

Recovering from COVID-19 and accelerating structural transformation: the experience of Ethiopia

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Outline of Presentation

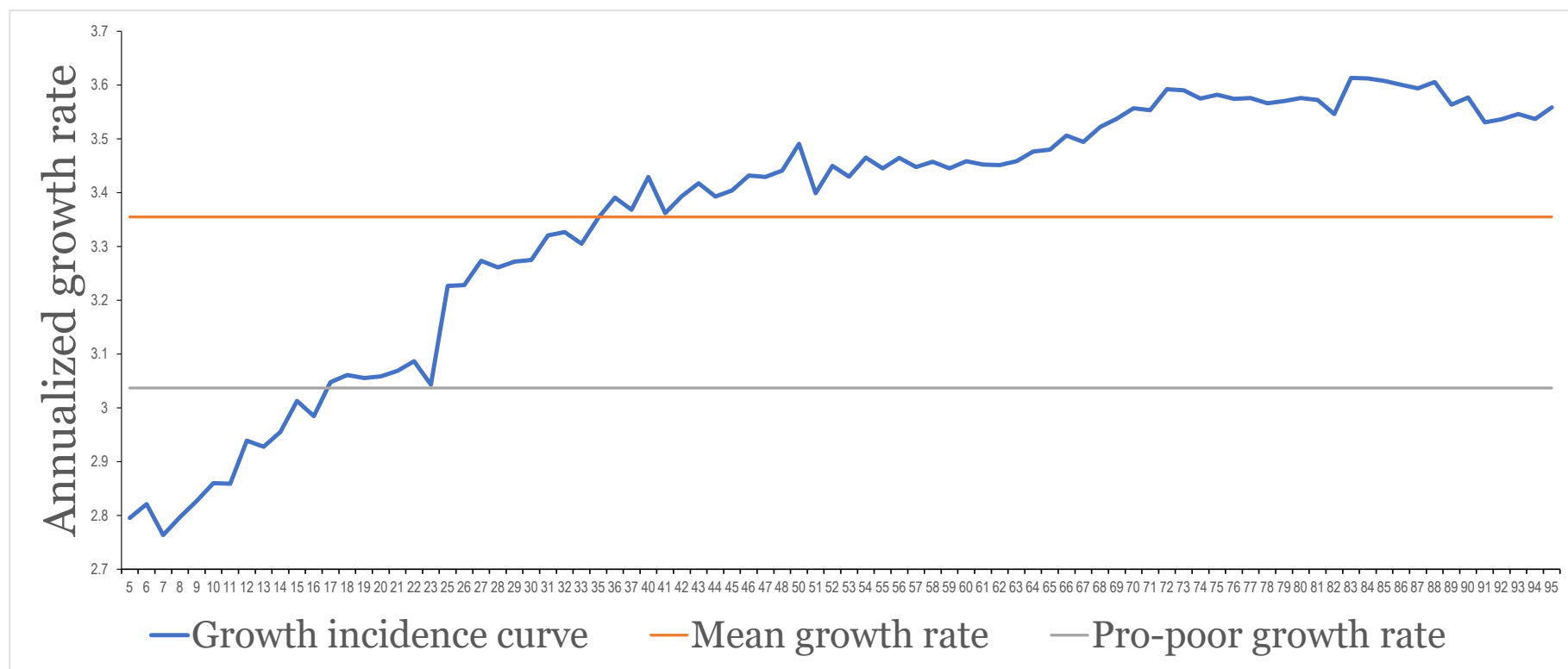
Background: Pre-pandemic state of poverty and inequality in Africa/Ethiopia

Impact of Covid-19 on poverty and inequality in Ethiopia

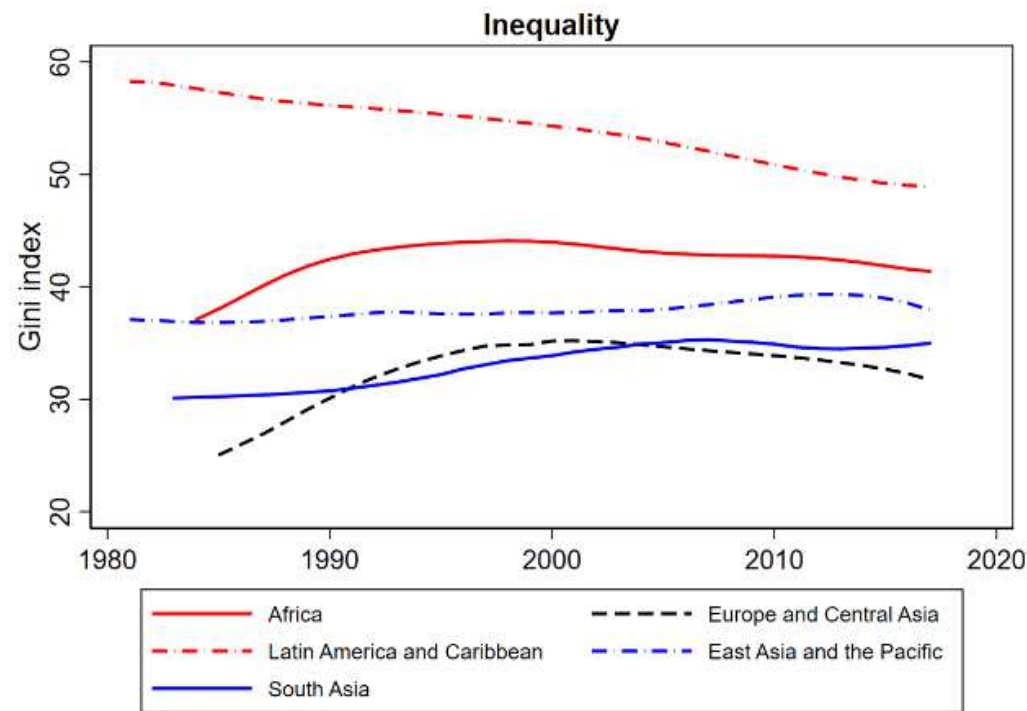
Role of structural transformation to accelerate recovery

Concluding remarks

Growth incidence curve for Africa: 2005 and 2016



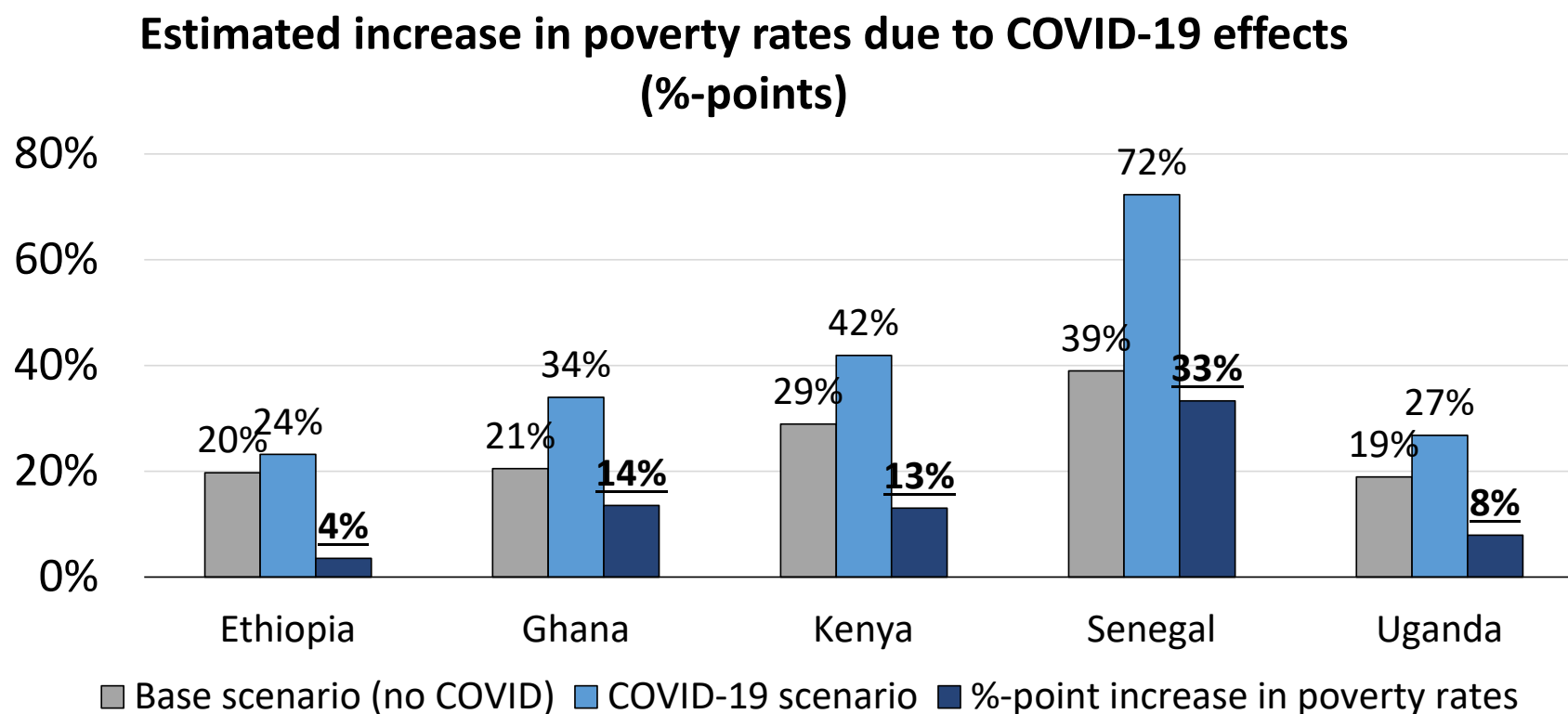
Inequality trends in Africa and Other Developing countries



Growth incidence curve in Ethiopia

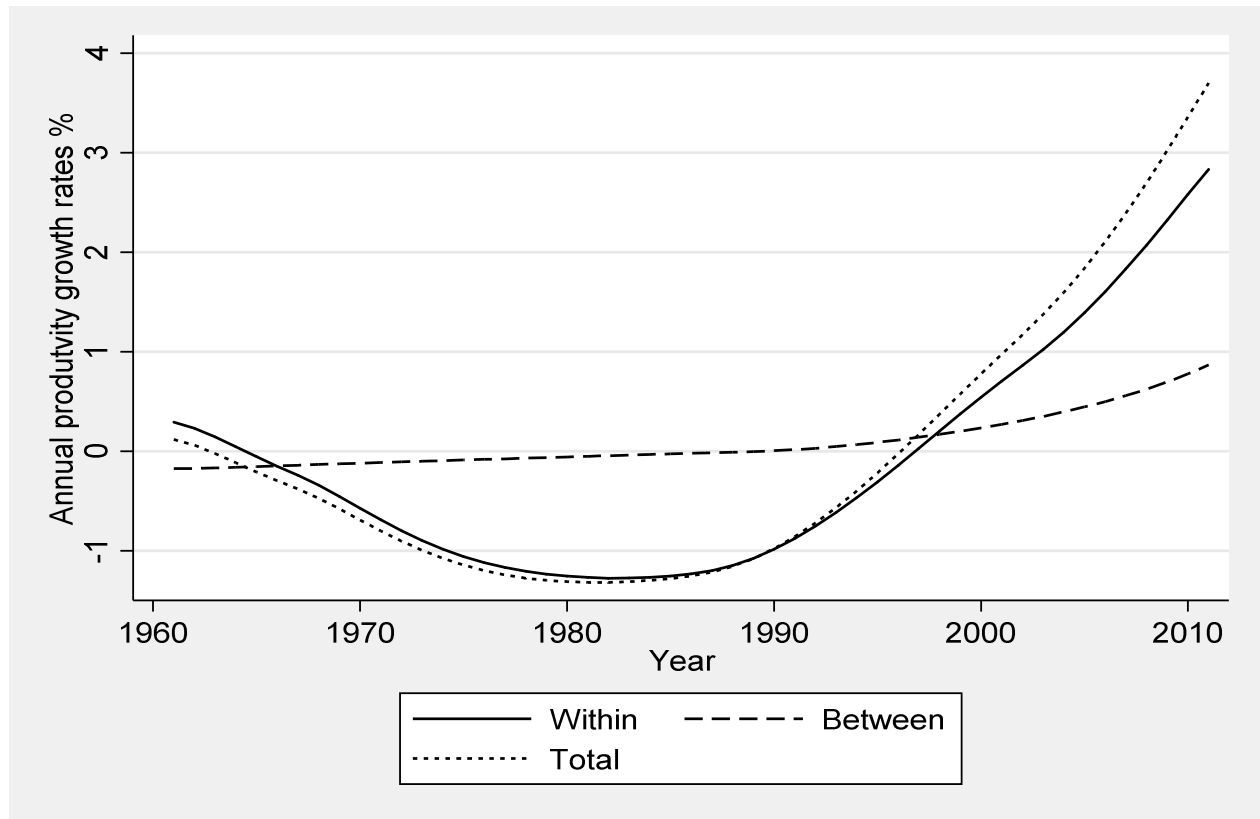
Percentiles	2005 and 2011	2000 and 2005	1996 and 2000
10	7.16	23.74	4.43
15	10.73	21.85	4.12
20	13.61	20.3	3.88
25	15.97	18.92	3.77
30	17.7	17.88	3.69
Median Growth rate	18.14	22.56	7.16

The poverty impact of COVID-19 seems to be severe. AERC project

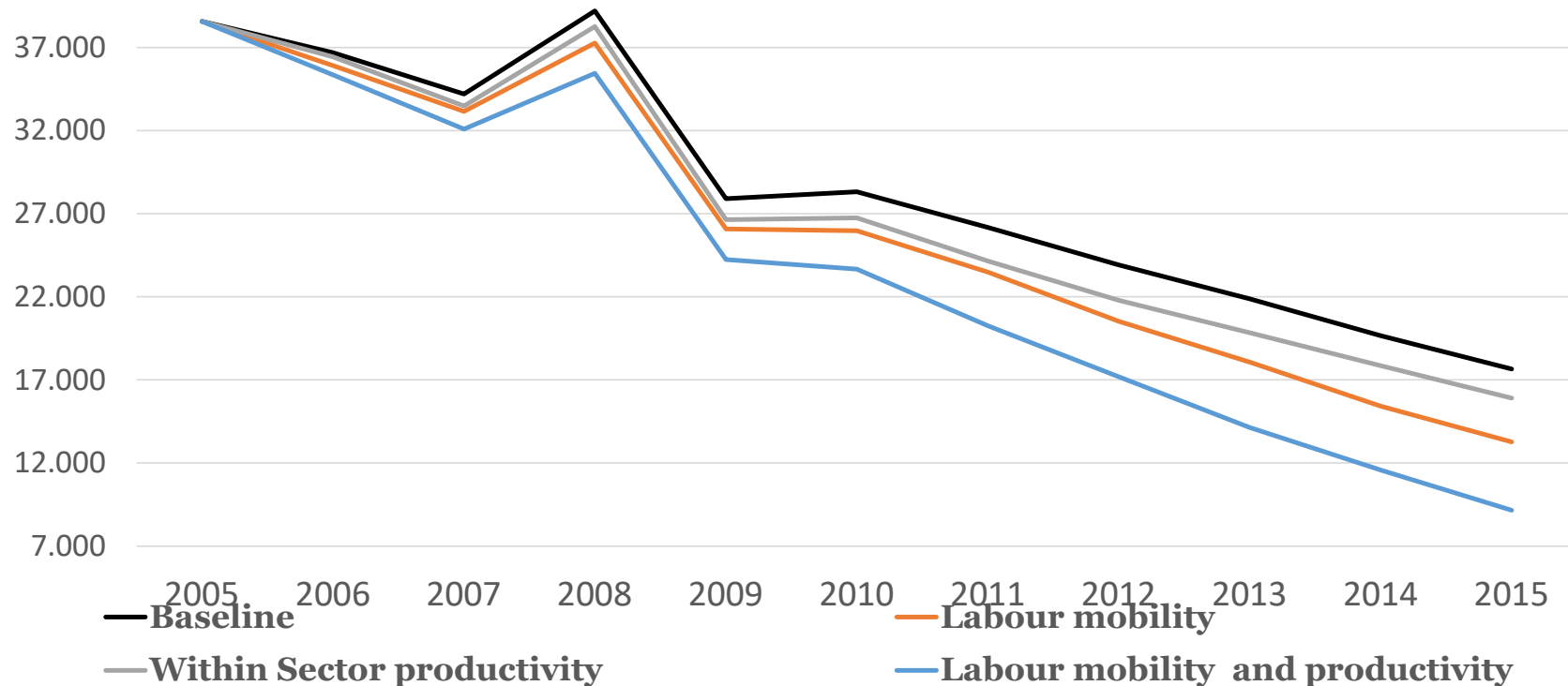


Structural transformation can help accelerate recovery:

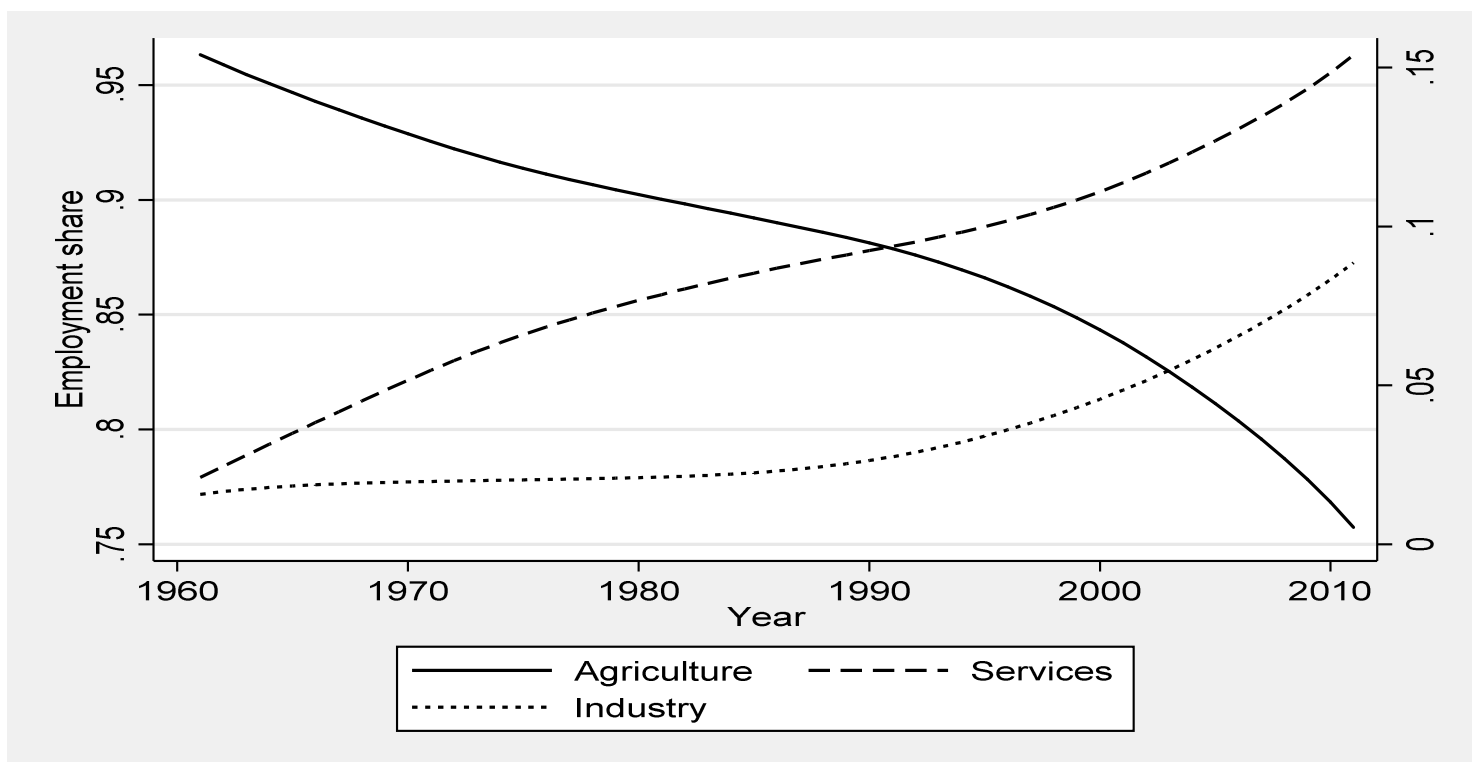
Between 2000-2015,
nearly 20% of labor
productivity growth
in Ethiopia



structural transformation can help reduce poverty rapidly



But Ethiopia's structural transformation has been slow, and most of it occurred between low productivity sectors



Labor mobility is high but not from low to high productivity sectors

	Ethiopia: 1999-2005				Ethiopia: 2005-2013			
Self-Employed	0.64	0.13	0.04	0.19	0.73	0.1	0.03	0.14
Wage/Salary	0.56	0.21	0.07	0.16	0.66	0.19	0.04	0.1
Unemployed	0.56	0.14	0.04	0.26	0.56	0.22	0.07	0.14
Inactive	0.65	0.11	0.04	0.21	0.56	0.17	0.06	0.2
Mobility Index				0.97				0.93

What to do? Concluding remarks

- Accelerate structural transformation both in agriculture (rural push) and in non-agriculture sectors (urban pull). Ethiopia has shown signs of both types of structural transformation in the past decade. Ethiopia needs to sustain this approach to accelerate recovery and rapid reductions in poverty.
 - Increase agricultural productivity by transiting from staple to non-staple products
 - Improve economic integration with domestic and global economy through investment in infrastructure
 - Increase public investment in agriculture (at least meet the CAADP's commitments-10% of government budget)
 - Improve human capital in agriculture