



# Poverty and Intergenerational Change:

## Preliminary Findings from the 2016 Young Lives Survey (Round 5): Ethiopia

This fact sheet presents findings from the fifth round of the Young Lives survey of children in Ethiopia in 2016. Young Lives is a longitudinal study of childhood poverty that has followed two cohorts of children born seven years apart since 2002. This fact sheet reports on trends in household living standards – measured by a wealth index – and movement into and out of poverty for the Younger Cohort households in 2016 (Round 5 survey) compared to 2002 (Round 1 survey).

It also reports on intergenerational mobility between parents and children in terms of education and health for the Older Cohort (aged 22 in 2016). There have been noticeable movements into and out of poverty over time. Of the 1,741 Younger Cohort households interviewed in all five rounds, 584 (33%) were in the bottom tercile (i.e. poor) in 2002, but only 12% of these households have been persistently in the bottom wealth tercile over the five rounds from 2002 to 2016.

### Key Findings

- Indices of the wealth index (housing quality, access to services, and ownership of consumer durables) improved significantly between 2002 and 2016. The main driver was ownership of consumer durables which more than doubled over that period. Although the gap in terms of wealth between urban and rural areas decreased, in 2016 the levels of wealth index in the rural sites are still low compared to the urban sites.
- Access to services (clean drinking water, sanitation, and electricity) has also improved. However, regional disparities persist with greater access to these services for urban households.
- Environmental and economic shocks were tracked across the period; despite a decreasing trend, rural households were more vulnerable to environmental shocks and urban households slightly more vulnerable to economic shocks. In 2009 almost all households were exposed to at least one economic shock, probably due to higher inflation.
- There has been noticeable intergenerational progress in attaining higher school grades. 24% of 22-year-olds reached post-secondary education compared to 6% of their parents, with the greatest improvements for better-off households and those in urban sites.

## The policy context for poverty in Ethiopia

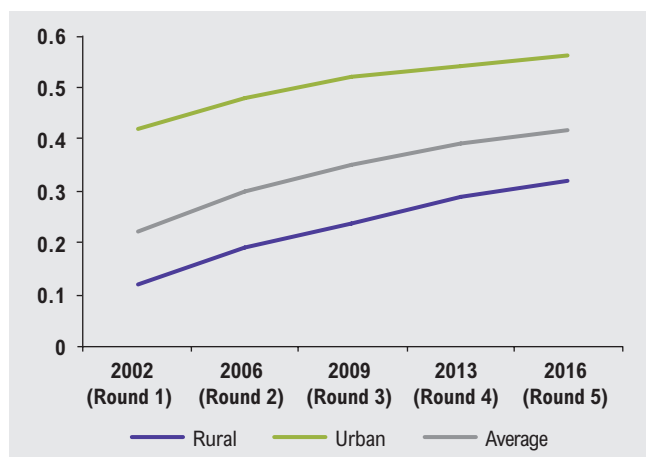
Ethiopia is a low-income country ranking 164<sup>th</sup> out of 187 countries (World Bank, 2017). After decades of low income levels and sluggish economic growth, since 2004 Ethiopia has seen growth at a higher rate than most African countries. In 2017, Ethiopia overtook Kenya as East Africa's largest economy (IMF, 2017). In the effort to reduce poverty and achieve this growth, the country has been implementing a series of poverty-focused development strategies since the Millennium. These include the Sustainable Development and Poverty Reduction Programme (2001/02-2005/06); the Plan for Accelerated and Sustained Development to End Poverty (2005/06-2009/10); and, from 2010, the Growth and Transformation Plan I and II (GTP I & II) (2010/11-2014/15 and 2015/16-2019/10). The GTPs are characterised by huge investment in infrastructure and ambitious large-scale projects such as the Grand Ethiopian Renaissance Dam. However, despite impressive economic growth and a substantial decrease in poverty nationally (from 44% of the population in 2000 to under 24% in 2015-16), a significant number of children, especially in rural areas, remain locked in a vicious circle of poverty and vulnerability to environmental and socio-economic shocks.

## Wealth index changes

The Young Lives wealth index is a composite index (ranging from 0 to 1) that reflects the socio-economic situation of the household in terms of the quality of their dwelling, access to basic services, and ownership of consumer durables.<sup>1</sup>

In Ethiopia, wealth index levels rose from 0.22 in 2002 to 0.42 in 2016. All three components of the wealth index rose over the fifteen years of the study, but the main driver was ownership of consumer durables which more than doubled over this period. The rise in the consumer durables index was particularly great for households whose caregivers have no education (a fourfold rise) compared to those who completed school grade 9 or above (rose by two thirds).

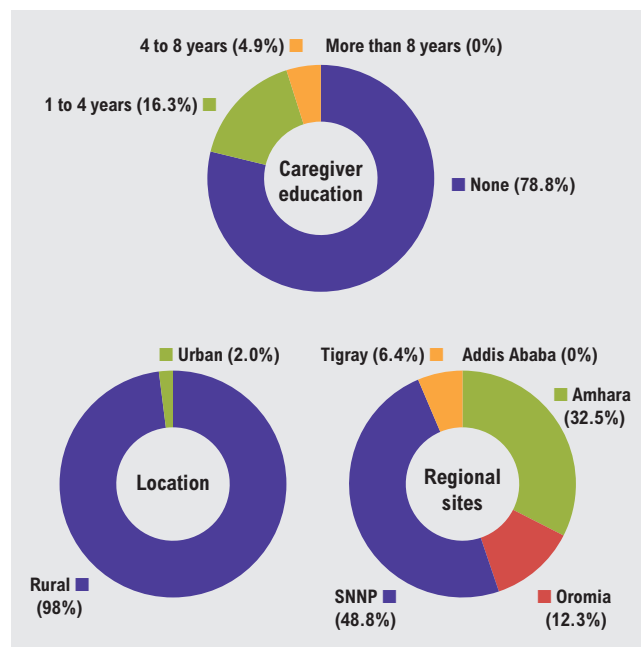
**Figure 1. Improvements in household wealth for Younger Cohort households between 2002 and 2016**



The larger percentage rise for those who were initially poorest is partly indicative of the very low wealth levels at the start of the study, but we also see evidence of narrowing inequalities. For example, while the wealth index is still much lower in rural sites (0.32) than urban sites (0.56) in 2016, there was a greater rise in the rural sites (167%) than in the urban sites (33%) and this wealth index gap has reduced from 0.30 in 2002 to 0.24 in 2016. Moreover, the percentage change of the wealth index between 2002 and 2016 is much higher for parents without education (133%) than for those who completed grade 9 or above (25%).

Repeated survey rounds allow Young Lives to observe patterns of social mobility and whether certain households are more likely to remain in or move out of poverty over time. Poverty is here defined as being in the bottom tercile (i.e. third) of the wealth distribution and persistent poverty is defined as remaining persistently in the bottom tercile. Of the 1,741 Younger Cohort households interviewed in all five rounds, 584 (33%) were in the bottom tercile (i.e. poor) in 2002. Of these households, 12% have been persistently in the bottom wealth tercile over the five rounds from 2002 to 2016. It is notable that a large majority of the households in the bottom tercile have caregivers with no education (79%), are located in rural areas (98%), and are concentrated in sites within the Amhara (33%) and Southern Nations, Nationalities, and Peoples' (SNNP, 49%) regions. In contrast, households with highly educated caregivers, those located in urban regions and in Addis Ababa, have not been persistently poor in our sample. The implication is a higher degree of social mobility for these households (Figure 2).

**Figure 2. Characteristics of persistently poor households since 2002**



## Access to services

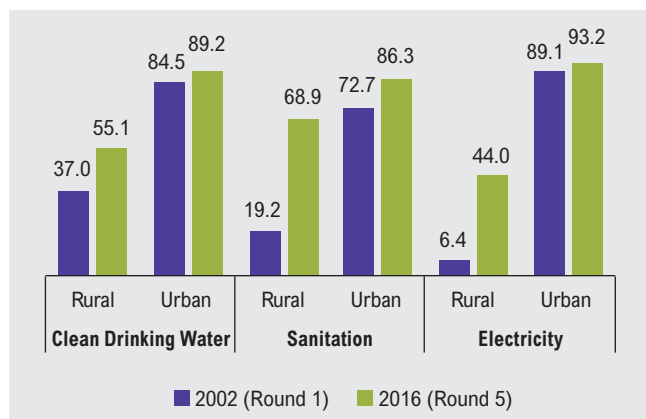
Access to basic services – clean drinking water, sanitation, and electricity – has improved over the five survey rounds

<sup>1</sup> For more details on the construction of the Wealth Index, see Briones (2017).

from a low baseline for Younger Cohort households (Figure 3). While access to clean drinking water has increased from 53% in 2002 to 69% in 2016, the increase in access to sanitation was even greater, from 37% to 76% over the same period. Moreover, access to electricity also rose from 34% in 2002 to 64% in 2016.

Despite the overall improvements in access, disparities between urban and rural areas in terms of basic services are still evident. In particular, access to electricity lags behind considerably in rural sites: whereas households in urban sites had nearly universal coverage in 2016, it remained well below 50% in rural sites, despite the recent rapid increase from a very low baseline (6.4%). All sites have seen a rise in access to all the basic services except sites within Tigray which have seen a decline in access to clean drinking water from 2002 to 2016, possibly due to ageing infrastructure and absence of maintenance.

**Figure 3. Access to basic services for Younger Cohort households between 2002 and 2016 (%)**

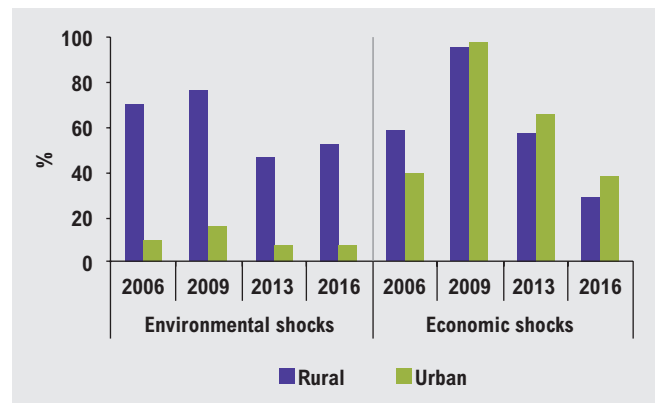


### Environmental and economic shocks

In 2009 almost all households were exposed to at least one economic shock, probably due to persistent monthly food price rises for all items (CSA, 2012). While there has been a decrease in exposure to economic shocks since

2009, in 2013 and 2016 more urban households than rural households tended to report having experienced economic shocks (Figure 4). Households whose caregivers had less education are also more affected by environmental shocks than those whose caregivers had more years of schooling. This evidence offers support for the expansion of the weather-index-based crop insurance scheme that was recently started by the Ethiopian government to protect farmers from the effects of unpredictable weather. It also highlights the need to strengthen and support implementation of other social protection policies for both rural and urban communities.

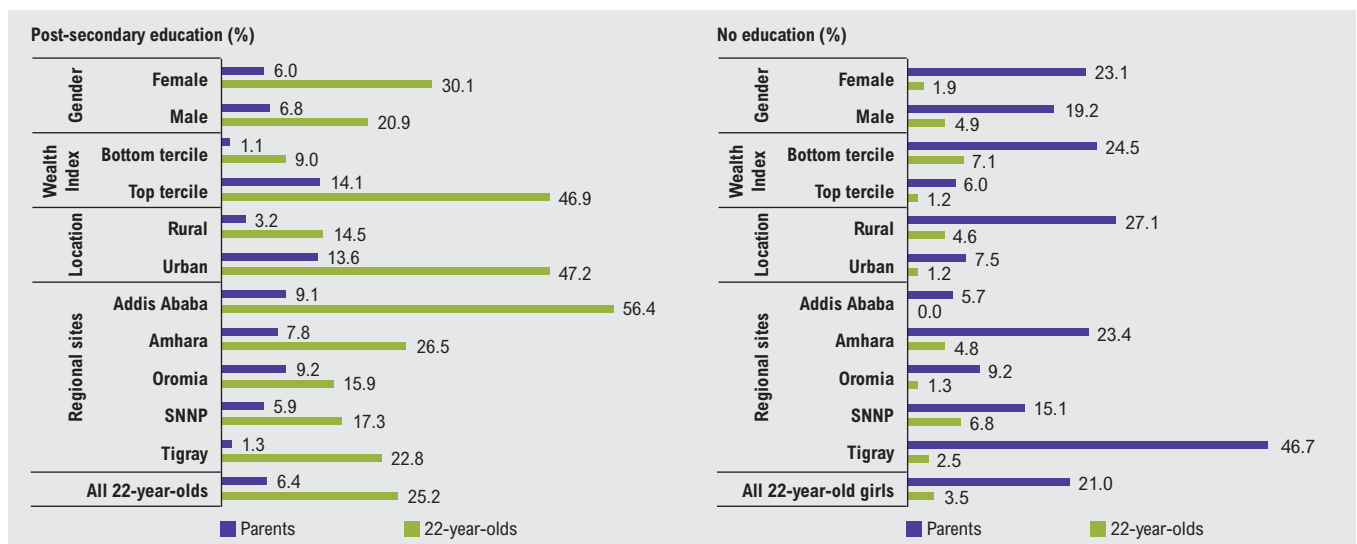
**Figure 4. Younger Cohort households' exposure to shocks (%)**



### Intergenerational change

The Young Lives data offer the opportunity to track intergenerational changes between parents and children. The data show that far more 22-year-olds (Older Cohort children in 2016) have attained post-secondary education compared to their parents (25% of children and 6% of their parents). While this is true across socio-economic categories, there are severe socio-economic differentials: the percentage of children from better-off households and in urban sites with post-secondary education is far higher compared to their parents than is the case for children from poor and rural communities (Figure 5). In other words, there have been greater intergenerational improvements in post-secondary educational attainment in

**Figure 5. Intergenerational changes in education across Older Cohort children and their parents**



better-off households and households located in urban sites than in their worse-off and rural counterparts, suggesting a further widening of educational inequalities. Finally, there are also fewer children who have never had an education by age 22 (4%) compared to their parents (21%), with the greatest improvements observed in the Tigray region, in rural areas, and by 22-year-old girls (Figure 5).

Regarding height, girls are on average slightly taller than their mothers (by 0.6 centimetres), suggesting a small improvement. However, the differences are higher among those in rural sites (1.1cm) and the poorest households (0.8cm) (Table 1).

## Conclusions

Overall, the living standards of our sample have improved since 2002, although a considerable gap persists between rural and urban sites. Of the 1,741 Younger Cohort households interviewed in all five rounds, 584 (33%) were in the bottom tercile in 2002, although only 12% of these households have been persistently poor over the five rounds from 2002 to 2016. There has also been noticeable intergenerational progress in children attaining higher school grades than their parents. Nevertheless, the socio-economic gradient for post-secondary attainment is steeper for the children than their parents, which suggests a need for greater efforts to ensure and promote inclusive post-secondary education.

**Table 1. Intergenerational change for 22-year-olds (Older Cohort in 2016)**

	Caregiver education (highest level achieved) %			Young person education (highest level achieved) %			Maternal height		Girl's height		Sample size
	Average grade (grades 1 to 12)	No education	Post-secondary education	Average grade (grades 1 to 12)	No education	Post-secondary education	Centimetres	Percentile	Centimetres	Percentile	
<b>Gender</b>											
Female	5.3	23.0	6.0	8.4	1.9	30.1	158.2	48.2	159.2	49.1	362
Male	5.4	19.0	6.8	8.0	4.9	20.9	–	–	–	–	411
<b>Wealth Index</b>											
Bottom tercile	4.6	25.0	1.1	7.3	7.1	9.0	158.4	48.8	159.2	48.8	266
Middle tercile	4.5	32.1	4.6	8.0	2.0	20.4	158.5	49.9	159.3	49.8	250
Top tercile	7.0	6.0	14.1	9.8	1.2	46.9	158.9	51.8	159.0	48.4	256
<b>Location</b>											
Rural	4.8	27.0	3.2	7.7	4.6	14.5	158.4	48.9	159.5	50.5	519
Urban	6.6	7.5	13.6	9.6	1.2	47.2	159.1	52.6	158.6	46.2	254
<b>Sites in Region</b>											
Addis Ababa	6.9	5.7	9.1	9.4	0.0	56.4	157.7	47.7	159.0	47.6	101
Amhara	4.3	23.0	7.8	8.4	4.8	26.5	158.1	46.7	159.4	50.1	166
Oromia	4.7	9.2	9.2	7.3	1.3	15.9	159.7	54.2	159.5	49.0	157
SNNP	6.6	15.0	5.9	8.1	6.8	17.3	159.4	55.5	159.3	49.4	191
Tigray	4.4	47.0	1.3	8.5	2.5	22.8	157.2	43.8	158.7	48.5	158
<b>Average</b>	5.4	21.0	6.4	8.2	3.5	25.2	158.6	50.0	159.2	49.1	–
<b>Sample size</b>	532	733	733	551	773	773	665	665	359	359	773

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## ACKNOWLEDGEMENTS AND CREDITS

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Photo credit: © Young Lives / Antonio Fiorente. The images throughout our publications are of children living in circumstances and communities similar to the children within our study sample.



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