Measurement and Determinants of Urban Poverty in Case of Southern Nations, Nationalities, and Peoples' Region (SNNPR), Ethiopia

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Abstract- This study used survey data collected by Southern nations, nationalities and peoples' region (SNNPR) bureau of finance and economic development (BoFED) in collaboration with Arba Minch University for 5,015 urban households. The major purposes of the paper are measuring urban poverty and identifying the determinants via employing logistic regression. Accordingly, for the year 2015 poverty incidence, gap and severity were equal to 18.02%, 5.25% and 2.31% respectively for the urban SNNPR. Urban food poverty measured using the above indexes leaves relatively larger figures. In the last five years the region's urban poverty reduces remarkably except for food poverty severity which rose by 17.24%. The use of logistic regression to identify the determinants of urban poverty end up with marital status, family size, total dependency, education level, saving habit, and source of energy were found to be statistically significant variables. Hence, pre and post marriage orientations to reduce divorce and input support for windowed, limiting family size and in turn dependency using short and long term solutions, and supplying social and physical infrastructure such as education, financial institutions and power are viable options to reduce urban poverty in the region. The task of tackling urban poverty in the region should prioritize Wolaita and South Omo zones (districts) since both of them are characterized by higher incidence, gap and severity of poverty.

Index Terms- urban poverty, determinants of urban poverty, FGT indexes

I. Introduction

Ethiopian urbanization rate (16%) is lower than the sub-Saharan average of 30%. However, recently due to high rural-urban migrations and population growth of nearly 3.8%, remarkable urban expansions are observed. If managed proactively, the expansion of urban areas presents a huge opportunity to shift the structure and location of economic activity from rural agriculture to the larger and more diversified urban industrial and service sectors. However, poor management and planning in urban Ethiopia results in rising unemployment, challenges in the provision of infrastructures, services, and housing. Hence, low quality of life, low life expectancy, food shortages and high incidence of poverty characterize most of the urban areas (WB, 2015).

The multi-dimensional character of poverty in Ethiopia is reflected in many respects, such as destitution of assets, vulnerability and human development. The government has understood the multi-dimensional impacts of poverty and put poverty alleviation and reduction as major socio-economic and political issue in the country. The existence of large number of poor 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 (Asmamaw E. 2004).

According to Ministry of finance and economic development of Ethiopia (MoFED, 2012), southern nations, nationalities and peoples' region (SNNPR) has the third largest urban poverty incidence of 25.8% next to Amhara and Gambella regions. With an estimated of nearly 2.5 million urban population in the region (CSA, 2010), the above figure leaves more than half a million of the region's urban population trapped in absolute poverty. Moreover, though the incidence of rural poverty in the region (30.7%) is higher than the urban, the region owns the second minimum rural poverty next to Harari (10.5%) which relatively puts the region in better rank as far as rural poverty is concerned.

The relatively higher incidence of urban poverty in the region requires identification of the major causes of poverty, highly poverty stricken part of the population and where actually most of the urban poor located in. Doing so will ease the task of policy makers and development partners of the country to efficiently target poor urban households using the appropriate mode of interventions.

II. Literature Review

2.1 Theoretical literature

Theories of poverty

There are a number of compelling theories of poverty which frequently caught the attention of researchers when a need arise to anchor the causes of poverty on theories. Human capital theories of poverty developed by Becker (1975) and Mincer (1974) explains both individuals' decisions to invest in human capital (education and training) and the pattern of individuals' lifetime earnings, and their different levels of investment in education and training determine the fate of an individual either to be poor or non-poor. This theory also explains why the minorities within the society such as women among others have higher incidence of poverty due to lower earnings from labor market which in turn caused by low investment in human capital.

But, this theory is too shallow to explain the causes of poverty since earnings are one of the determinants of poverty (Tasew W. et al 2013).

The other dominant theory tried to relate the causes of poverty on the basis of geographical disparities. This theory explains why poverty is most intense in certain areas and why some regions lack the economic base to compete. More specifically, remoteness, lack of certain types of natural resource endowments, political disadvantageousness, and weak integration can all contribute to the creation of intra-country spatial poverty traps (Morrill and Wohlenberg, 1971).

David Elesh (1970) discussed two categories of theories of poverty to hit the score regarding the causes of poverty (i.e. cultural and structural). Cultural theories find the explanation for poverty in the traits of the poor themselves. These theories assert it is the valuational, attitudinal, and behavioral patterns of the poor which prevent them from being socially mobile. In contrast, structural theories explain poverty in terms of the conditions under which the poor live: unemployment, underemployment, poor education, and poor health…etc. The distinctive traits of the poor so central to the explanation of the cultural theorists are, for the structural theorists, responses or adaptations to the hostility of the structural conditions the poor face.

The frame of reference for both theories extends across national, cultural, ethnic, racial, and other boundaries. But both cultural and structural theorists have recognized, explicitly or implicitly, that there are certain societal characteristics necessary to the development of the poverty syndrome.

Such characteristics are high under- and unemployment for unskilled labor, low wages, little social organization among the poor, a bilateral kinship system, a value system stressing the individual accumulation of wealth.

Since poverty is multifaceted and multidimensional, it is worthy to construct model of poverty determination taking in to account various causes of poverty mentioned in theories and identify the significant causes for a specific area.

2.2 Empirical Literature

A study by Esubalew A. (2006) on the determinants of urban poverty in one of the town of Amhara region, Debre Markos, found that average monthly income, family size, educational level and disease incidence as significant determinants of urban poverty. With the dynamic behavior of causes of poverty from time to time, designing policies on the basis of a research done before 10 years and in other region may not be plausible.

Tesfaye A. (2006) decomposed urban poverty in Ethiopia to growth and inequality effects and found that both growth and redistribution are useful instruments in combating poverty. Though this study is crucial regarding the general impact of growth and redistribution on poverty, the war on poverty should have to go beyond this horizon and target specific causes.

Using a panel data Yonas A. et al (2012) analyzed the correlates of subjective and ordinary poverty in urban Ethiopia with the main emphasis on individuals' perception of poverty on themselves. They found that households with a history of past poverty continue to perceive themselves as poor even if their material consumption improves.

The researcher believes since this paper will examine the determinants of urban poverty in the case study area via inclusion of wide range of variables and a survey data of 5,015 households collected from sample urban areas from the region, it will give a room for policy makers and development partners of the country to intervene in many aspects based on reliable findings to reduce urban poverty in the region.

III. Methodology

3.1 Description of the study area

Southern Nations, Nationalities and People's Regional (SNNPR) states is located in South and South-Western part of Ethiopia. The total area of the region is 110,931.9sq KM and accounts nearly 10% of the country's land mass. It has an estimated 18.395 million population and 3.774 million of households (CSA, 2014). On the basis of ethnic and linguistic identities, the region is at present divided to 14 Zones, 4 special woredas and 1 city administration which in turn contains 3,678 rural and 238 urban kebeles. Rainfalls vary from 400mm to 2200mm and mean annual temperatures swings between 10^0C to 27^0C (BoFED, 2015).

3.2 Sampling design

The survey covered rural and urban areas of the regional state. For the purpose of representative sample selection, the region was divided into two broad categories, i.e., rural and urban areas. Therefore, each category in the region was considered to be a survey domain.

The 135 Woreda towns, 22 reform towns, 4 special woreda towns and 1 city administration in the region were considered as urban clusters. Of these, a total of 26 Woreda towns and 1 city administration were considered as representative sample for urban cluster. A total of 57 urban kebeles were selected randomly. The respondents from each kebeles were selected from the fresh list of households prepared at the beginning of the survey using systematic sampling techniques.

3.3 Sample Size Determination

Sample size of the study was determined using Cochran (1977)

$$n = \frac{z^2_{\alpha/2} pq}{(\varepsilon)^2}$$

Where $Z_{\frac{\alpha}{2}}$ = the two tailed critical value at 99 percent confidence interval (2.91).

p= probability of being poor in the region=0.3 (MoFED, 2012)

q= probability of being non-poor in the region =0.7

ε = marginal error between sample and population value of poverty = 0.01

$$n = \frac{z^2_{\alpha/2} pq}{(\varepsilon)^2} = \frac{2.91^2(0.21)}{(0.01)^2} = 17{,}783$$

The determined sample size was proportionately distributed to 41 rural, 26 urban woredas and 1 city administration in the region on the basis of their respective household sizes which leaves a sample size of 5,015 urban households to be taken for the survey.

3.4 Poverty measurement

Consumption as an indicator of welfare and cost of basic need approach (CBN) to fix poverty line is used in this paper. According to Jonathan and Shahidur (2009) consumption rather than income is viewed as the preferred welfare indicator for the following reasons since consumption better captures the long-run welfare level than current income; it may better reflect households' ability to meet basic needs; it reflects the actual standard of living (welfare); it is better measured than income; income is likely to be understated than consumption expenditure; income is so erratic and seasonal that it may be very difficult for respondents to recall.

The most widely used method of estimating poverty line is the cost of basic needs method (WB, 2005) because the indicator will be more representative and the threshold will be consistent with real expenditure across time, space and groups. According to this approach, first the food poverty line is defined by choosing a bundle of food typically consumed by the poor. The quantity of the bundle of food is determined in such a way that the bundle supplies the predetermined level of minimum caloric requirement. It is at least 2,200 KCa intakes per day that will leave an individual not to be poor (MoFED, 2012). The bundle that gives 2,200KCa is valued at regional average prices to get a consistent poverty line across the region. Then a specific allowance for the non-food goods and services consistent with the spending of the poor is added to the food poverty line[1].

3.5 Poverty Indexes

Kimalu et al., (2002) pointed out that one poverty measure that has been found manageable in presenting information on the poor in an operationally convenient manner is the FGT (Foster, Greer and Thorbecke) measure developed by Foster et al., (1984). This measure is used to quantify the three well-known elements of poverty: the level, depth and severity (also known, respectively as incidence, inequality and intensity) of poverty.

Mathematically

$$P_\alpha = \frac{1}{N}\sum_{i=1}^{n}\left(\frac{Z^T - Yi}{Z^T}\right)^\alpha \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 1$$

Where α takes vales of 0 (poverty incidence), 1 (poverty gap) and 2 (severity of poverty). ***N*** stands for total sample size and ***n*** for poor households. Poverty indexes are solved using Distributive Analysis/Analysis Distributive (DAD) software which is mainly designed for poverty and inequality analysis. Moreover, the software allows survey data to be weighted easily in case of oversampling of small populations and under sampling of large populations which are identified as common problems related to collection of survey data (WB, 2005).

3.6 Logistic Model Specification

Logistic regression is used to analyze relationships between a dichotomous dependent variable and independent variables of any form. Logistic regression combines the independent variables to estimate the probability that a particular event will occur, in this case the probability of the household falling below the poverty line or not.

Following Gujarati (2004) the probabilistic distributive function (PDF) of a household falling below the poverty line, P(Yi=1) is given by

$$P(Y_i = 1) = \frac{e^{Yi}}{1+e^{Yi}} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 2$$

To proceed further, we need the probability of the household not falling below the poverty line *i.e.* $P(Y_i = 0)$ and it is given by 1- $P(Y_i = 1)$

$$P(Y_i = 0) = \frac{1}{1+e^{Yi}} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3$$

When the ratio of equation 2 to 3 is calculated (the probability of an event occurring to the probability of non-occurring) , we get the odds ratio

$$\frac{P(Yi=1)}{P(Yi=0)} = \frac{\frac{e^{Yi}}{1+e^{Yi}}}{\frac{1}{1+e^{Yi}}} = e^{Yi} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 4$$

The logit equation can be obtained via taking the natural log of equation 4.

$$\ln(e^{Yi}) = Y_i = B_i X_i \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 5$$

Where B_i and X_i are set of parameters and explanatory variables respectively.

IV. Results and Discussion

4.1 Measuring and characterizing urban poverty in the region

A. Poverty lines and FGT Indexes of urban poverty in the region

The use of cost of basic need approach (CBN) to calculate the poverty line for the urban SNNPR results in Birr 4,230.10[2] and Birr 2,694.33 for total and food poverty lines respectively. More specifically, an urban household is classified as poor if his/her consumption expenditure for food and non-food is below Br. 4,230.10 and food-poor if expenditure on food is below Br. 2,694.33. FGT indexes are calculated and presented in the following table using the poverty lines already specified.

[1] For the detail, you can infer Ravallion and Bidani (1994).

[2] At time of data collection, the official exchange rate was 20.5Birr/1USD.

Table 1: Poverty incidence, gap and severity indexes for urban SNNPR in 2015

Item	Head count index	Poverty gap index	poverty severity index
Urban total (food+non-food) poverty	0.1802	0.0525	0.0231
Food poverty	0.1979	0.0665	0.0340

Source: Own calculation using SNNPR's BoFED Survey, 2015

For the year 2015, the proportion of urban population in the region who didn't expend to the level that matched with 2,200 KCa is equal to 18.02%. For the same period, the incidence of urban food poverty is a bit higher (19.65%) than the overall incidence of poverty that accounts for both food and non-food expenditures.

MoFED (2012) used a survey data collected in 2010/11 and estimated urban poverty incidence for the region and it was equal to 25.7%. With this figure, urban poverty incidence in the region has declined by 29.88% in the last five years which can be considered as a massive achievement in light of existing socio-economic context and resource availability especially capital.

The total urban poverty gap (5.25%) and severity (2.31%) are smaller than the food poverty gap (6.52%) and severity (3.31%) respectively. This entails that poverty incidence gap and severity are more pronounced in food than non-food consumptions. Though poverty incidence and gap have declined in the last five years by 26.97% and 8.9% respectively, food poverty severity which typical measures food consumption variations among the poor increased by 17.24%.

High inflation, lack of resources and pro-poor interventions (like urban safety nets...etc) may be mentioned as a potential reasons for rising urban poverty severity in the region.

B. Relative contribution to urban poverty severity: quintile presentation

For the first quintile (the poorest from the poor), poverty severity stood at 0.21 and this totally accounts nearly 61.56% of the total urban poverty severity. This quintile contribution is so high that the poorest from the poor are expending a meager portion of the poverty line. The value for this quintile is even higher if the poverty severity is referred only for food.

Moreover, if the poorest 40% are identified and lifted from poverty, severity of total urban and food poverty will reduce by 85.59% and 85.28% respectively.

Table 2: Decomposing urban severity of poverty: quintile presentation

Cumulative percentage of poor households	Severity of poverty (food+non-food) for the respective quintile	Percentage contribution to severity of poverty	Severity of food poverty for the respective quintile	Percentage contribution to food severity of poverty
20	0.205	61.56	0.276	61.538
40	0.080	24.02	0.1065	23.746
60	0.035	10.51	0.0485	10.814
80	0.012	3.45	0.016	3.456
100	0.002	0.45	0.002	0.446

Source: Own calculation using SNNPR's BoFED Survey, 2015

For both total and food severity of poverty in the urban SNNPR, the relative contribution in percentage terms dramatically reduces when the level of quintile increases and finally hit to 0.4% for the fifth quintile (the richest among the poor) which is significantly low. The implication is that those households around the poverty line are so close to it and eases the task of lifting them from poverty if small efforts are exerts to this end.

C. Where are most of the urban poor located in?

In order to target the poor, it is important to know where urban poverty incidence, gap and severity are high in the region. Moreover, among the advantages of the FGT poverty index is its decomposability which makes it possible to investigate poverty in more detail.

The use of a common urban poverty line of Br. 4,230.10 end up with the following FGT indexes in each of the zones, special Woredas and city administration found in the region.

Table 3: Urban poverty in various zones, special Woredas and city administration of SNNPR

Sr.No	Zone/Sp. Woreda/City adm.	Poverty Incidence	Poverty Gap	Poverty Severity
1	Gurage Zone	17.83	4.9	1.96
2	Hadiya Zone	8.7	2.17	0.7
3	Kembata T. Zone	29.3	8.28	3.22
4	Sidama Zone	15.18	3.66	1.34
5	Gedeo Zone	0.084	1.91	0.7
6	Wolaita Zone	37.55	13.34	6.66
7	South Omo Zone	35.84	15.73	9.4
8	Sheka Zone	11.29	1.28	0.3
9	Kafa Zone	14.98	4.5	1.8
10	Gamo Gofa Zone	16.27	3.51	1.4
11	Bench Maji Zone	20.81	6.5	3.2
12	Segen Area P. Zone	28.81	8.5	3.35
13	Dawro Zone	7.3	2.11	0.8
14	Silte Zone	15.17	2.89	0.7
15	Yem Sp. Woreda	28.57	8.58	3.5
16	Baskito sp. Woreda	28.13	8.11	3.3
17	Konta Sp. Woreda	8.33	2.22	0.8
18	Halaba Sp. Woreda	8.65	1.75	0.5
19	Hawassa City Adm.	18.01	5.55	2.3

Source: Own calculation using SNNPR's BoFED Survey, 2015

Wolaita zone, South Omo zone, Kembata Tembaro zone, Segen Area People zone, Yem special woreda, Baskito special woreda and Bench Maji zone have urban poverty incidence above the regional average of 18.02%. In terms of poverty gap and severity, all the above districts except Bench Maji zone, also surpass the regional averages of 6.52% and 3.31% respectively. As a result, it calls for researchers to work on why poverty is high in the aforementioned zones and special woredas since in this paper only those causes of urban poverty at regional level are emphasized. If a need further arises to prioritize targeting the highest poverty incidence, gap and severity, pro-poor programs and projects should immediately addresses South Omo and Wolaita zones.

4.2 Determinants of Urban Poverty in SNNPR: Econometrics Estimation

Researches in the past indicated variations in the forms and dimensions of poverty in categories such as rural-urban settings. While rural poverty is often marked by its connection with agriculture and land, urban poverty is said to be associated with heterogeneous economic and social factors/variables (Yassin,1997).

Variables in literature that determine urban poverty such as sex and age of household head, marital status of household head, family size, total dependency, education level of household head, in- migration to existing family members, saving habit, health status of households, energy source, and home ownership are considered in this study.

In the following table, I have presented the description of the explanatory variables, the type of the variable (dummy or continuous) and the expected impact a specific variable has on poverty status of the household, which took value 0 and 1 if the household is non-poor and poor respectively.

Table 4: Description of explanatory variables in the logistic model

Sr.No	Variable description	Variable representation in the model	Variable type	Values if the variable is dummy	Expected sign
1	*Sex of the household head*	*Dsex*	Dummy	0= male, 1= female	Negative
2	*Age squared of the household head*	*Agesq*	Continuous		Negative/positive
3	*Marital status of the household head*	*Dmart0*	Dummy	1=single, 0= married, divorced and widowed	Negative
4	*Marital status of the household head*	*Dmart1*	Dummy	1= divorced, widowed 0=married and single	Positive
5	*Number of family size*	*Famsize*	Continuous		positive
6	*Total number of dependants with in a household*	*Totdep*	Continuous		Positive
7	*Presence of in- migrants*	*Dmig*	Dummy	0= if there is no in migrant (a migrant joining the urban household), 1=if there is in-migrant	Negative/positive
8	*Educational level of the household head*	*Edulevel*	Continuous		Negative
9	*Saving*	*Dsav*	Dummy	0= non-savers, 1= savers	Negative
10	*Health status*	*Dheal*	Dummy	0= no ill member, 1= ill member	Positive
11	*Power source*	*Dpower*	Dummy	0= electricity used for cooking and lighting, 1=otherwise	Positive
12	*Home ownership*	*Dhomeon*	Dummy	1= rented, 0=otherwise	positive

From these variables the coefficients for marital status, family size, total dependency, education, saving habit, and source of energy were found to be statistically significant.

Table 5: Marginal effects after logit for analyzing urban poverty in SNNPR

Variable	Marginal effects (dy/dx)	std.Err	Z	P> I ZI
Sex	0.0125914	0.01751	0.72	0.472
Agesq	9.49E-07	0.00000	0.23	0.819
dmart0	-0.0346192	0.01955	-1.77	0.077*
dmart1	0.0534554	0.02546	2.1	0.036**
Famsize	0.0080417	0.00394	2.04	0.041**
Totaldep	0.0322051	0.00478	6.73	0.000***
Edulevel	-0.0090191	0.00103	-8.78	0.000***
Dmig	0.0138462	0.01716	0.81	0.42
Dsav	-0.0930372	0.01198	-7.77	0.000***
Dheal	0.0101317	0.01154	0.88	0.380
Dpower	0.1116519	0.01381	8.09	0.000***
Dhomeon	0.0106452	0.01018	1.05	0.296
***, **, * significant at 1%, 5% and 10% degree of precision respectively				
Number of observations	*5,015*		**Hosmer-Lemeshow test for goodness of fit**	
LR chi2(12)	*532.62*		*Hosmer-Lemeshow chi2 (8): 11.86*	
Prob > chi2	*0.0000*		*Prob > chi2 = 0.1574*	
Pseudo R2	*0.1133*		**VIF test for multicollinearity**	
			Mean VIF= 1.53	

Marital status

Marital status of the household head has economic implication on household's income level. Some literatures recommend that single headed households have high probability to escape from poverty than married. The assumption is that households headed by married individuals are supposed to be larger in family size. Large families in developed countries mean large labor force which in turn reduces the incidence of poverty. But in developing countries the reverse in most cases holds true in that larger households are associated with high incidence of poverty because many of the labor force are unemployed (Esubaleh A., 2006). The marital status (single) is statistically significant at 10 percent precision level. If the household head is single, the probability of this household falling in to poverty reduces by 3.46 percent compared to married, divorced and widowed households keeping other factors constant.

Marital status (divorced or widowed) of the household head is statistically significant at 5 percent level. Results from regression indicates that if the household is headed by divorced or widowed , the probability of falling in to poverty increases by 5.34 percent compared to household headed by married and singles. Household that headed by divorced man/woman divides resources into two and limits the household economic and social efforts from maximizing their welfare status. On other side, household headed by widowed man/woman potentially may lose the active labor force which significantly contributes to the household income and consumption.

Family size

The number of employed persons per household is often to be a good gauge of poverty. It is hypothesized that households with larger size have more probability of being falling into the poor category than those with lesser family size in developing country. As family size increases by one member, the probability of households falling into poverty increases by 0.80 percent.

Total number of dependants

The coefficient of total dependency is found to be positive and statistically significant at 1% level of precision. If one dependent person added in the household, the probability of household falling in to poverty increases by 3.22 percent. For large dependency, economically active population takes burden of supporting the large dependent group of population which substantially reduces the individual's income and consumption shares.

Education

The coefficient for education of the household head is found to be negative and statistically significant at 1 percent precision level. Citrus paribus, if schooling level of the head of household increases by one grade, the probability of household falling into poverty reduces by 0.80 percent. This is not a surprising result since a voluminous literature in both developed and developing countries documents the relationship between the lack of education and poverty. Educated labors have opportunities to get employment with good income, conduct businesses and any economic activities based on knowledge that are profitable enough.

Saving

Results of logistic regression in this study revealed that the coefficient for saving is found to be negative and significant at 1 percent precision level and implies that being a saver reduces the probability of falling in to poverty by 9.30 percent compared to non-savers keeping other factors constant. Households with practice of saving and credit utilization have better chance to escape from poverty because they have good ground to invest on profitable businesses and coping short term market shocks.

Source of energy

Results of logistic regression revealed that the coefficient for the variable is found to be positive and statistically significant at 1 percent level. If the household doesn't use electricity for lighting and cooking, the probability of such household falling into poverty increases by 8.20 percent relative to households having alternative energy source (electricity). Urban households especially students and females collect fire wood for lighting and cooking purpose. The situation will have an impact on effectiveness of students and environmental sustainability in addition to lose of economic time that reduces productivity.

V. Recommendations

The importance of pre and post marriage orientation is important to reduce the rate of divorce since poverty is high among these households. With regard to windowed, capacitating them via supplying resources at subsidy (eg: credit with lower interest rate) and training will help them to compensate the loss of active labor force from the household.

Since both larger family size and number of dependants cause households to be poorer, short term solutions such as use of family planning, reducing early marriage and long term solution of educating female should catch the attention of policy makers and development partners.

Education creates an opportunity to get formal sector employment, healthily children…etc. But there is a debate about the level of education that should be given so that it better hits poverty. If we are working with more capital constraints to deliver all levels of education desired by the society, it is better to opt for primary and adult education since they maximize the net return from societal point of view (Todaro, 2011). Interventions targeting to reduce direct and indirect costs of education and increasing accessibility of this service call for determined participation of not only government but also communities and NGOs.

The expansion of financial institutions, awareness creation, incentives should guide financial institutions' activity in order to increase the number of savers and amount of saving. The current remarkable effort of electrification should be further intensified and reliable in its supply since poverty reduces more due to use of it for both cooking and lighting.

The very urban poor have to be identified rigorously and supported by pro-poor projects and programs such as urban safety nets, subsidized food items...etc. Moreover, since education is commonly recommended as a plausible option to reduce inequality, the direct and indirect costs of it should be systematically reduced for the very poor via supporting education materials, financing cost of uniforms, providing assets to the family, school feeding…etc. Doing so will increase participation and reduce drop out from the school among the very poor.

Last but not least, the task of tackling urban poverty in the region should prioritize Wolaita and South Omo zones since both of them are characterized by higher incidence, gap and severity of poverty.

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