Regional Workshop on Ageing and Poverty

ETHIOPIA
Country position paper

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October 2003
Dar es Salam, Tanzania
1. OVERVIEW OF THE STATUS OF ETHIOPIA'S POVERTY REDUCTION POLICY AND STRATEGY

1.1. Introduction

Ethiopia is located in the horn of Africa with a land area of about 1.1 million square kilometer and a population size of about 69 million persons in 2003, it is one of the largest and populous countries in Africa. It stood third in terms of population size and 9th in terms of geographic area in the whole of Africa. The country is divided into 9 federal states and two city administrations. Each regional state or city administration are sub-divided into zonal and Woreda (district) level administrations. The country is divided into 69 zones and 560 woredas. Woredas are the lowest administration with elected government.

With a per capita GDP of USD 120 in 1995, Ethiopia has still remained to be one of the poorest countries in the world. Given the significant proportion of arable land and its huge population size, the potential for growth is believed to be immense. The critical role of agriculture in the Ethiopian economy is well known. Agriculture on average has accounted for about 50% of GDP and forms a means of livelihood for over 85% of the population, and on average accounted for over 90% of Ethiopia’s foreign exchange earnings.

Ethiopia remains one of the poorest countries in the world despite a decade of rapid economic growth (5.8%). Its poverty results from a number of structural factors including geographical isolation, extreme vulnerability to weather shocks, health hazards (HIV/AIDS, malaria, and TB) and lack of infrastructure, rapid population growth, and extreme environmental degradation. These factors have combined to lock substantial parts of the population in a poverty trap. In order to identify a feasible combination of policies, institutions and investments needed to escape from this trap, the Government prepared Ethiopia’s Poverty Reduction Strategy Paper - the Sustainable Development and Poverty Reduction Program (SDPRP).

1.2. Poverty Profile of Ethiopia

Understanding the magnitude, scope, depth, and severity of the different dimensions of poverty is a central policy tool in the Government’s endeavour towards poverty reduction and ultimate eradication. Analysing trends in poverty is extremely useful in determining the effect of policy on poverty reduction. It’s with this objective that the analysis of poverty was done.
1.2.1. Overview of the HICE and WM surveys

The poverty analysis of Ethiopia is primarily based on the Household Income Consumption and Expenditure (HICE) and Welfare Monitoring Surveys conducted by the Central Statistical Authority (CSA). The HICE & WM surveys have been conducted as part of the Welfare Monitoring System (WMS) Program launched by the Government of Ethiopia since 1996. The WMS Program was introduced with the objective of assessing and monitoring the impact on the poor and vulnerable of the package of reform programs launched since 1992.

The HICE is conducted mainly to provide data on the levels, distribution and pattern of household income, consumption, and expenditure which can be used for the analysis of changes in the living standard (poverty) of households over time for various socio-economic groups and geographical areas. It provides information on the consumption of food and non-food items, household expenditure, payments, receipts and income, and household characteristics such as family size and composition, education, and occupation. The WM survey has been conducted mainly for the purpose of assessing the non-income dimensions of poverty such as the status of education, health and vulnerability. It provides extensive information on the different dimensions of poverty and welfare such as access to education and health facilities, achievements in education, anthropometric measures, and underlying asset bases of the poor and on the opportunities available to households.

The WM survey is conducted every year while the HICE has been conducted every five years. The WM survey covers households that are covered by HICE and some additional households. Thus, the HICE survey is a sub-sample of the WM survey. While the WM survey represents administrative zones, HICE represents rural and urban areas and major urban centers. In 1999/00, the WM survey was conducted on 25,917 households and the HICE on 17,332 households. Both surveys match for about 16,672 households.

The coverage and quality of the 1999/00 HICE survey has improved compared to the HICE conducted in 1995/96. The 1999/00 HICE has improved on the coverage of urban areas more than the coverage of rural areas. And about 5,891 households are additionally covered.

To complement results from quantitative analysis, the preparation of conducting the study on poverty participatory assessment (PPA) is already started. And the study will be conducted in 2003/2004 fiscal year period.
1.2.2. Poverty Situation in Ethiopia

To determine the incidence of poverty (number of poor), one has to establish a poverty line, a threshold level of per capita income or consumption below which an individual is considered to be poor. With the method of the Cost of basic needs establishing the poverty line starts with defining and 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 food basket meets a predetermined level of minimum calorie requirement, in the case of Ethiopia 2200 Kcal is taken for absolute poverty. This basket is valued at nationally representative average prices to reach at a consistent poverty line across regions and groups. Once this is done, an allowance is made for the non-food component consistent with the spending patterns of the poor. This method yields a representative poverty line as it provides a monetary value of a poverty line that accounts for the food and non-food components.

Trends in Per Capita Real Consumption Expenditure

According to the HICE survey results, the mean per capita consumption expenditure of Ethiopia for the year 1999/00 is estimated at 139 USD Birr constant prices of 1995/96. The real per capita consumption expenditure of rural people was 131 and that of urban people 191 USD.

Table 1: Trends in Real Consumption Expenditure (in Birr)

<table>
<thead>
<tr>
<th>Items</th>
<th>1995/96</th>
<th></th>
<th>1999/00</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
<td>National</td>
<td>Rural</td>
</tr>
<tr>
<td>Real Food Expenditure Per Capita</td>
<td>577</td>
<td>790</td>
<td>607</td>
<td>609</td>
</tr>
<tr>
<td>Real Non-Food Expenditure Per Capita</td>
<td>466</td>
<td>625</td>
<td>488</td>
<td>392</td>
</tr>
<tr>
<td>Real Total Expenditure Per Capita</td>
<td>1035</td>
<td>1411</td>
<td>1088</td>
<td>995</td>
</tr>
<tr>
<td>Gini Coefficient</td>
<td>0.27</td>
<td>0.34</td>
<td>0.29</td>
<td>0.26</td>
</tr>
</tbody>
</table>

Overall, urban areas witnessed an increase in per capita real consumption expenditure between the two survey years, but with considerable variation among regions.

Income distribution in Ethiopia seems to be more evenly distributed in both rural and urban areas compared to other Sub-Saharan Africa (SSA) countries. Income inequality appears to be higher in urban areas (0.38) than in rural areas (0.26). The low level of inequality is consistent with the overall picture of Ethiopia as a very poor country, with a low per capita income.

Trends in the Level of Consumption Poverty

The proportion of people in Ethiopia who are absolutely poor (those whose total consumption expenditure was less than the total poverty line) during the year 1999/00 was 44%. The proportions of people who are classified as poor are 37% in urban areas and 45% in rural areas indicating that rural poverty is higher than urban poverty. The moderate changes in consumption levels between 1995/96 and 1999/2000 have translated into small changes in poverty incidence. The data indicate that consumption poverty head count indexes have declined by about 3 percent at national level, by over 4 percent in rural areas and have increased by about 11 percent in urban areas. None of these
differences, however, are statistically significant and the continuing high level and depth of poverty in Ethiopia clearly shows the challenge ahead. While little can be said about trends between 1995/96 and 1999/2000, the fact that poverty has not apparently increased, especially in rural areas, despite the considerable worsening of exogenous conditions between the two years does indicate that the government’s development strategy and safety-net programme have been effective.

### Table 2: Trends in Poverty Head Count Indices (Po) by Rural and Urban Areas (%)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>47.0</td>
<td>45.0</td>
<td>-4.2</td>
</tr>
<tr>
<td>Urban</td>
<td>33.3</td>
<td>37.0</td>
<td>11.1</td>
</tr>
<tr>
<td>Total</td>
<td>45.5</td>
<td>44.2</td>
<td>-2.9</td>
</tr>
</tbody>
</table>

### Ageing and poverty

The age of the household head is significant demographic correlate of poverty. The marginal effect on the probability of being poor first increases, reaches a maximum and then declines with the age of the household head (as captured by the coefficient on its square). This pattern is the result of lifetime effects and corresponding changes in the composition of the household. Younger household heads have to cope with little children and lesser amounts of accumulated wealth. As the children grow (and sometimes leave home), this may lead to increasing per capita consumption, wealth accumulation, and a decline in the probability of being poor.

### Table 3: Characteristics of Households

<table>
<thead>
<tr>
<th>Household Characteristics</th>
<th>Quintile</th>
<th>Quintile</th>
<th>Quintile</th>
<th>Quintile</th>
<th>Quintile</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td><strong>NATIONAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household size</td>
<td>5.6</td>
<td>5.3</td>
<td>5.0</td>
<td>4.5</td>
<td>3.8</td>
<td>4.5</td>
</tr>
<tr>
<td>Dependency ratio</td>
<td>1.13</td>
<td>1.03</td>
<td>1.00</td>
<td>0.90</td>
<td>0.65</td>
<td>0.86</td>
</tr>
<tr>
<td>Age of household head</td>
<td>47</td>
<td>46</td>
<td>44</td>
<td>45</td>
<td>41</td>
<td>44</td>
</tr>
<tr>
<td><strong>RURAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household size</td>
<td>5.9</td>
<td>5.4</td>
<td>5.0</td>
<td>4.7</td>
<td>3.9</td>
<td>4.9</td>
</tr>
<tr>
<td>Dependency ratio</td>
<td>1.37</td>
<td>1.32</td>
<td>1.24</td>
<td>1.13</td>
<td>0.96</td>
<td>1.19</td>
</tr>
<tr>
<td>Age of household head</td>
<td>47</td>
<td>45</td>
<td>44</td>
<td>43</td>
<td>42</td>
<td>44</td>
</tr>
<tr>
<td><strong>URBAN</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household size</td>
<td>5.8</td>
<td>5.4</td>
<td>5.0</td>
<td>4.7</td>
<td>3.9</td>
<td>4.9</td>
</tr>
<tr>
<td>Dependency ratio</td>
<td>1.34</td>
<td>1.29</td>
<td>1.22</td>
<td>1.11</td>
<td>0.89</td>
<td>1.15</td>
</tr>
<tr>
<td>Age of household head</td>
<td>47</td>
<td>45</td>
<td>44</td>
<td>43</td>
<td>42</td>
<td>44</td>
</tr>
</tbody>
</table>

The elderly form another group facing greater risks. Many of them are unable to adequately exploit their land because their physical capacity (labour supply) is diminished over time. In addition, the tradition of providing children with endowment at their wedding tends to deplete the land and other storable assets from the elderly (IDS/SC-UK, Nov 2002). Old people are also increasingly taking responsibility for children infected by HIV/AIDS, and grandchildren. The cost of caring for the sick,
and related unexpected medical and household expenses, can impose considerable pressure on them to sell assets and even to become full time beggars.

Temporal and Spatial Dimensions of Non-Income Poverty

Nutrition (Child Wasting and Stunting): The period between 1999/00 and 1995/96 saw a remarkable decline of 47 percent in the proportion of severely wasted children, albeit from a fairly low base. The improvement in severe wasting is for rural and urban areas alike but is more pronounced for rural areas. Notwithstanding the inherent fluctuations of measures of wasting, the marginal increase in the percentage of wasted children between the two survey years seemed to be partly attributed to the movements of children from a severely wasted category to wasted category.

Table 4: Child Wasting\(^1\) as Percent of Children aged 6-59 Months

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>% Change over 1995/96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wasted</td>
<td>8.9</td>
<td>9.4</td>
<td>9.2</td>
<td>10.2</td>
<td>9.0</td>
<td>9.6</td>
<td>4.3</td>
</tr>
<tr>
<td>Severely Wasted</td>
<td>3.3</td>
<td>3.6</td>
<td>3.4</td>
<td>1.9</td>
<td>1.6</td>
<td>1.8</td>
<td>-47.1</td>
</tr>
<tr>
<td>Rural</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wasted</td>
<td>9.3</td>
<td>9.8</td>
<td>9.5</td>
<td>10.5</td>
<td>9.3</td>
<td>9.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Severely Wasted</td>
<td>3.4</td>
<td>3.8</td>
<td>3.6</td>
<td>1.9</td>
<td>1.7</td>
<td>1.8</td>
<td>-50.0</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wasted</td>
<td>6.5</td>
<td>7.2</td>
<td>6.8</td>
<td>6.5</td>
<td>5.6</td>
<td>6.1</td>
<td>-10.3</td>
</tr>
<tr>
<td>Severely Wasted</td>
<td>2.3</td>
<td>2.4</td>
<td>2.3</td>
<td>2.0</td>
<td>1.0</td>
<td>1.5</td>
<td>-34.8</td>
</tr>
</tbody>
</table>


For Ethiopia as a whole, prevalence of stunting, which is a reflection of long-run malnutrition, is 57 percent by 1999/2000 while severe stunting stood at 31.3 percent during the same year. Both stunting and severe stunting are higher in rural areas than in urban areas. When compared between males and females, females registered lower than average stunting figures. Both stunting and severe stunting in 1999/2000 have witnessed tremendous declines (by 15-34 percent) from the levels observed in the 1995/96 survey, indicating an improvement in the long-run measure of malnutrition (Table 1.10).

\(^1\) Wasting when weight over height’s Z score is less than \(-2\). Severe wasting when weight for height’s Z-score is less than \(-3\).
Table 5: Child Stunting as Percent of Children aged 6-59 Months

<table>
<thead>
<tr>
<th></th>
<th>1995/96 Male</th>
<th>1995/96 Female</th>
<th>1995/96 All</th>
<th>1999/00 Male</th>
<th>1999/00 Female</th>
<th>1999/00 All</th>
<th>% Change over 1995/96</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stunted</td>
<td>68.1</td>
<td>65.1</td>
<td>66.6</td>
<td>58.1</td>
<td>55.5</td>
<td>56.8</td>
<td>-14.7</td>
</tr>
<tr>
<td>Severe stunted</td>
<td>45.2</td>
<td>42.2</td>
<td>43.7</td>
<td>32.0</td>
<td>30.6</td>
<td>31.3</td>
<td>-28.3</td>
</tr>
<tr>
<td>Rural</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stunted</td>
<td>70.0</td>
<td>66.7</td>
<td>68.4</td>
<td>59.4</td>
<td>56.4</td>
<td>57.9</td>
<td>-15.3</td>
</tr>
<tr>
<td>Severe stunted</td>
<td>47.4</td>
<td>43.8</td>
<td>45.6</td>
<td>32.9</td>
<td>31.6</td>
<td>32.3</td>
<td>-29.2</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stunted</td>
<td>56.6</td>
<td>55.2</td>
<td>55.9</td>
<td>44.0</td>
<td>45.0</td>
<td>44.5</td>
<td>-20.4</td>
</tr>
<tr>
<td>Severe stunted</td>
<td>32.1</td>
<td>31.9</td>
<td>32.0</td>
<td>21.5</td>
<td>20.4</td>
<td>21.0</td>
<td>-34.4</td>
</tr>
</tbody>
</table>


Health Services: Another important aspect of human capital is the health status of individuals in a society. Besides having a direct impact on welfare of individuals, their health status has repercussions on their potential productivity. Health services in Ethiopia are among the lowest in the Africa region.

Distances to reach the nearest health facility did decrease from 8.8 kms in 1995 to 7.7 kms in 2000, yet still 30% of households live beyond 10 kms radius of health facility and more than 80% travel by foot to access health facilities beyond 10 kms.

Education

Literacy: The overall literacy rate in Ethiopia for 1999/00 is only 29 percent. The literacy rate has increased slightly from 27 percent in 1995/96 to 29 percent in 1999/00. The incremental increase in the literacy rate is more pronounced for males than for females. Females have a lower literacy rate (20 percent) than that of males (40 percent). The literacy rate is also much higher in urban areas (70 percent) than in rural areas (22 percent).

Table 6: Trends in Literacy Rate (%)

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>82.3</td>
<td>29.2</td>
<td>36.5</td>
<td>81.0</td>
<td>25.1</td>
<td>33.4</td>
<td>81.0</td>
<td>28.8</td>
<td>36.3</td>
<td>82.1</td>
<td>33.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Female</td>
<td>60.4</td>
<td>9.2</td>
<td>18.1</td>
<td>60.8</td>
<td>7.3</td>
<td>16.5</td>
<td>59.0</td>
<td>8.8</td>
<td>17.1</td>
<td>61.2</td>
<td>11.0</td>
<td>19.5</td>
</tr>
<tr>
<td>Total</td>
<td>70.0</td>
<td>19.4</td>
<td>27.3</td>
<td>70.0</td>
<td>16.2</td>
<td>24.8</td>
<td>69.0</td>
<td>18.8</td>
<td>26.6</td>
<td>70.4</td>
<td>21.8</td>
<td>29.4</td>
</tr>
</tbody>
</table>


Enrolment: Both gross and net primary and secondary enrolment rates have witnessed dramatic improvement between 1999/00 and 1995/96. Gross and net primary enrolment rates increased by 66%.
and 75 percent, respectively. The improvement has been more in favour of rural areas and females. In general, enrolment rates are higher for urban than for rural areas.

Table 10: Trends in Gross and Net Primary Enrolment Rate by Gender and Geographic Area

<table>
<thead>
<tr>
<th></th>
<th>1995/96</th>
<th>1999/00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>GPER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>98.2</td>
<td>94.6</td>
</tr>
<tr>
<td>Rural</td>
<td>35.1</td>
<td>17.0</td>
</tr>
<tr>
<td>National</td>
<td>43.0</td>
<td>27.6</td>
</tr>
<tr>
<td>NPER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>65.5</td>
<td>62.0</td>
</tr>
<tr>
<td>Rural</td>
<td>16.1</td>
<td>9.2</td>
</tr>
<tr>
<td>National</td>
<td>22.3</td>
<td>16.4</td>
</tr>
</tbody>
</table>

Source: Dercon 1997, for 1995/96; and WMS 1999/00, for 1999/00

Water and Sanitation: Access to clean water for the country as a whole is 24% in 2000, with 81% having access in urban areas.

1.3. Sustainable Development and Poverty Reduction Strategy (SDPRP)

Ethiopia's final full PRSP entitled the sustainable Development and Poverty Reduction Program (SDPRP) was issued in July 2002 and subsequently accepted by development partners as a framework for partnership in the endeavor towards poverty reduction and ultimate eradication in Ethiopia. The formulation of the SDPRP has been conducted in a highly participatory, organized, and structured manner. The government has already embarked on the implementation of the programs articulated within the SDPRP.

1.3.1. The Objective of Preparing the SDPRP

In the context of Ethiopia, poverty reduction has been and still is at the core of the overall development agenda even before the advent of the PRSP. The PRSP process is believed to help bring development actors around a common overriding agenda: development and poverty reduction and its ultimate eradication. The PRSP process has provided the opportunity to sharpen the focus on ongoing poverty reduction endeavors.

Hence, one should not see the existing development strategies and the poverty reduction strategies as two separate initiatives (strategies). Rather, being built on existing strategies and programs, the SDPRP provides continuity and opportunities to sharpen and refocus ongoing poverty reduction efforts. In other words, it enables all development actors rally around the SDPRP for the implementation of poverty-oriented programs through coordinating their development interventions.
and mobilizing resources. It also paves the way for predictability of external resource flows as well as their efficient utilization.

The main objective of preparing the SDPRP is to ensure that Ethiopia gets access to HIPC debt relief, grants and concessional loans. As such it serves as a framework to coordinate external economic cooperation.

1.3.2. The National Poverty Reduction policy and strategy

Ethiopia’s poverty reduction strategy is embedded in development policies/strategies, programs and reform measures (second generation reform measures) that are already in place: ADLI, Judiciary and Civil Service Reform, Decentralization and Empowerment, and Capacity Building in Private and Public Sectors. The four pillars just outlined are the basis for the preparation of Ethiopia’s full PRSP (2002/03-2004/05) entitled “Sustainable Development and Poverty Reduction Program (SDPRP)”. In addition, the SDPRP identifies measures in key cross-cutting areas, i.e. gender, environment, HIV/AIDS, pastoral, and private sector development.

The ADLI strategy and the sector development programs (SDPs) being implemented on education, health, road, water and sanitation, agriculture and food security have been adopted with the overriding objective of poverty reduction and its ultimate eradication. In line with this, government budget has been re-oriented towards poverty-oriented sectors such as education, health, road, water and sanitation, agriculture and food security, and conservation of natural resources.

The broad thrust of Ethiopia’s strategy during the Sustainable Development and Poverty Reduction Program (SDPRP) period consists of the following, among others:

- Overriding and intentional focus on agriculture as the sector is: It is the source of livelihood for 85 percent of the population where the bulk of the poor live; the Government gives overriding primacy to the welfare of rural populace; and agriculture is believed to be a potential source to generate primary surplus to fuel the growth of other sectors of the economy (industry);
- Strengthening private sector growth and development especially in industry as means of achieving off-farm employment and output growth (including investment in necessary infrastructure);
- Rapid export growth through production of high value agricultural products and increased support to export oriented manufacturing sectors particularly intensified processing of high quality skins/leather and textile garment;
Undertake major investment in education and strengthen the on going effort on capacity building to overcome critical constraints to implementation of development programs;

Deepen and strengthen the decentralization process to shift decision-making closer to the grass root population, to improve responsiveness and service delivery;

Strengthening Agricultural research, and

Expanding water resource utilization water harvesting and small scale irrigation; to ensure sustained agricultural growth and food security.

The overarching objective of the Government’s poverty reduction strategy is to reduce poverty through enhancing rapid economic growth while at the same time maintaining macroeconomic stability. Poverty head count ratio is projected to decline by about 10 percent (4 parentage points) by the end of the poverty reduction strategy program period (2004/05) from its 1999/00 level of 44 percent. Real GDP is targeted to grow by at least 7 percent on average during the program period.

1.3.3. Monitoring and Evaluation of SDPRP Implementation

The aims of the SDPRP monitoring and evaluation system are:

a) To ensure that Government and other stakeholders have a good understanding of the nature and distribution of poverty (in all its dimensions) and are able to monitor changes in the level and incidence of poverty.

b) To monitor the implementation of the actions contained in the SDPRP and identify problems as they emerge; and

c) To help assess whether implementation of the actions contained in the SDPRP is having the intended effect on growth and poverty.

The monitoring and evaluation of the implementation of SDPRP is built on the existing monitoring and evaluation systems: **Welfare Monitoring System (WMS) Program** that has been in place since 1996. This system needs only be re-oriented to meet the monitoring and evaluation requirements of the SDPRP. To this effect, the government has revitalized the functioning of the existing structure in the light of monitoring and evaluation of the implementation of the SDPRP.

The monitoring and evaluation of SDPRP implementation requires pooling of data and information coming from pertinent sectoral ministries, regions, CSA surveys and a variety of other sources. In order to provide a comprehensive picture about the progress towards the set targets for a given indicator of a sector under consideration, it will draw on more detailed sectoral monitoring and a variety of studies that are continuations of those that served as inputs into SDPRP formulation. This involves bringing together administrative data generated by the sectors and information from formal
statistical surveys and other qualitative studies such as the PPA. The information can be sectoral (regional & wereda level), firm level, community level, and household level.

The major outputs of the monitoring and evaluation activities in the course of implementation of the medium-term poverty reduction program-SDPRP (2002/03-2004/05) are the Annual Progress Reports (APR). Three annual progress reports are to be issued. The first annual progress report will be prepared and be submitted to the World Bank and the IMF in September 2003. Studies to be commissioned by the WMU, performance report of the sector development programs and other welfare related information would be utilized in the preparation of annual progress reports.

1.3.4. Financing SDPRP

Given the size of Ethiopia’s needs for official development assistance to reach the PRSP and MDG targets, even with very high levels of growth, direct budget support is needed to absorb such a large increase. To mobilize support for implementation, the SDPRP is repackaged on thematic areas to take account of inter-sectoral linkages of poverty-targeted sectors. Four thematic areas (see below) have been identified: Enhancing rapid Growth, Improved Human Development, Democratization and Governance, and Improved Public Institutional Performance. Development partners are expected to support implementation of programs within these themes through preferably direct budget support. The World Bank (IDA) is currently making preparation for a new budget support-financing instrument known as Poverty Reduction Support Credit (PRSC). Multilateral and bilateral donors such as the European Union and UK (DFID) have already joined the Bank through the umbrella of the PRSCs. Other bilateral and multilateral donors have also shown interest to support the SDPRP implementation through government budget.

1.3.5. The Link between the SDPRP and the MDGs

Poverty reduction strategies (PRSP) in general serve as a vehicle towards translating the goals and targets set in the Millennium Development Goals (MDGs) taking into consideration specific national circumstances. The targets and indicators articulated in the SDPRP are consistent with those of the MDGs. The link (harmony) between the national SDPRP goals/targets and the MDGs is described in Table below.
### Table: List of SDPRP Indicators and Targets that are linked to the MDGs

<table>
<thead>
<tr>
<th>Welfare Component</th>
<th>National SDPRP Targets &amp; Indicators</th>
<th>MDG Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Poverty and Inequality</strong></td>
<td>• Poverty headcount ( P_o ) (=44.2 \text{ by } 1999/00 ) (=40 \text{ by } 2004/05 ) (=40 \text{ by } 2004/05 )</td>
<td>Reduce by half, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.</td>
</tr>
<tr>
<td><strong>Food Security</strong></td>
<td>• Percentage of people who are below the poverty line ( \text{Food poverty} =41.9 \text{ in } 1999/00 )</td>
<td>Reduce by half, between 1990 and 2015, the proportion of people who suffer from hunger.</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>• Under 5 child mortality rate ( \text{CMR}=167/000 ) (=160/000 \text{ by } 2005 ) (=400-450 \text{ by } 2004/05 ) and (=300/100,000 \text{ by } 2017 )</td>
<td>Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td>• Gross enrolment ( \text{GER (primary)}=57.4 \text{ percent by } 2000/01 ) (\text{GER (primary)}=65 \text{ percent by } 2004/05 )</td>
<td>Reduce by three quarters, between 1990 and 2015, the maternal mortality rate.</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td>• Access to clean water ( \text{Access to clean water by } 2000 ) (\text{=30.0 percent national }=72 \text{ percent urban }=24 \text{ percent rural} )</td>
<td>Reduce by half by 2015 the proportion of people without sustainable access to safe drinking water.</td>
</tr>
<tr>
<td><strong>HIV/AIDS</strong></td>
<td>• Prevalence ( \text{Prevalence }=7.3 \text{ percent by } 2000/01 )</td>
<td>Have halted by 2015 and begun to reverse the spread of HIV/AIDS</td>
</tr>
</tbody>
</table>

While recognizing the seriousness of the challenge, the Government is committed to and works towards meeting the MDGs of 2015. The SDPRP has calculated the elasticity of poverty with respect to growth based on the latest Household Income and Consumption Expenditure (HICE) Survey data (1999/2000), taking explicitly into account the likely changes in income distribution. This analysis shows that the Ethiopian economy should at least grow in real terms by about 6 percent per annum until 2015 to reduce poverty by half from its current level. Modest improvements in institutional efficiency, such as the reform of the legal system, enforcing contracts, maintaining peace and stability, and improving the functioning of public services, can reduce this growth requirement to about 5 percent.
2. **Overview of current Social policy/strategy with Respect to Older persons**

2.1. **Developmental Social welfare policy**

In spite to the fact that Ethiopia is confronted with a wide range of economic and social problems, (poverty being considered as the underlying cause to all existing social problems) social welfare and social services are found at infancy. There was no social as well as social welfare policy until very recently. The National Social Policy was formulated and endorsed by the government only in 1994.


The three main features of the policy includes Developmental, Preventive, and Rehabilitative and has the goal to create social condition conducive to a healthy life and sustainable development. Although the policy aimed at promoting basic social welfare services to all Ethiopians, it particularly targets:

- Children and youth, who are in difficult circumstances
- Women suffering from severe economic and social deprivations
- The Elderly, especially in need of care and support.
- Persons with physical, mental and emotional problems
- Persons who are victims of social problems.

To safeguard the welfare of older persons through community participation is one of the strategic area the policy focused at. It has documented six major interventions capable of improving the welfare of the elderly people. They are:

- Appropriate social and cultural climates shall be created to ensure that society benefits from the accumulated wealth of the social and cultural experiences of the elderly as well as to assist them to adjust to changing situations in the country;

- All effort shall be made to strengthen and reinforce all positive elements in our culture and society, especially the integrity of the family, that are aimed at guaranteeing the security and welfare of the elderly;

- Arrangements shall be made for the elderly without any material and psychological support to receive appropriate social security services and assistance in the communities where they live:
In order to guarantee the material and social well-being of the elderly, social security programs shall be extended to groups hitherto uncovered, and appropriate laws and regulations shall be promulgated and enforced;

A follow-up mechanism shall be created to ensure that services that are aimed at ensuring the security and well-being of the elderly are comprehensive; and

All effort by non-governmental organization, voluntary association and community action-groups desiring to establish services to assist and support the elderly shall be encouraged and supported.

The policy further indicates that even though almost all elderly persons need special care and assistance, some among them such as older women, the frail, the disabled, the displaced elderly and older persons who have no family will be given priority when ever assistance is needed.

2.2. Poverty among the elderly

Data about older persons is extremely scarce in Ethiopia. Therefore there are no figures that document the proportion or actual number of older persons classified as living in poverty. From the available data, older persons constitute 3 million (4.5%) of the total population. it is indicated that more older population group is living in rural areas. (See the table below).

<table>
<thead>
<tr>
<th>Ethiopian Elderly Population by Age Group, Sex and Residence</th>
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<tbody>
<tr>
<td><strong>Age</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>60 – 64</td>
</tr>
<tr>
<td>65 – 69</td>
</tr>
<tr>
<td>70 – 74</td>
</tr>
<tr>
<td>75 +</td>
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</tbody>
</table>

*Source* Ethiopia; Statistical abstract, 2001

Nearly half a million people are entitled for pension benefit and meager income they receive is not sufficient to fulfill their basic necessities. Hence they subsist below a level of income that can sustain only bare minimum standard of living. The rest of older persons depend only on subsistence income...
particularly of farming and small scale enterprises, and those without any income constitute the majority. Thus a great proportion of older persons in the country are living in poverty. Food and income security were worst problems identified in 7 participatory planning workshops around Ethiopia by HelpAge International Ethiopia (colleen wainwright 2001). Other problems of older persons as was identified at the workshops were:

- poor shelter
- Homeless
- Poor health
- Number of dependants
- Lack of opportunities for women
- Negative attitudes
- Relief rather than development solution
- Lack of government social security system
- Lack of care

Older women in particular are the poorer when compared to their male counterparts. To differentiate the severity of poverty among older person a PRA wealth ranking exercise is used to classify rich, medium and poor. This is measured and classified in terms of land and livestock possessions and enough labor for men as criteria for the ‘rich’. Those who give land to share tenants, no oxen, and female headed are classified as the very, very poor.

2.3. Social Sector Strategy

2.3.1. Social Security and pension scheme

The only social security provision in Ethiopia is the pension scheme. Former government employees are eligible for pension and their number reached to 496,000. Recently the government has proclaimed the official retirement age to be 60 years. The remaining older persons are not entitled to any type of social security benefits. Though this is realized by the government it is very hard to expand the service due to resource limitations.

2.3.2. Financial Subsidy

Poor older persons who are leading their families at a subsistence level are financially subsidized at a monthly basis. This strategy is beneficial for older persons to remain at their homes. But due to budget constraints the majority are not included in the programme. Hence, many are displaced from their localities and are forced to look for alms.

2.3.3. Credit facilities

Older persons are incorporated in a credit schemes that enable them to engage themselves in income generating activities. It was started in Addis Ababa as pilot project. From the evaluation report and observation it was
learned that the program is the best approach to reduce old age poverty. Hence it has to be replicated to other regions as well.

2.3.4. Institutional Care
Older persons who need strict surveillance are receiving institutional support in 4 big homes for the elderly in 4 regions of the country. Expanding this type of service to the rest of 7 regions is highly needed to include more beneficiaries and to make people have access to the service in their respective regions.

2.3.5. Support by local governments
The government of Ethiopia is committed to strengthening democratic institutions. This has created enabling environments for broad based social political and economic activists undertaken in the decentralization and empowerment processes up to woreda and kebele level. Regional government bureaus are restructured up to Zonal levels to provide social services and implement the Developmental social welfare policy.

2.3.6. NGO activities
HelpAge International and other international NGOs are targeting older persons to financial and technical support, carry out advocacy work, etc. A number of local NGOs are also providing care and support for older persons. But their service can not reach to the overwhelming majority of destitute older persons.

2.3.7. Older persons Association
The government is encouraging older persons and pensioners to be organized in associations so that they voice their problems, rights and potential. Currently more that 60 older persons and pensioners associations are registered and established officially. The Ethiopian Elderly and pensioners National Association is an umbrella Association which was established with the aim to reduce old age poverty, advocate on behalf of older people and pensioners, provides training, encourage experience and improves the capacity of organizations working with older people and pensioners in Ethiopia. All association are facing a big challenge to fulfill their objectives by their limited capacity of finance and man power. The government, HelpAge International and to some extent UNFPA are the only ones to fund their programmes.

2.3.8. Advocacy Work
A number of awareness raising activities were undertaken in the country related to national and international issues of older persons. This has been done through consultation meetings, workshops, celebrations, mass media and publications. There is also a future plan to advocate in a wider scale on the two plan of actions (The Madrid and AU) and the Ethiopian’s poverty Reduction Strategy Programme.

2.3.9. National plan of Action of Ageing
The Ministry of labour and social Affairs has envisaged to formulate a National plan of Action on Aging over the coming years. This will be materialized based on the situation of the Ethiopian older persons, the translated document of the Madrid plan in to Amharic (the official language) and successive consultation meeting among the relevant stakeholders.
2.3.10. Anti-AIDS Movement
The government has approved a comprehensive HIV/AIDS Policy in 1998. It has also developed Strategic Framework for the National Response to HIV/AIDS, 2004 in the Five Year Plan of Action for the Prevention and Control of AIDS in Ethiopia, older persons are identified as major group both as beneficiaries and contributors in the process of the country’s anti AIDS movement. Since older persons are heard when they speak and get followers when they work, a strategy was adopted recently for older persons to form older persons anti-aids club throughout the country. Its aim is to educate the public, to collect data about AIDS affected older persons and to provide care and support for the victims.

2.4. Current thinking on Ageing issues in Ethiopia

2.4.1. The community’s View
In Ethiopia the elderly are the head of the family and the community and are treated with respect. They play enormous social and cultural role that contribute to the well being of the society as a whole. Because of this, the traditional support mechanism and reciprocal relationship is still exercised with a few exceptions in cities and towns. In a nutshell, ageing is considered as a blessing in Ethiopian society. Hence there are a number of support mechanisms, the biggest and most important one being the family followed by religious organizations like Ethiopian orthodox church, Islam, protestant and catholic churches, and traditional social organization like idir, senbete, maheber etc.

This however does not imply that older persons do not face problems. The recurrent emergency situations connected with war and draught has enormously threatened the traditional role of the family. This situation coupled with the general poverty in the country is aggravating the livelihood of older persons and the situation to take a new dimension.

Emerging factors signifying the deterioration of intergenerational relationship is observed in some parts of the country. Some older persons perceive the young as agents of depleting the traditional values and norms. On the contrary the young view older persons as reactionaries of change. This has a negative impact for mutual understanding and support. Hence unless immediate and maximum effort is exerted to control the emerging challenges, elderly people will face irreversible problems.

2.4.2. Government’s view on older persons

The constitution of Ethiopia is the basis to ensure the welfare of the general public. The Ethiopian government is committed to institute affirmative action in terms of the disadvantaged and vulnerable people. This is explicitly stated in the developmental social welfare policy. As it is indicated in the policy, the underlying cause of old age poverty is lack of family support and absence of a comprehensive social security system. Moreover negative attitude, lack of community participation and lack of active involvement of relevant sectors exacerbated their plights.
To tackle these severe social and economic problems of older persons the government recognizes the need to mobilize available resources, involve public at large as well as give support to regional governments, non governmental organizations and institutions, which are engaged in the provision of social welfare services for the aged.

2.5. Initiatives by major sectors

The existing structural and social policies are the best instruments to mitigate the social and economic problems of the whole population. The Social policy, the Rural Development Polices and Strategies, the Agricultural Extension Programs, the Health policy, HIV/AIDS policy, Education policy, Women policy etc are formulated in the country.

In these polices and strategies, older persons are not singled out to be considered as beneficiaries. They are entertained together with the general population. The big challenge however is that older persons are not given much attention when services are provided: they are invisible. The only initiatives targeting older persons in the process of poverty reduction are the pension scheme. Hence older persons are still the most disadvantaged portion of the population.

2.6. Strategic approach to poverty in relation to commitments made via MIPAA

Ethiopia was one of the 124 state members of the UN who has participated in the first world assembly on Ageing that took place in Vienna, Austria in 1982 to discuss the economic, social, cultural and humanitarian implications on the tremendous increase of the ageing of the population. Since the endorsement of the Vienna International Plan of Action On Ageing, Ethiopia took initiative to adapt the plan into its national development plan. But due to the fact that Ethiopia is a poor country, much of the plan could not be implemented as it was envisaged earlier. Since the commitment is there one can observe different attempts to realize the Vienna Plan.

- Ethiopia joined the rest of the world to celebrate International Day of older persons only one year later than the rest of the world.
- Was a focal point in the UN programme on Ageing to mark 1999 International year of older persons.
- In adopting the DSWP emphasis was given to include the UN principles of older persons.
- Many efforts have been made to educate the public related to the Vienna plan and interventions made at international scale to improve the quality of lives of older persons.
In reviewing the Vienna plan and actions taken regarding the **Madrid International Plan of Action on Ageing** the country has played and is also playing an active role which among others include.

- Participated in the expert meeting to develop the **OAU Policy Framework and Plan of Action on Ageing** in two sessions which were held at Addis Ababa and Kampala.

- Consultation meetings with various age care institutions were made to propose contextual amendments to the second world assembly on Ageing in Madrid.

- With close collaboration with Help Age International Ethiopia (HAIE) three delegates from Ethiopia has participated in Madrid conference.

- Being a member of African Union Ethiopia has approved the **OAU policy Framework and plan of action on Ageing in Durban, south Africa**.

- The country is in the process of translating the document of the **Madrid International Plan of Action on Ageing** into Amharic - the national language to make people familiar with the plan, and eventually develop a National Plan of Action of Older Persons.
3. Conclusion and Recommendations

The problem of deep and wide range of poverty is the most serious challenge facing Ethiopia today. To overcome this problem the government takes a primary objective of ensuring a development strategy through economic growth that could reduce poverty. The strategy of ADLI, a decentralization process that empowered the whole community, the introduction of justice and civil service reform, the integration private, public and civil society organizations, the mechanism to mobilize and coordinate the resource of public private and NGOs in this process are all enabling environment to materialize its objective.

More importantly because of its complex nature and presses SDPRP does not bring real change unless performance monitoring system can be applied through the active involvement of all relevant stakeholders. The government has created institutional mechanism for successful participatory monitoring and evaluation.

The government is working towards reducing vulnerability among poverty stricken groups as whole. So far there is no specific strategy in terms of specific age, gender or target of the programme. The issue of older persons in the poverty reduction program is seen in terms of mass poverty and the general condition of vulnerability prevailing in the country. Though the government has committed to reduce poverty inherent at the community level and appreciate the recommendation made in the Madrid Plan, older persons are not yet regarded separately as targets of poverty programmes and at the same time contributors of economic growth and poverty reduction.

Therefore much is to be done towards mainstreaming older persons in the program of SDPRSP. The following are the key recommendation given to include older persons in the poverty reduction programmes.

Research
Data about older person is extremely scarce in Ethiopia. Therefore extensive research is recommended; survey on the Socio-Economic Situation of Older Persons in Ethiopian being the first one to be addressed at.

Advocacy
- Though there are significant attempts in this area a continued efforts to raise awareness regarding poverty and ageing at all levels is highly needed.
- Government Ministries, NGO’s (both local and international) the media, the community at large and older persons themselves should play a big role to disseminate ideas and information related to Ageing and poverty.
Mainstreaming and Empowerment

- Older persons can contribute a lot to the society in the process of eradication of poverty if they get the chance to do so. But they seem to be invisible in many development activities. Older persons should be empowered so that they participate in development programmes.

- The resolution of the UN regarding independence participation, care, self fulfillment and dignity is the best mechanism to mainstream older persons in various development programs. Hence these principles should be applied fully to avoid exclusion of older persons from development activities.

- Local and international organizations should be encouraged to include older persons within their general programs particularly as many NGOs specifically state that they are working with the poorest of the poor.

- The importance of inclusion of gender in the development program has to be widely exercised for the realization of older women are the sole contributors in the poverty reduction process.

Rural Development and Urbanization

The rural development polices and strategies recently formulated recently by the Ethiopian government is a vital instrument to bring about sustainable development in the country by giving priority to the rural sector where mass poverty is existing. Therefore due attention should be given to rural Development polices and Strategies. Poverty reduction programs in urban sector should consider the need and potential of urban elderly and entertain them accordingly.

Family and Community Support

The family support programmes existing in the country should be strengthened and other family and community support mechanisms should be introduced to promote the traditional value and respect of older persons. This is vital because if the family income can be raised older persons will benefit. Increasing access to credit financial services and micro enterprise trainings are effective ways of helping older persons increasing their income. Further more the community should be encouraged to contribute in the programme for the implementation of a broad-based poverty, reduction interventions.

Regional and International Support

- HelpAge international Ethiopia is the only international organization working explicitly with and for older persons in Ethiopia. Although some achievements have been made by HAIE to improve the quality of lives of older persons, more efforts should be exerted to advocate the support economic activity of older persons by expanding its support to areas untouched so far.

- Ethiopia as one of the low-income countries will require a sustained expansion of budgetary outlays and external support for basic social services. In this connection DESA and ADB should be committed to include in their programme to support Ethiopian government in its effort to implement programmes of older persons in the country.