or hunger. As for total poverty, the various aggregate poverty measures are computed for food poverty. The food poverty index measures the proportion of food-poor people that fall below the food poverty line.

Current status of Food poverty: The proportion of food poor people (Food poverty head count index) in the country is estimated to be 33.6% in 2010/11. Table 3.9 shows 34.7% in rural areas and 27.9% in urban areas. The Food poverty gap index is estimated to be 10.5% while it is 11.1% for rural areas and 7.3% for urban areas.

Similarly, the national food poverty severity index stood at 0.046, with the rural food poverty severity index (0.05) being slightly higher than that of urban areas. The overall result indicates that all kind of food poverty indices is higher in rural than in urban areas.

Table3.9 Trends of national and rural /urban food poverty

		Poverty indices over time			Change in %	
	1995/96	1999/00	2004/05	2010/11	2004/5 Over 1999/0	2010/11 over 2004/5
National						
Head count index	0.495	0.419	0.38	0.336	-9.2%	-11.6
Poverty gap index	0.146	0.107	0.12	0.105	12.8	-12.5
Poverty severity index	0.06	0.039	0.049	0.046	24.5	-6.1
Rural						
Head count index	0.516	0.411	0.385	0.347	-6.5	-9.9
Poverty gap index	0.152	0.103	0.121	0.111	16.8	-8.3
Poverty severity index	0.062	0.038	0.049	0.05	29.0	2.0
Urban						
Head count index	0.365	0.467	0.353	0.279	-24.5	-21.0
Poverty gap index	0.107	0.127	0.117	0.073	-8.0	37.6
Poverty severity index	0.044	0.047	0.048	0.029	1.5	-39.6

Source: MoFED, Interim Report on the 2010/11Poverty Analysis

According to the above table, the National Food Poverty Index declined from 38% in 2004/05 to 33.6% in 2010/11 while it decline from 42% in 1999/00 to 38% in 2004/05 in

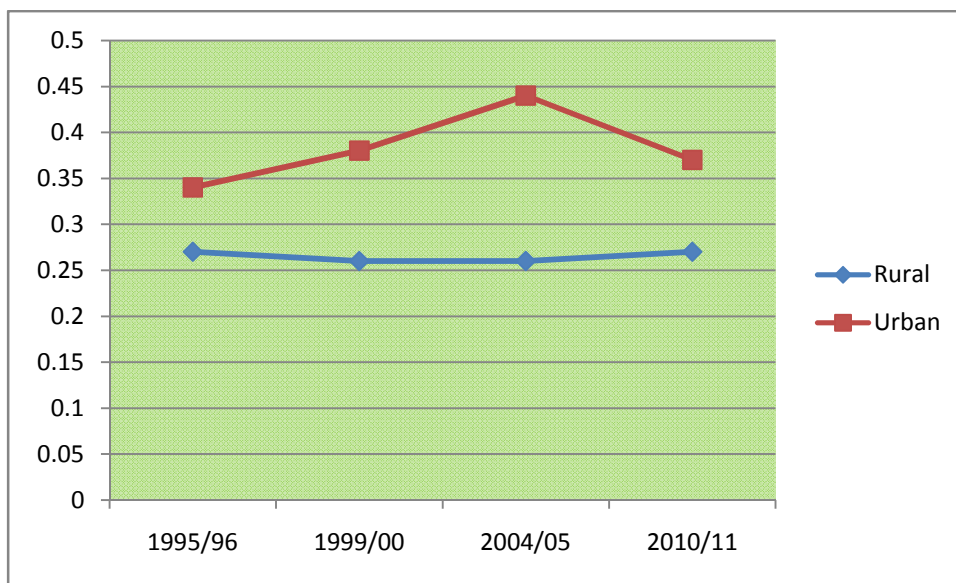
which all changes are statistically significant. This showed that the food poverty head count index declined by 12% from 2004/05 to 2010/11 while it declined by 9% from 1999/00 to 2004/05, but declined between 2004/05 and 2010/11.

When food poverty is decomposed into rural and urban areas, we see more decline of food poverty index in urban areas (by 21%) than in rural areas (by 10%) between 2004/05 and 2010/11. Despite the huge decline in rural food poverty incidence and gap between 2004/05 and 2010/11, no statistically significant change has been observed in the food poverty gap and severity indices declined substantially (by 38% and 40%, respectively) and statistically significantly. Given the occurrence reduction in food poverty incidence in rural and in food poverty incidence, gap and severity incidence in urban areas of Ethiopia.

Status and trend in consumption inequality

Trends in consumption inequality as measured by the Gini-coefficient are expressed in the following figure 3.4 in 2010/11,

Figure 3.4 Trends of national, rural and Urban Gini coefficients



Source: Author's computation from MoFED, 2012 Interim Report

The Gini- coefficient for urban areas becomes 0.37 and rural 0.27. Similar to the previous years, inequality is higher in urban areas than in rural areas. However, rural inequality marginally increased, while urban inequality decline substantially leaving the national; gini coefficient unchanged. Since 1995/96 urban inequality was increasing at an alarming rate reaching 0.44% in 2004/05, but because of the change in urban development policy after 2005 the rising trend of urban inequality reverted.

The slight decline in income inequality in urban areas are because of the urban focus development activities carried out in the country including urban infrastructural development (road, private and Condominium houses construction), Micro and Small scale firms and the rail way construction in Addis Ababa, promotion of labor intensive activities (use of cobble stone to construct urban roads and villages), promotion of micro and small scale enterprises via the provision of training, credit and business development support, and the distribution of subsidized basic food items to urban poor in times of crisis over the past five years.

3.5.1 Status of regional poverty, inequality and number of poor

The regional distribution of total and food poverty in Ethiopia and trends in this distribution are presented in the following table 3.11, from the table, highest food poverty is observed in Amhara (42.5%) followed by Tigray (37.1%) and Benshangul-Gumuz (35.1%). The lowest food poverty is found again in Harari (5%) followed by Dire Dawa (21.7%) and SNNP (25.9%).

Table 3.10 Food Consumption Poverty indices in 2011

Region	Poverty Head Count Index			Poverty gap index			Squared poverty gap index		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
Tigray	0.371	0.249	0.402	0.108	0.061	0.120	0.043	0.022	0.049
Afar	0.322	0.281	0.339	0.086	0.063	0.095	0.034	0.021	0.039
Amhara	0.425	0.280	0.446	0.123	0.072	0.130	0.050	0.027	0.053
Oromiya	0.331	0.317	0.33	0.105	0.090	0.107	0.047	0.038	0.048
Somali	0.267	0.171	0.289	0.077	0.036	0.086	0.030	0.011	0.035
Benshangul	0.351	0.261	0.365	0.107	0.084	0.111	0.045	0.040	0.046
SNNP	0.259	0.271	0.258	0.099	0.075	0.101	0.051	0.031	0.054
Gambella	0.260	0.302	0.240	0.079	0.114	0.062	0.032	0.056	0.021
Harar	0.046	0.049	0.043	0.010	0.009	0.010	0.003	0.002	0.004
Addis Ababa	0.261	0.261		0.059	0.059		0.019	0.019	
Dire Dawa	0.217	0.254	0.137	0.046	0.057	0.022	0.016	0.021	0.005

Source: Authors Computation from the HICE Survey of 1995/96,1999/2000 and,2004/05

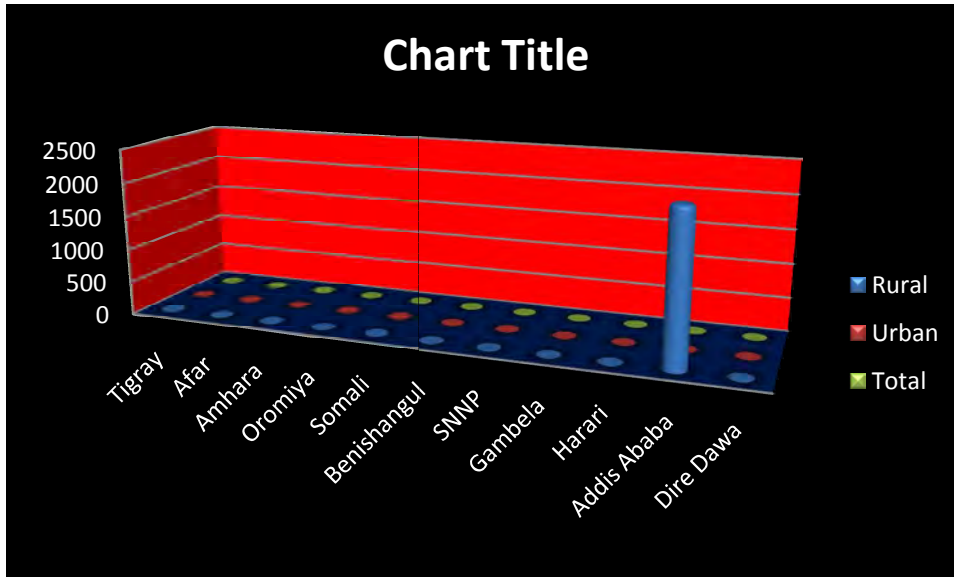
Overall, the difference in poverty incidence among regional states in 2010/11 has narrowed substantially indicating a balanced growth among regional states. Moreover, absolute poverty is much lower than food poverty in all regions.

3.5.1.1 Inequality by Regions:

Figure 3.5 shows Gini coefficient estimates by region, rural and urban areas. Based on inequality estimates, we can categorize the region into two: (1) regions with gini coefficient below 0.3 are Amhara, Oromiya, Somaliya, Gambela, Harari and Dire Dawa with Harari

regions having the lowest; and regions with Gini coefficient above 0.3 are Tigray, Benshangul-Gumuz, SNNP, and Addis Ababa region.

Figure: 3.5 Inequality measure by Gini coefficient



Source: Authors Computation from the HICE Survey of 1999/2000, 2004/05 and 2010/11

When we compare inequality by rural-urban, we found inequality higher in urban areas in all regions. Among the regional urban, highest inequality is observed in Amhara 0.41 followed by Benshangul-Gumuz and Tigray.

Table 3.11 Number Population and poor people

Regions	Population("000)				Number of poor People			
	1995/6	1999/00	2004/05	2010/11	1995/96	1999/00	2004/5	2010/11
Tigray	3299	3694	4113	4930	1850739	2268116	1994674	1568396
Afar	1106	1216	1330	1603	366086	680960	487305	578120
Amhara	14552	16295	18143	18866	7901736	6811310	7281720	5757027
Oromiya	19779	22354	25098	31295	6724860	8919246	9279662	8981694
Somali	3332	3698	4109	5149	1029588	1401542	1723139	1687327
Benishangul	483	537	594	982	226044	289980	264232	283827
SNNP	11001	12515	14085	17359	6138558	6370135	5380722	5135774
Gambela	190	211	234	386	65170	106555	NA	123375
Harari	139	160	185	210	30580	41280	50038	23214
Addis Ababa	2220	2495	2805	3041	670440	900695	912594	854091
Dire Dawa	271	318	370	387	79945	105258	130057	109364
Total	56372	63493	71066	84208	25649260	28063906	27523414	25102210

Source: MoFED, 2012 Interim Report on the 2010/11 Poverty Analysis

Based on the above table household income and consumption expenditure survey (HICES) conducted by Central Statistics Agency (CSA) of Ethiopia in 1995/6, 1999/00, 2004/5 and 2010/11 have been used to analyze poverty.

The researcher strongly believes that it is not always true that the proportion of poor people declines, when the prevalence of poverty declines. Thus between 2004/5 and 2010/11, not only poverty incidence declines, but also the number of poor people declined. The total number of Population increased from 71 million in 2004/5 to 84.2 Million in 2010/11. In the same period the number of poor people declined from 27.5 million to 25.1 million. The number of poor people rose from 25.6 Million in 1995/6 to 27.5 Million in

2004/05, but it declined to 25.1 in 2010/11, which is quite a remarkable achievement as it is below that of 1995/96 while the population is growing more than 2.5% per annum. The region with the largest number of poor people is Oromiya, accounted for above one third of all Ethiopian living in poverty in 2004/05 (36%). Large number of people also found in Amhara (5.7 Million) and SNNP (5.1 Million) in 2010/11.

In general still the poverty level in Ethiopia is high. Poverty has declined substantially between 2005 and 2011. Taking a longer term view, poverty has declined even more since 1995. The rate of poverty remains higher in rural areas of the country than the urban areas. The poverty gap index has also fallen, though more modestly. The poverty severity index has increased however, in both urban and rural areas, indicating that the poorest of the poor are not benefitting from improved economic growth.

3.6 Characteristics of the poor in Ethiopia

3.6.1 Poverty and Household size

Household size indicates the number of people live in common house, under a single roof. The 2010 survey indicated that average household size in Ethiopia was 4.8 persons. That is among the highest household sizes in the world.

Table 3.11 Mean family size in 2010/11 by regions.

<i>Regions</i>	<i>Family size</i>		
	<i>Rural</i>	<i>Urban</i>	<i>Total</i>
Tigray	4.9	3.6	4.6
Afar	5	3.6	4.5
Amhara	4.7	3.2	4.4
Oromiya	5.2	3.6	4.9
Somali	5.4	5.1	5.3
Benishangul	4.6	3.9	4.5
SNNP	5.3	4	5.1
Gambela	5.1	4.3	4.8
Harari	5.4	3.7	4.4
Addis Ababa		3.9	3.9
Dire Dawa	5.2	3.8	4.2
Total	5.1	3.7	4.8

Source: CSA, (2012).HH Income, Consumption and Expenditure Survey 2010/11.Addis Ababa.

Similarly, house hold size is slightly higher in rural areas than in urban areas for both family size and adult equivalents family size. There are also some slight differences, this are small. Family size declined slightly in a few regions including Amhara,Oromiya,Benshangul-Gumez,Dire Dawa and Addis Ababa, while ,it increased in Afar,Somali,SNNP and Harari regions.

3.7 Human Development Index

Human Development Index (HDI) is another indicator of socio-Economic development based on improvements in Education, and life expectancy.

<i>Development Indicators</i>	<i>2000</i>	<i>2005</i>	<i>2011</i>	<i>2012</i>
<i>HDI</i>	<i>0.250</i>	<i>0.287</i>	<i>0.383</i>	<i>0.396</i>
<i>Life expectancy</i>	<i>51.4</i>	<i>53.8</i>	<i>56.1</i>	<i>59.7</i>

Source: *Human Development Reports, 2012*

It was 0.25 in 2000 and improved to 0.287 in 2005 this result again, increased to 0.383 in 2011, According to the report of UN, HDI has increased by 14.8% from 2000 to 2005 by 33.5% from 2005 to 2011. The average life expectancy also, according to the same source of the UN, is getting improved from 51.4 years for both sexes in 2000 to 53.8 years in 2005. Life expectancy has further improved to 56.1 in 2011. Additionally, the life expectancy in 2012 is 59.7 years and 0.396, Human development index.

Chapter- Four

Poverty Analysis in Wereda, 09

4.1 Overview of Addis Ketema sub-City, Wereda 09

Addis Ketema is one of the the 10 sub-Cities in Addis Ababa. The sub-City has 7.41 Sq. Km which have 221,644 populations living in the area. Among the 221, 644, males consist of 172,825 and female consists of 138,659. The Sub- city has 36,659.1 densities.

Wereda 09 is located at northern part of Addis Ababa; under Addis ketema Sub-city. the area covered mostly Autobustera and Kuas-meda areas. According to the council of the wereda , wereda-09 is 52 square kilometer in size comprising the former 8 Kebeles and has a total population of 94,000 at the end of 2013. based on figures of the wereda it has a population density of 9500 persons per square kilometer. This is probably one of the highest densities compared to 9300 persons per square kilometer density for Addis Ababa.

Livelihood condition in the wereda, are dominated by different trade activities. It is known to be the trade center of Addis Ababa.

4.2 Source and nature of data

The Data used in this study is collected from sample households in wereda-09, Addis Ketema Sub city, Addis Ababa. The sample population is obtained on the bases of two stages simple random sampling procedure. At the first stage out of 8 kebeles in the Wereda a sample of 3 were chosen. In the second stage from these Kebeles 300 households representing approximately 3.0% of the total number of households were randomly drawn. This sample size was then distributed to all kebeles in proportion to the Population (see table 4.1 below)

Table 4.1 percentage and numerical distribution of sample households by kebele

Sample Kebeles	No. of house holds	Percentage share	Sample households
27	2364	35	105
28	2176	32	96
29	2264	33	99
Total	6804	100	300

Source: computed from Wereda 09 council records.

In order to select the sample households from each kebele, the recent record of each kebele was used as a sampling frame and finally households were picked using systematic sampling technique that is selecting households from the list of household number at fixed interval. Out of these 300 responses four were incomplete and hence, not included in data analysis.

The data mainly consists of information on some socio-economic variable such as household consumption, education, income, expenditure, employment and other welfare indicators.

4.3 Poverty levels

Poverty levels are determined using numerous welfare/well-being indicators. These indicators include the various social and economic variables such as income, expenditure, health, education, housing etc. A number of other statistical relationships can also be established among each and every indicator. However this by itself does not give a definition of poverty unless the population is divided into poor and non poor using a poverty line that transforms the various indicators into definitions of poverty.

The three poverty levels that are commonly used in most literature are absolute, relative and subjective poverty levels. The conventional definition of the poor under the absolute poverty concept refer to those who subsists below a level of income that can sustain a bare

minimum standard of living/absolute poverty line/.The determination of this minimum standard of living or absolute poverty line requires information on quantity and value of food and non-food consumption by households. However, the sample data used in this study do not have information on quantity of food consumed by households mainly because of two reasons. Firstly households of Wereda 09 do not keep records of consumption that is both financial and quantity. Secondly the interview solely depends on one time visit to households due to time and financial constraints. The other problem is regarding with the response rate to the question asked about food and non food expenditure(in monetary terms only)is only 52%.Additionally most writers on poverty argued that absolute poverty has major limitations.

4.4 Identifying the poor in Wereda-09 using relative and Subjective poverty concepts

The alternatives that are used in this study are the relative and subjective poverty levels .Relative poverty as discussed earlier in the literature review section refers to the relative deprivation of income groups compared to other groups. The common practice in literature to define the poor under this concept is to take those people whose annual income falls below two-third of the average per capital income as poor. Accordingly based on the sample households data collected in Wereda-09 average per capital income is 7350 Birr with significant variation in quintile groups (see table 4.2) and the corresponding relative poverty line is calculated to be 4900 per annum.

The per capital income used in the calculation of poverty line is characterized by high level of inequality seen in different quintile groups. According to table 4.2 below the richest 25% of the sample population earn 42 % of the income while the poorest 25%earn only 11.5 % from the aggregate income of the wereda.

Table 4.2 per capital income and percentage distribution of income by quintile groups

	Quintile groups				
	1	2	3	4	Total
Per capital income	850	1200	2200	3100	7350
%	11.5	16.5	30	42	100

Source: Own Survey Wereda 09, 2014

The drawing of poverty line using expenditure but not income is preferred in different studies. But in this study income is used because of poor response to questions pertaining to expenditure.

4.4.1 Subjective poverty

The decision to use the concept of subjective poverty is based on survey responses of individuals about their own situation. Individual respondents were asked to categorize themselves to three possible pre-coded well being groups nearly poor, medium and rich based on their income. Only 4.8 percent of respondents consider themselves as rich while 41.2 percent consider themselves as middle range and 54 considered themselves to be poor. This approach is based on the belief that local people are best judges of what constitute socially acceptable standard of living in their society and how much they need to earn for meeting that end. In this approach too, if all the households are categorized in three welfare groups it is possible to draw poverty line using the average per capital income of the group “poor” as a proxy. Accordingly ETB 6000 (annual per capital income of group poor) is considered as subjective poverty line of Wereda 09.

After identifying any of these poverty lines it is possible to compute the three well known summary measures of poverty (the head count ratio, poverty gap and poverty severity) using the FGT index discussed in the earlier chapter.

Using the relative poverty line ETB 4900 as the value of Z and changing the value of α to 0,1 and 2,the above formula gives estimates of prevalence ,intensity gap and severity of poverty in Wereda 09.The prevalence of poverty in wereda is calculated to be 0.69 that means 69 percent of the population in Wereda 09 lives below the stated poverty line.

The poverty gap index which indicates the percentage short fall of mean income from poverty line is calculated to be 0.26 (26%) and the poverty severity or the level of inequality among the poor 0.09(9%).

Results of the summary measures are very sensitive to the type of poverty line used in the calculation(see table 4.3 below).For the purpose of comparison it is also possible to calculate poverty using subjective poverty line and other poverty line concepts suggested in many studies. If we take two of such poverty lines, one is commonly referred as 'extreme poverty line, instead of keeping poverty line at two third of the per capital income, it takes one third, that in our case is ETB 2450.The other poverty line suggested by international organizations, World Bank, is one USD per person per day (using official exchange rate of 19.67 for the month of April,2014 when the survey was conducted the poverty line would be ETB 2974.75.

Table 4.3 the prevalence of poverty in Wereda 09 based on different poverty lines.

	Poverty line	Number of poor	The head count ratio
Relative poverty as below 2/3 of per capital income	4900	94	32
Extreme poverty as below 1/3 of per capital income	2450	17	6
Subjective poverty	6000	151	52
Poverty as below \$1 per person per day	2974.75	28	10

Source: Own Survey Wereda-09, 2014

The prevalence of poverty decreases to 43% when we decreases the poverty line from two third to one-third of the mean income. Subjective poverty line (ETB800.60) yields higher percentage of the poor 78% implying that more people preferred to be categorized as poor when asked about their situation. The \$1 per day is extremely high compared to the per capital income of the Wereda which is only Ethiopian Birr 750.35, hence the corresponding percentage of people earning below this poverty 9.8 only2% are reported to have escaped poverty based on this calculation.

Based on the two poverty line concepts discussed earlier different socio-economic groups of households in Wereda -09 are described from table 4.4-4.7.

Table 4.4 Distribution of poverty in wereda, 09 based on marital statuses, household type and family size.

Socio-Economic characteristics	Relative		Subjective		
	Poor %	Non poor %	Poor %	Medium %	Rich %
Marital status of households	Relative		Subjective		
Married	66.3	33.6	37	51	12
Single	52.7	47.3	39.2	60.0	0.8
Widowed	13.6	86.4	88.6	11.4	-
Divorced	75.4	24.6	87.3	12.7	-
Nk	5.9	-	77.1	22.9	-
Household type					
Male headed	67.4	32.6	71.5	26.4	2.1
Female headed	69.3	30.7	85.2	14.8	-
Family size					
1	42.5	57.5	18.1	81.9	-
2-5	34.3	65.7	46.9	50.5	2.6
6-10	73.0	27.0	81.7	18.3	-
10+	74	26	87.5	12.5	-

Source: Own Survey Wereda-09, 2014

It is interesting to note that poverty in Wereda 09 is more pronounced among widowed household heads followed by divorced and married household heads. Poverty is very low among single households 21.3% and 39.4% seen in both relative and subjective terms respectively.

The gender dimension of poverty is not evident in wereda 09. The female headed households are only slightly poor than their male counter parts seen in relative poverty level. But the subjective /self declared/ well-being indicator shows higher incidence of

poverty 85.2% among female headed households compared to 71% of the male headed households. The reason for this could be the general belief among many societies that female headedness by itself feels much helpless and vulnerable to poverty.

The incidence of poverty among different family size groups in table 4.4 shows that poverty is directly related with family size. The incidence of poverty in both relative and subjective terms is very high (75.2 % and 87.2%) among households who have more than ten members. This positive association between household size and poverty is not consistently true when we see it in relation to income levels as indicated in table. Rather it shows that high income groups tend to have higher family size compared to low income groups.

Table 4.5 Percentage distribution of Households based on, age and income

Socio-economic characteristics	Relative			Subjective	
	Poor%	Non poor %	Poor %	Medium %	Rich %
Age of household head					
18-25	22.8	57.6	39.4	60.6	-
26-40	38.9	61.1	47.9	50.8	1.3
41-55	54.5	30.9	81.2	17.5	1.3
55+	69.0	28.0	80.2	19.8	-
Groups based on income					
1 st	6.2	93.8	21.3	70.2	8.5
2 nd	72.4	27.6	46.2	49.5	4.3
3 rd	97.2	2.8	56.3	42.8	0.9
4 th	100	0	89.2	10.8	-

Source: Own Survey Wereda-09, 2014

The age distribution of poverty seems to overrule the common logic that cumulative wealth increases as one gets older. The result in table 4.5 shows inverse relationship between age of family heads and well-being of households. Higher prevalence poverty 72% and 80.2% in

the age group of 55 and above could be understood in the case public sector employees. but those who are in the age group of 41-55 are still highly poorer with 69.1% and 81.2% poverty prevalence. Plausible explanation for this is to look at the dominant occupation of sample household that indicates significant number (62.9%).

Table 4.5 also indicates the lowest 25% of the sample household in terms of cumulative expenditure are entirely 100% poor while the top 25% of the household in the 1st quintile group have only 6.2% of their members in poverty. The subject poverty measures in this regard shows significant variation from the relative measures 21.3% of the people in the top quintile claimed to be in poverty implying that there is a tendency of considering oneself as poor within the people of high income/consumption group .Note that calculation about expenditure based quintile group is done based on households for whom data is available.

There seems to be a positive relationship between the level of education attained by household heads and incidence of poverty. For those who have attained college level education, only 3.1% or 4.2% of their member appear to be poor in relative and subjective terms. The poverty level among those who have completed high school and junior secondary appears to be roughly comparable and significantly higher than the rest of the group. What appears most unexpected in this survey is incidence of poverty is quite less only 19.6% and 39.2% among the illiterate next to those who have attended college level education.

Table 4.6 Percentage distribution of poverty in Wereda 09 based on education and occupation type of household heads.

Socio-Economic characteristics	Relative		Subjective		
	Poor %	Non poor %	Poor %	Medium %	Rich %
Education of household heads					
Illiterate	79.5	20.5	39.2	60.8	-
Read and write	25.7	74.3	41.1	58.9	-
Grade 1-8	42.8	57.2	63.4	26.6	0.6
Grade 9-12	43.4	52.6	29.8	70.2	2.4
College +	3.1	96.9	3.7	92.7	3.6
Occupation of head of household					
Unskilled labour	89.2	10.8	100	-	-
Civil servant	29.0	71.0	41.6	55.2	3.2
Crafts man	74.8	25.2	79.3	20.7	-
Own business	76.3	23.7	72	21.6	6.4
Unemployed	77.9	22.1	81.3	18.7	-
Others	75.2	24.8	88.1	11.9	-

Source: own survey Wereda 09, 2014

Poverty level based on Education of Households shows that, only 3.1% of the Households who are completed College level are poor while, 79.5 % of Households that are Illiterate shows the maximum poverty level based on Educational status. Thus we can conclude that being educated is important tool for the eradication of poverty and to improve one's livelihood. The above table also shows when the households' educational status increases their income also increases.

Table 4.6 also shows the poverty level of Households based on occupation and unskilled laborers holds the maximum number of poverty that is 89.2% of them are poor based on the relative poverty measurement. The main sources of income in this group range across various forms of menial jobs. Typical form of such nature of job for female heads is selling Injera, wood as fuel and other works.

4.5 Poverty analysis of wereda 09 by other indicators

4.4.1 Food share

Apart from the traditional relative and absolute measures of poverty one commonly known indicator of absolute poverty is the food consumption pattern of household consumption expenditure spent on food decreases when the household income goes up. It means that the proportion of household consumption expenditure on food decreases when the household welfare improves.

Table 4.7 The Food share of Households' consumption expenditure in wereda 09

Income Groups	Family Ave.HH size	Mean annual Expenditure/household				
		No HH	Food	Non Food	Total	Food share %
<1000	6.42	35	850	600	1450	58.6
1001-2000	7.35	24	1200	900	2100	57.00%
2001-3000	7.2	14	1900	1500	3400	56.00%
3001-4000	7.56	9	2500	2000	4500	55.50%
4001-5000	6.5	14	3300	2800	6100	54.00%
5001-6000	6.3	0	4000	3400	7400	54.00%
6000+	7.1	0	4500	3850	8350	53.50%
Total	6.9	96	18250	15050	33300	

Source: own survey of wereda 09, 2014

Table 4.7 above illustrates the percentage share of household's food expenditure in different income groups. The food share of household consumption budget appears to be inversely proportional to their income. The low income group earning less than ETB 1000 spends nearly two-third of their consumption budget on food. The trend is that of decreasing for higher income groups expect that it sharply increases 55.3% for those who earn between ETB 3001-4000 and then goes down again. The increase in food share for this group could be because of the relative higher family size 7.1 compared to other income groups. The relationship between income and family size in this particular case also do not provide proof to the common logic that family size is positively correlated to poverty. The weighted food share of household's consumption budget for all income groups is a little more than half of their income. Thus figure is less than 20% for developed countries. the national figure also indicates that the food share of total consumption budget for the general urban and that of Addis Ababa are even less than this 47.08% and 46.2%respectively (CSA 1995/96).But it should be noted that the above data is computed based on those households to whom food and non-food expenditure data is available. It should also be noted that higher income group such as those earning 5000-6000 over represents those people who gave information on food and non food consumption that have made the weighted result lower than it could actually be. Another interesting note from table 4.8 above is that the lower two income groups spend more than what they earn that implies that income is usually under reported by the very poor.

4.5.2 Income and other selected well being indicators.

Table 4.8 selected well being indicators among income groups of wereda 09 sample households

Income	No. of hh	Unemployment	Hh living in Kebele house	Avr no. of persons per room	% hh living in 1 room	% of hh buying water from neighbor	% not having own latrine	Avr no of meals per day
<1000	28	18.5	9.3	3.4	41.5	32.5	34.6	2.64
1000-2000	90	16.2	11.5	3.6	19.3	22.3	21.1	2.69
2001-3000	78	14.2	18.5	2.8	17.5	20.6	22.6	2.78
3001-4000	32	13.7	12.6	3.2	7.5	11	15.5	2.89
4001-5000	25	13.2	20	2.4	6.3	5	6.2	3
5001-6000	22	12.9	18.4	2	4.4	5.6	0	3
6000+	19	11.3	9.7	1.4	3.5	3.5	0	3.1
Total	294	100	100		100	100.5	100	

Source: own survey of wereda 09,2014

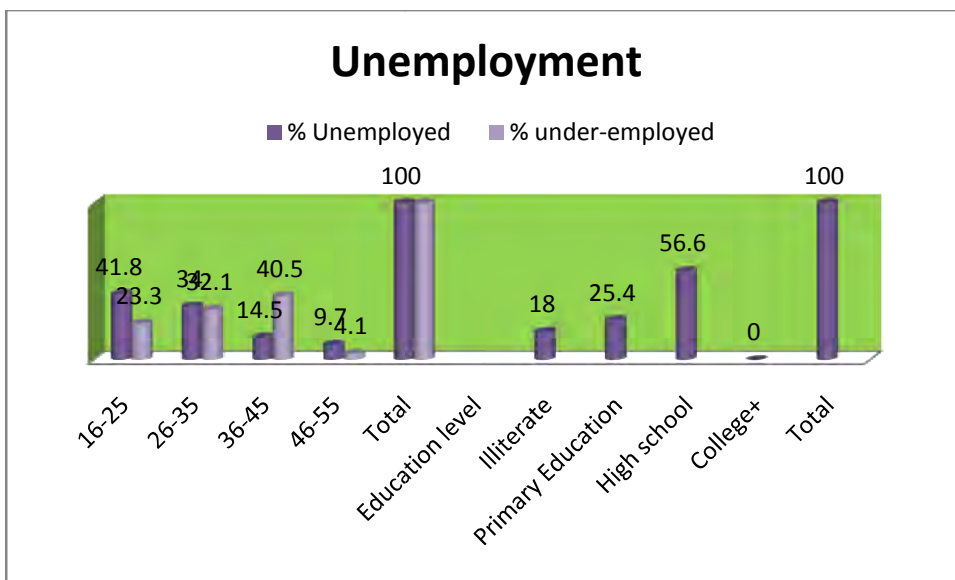
Table 4.8 above presents comparable percentage of unemployment among families of different income group. The other indicators show the state of overcrowding, residential characteristics and availabilities of basic amenities. It is common for the poor to live in low rent Kebele houses or private rented houses but the figure in table 4.9 shows that the Kebele houses predominantly occupied by middle income groups. It is believed that higher percentage of low -income group lives by paying higher rent to the individual who

originally rented the house from the Kebele. Higher number of individual live less than one roof depicts the overcrowded nature of living condition in the Wereda. United nation recommendation says less than one person for a room is under occupied 1-2.2 person per room is adequate more than that is overcrowded.

Quality of dwelling units pertaining to facilities such as toilet and water is a serious problem among all income groups. The data shows that 74.85% of households share toilet (pt-latrine) or do not have it all. The figure rises 91.47% among the low income groups piped water is a serious constraint in the area even if water is available in the Wereda. One thing to note is that rate of unemployment calculated above is the ratio of unemployed people to the economically active population.

4.4.4 Unemployment

Figure4.1 percentage distribution of the unemployed by age and education groups



Source: Own Survey of wereda 09, 2014

Unemployed; here are defined as people who are economically active age group 16-64 years of age but are not involved in any income generating activity.

Underemployed; are defined as those economically active people but are only partially employed in one or more income generating activity.

According to Tizita, (2007) used such age distribution range. Therefore, the distribution of unemployed person in the wereda, 09 by different age groups, depicts in the above table young population between 16 and 35 years of age constitute above 80% of the unemployed labor force in the wereda. The chance of obtaining part time job is better compared to 28.4% for the younger age group of 16-25 years.

Employment or lack of it is a major determinant of well being in urban areas. Most studies have singled out employment as the most powerful indicators of poverty in urban areas.

Problems of unemployment particularly educated unemployment and young age unemployment are typically prevalent in most urban centers of developing countries.

The same analysis for the four education categories indicate that unemployment is more prevalent 59.2% among those who have reached or completed high school level education. Partial employments that include all form of casual work are also better secured by the illiterate and those who have attended only primary level education. The short terms implication of this is the need for skill upgrading education than academic as far as employment is concerned.

4.6 Summary of the findings from wereda officials

The researcher held unstructured interview with key officials of the wereda including the council head and got the following features of poverty in the wereda. The officials said poverty is the result of unproductive attitude such as laziness, jealousy, lack of good leadership, being uneducated and asked also what constitute major characteristics of the poor in the wereda the officials listed some poverty features that sounds typical to poor households in the area. Accordingly the following major characteristics have been identified as typical of poor households in the study area.

Usually have large family size,

They live in crowed situation, houses lacking latrine, kitchen etc

The heads are not educated

Do not have the access to gain capital to start up a new business

Have usually disabled household heads

4.9 Comparative analysis of Millennium Development Goal 1 indicators

Areas for comparisons by 2010-2014				
No.	Poverty indicators	Ethiopia	Addis Ababa	A.K.S.C Wereda, 09
1.	Literacy %	46.7	77.9	82
2.	Total Poverty %	29.6	28.7	10
3.	Percentage of Poor people	30	28	28
4.	Food consumption	2151	2954	2281
5.	Family Size	4.8	4.4	4.6
6.	Total consumption	4626	5601	2775
7.	Stunting Children	44%	37%	31%
8.	Employment to population ratio	47.2	48.2	63.5

Source: Own computation from Own Survey and MoFED, 2012

The above table shows comparisons of different Poverty indicators in the national level, Addis Ababa level and the case study area, Addis Ketema Sub-City Wereda, 09.

Education plays crucial role in the Development of one Country. The Ethiopian Government as discussed in chapter III spends large amount of its budget on current on education. That is why the overall literacy rate increases to 46.7% which is half of the population are literate. Addis Ababa as a capital city has the largest 77.9% literacy. The case study area also has 82% which means only few of the households are illiterate.

The total poverty in the national level reduced and in 2012 it is 29.6%, 28.7% for Addis Ababa and only 10% are poor in the area. That shows, dramatic reduction in the poverty level percentage, by comparing it from the year of 2000.

The Employment to the population ratio is one of the targets of the Millennium Development Goals. In the National and Addis Ababa the employment level becomes half, which means almost half of the population are employed and in the case study area the employment to the population ratio reaches 63% in the Wereda.

Per capital income shows, great variation comparing the national and the case study area 22,200 and 7350 respectively. It shows how the case study area populations' income even if it shows some kind of change with the poverty line of a \$ per day. The other Goal 1 indicator of the Millennium Development Goal is the number of underweight Children that is 44% and 37 % in Ethiopia and Addis Ababa. It was difficult to gather data on the underweight Children in the case Study area due to unavailability of Data from the households and from the health institutions.

The Employment Condition in the national level is 47.2 percent and 48.2 percent in Addis. in the study area the employment ratio to the total population is 63.5 percent that means only 36.5 percent of the households in the case study area is unemployed.

The Poverty line based on relative and extreme for the national level is estimated to be 14,800 and 7,400. The Data is not available for the national level to know the number of poor people under the above mentioned poverty line.

Chapter Five

Conclusion and recommendation

5.1 Conclusions

Poverty situation is studied at different level the most common in Ethiopia is at macro level, which is suitable to exercise analysis of interregional comparison and the dynamics' of poverty. The issue of urban poverty had been hidden until very recently. The way it has been used in many studies was to compare it with rural areas so that the case of that could yield higher result. The intension of this study was to relate the millennium development goals of poverty eradication and hunger that of Goal 1.the researcher explained the Ethiopian performance on it and added primary data to assess the variance of poverty in Ethiopia and that of the local area in Addis Ababa city administration of Addis Ketema sub-city wereda 09.

For the full accomplishment of the extreme poverty and hunger eradication goal, Ethiopia is expected to halve the proportion of the poor and the proportion of those who suffer from hunger by 2015, and also be able to provide full, productive employment for all.

In 1990s the proportion of the population living below the national poverty line was 48%,28% for the case study area. To realize the first target, this proportion has to behalves to 24% by 2015. To date, nationally this proportion has dropped to 29.6%. The urban and rural headcount has also declined to 25.7% and 30.4%, respectively. Statistics also show that the poverty headcount is lower than 32% in all regions. With average annual decline rate of 3.6%, it is expected that the proportion of the poor will be halved by 2015. However, this decline in the proportion of the poor has not been accompanied by a decline in the poverty severity index. The national poverty index has increased in 2010/11 when compared with the 2004/05 index, mainly due to the substantial rise in rural areas, indicating the rural poor are getting poorer.

As far as creating decent employment for all is concerned, the employment to population ratio has reached 76.6% in 2004/05 and the urban employment to population ratio has also reached to 48.2% in 2010 and 63% in 2014 in the case study area. The increase in employment to population ratio has been accompanied by decrease in the proportion of the working poor and the proportion of vulnerable employment. However, knowing 56.1% and 34.9% of the employed are in vulnerable employment and are living below the poverty line, respectively, a long way is remaining to the achievement of the second target.

Halving the proportion of the population who suffer from hunger, good progress has been observed. The proportion of the population below minimum level of dietary energy consumption has dropped to 41% in 2008 from 69% in 1990. Given the annual average decline rate of 1.6% will continue, this target is achievable by 2015. The proportion of underweight children under the age of 5 is 28.7%. Even though the proportion of underweight children has declined, still high prevalence exists as only 2.3% of children fall below two standard deviation of the median weight for age of the international reference population in a well-nourished society. These progresses are made as the result of the decline in the proportion of the food poor.

The findings of the study indicates that the households of the wereda dwellers income is increasing through time comparing it with that of their income before 14 years. 95 percent of them replied that their current income comparing with that of 14 years ago are as of the sky and the earth. Setting only the united nation poverty line that is 1\$ a day per individuals more than 85 of the households are achieving it, some also have more folds than the set poverty line.

Focusing only the indicators of the millennium development goals 1\$ per day the wereda households fully achieved. But it does not mean that they are not poor. Most of the household's expenditure is more than their income so that they may be grouped under poor. This is found to be true as the following results of the survey indicates.

- Vast Prevalence of poverty in the wereda, in terms of relative poverty measures holds the majority and others followed.
- Nearly 30 percent of the dwellers are unemployed
- Comparing with the cost of living low per capital income at ETB 7350 with significantly inequitable that is indicated as the richest 25 earn 66 percent of the total income while the poorest 25 percent earn only 5 percent of the total income.
- Majority of households make their living from low paying occupations working as daily laborers, petty traders and other.
- Households of the wereda have average family size of more than 6. That implies higher rate of dependency.
- Overcrowded and wretched residential characteristics where more than 30 percent of households live in single room houses, more than 55 percent do not have water facility and more than 40 percent of the households do not have their own latrine.

In most studies of poverty, availability of basic urban amenities including housing and associated services has been given the same importance as food and non food expenditure. The results of this study have also confirmed that great majority of the dwelling units of the poor are characterized by a very low standard, pertaining to the state of over crowdedness, lack of facilities such as toilet, kitchen, water and other social services.

5.2 Recommendations

The implication of these findings is that poverty at local level is not a simple correlate of two or three factors. There are a number of interrelated factors affecting the well being of the households. The major economic factors like employment and income are determined by the level of education and in turn income determines whether or not people will have reasonable access to health services, housing and good nutrition.etc

An attempt has been made to relate urban poverty with different household socio-economic characteristics with household size, marital status, age, sex, income, occupation, education, of household heads. In this regard the researcher paper has found that the vast majority of the poor are characterized by large household size, widowed and divorced household heads and those in old age including both the sexes. More over large share of

poor households are headed by those persons with low level of education, and those households headed by the unemployed, retired, physically disabled.

Effects of poverty are not only confined to a specific households but it has a great effect on the development of the country as a whole.

Therefore, poor households must be targeted by any poverty reduction strategy like as it has been mentioned in the second chapter of this paper including the other development goals, especially these households headed by widowed, divorced, older persons, and less educated individuals.

An examination of such characteristics of poverty leads to a conclusion that even though, the government is doing its best to alleviate the poverty the situation is becoming severe .As it is indicated that poverty has many dimension so that any developmental efforts on poverty reduction should concentrate on this dimension.

The higher law or policies on eradication of poverty must be intensified at a larger scale. The last 10 years activities on eradication of poverty by the government are very encouraging in terms of the magnitude in implementation like creating working environment for the unemployed, developing economical infrastructures, attempt in providing housing services and other. yet poverty is still in its infancy level.

The linkage between poverty and education level attained by households indicates tremendous potential of improvement in poverty situation by investing on human capital development. Projects targeting at providing health and education service to the most needy are highly required.

The achievements made so far are the result of the sustained growth registered and the increasing investment on social services and infrastructure such as education, health, water, road etc. So in order for the current trend of poverty reduction to continue, both the strong economic growth and pro poor investments shall continue.

Another important factor affecting the efficiency of poverty alleviation efforts is lack of effective local leadership. In many of the poor neighborhoods such capable leadership does

not exist. Additional important factor is that the resources distributed to the local people are either not sufficient or unfairly distributed. Local government bodies must be responsible to mobilize internal resources but such capacity of mobilizing is seriously lacking.

Sound policy must be enacted to minimize the trade deficit or balance of payment. Reducing the balance of payment can help the Country to accumulate its foreign exchange reserve which in turn makes it less dependent on foreign assistance for its projects. Such independence in commanding resources can free many from vulnerability to slip back to poverty as a result of a possible seizure of assistance by foreign donors and agencies or similar cases.

The establishments of industries that are labor intensive, have strong relation with other economic units, using agricultural products as input to create forward linkage and the industry must supply useful products for the Agricultural unit to form backward linkage.

The principles of Local Economic Development must be adopted and Local Administration units should focus on the Development of the Households and capacity building activities.

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Addis Ababa University
Department of Public Administration and Development Management
Addis Ababa, March 2014

Questionnaire: Assessment of poverty in Addis Ketema Sub City, Werda 09

General information

Interviewer No. _____ Date _____ -
Time ____-Hour Name of area _____
Wereda-----Kebele _____ House no. _____

Objectives

The objective of the questionnaire is to know the demographic and socio economic situation of households in Werda 09 of Addis Ketema Sub city

Instruction

1. You do not need to write your name
2. For questions which choices are given, please indicate your answer by circling the number besides appropriate answer.

1. Basic house hold information

No.	Name of house hold head, spouse, children and other	Sex M F	Age	Relation to head of house hold Code(A)	Education Code(B)	Employment Code(C)	Income

Code (A)

- 1. Head 2.Husband, 3.Wife, 4.son, 5.Daguhter, 6.Servant, 7.Guard, 8.Other relative,
- 9. Specify other-----

Code (B)

- 1.Never any Schooling,2.Literate(writing and reading),3.Traditional,4.Primary School Incomplete,5.Primary School complete,6.Junior School incomplete,7.Junior school complte,8.secondary school incomplete,9.secondary school complte,10.vocational/technical,11.college diploma,12.First degree,13.Masters Degeree,14.other specify_____

Code (C)

- Employed, 2.Own account worker, 3.Unpaid family worker, 4.Unemployed, 5.penstioner

Code (D)

1. Wage/salary, 2.Own business formal, 3.Pension, 4.Own business informal, 5.own Land

6. Rent part of house, 7.Rent vehicle, equipment, 8.Suuport from relative, 9.Support from Government or non-Government organization

2. What is the reason for your school Children not attending school?

- 1. Service not available 2.To assists in house hold work
- 3. Cannot afford to send all 4.Dont want to send to school daughter
- 5. It is not important 6.the child is disabled

3. House hold income

Major source of Income Code(D)	Amount of Income for the last month	Have you any other income apart from the main 1.yes 2.No			
		If Yes Income per Month	Source of income code(D)	How much was in 2000	What is the difference in 2000 and 2014

4. House hold Expenditure

Food and Beverage	How much was purchased and spent in this Month	
	Amount(Quintal, LITTLE, Kilogram)	Monthly expenditure (Birr)
1.Cerael(Milled/Un Milled)		
Maize		
Teff		
Sorghum		
Wheat		
Barley		
2.Pulse(split/unsplit)		
3.spices		
4.milk and milk product		
5.Meat and other animal product		
6.Pasta		
7.Bread		
8.Fruit		
9.Vegetable		
10.Butter		
11.Beverage		
12.Cooffe,chat,tea		
13.sugar		
14.Salt		

6. How many meals does your house hold on average in a day?

- 1.1 2.2 3.3 4.Over 3 5.No regular meal times

7. Does your house hold tend to purchase less of some cereals during certain times of the year?

1. Yes 2. No

8. More of which cereals?

1. Teff 2.Wheat 3.Maize 4.Sorghum 5.barley 6.other

9. Why the shift in cereal eating habits?

1. Price change 2.Income Change 3.availability 4.Other

10. Non food expenditure

ITEM	Total expenditure
Rent for house	
Water, Electric, Telephone, Water bill	
Kerosene	
Clothes	
Shoes	
Education	
Health	
Transport	
Saving (ikub,Idir,Bank deposit)	

11. How do you see your income change over the period 2000-2014?

- Decreased 2.Increased 3.unchanged 4.Dont know

12. How do you face the challenges in inflation?

1. Not that much 2.Seriously 3.struggling

13. What improvements in government service since 2000 have been more important to you?

1. Improved road 2.Better sanitation 3.Water supply 4 .health care 5.scholing

If other.....

14. Does your monthly income cover your monthly expense?

1. Yes 2. No 3.Some times yes sometimes No

15. If no how do you fill the gap?

1. Saving 2.sale of asset 3.Loan 4.Nothing

16. What do you say your general standard of living of today compare to that of before 14 years?

1. Improved 2.The same 3.Deterirated

17Where do you categories yourself in terms of income?

1. Upper 2.middle 3.lower

Closed Ended Questions

18. When does the house hold experienced food shortage in E.C_____

19. How long the food shortage lasts?_____

20. How much is your household income per day? _____

21. How much was your income before 14 years back? _____

22. How many of your children that are young and girl who are unemployed_____

23. Do you have children under age of 5 who is under weight?_____

24. Estimate the gap between your income and expenditure birr?_____

25. Do you have anything to add or say on what we have discussed?

Annex 1: The Official List of the Millennium Development Goals

Goals and Targets (from the Millennium Declaration)	Indicators for monitoring progress
Goal 1: Eradicate Extreme Poverty and Hunger	
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	1.1 Proportion of population below \$1 (PPP) per day 1.2 Poverty gap ratio 1.3 Share of poorest quintile in national consumption
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people	1.4 Growth rate of GDP per person employed 1.5 Employment-to-population ratio 1.6 Proportion of employed people living below \$1 (PPP) per day 1.7 Proportion of own-account and contributing family workers in total employment
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	1.8 Prevalence of underweight children under-five years of age 1.9 Proportion of population below minimum level of dietary energy consumption
Goal 2: Achieve Universal Primary Education	
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	2.1. Net enrolment ratio in primary education 2.2. Proportion of pupils starting grade 1 who reach last grade of primary 2.3. Literacy rate of 15-24 year-olds, women and men
Goal 3: Promote Gender Equality and Empower Women	
Target 3.A: Eliminate gender disparity in primary and secondary	3.1. Ratios of girls to boys in primary, secondary and tertiary education 3.2. Share of women in wage employment

	in the nonagricultural sector 3.3. Proportion of seats held by women in national parliament
Goal 4: Reduce Child Mortality	
Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	4.1. Under-five mortality rate 4.2. Infant mortality rate 4.3. Proportion of 1 year-old children immunized against measles
Goal 5: Improve Maternal Health	
5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	5.1. Maternal mortality ratio 5.2. Proportion of births attended by skilled health personnel
Target 5.B: Achieve, by 2015, universal access to reproductive health	5.3. Contraceptive prevalence rate 5.4. Adolescent birth rate 5.5. Antenatal care coverage (at least one visit and at least four visits) 5.6. Unmet need for family planning
Goal 6: Combat HIV/AIDS, Malaria and Other Diseases	
Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	6.1. HIV prevalence among population aged 15-24 years 6.2. Condom use at last high-risk sex 6.3. Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS 6.4. Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years
Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it	6.5. Proportion of population with advanced HIV infection with access to antiretroviral drugs
Target 6.C: Have halted by 2015 and begun to reverse the incidence	6.6. Incidence and death rates associated with malaria of malaria and other major diseases 6.7. Proportion of children under 5 sleeping under

	<p>insecticide-treated bed nets</p> <p>6.8. Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs</p> <p>6.9. Incidence, prevalence and death rates associated with tuberculosis</p> <p>6.10. Proportion of tuberculosis cases detected and cured under directly observed treatment short course</p>
Goal 7: Ensure Environmental Sustainability	
Target 7.A: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources	
Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss	<p>2.1. Proportion of land area covered by forest</p> <p>2.2. CO2 emissions, total, per capita and per \$1 GDP ,(PPP)</p> <p>2.3. Consumption of ozone-depleting substances</p> <p>2.4. Proportion of fish stocks within safe biological limits</p> <p>2.5. Proportion of total water resources used</p> <p>2.6. Proportion of terrestrial and marine areas protected</p> <p>2.7. Proportion of species threatened with extinction</p>
Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	<p>2.8. Proportion of population using an improved drinking water source</p> <p>2.9. Proportion of population using an improved sanitation facility</p>
Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	2.10. Proportion of urban population living in slums
Goal 8: Develop a Global Partnership for Development	
Target 8.A: Develop further an open, rule-	

<p>based, predictable, nondiscriminatory trading and financial system Includes a commitment to good governance, development and poverty reduction – both nationally and internationally</p>	
<p>Target 8.B: Address the special needs of the least developed countries Includes: tariff and quota free access for the least developed countries' exports; enhanced program of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction</p>	
<p>Target 8.C: Address the special needs of landlocked developing countries and small island developing States (through the Program of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)</p>	
<p>Target 8.D: Deal comprehensively with the debt problems of Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked Developing countries and small island developing States. Official development assistance (ODA)</p>	
<p>8.1. Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' gross national income 8.2. Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation) 8.3. Proportion of bilateral official development assistance of OECD/DAC donors that is untied 8.4. ODA received in landlocked developing countries as a proportion of</p>	

<p>their gross national incomes</p> <p>8.5. ODA received in small island developing States as a proportion of their gross national incomes Market access</p> <p>8.6. Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty</p> <p>8.7. Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries</p> <p>8.8. Agricultural support estimate for OECD countries as a percentage of their gross domestic product</p> <p>8.9. Proportion of ODA provided to help build trade capacity developing countries through national and international measures in order to make debt sustainable in the long term Debt sustainability</p> <p>8.10. Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)</p> <p>8.11. Debt relief committed under HIPC and MDRI Initiatives</p> <p>8.12. Debt service as a percentage of exports of goods and services</p>	
<p>Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications</p>	<p>8.14. Telephone lines per 100 population</p> <p>8.15. Cellular subscribers per 100 population</p> <p>8.16. Internet users per 100 population</p>

Source: United Nations 2008, Official List of MDG indicators

Declaration by the Candidate

Assessment of Goal 1 of the Millennium Development Goals in Wereda, 09 of Addis Ketema sub-City, Addis Ababa, Ethiopia

Is my Original work .It has not been presented for a Degree in any University and that all sources of materials used for the thesis have been acknowledged.

Addis Ababa

MAY, 2014

Khalid Osman

Student

Terefe Degefa (Dr)

Advisor