

# Review on: Factors Affecting Rural-Urban Poverty in Ethiopia

Shibeshi Fekadu Tolesa<sup>1</sup>, Gizaw Fetene Zeleke<sup>2</sup>

<sup>1</sup>Department of Agricultural Economics, College of Natural Resource Management, Mattu University Bedele Campus, Bedele, Ethiopia

<sup>2</sup>Department of Agricultural Economics, Faculty of Resource and Management and Economics, Wollega University, Shambu Campus, Shambu, Ethiopia

## Email address:

shibeshi2015@gmail.com (Shibeshi Fekadu Tolesa), keeyeroo@gmail.com (Gizaw Fetene Zeleke)

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**Abstract:** Agriculture is the backbone of Ethiopian Economy and agricultural production is the source of livelihood for millions of Ethiopians, especially for those in rural areas. Different factors are likely affecting the economic status of rural population of Ethiopia. Specifically, six major factors that are highlighted as contributing to the exasperation of poverty in Ethiopia include: low agricultural production, low non-farm income, low education and poor health, high population growth and weak institutional structures. Poverty is widespread in Ethiopia with a significant proportion of the population lacking the basic necessities of life, such as lack of food, decent clothing, and shelter. In addition, climatic factors, health status of the community, environmental degradation, technological adoption, farming system, and farm size, land degradation, population growth, inappropriate water management, unemployment and lack of income, weak urban governance, low access to education, low access to credit services, and so on, this are the factors that affect rural-urban poverties in Ethiopia. Different authors are used different models like binary logistic regression, variance and multiple regressions, probit regression model. And the model results showed that household education status, dependency ratio, residential area, and access to credit, household size, livestock and farm land ownership, sex of households, age of household head, and land size. Generally, the risk of poverty increases with family size both in urban and rural of Ethiopia.

**Keywords:** Poverty, Farm Size, Population Growth, Income, Education, Technology

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## 1. Introduction

### 1.1. Background of the Seminar

Poverty is one of the core issues and the most widespread social problems in the world. It has no geographical boundary. It is found in all directions and corners. Despite world exceptional advances in science, technology and wealth creation, poverty in all its manifestations remain deep and persistent. Poverty is multifaceted and has no single generally accepted definition [17].

Poverty is widespread in Ethiopia with a significant proportion of the population lacking the basic necessities of life, such as lack of food, decent clothing, and shelter. In addition, lack of access to education and medical care, widespread unemployment and lack of income also exacerbate the magnitude and severity of poverty in the

country [1]. Urban poverty in Ethiopia is particularly manifested by lack of the basic facilities in and around the house. Lack of adequate shelter, poor sanitation, lack of access to safe drinking water, and absence of proper toilet facilities are characteristics of urban poverty [12].

Agriculture is the primary livelihood source and the sector remains the most important for poor people in rural areas, and their productive capacity could potentially be key to expanding future food production in more sustainable and nutritious ways; though, rural populations are also increasingly diversifying their livelihoods [9]. The majority of the Ethiopian population is living in rural areas and agriculture is the main stay of the economy and at present, about 72.7% of the country's population engages in agricultural activities and generates income for household consumption. The economic source of both rural and urban of Ethiopia entirely based on agricultural products which

based on rain and none mechanized. As commercial export of the country is also from this sector it equally affects both rural and urban population even though the degree is slightly differing. For example, as discussed by Alem, Y. *et al.* [2], urban households may be more vulnerable than rural households to high food prices since there is little food production in urban areas. A closer assessment of poverty situation in Ethiopia clearly depicts the prevalence of six major factors that are highlighted as contributing to the exasperation of poverty in Ethiopia. These include low agricultural production, low non-farm income, low education and poor health, high population growth and weak institutional structures. These key elements are in fact connected with each other to influence the poverty situation in Ethiopia [3].

Bradshaw, G. [6] Expressed poverty, generally, as a lack of necessities. Basic food, shelter, medical care, and safety are generally considered essential based on shared values of human dignity. Nevertheless, what is a necessity to one person is not equally a necessity to others.

## 1.2. Objectives of the Seminar

### 1.2.1. General Objective

The general objective of this seminar is to review the factors affecting rural-urban poverty in Ethiopia.

### 1.2.2. Specific Objectives

- 1) To review the factors of poverty in urban Ethiopia
- 2) To review the factors of poverty in rural Ethiopia

## 1.3. Significance of the Seminar

The significance of the seminar is too aware more about the factors that affect rural-urban poverty to policy makers, authors, and other concerned bodies. It used to capture concerned information for non-governmental organizations, investors and other organizations to set-up policy, decision making, and strategy in relation to poverty.

# 2. Literature Review

## 2.1. Theoretical Review

### 2.1.1. Definitions and Concepts

Poverty is characterized by inadequacy or lack of productive means to fulfill basic needs such as food, shelter, education, health, and nutrition. The multidimensional character of poverty in Ethiopia is reflected in many respects, such as destitution of assets, vulnerability, and human development. The World Bank (WO) definition of poverty indicates that poverty is a pronounced deprivation of well-being related to lack of material income or consumption, low

levels of education and health, vulnerability and exposure to risk and voiceless ness and powerlessness (World bank, 2022 as quoted by [21]).

This definition fairly describes the nature of poverty in the Ethiopian context. As the concept of poverty reflects "social perceived deprivation" of basic human needs, its understanding also considers the minimum living standards of the people. Poverty alleviation and reduction of economic inequality is the major socio-economic and political issue in the country. As experience has shown, the existence of large number of people and the prevalence of economic inequality may bring about social tensions which would induce various criminal acts if situations go beyond the limits of social tolerance. Poverty alleviation would, therefore, enhance economic development and result in improved incomes and better well-being of the people which is a pre-requisite for peace and further development. However, attempts to eradicate poverty would require strong commitment on the part of concerned authorities in favor of economic development to induce the sustainable livelihood of millions in rural and urban areas of Ethiopia [22].

Lack of equity in the access to productive resources and basic services and their consequential benefits as well as lack of access to opportunities to develop skills and human capabilities have impeded the socio-economic development of the poor. In addition, absences of the means by which the poor can address their problems and enhance their active participation in decision-making have hindered their attempts to move out of the state of deprivation [3].

Ethiopia has one of the highest adult and youth illiteracy rates in the world as well as in sub-Sahara African countries [12]. As the experience of several developing countries has shown, lack of education is highly correlated with poverty. Accordingly, development is considered to be impossible without widespread literacy which is the pre-requisite for acquisition of better skill and knowledge [3].

Agriculture is the backbone of Economy and agricultural production is the source of livelihood for millions of Ethiopians, especially for those in rural areas. According to [14], the persistent fluctuation in the amount and distribution of rainfall is considered as a major factor in rural poverty. As of [3] vulnerability to rural poverty are mainly caused by degraded natural resources, poor access to essential services, poor infrastructure, weak local institution, rain-fed agriculture system and low saving.

### 2.1.2. Characteristics of Poverty in Ethiopia

There are some common characteristics, which people commonly identify with the poverty that are illustrated below:

Table 1. Characteristics of poverty.

Personal and physical conditions	Economic status	Social status	Political Participation
Lack of food Inadequate food	Lack of money Inadequate income	Landlessness Inequality	Lack of political participation Powerlessness
Lack of decent shelter	Lack of productive	Low self-esteem Female headed	Lack of access to legal -institutions

Personal and physical conditions	Economic status	Social status	Political Participation
Lack of access to health care Lack of access to education Poor clothing	assets	Household  Single women	Lack of political voice

Source from: [18].

### 2.1.3. Poverty Reduction

It describes strategies to eradicate poverty. It is any process which seeks to reduce the level of poverty in a community, or amongst a group of people or countries. Poverty alleviation programs may be aimed at economic or non-economic poverty. Some of the popular methods used are education, economic development, and income redistribution. Poverty alleviation efforts may also be aimed at removing social and legal barriers to income growth among the poor. Economists such as Hernando De Soto see improvement in property rights as being instrumental in poverty reduction. Other economists also highlight government corruption as a chief problem in reducing poverty in the developing world, (Rajan. *et al.*, 2015).

### 2.2. Empirical Review on Factors Affecting Rural-Urban Poverty

Marker, G. *et al.* [11] conducted a study on the determinants of household poverty in Berehet woreda, Amhara regional state, Ethiopia using binary logit model. The model result showed that household education status, dependency ratio, residential area, and access to credit were statistically significant in determining household poverty status. From the study, since the poverty situation in the district was worse than the national average; the regional government should prioritize this district and develop a special type of projects especially in rural areas that can lift the majority of the poor out of poverty.

Muhdin, M. [13] Conducted a research on Determinants of Rural Income Poverty in in Dodola District, Ethiopia In order to ascertain the socio-economic determinants of income poverty in rural areas of Ethiopia using Binary logistic regression model to find out the determinants of income poverty. The model result revealed that determinants of income poverty include household size, number of income sources of the household, livestock and farm land ownership. Poverty status is negatively associated with number of income sources of the household, livestock and farm land ownership. However, family size is positively related to poverty. Based on the results of the finding the rural households should diversify their income sources and be effectively involved in family planning.

The research conducted on the determinants of Urban Household Poverty in Arsi Zone, Oromia, Ethiopia, to assess

determinants of urban household poverty in urban setting was used a variance and multiple linear regression model. The model result showed that poverty was positively influenced by educational level, household size and business participation status of household heads. Whereas poverty was negatively affected by age of households, marital status and economic status of parents. From the result of the study, poverty was higher among divorced and widowed household heads as compared to the married groups. However, income poverty was lower for those participating in different business activities than household heads who do not participate in business activities [5].

Ermiyas, A. *et al.* [8] conducted a study on the determinants of Rural Poverty in Dejen district, Ethiopia: using the probit regression model used to analyze the main determinants of rural poverty. Based on the probit model analysis output, household size, sex of households, dependency ratio and livestock ownership are found to be the key determinants of rural poverty. Poverty status is negatively correlated with total number of livestock a household owned and sex of household heads (male dummy). On one hand, family size and dependency ratio are positively related to poverty status of households. The model result showed that promoting and giving awareness about family planning and putting the existing policy in effect and integrated health service with appropriate access would result in curbing the degree of poverty among rural households.

Beshir, B. [5] the research conducted on Determinants of Rural Poverty in Gedeo Zone, Southern Ethiopia: using the binary logistic regression model used to investigate determinants of rural poverty in the study area. The model output revealed that the number of livestock holding, land size, number of chickens owned, beehives ownership, Annual Income per Adult Equivalent, use of modern agricultural inputs, involvement in non-farm activities and saving habit of households were variables found with negative impact and significant determinants of poverty. Whereas, the variables with positive impact on household poverty and found to be significant were family size, age of household head and dependency ratio. The model result showed that alleviation of rural poverty in the study area in particular and rural Ethiopia in general requires policy formulation and adoption of strategies with respect to those variables found to have a significant effect on poverty status of rural households.

**Table 2.** Summary of studies conducted on Factors Affecting Rural-Urban poverty in Ethiopia.

Author/s & Year of publication	Methodology	Outcome variable	Determinants of technology adoption
[11]	Binary logit regression model	Households' poverty	household education status, dependency ratio, residential area, and access to credit
[13]	Binary logistic regression model	Rural Income Poverty	household size, number of income sources of the household, livestock and farm land ownership

Author/s & Year of publication	Methodology	Outcome variable	Determinants of technology adoption
[5]	variance and multiple linear regression model	Urban Household Poverty	educational level, household size and business participation status of household heads
[8]	Probit model	Rural Poverty	Output, household size, sex of households, dependency ratio and livestock ownership
[4]	binary logistic regression model	Rural Poverty	number of livestock holding, land size, number of chickens owned, beehives ownership

### 2.3. Conceptual Framework

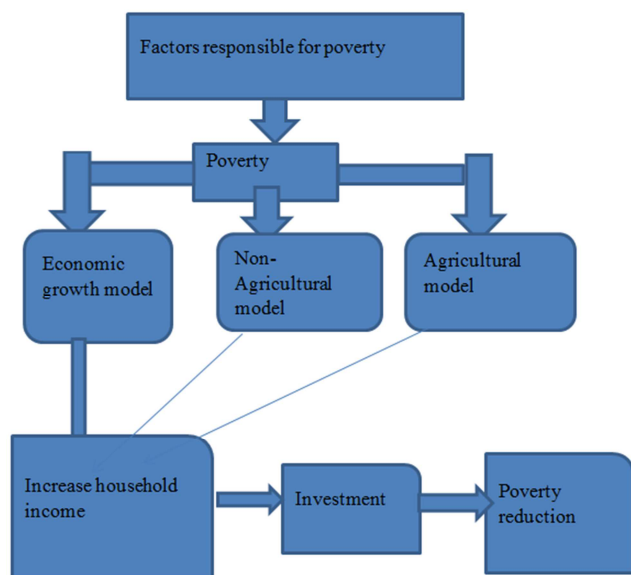


Figure 1. Conceptual framework.

## 3. Conclusion and Recommendations

### 3.1. Conclusions

Poverty is a state or condition in which a person or community lacks the financial resources and essentials for a minimum standard of living. Poverty-stricken people and families might go without proper housing, clean water, healthy food, and medical attention. It is an individual concern as well as a broader social problem and Poverty is not only lack of income as well as the result of multiple factors. The factors of poverty in rural and urban of Ethiopia are almost similar. By using different models like binary logistic regression, probit, and variance and multiple linear regression model showed that different Variables such as climatic factors, health status of the community, population growth, low access to education, access to credit service, and access to employment, land size, household size, dependency ratio and so on were found to be factors of poverty of Ethiopia. Generally, population growth, lack of modern technology, family size, participation in decision making and natural disaster are the major determinant factors of poverty in both urban and rural of Ethiopia.

### 3.2. Recommendations/ Suggestions'

1. To create awareness about cause and effect of poverty for the population;

2. To create high quality education process;
3. To get health and social services for the society;
4. Decrease soil erosion and land degradation;
5. The government must be clear forest and economic policy;
6. To create awareness about family planning;
7. To provide employment opportunities and etc.

## Abbreviations and Accronyms

ADLI: Agricultural Development Led Industrialization  
 CSA: Central Statistical Authority  
 FAO: Food and Agriculture Organization  
 MoFED: Ministry of Finance and Economic Development  
 SNNP: South Nation and Nationality Peoples  
 WO: World Bank

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