

The Somaliland Economic Conference

Poverty & Inflation



THE WORLD BANK

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Hargeisa



Background

- Following a request from the Ministry of National Planning and Development, the World Bank carried out a Somaliland Household and Enterprise Survey 2013.
- Two components:
 - Somaliland Household Survey (SHS) based largely upon the World Bank's Living Standard Measurement;
 - Somaliland Enterprise Survey
- Implemented by Kimetrica in close partnership with the Ministry of National Planning and Development.
- This presentation presents some findings from collaborative work between the World Bank and Ministry of National Planning and Development, using the Somaliland Household Survey.



Overview

- The Somaliland Household Survey allows a first look at the consumption and wellbeing of a representative sample of urban and settled rural Somaliland households
- Nomadic population was not included in this round but plans to survey them next year and add them into the estimates.

Overview

- Our findings:
 - The urban poverty rate in Somaliland is almost identical to the 26% urban poverty rate recorded in Ethiopia. Rural poverty in Somaliland is higher than in Ethiopia (38% compared to 30%).
 - Measures of inequality for rural and urban Somaliland are very similar, and suggest that Somaliland is quite unequal.
 - Somaliland fares relatively well in urban health services and literacy rates (urban and rural), but also evidence that increased access to health and education is needed, particularly in rural areas and for women.



The Somaliland Household Survey (SHS)

2013

- January – March: SHS conducted (data entered in the following months)
- July – December: Data checked, verified and processed. Capacity building on data analysis.

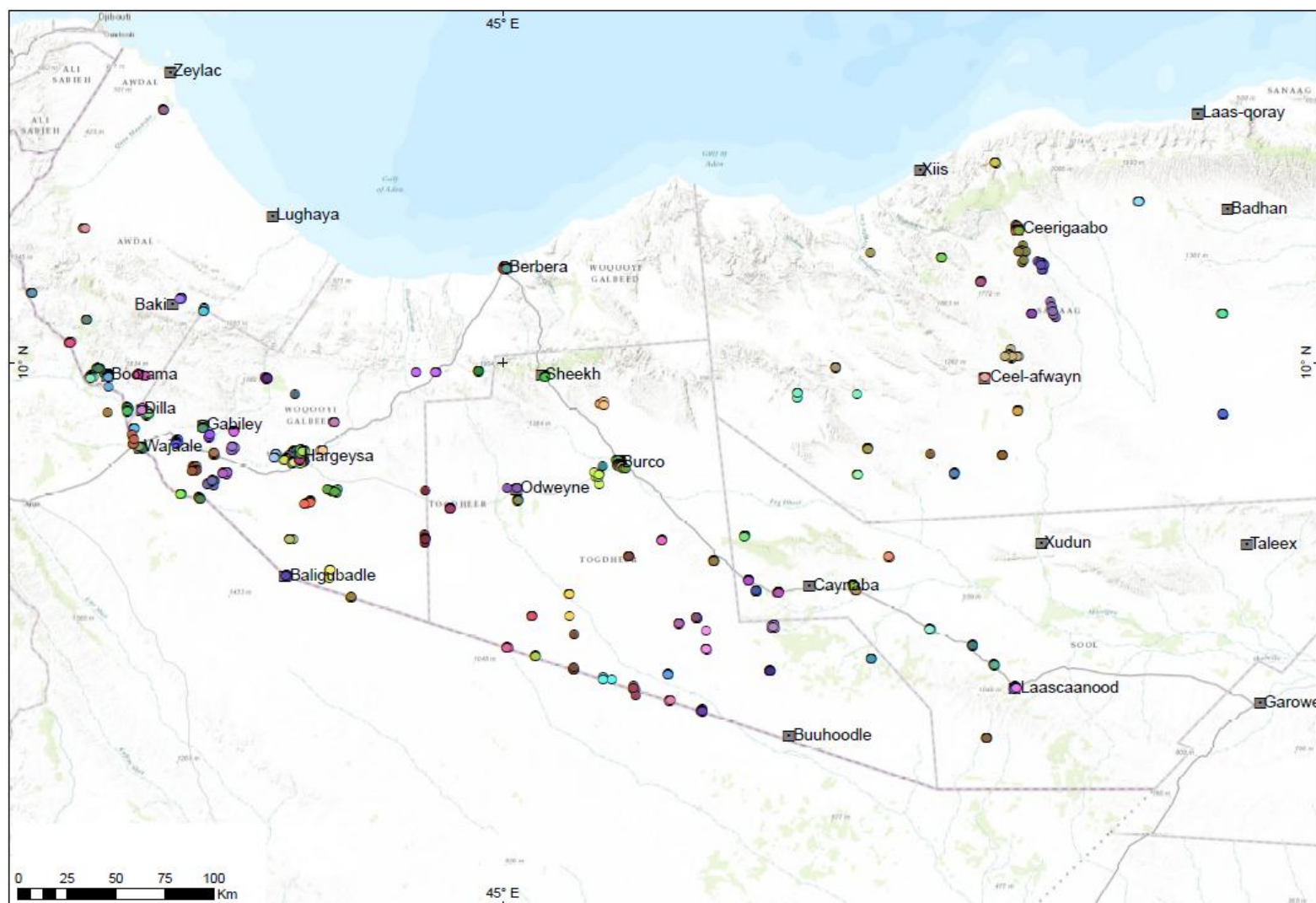
Sample:

Representative urban sample, and a fairly representative sample of settled rural households

- Urban areas selected using the census sampling frame
- Rural areas selected using polling station data, but some areas in the eastern parts of Somaliland could not be covered
- No IDP settlements or pastoral communities included



Map of sampled households





Using the SHS

Data was collected on:

- household consumption;
- ownership of assets;
- agricultural, enterprise and employment activities;
- educational attainment; and,
- access to basic services



Using the SHS

We present some initial results from this survey, particular focus on wellbeing:

- What can household consumption data tell us about poverty and inequality in Somaliland?
- What about other indicators of wellbeing: educational attainment, access to basic services?
- How does Somaliland compare to neighbors on international measures?
- What does household consumption tell us about inflation in Somaliland?



Poverty and Inequality in Somaliland



Methodology

Method used by national statistical agencies in many countries:

Part 1: Household consumption

- Household survey used to calculate how much the average household consumes
- Look at the distribution of consumption to look at inequality

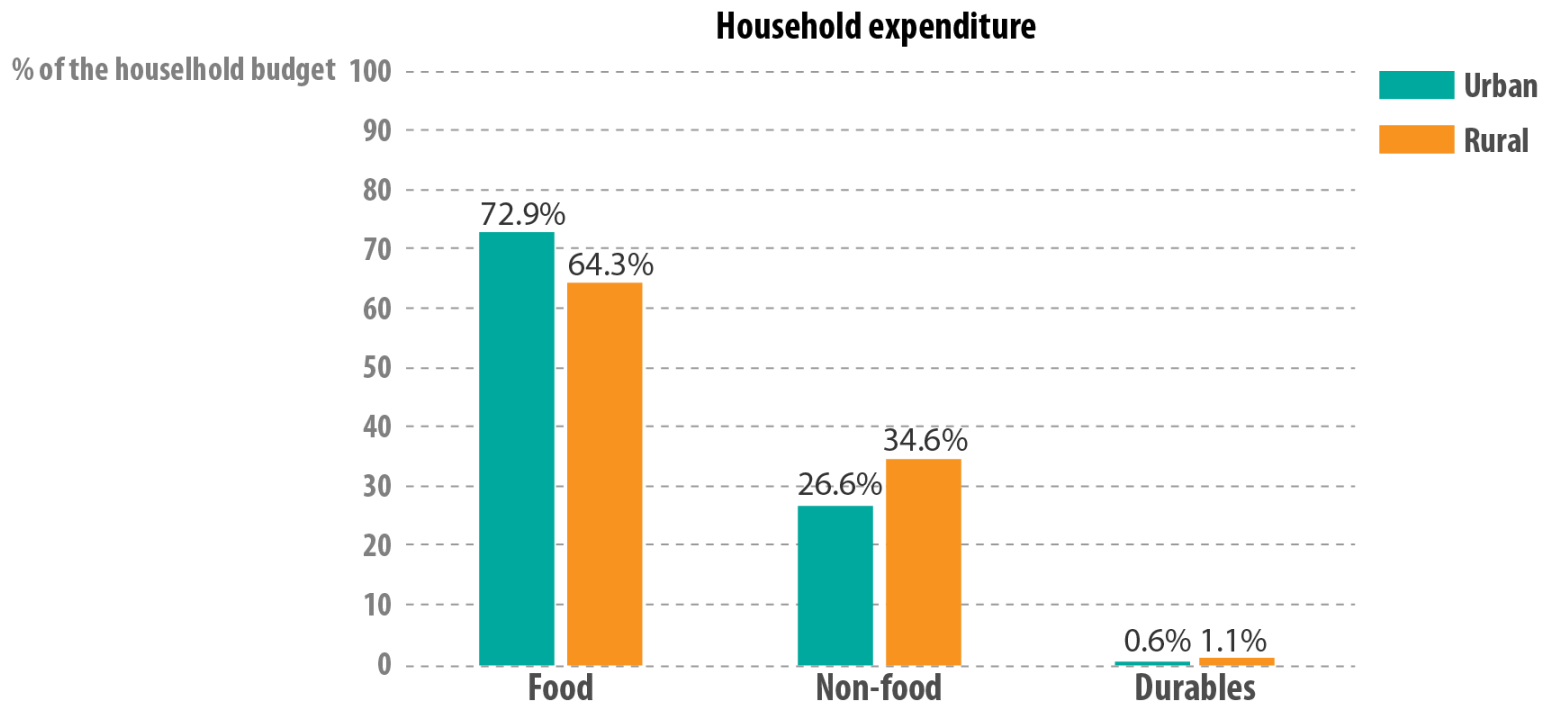
Part 2: Choosing a poverty line and counting the level and degree of poverty

- Define a poverty line: cost of consuming 2,100 Kcal per person in the household plus some non-food income
- What proportion of households fall beneath this line
- We do this separately for rural and urban Somaliland: we have a representative urban sample, and a fairly representative sample of settled rural households.



Household consumption

- **Food is the most important** consumed good
- Majority of food is purchased: very small proportion of food consumption from own production

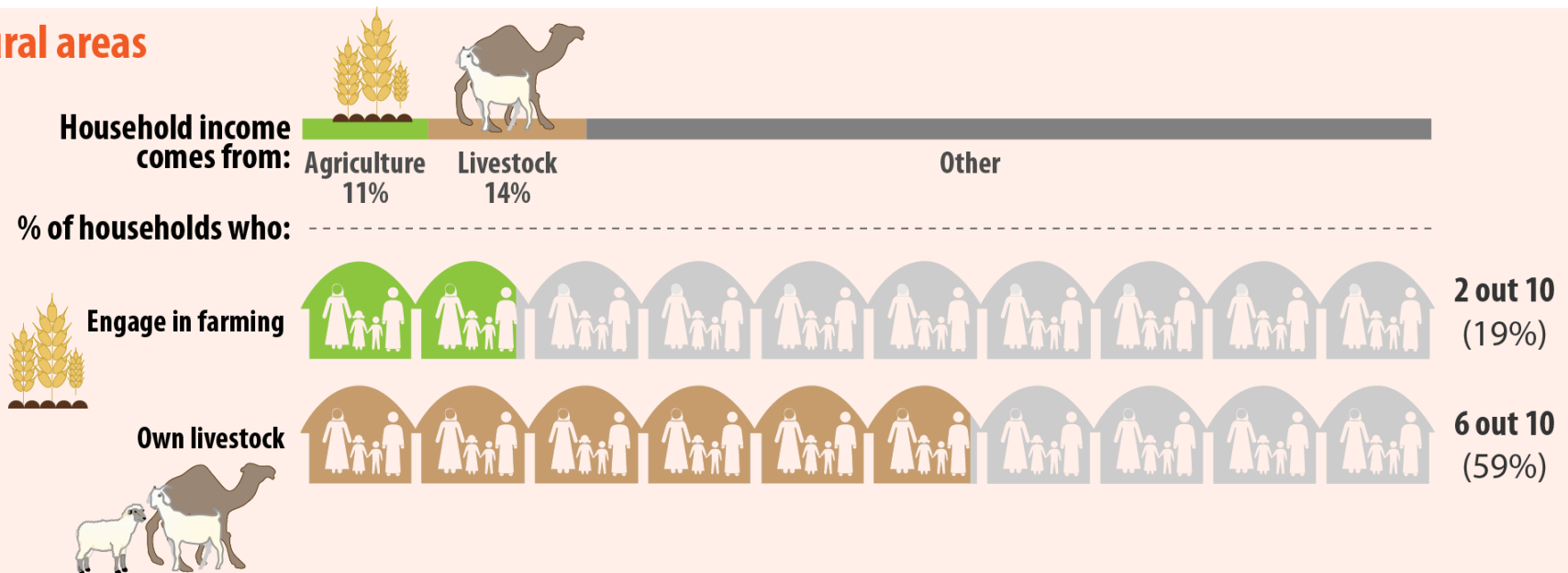




Household consumption

- Most food is purchased, because even in rural areas households are not specialized in food production
- Few households engage in crop farming
- More households own livestock even though cash income from livestock is quite low
- (Survey does not include pastoral communities)

Rural areas

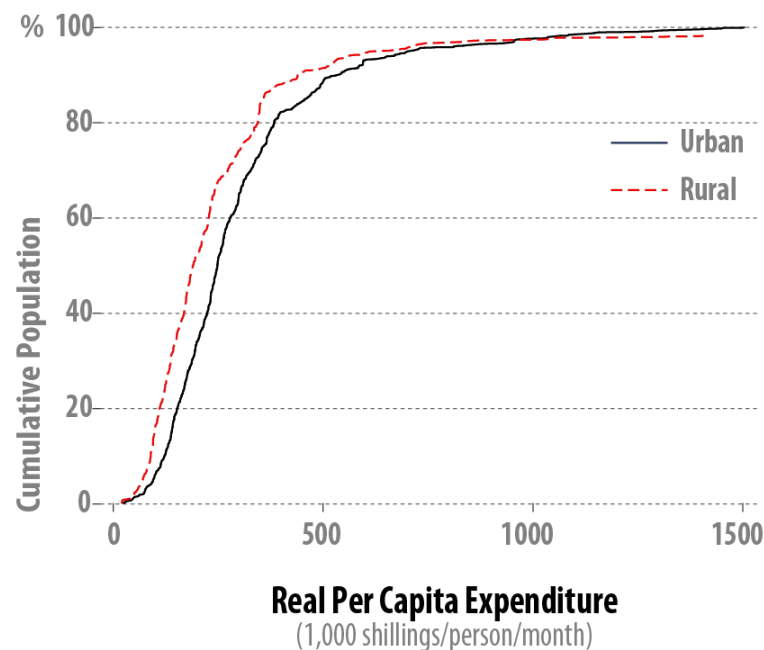
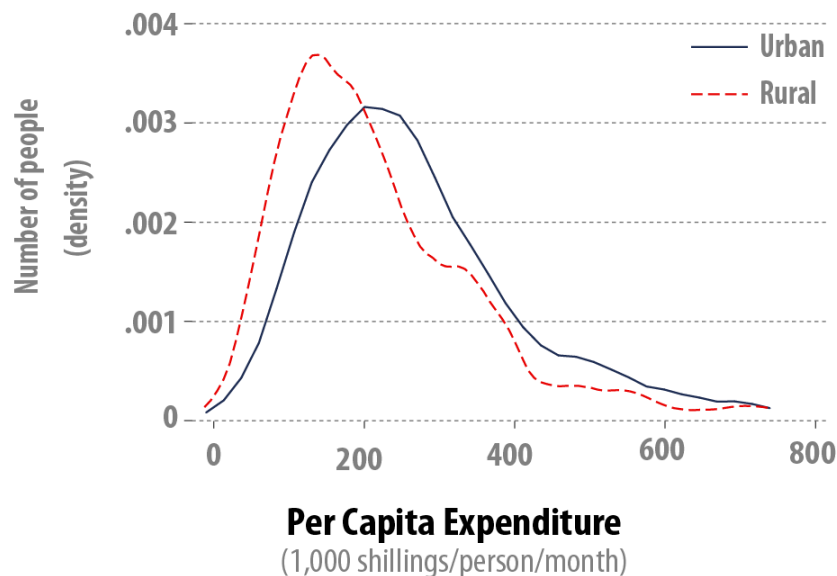




Household consumption in urban and rural Somaliland

At all points of the distribution, comparing urban and rural household consumption, **urban households are better off** than rural households.

Top 20% **Urban > Rural**
Median household **Urban > Rural**
Bottom 20% **Urban > Rural**



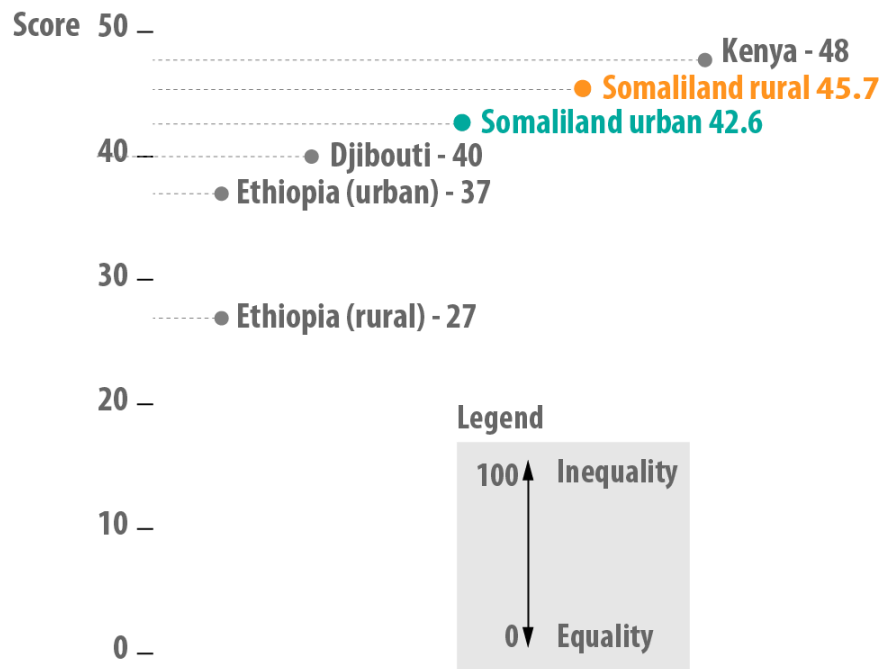


Inequality

Inequality is about the same in urban and rural Somaliland and high compared to neighboring countries.

Sector	Gini Coefficient	Quantile ratios	
		90 - 10	80-20
Urban	42.6	77.7	60.8
s.e.	-3.83		
Rural	45.7	81.8	67.8
s.e.	-4.6		

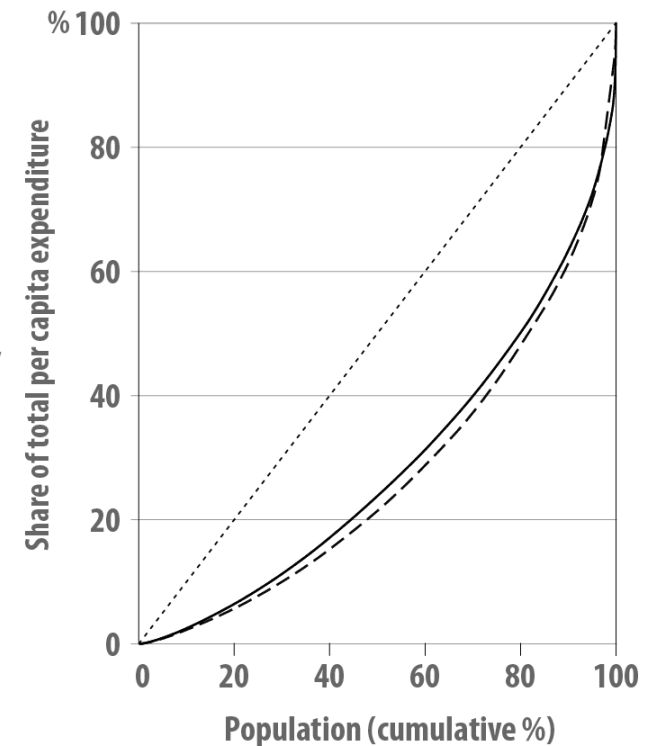
Gini coefficient



— Urban

- - - Rural

..... Equality





How many households have enough to meet their daily needs?

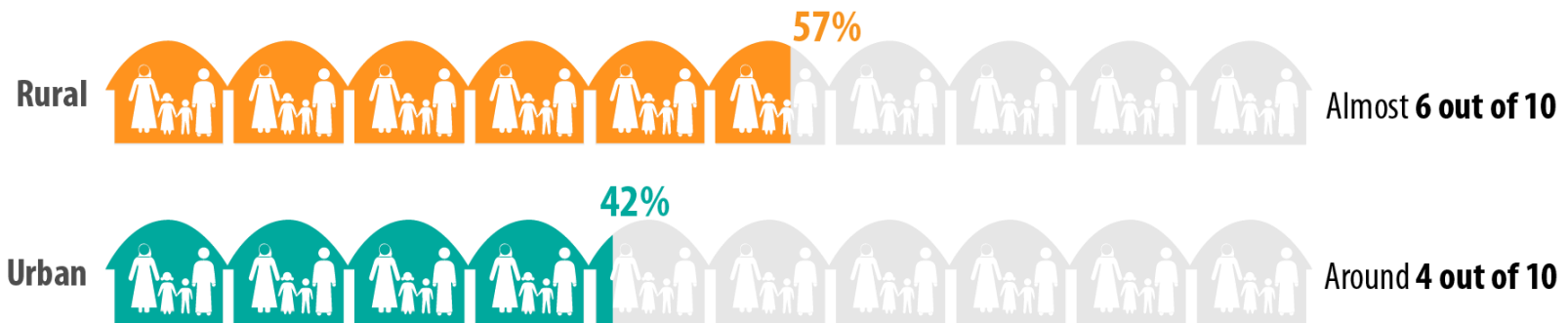
Daily needs:

- 2,100 Kilocalories per person per day
- Amount of money needed to buy 2,100 Kilocalories per person per day plus cover basic non-food essentials:
 - **Urban areas: 184,100 SLS** (USD 28.5) per person per month
 - **Rural areas: 162,800 SLS** (USD 25.2) per person per month
- Those with less than this are counted as poor



How many households have enough to meet their daily needs?

Proportion of households who consume **less than 2,100 Kcal** per person per day:



Percentage of **poor** households



Summary

- Households are wealthier in urban Somaliland, although urban and rural inequality are similar
- The majority of households have enough money to cover food and non-food needs:
 - Urban areas: 29% of households are poor
 - Rural areas: 38% of rural households are poor
- Poverty needs to be addressed, but inequality is also a major challenge



Other Indicators of Wellbeing

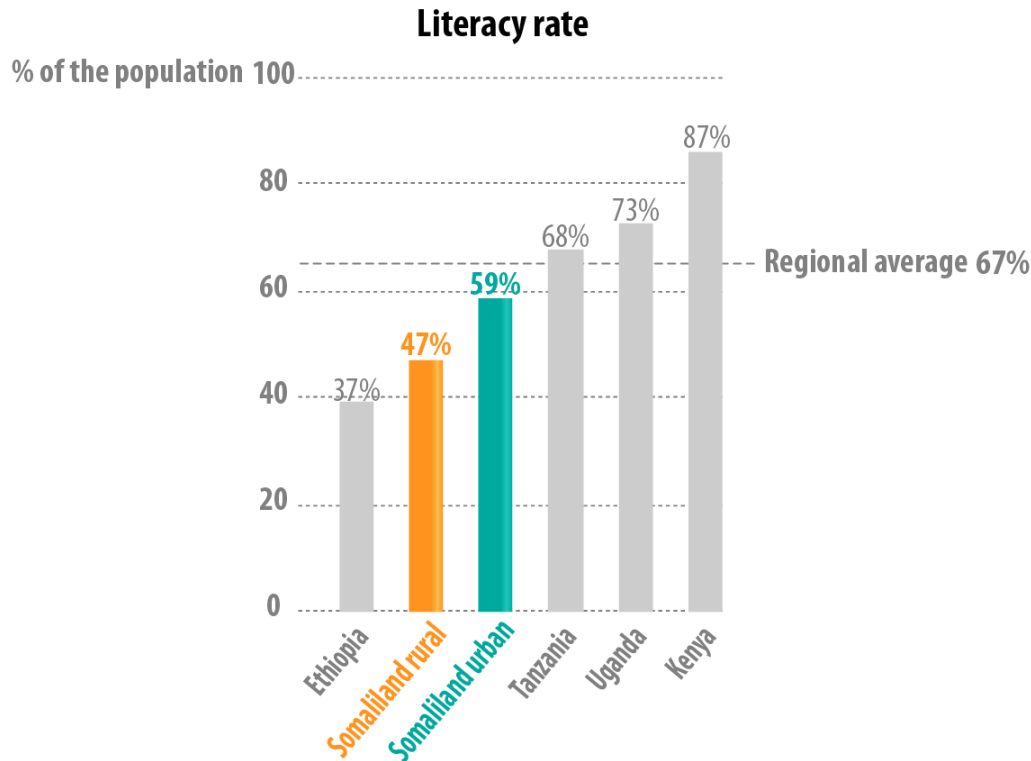


Multiple dimensions of wellbeing

- Household consumption is one dimension of wellbeing
- Education, health, access to water and sanitation are also important dimensions
- How is Somaliland faring on these dimensions compared to other countries in the region?
- Do we see disparities in other dimensions of wellbeing?

Literacy

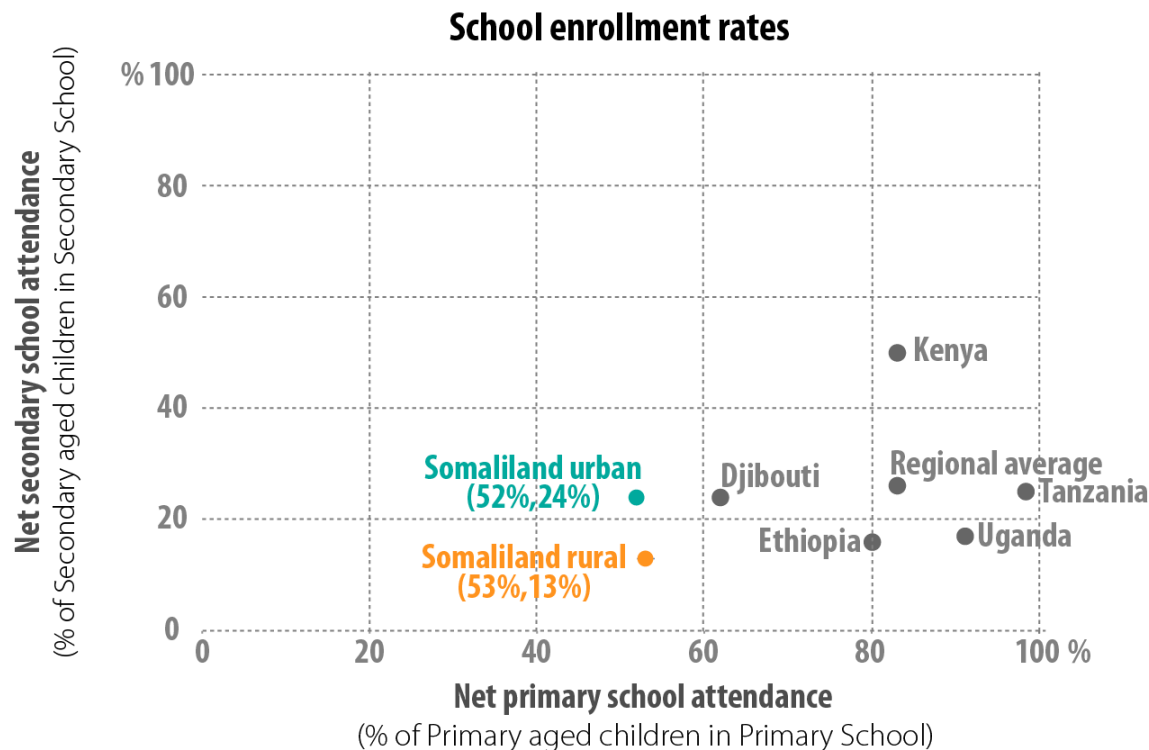
- Literacy is lower than the regional average, but higher than Ethiopia
- Rural literacy is much lower than urban literacy





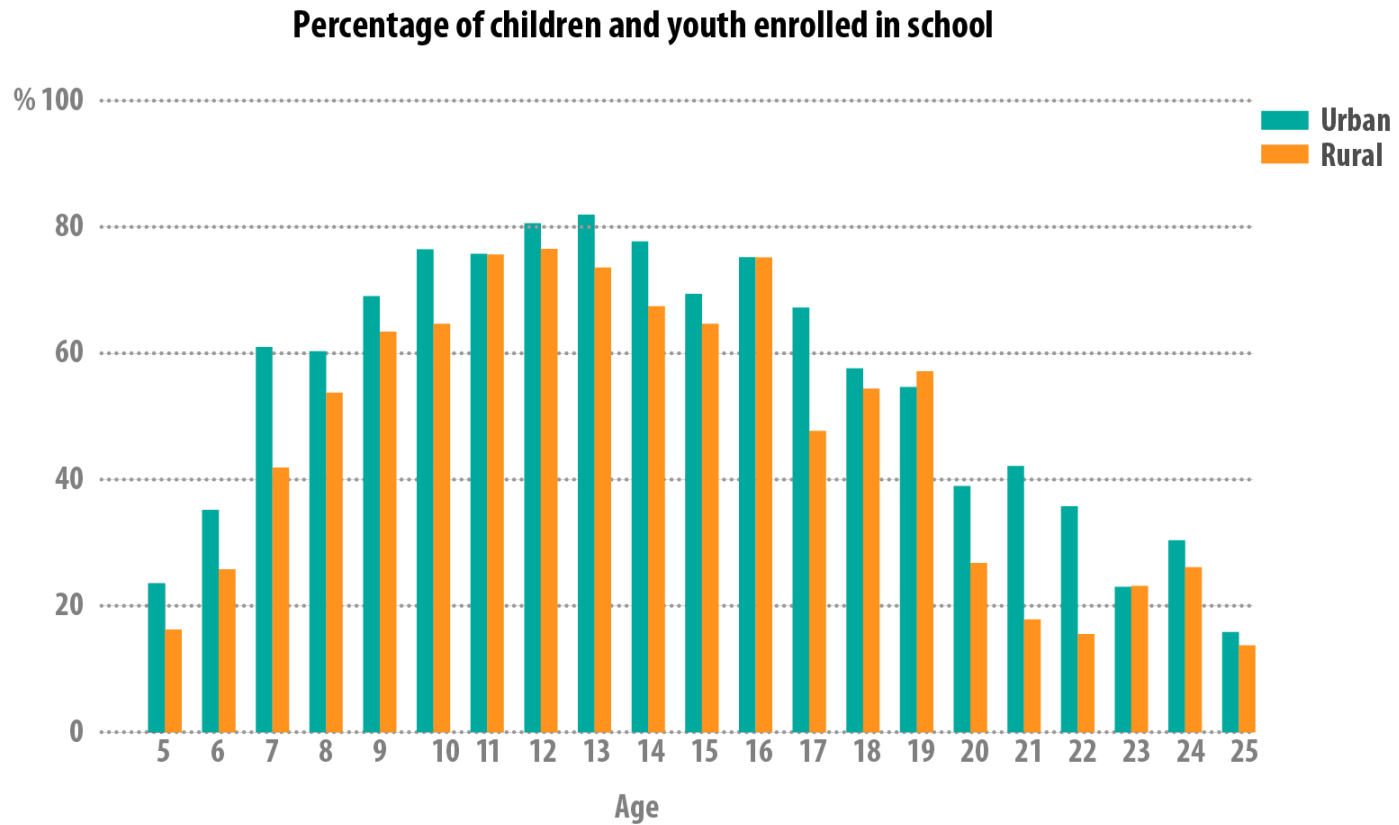
Enrollment is low, suggesting poor comparative literacy rates in the future

However, current enrollment is much lower than all countries in the region, suggesting that Somaliland will fall behind Ethiopia and further behind other regional neighbors



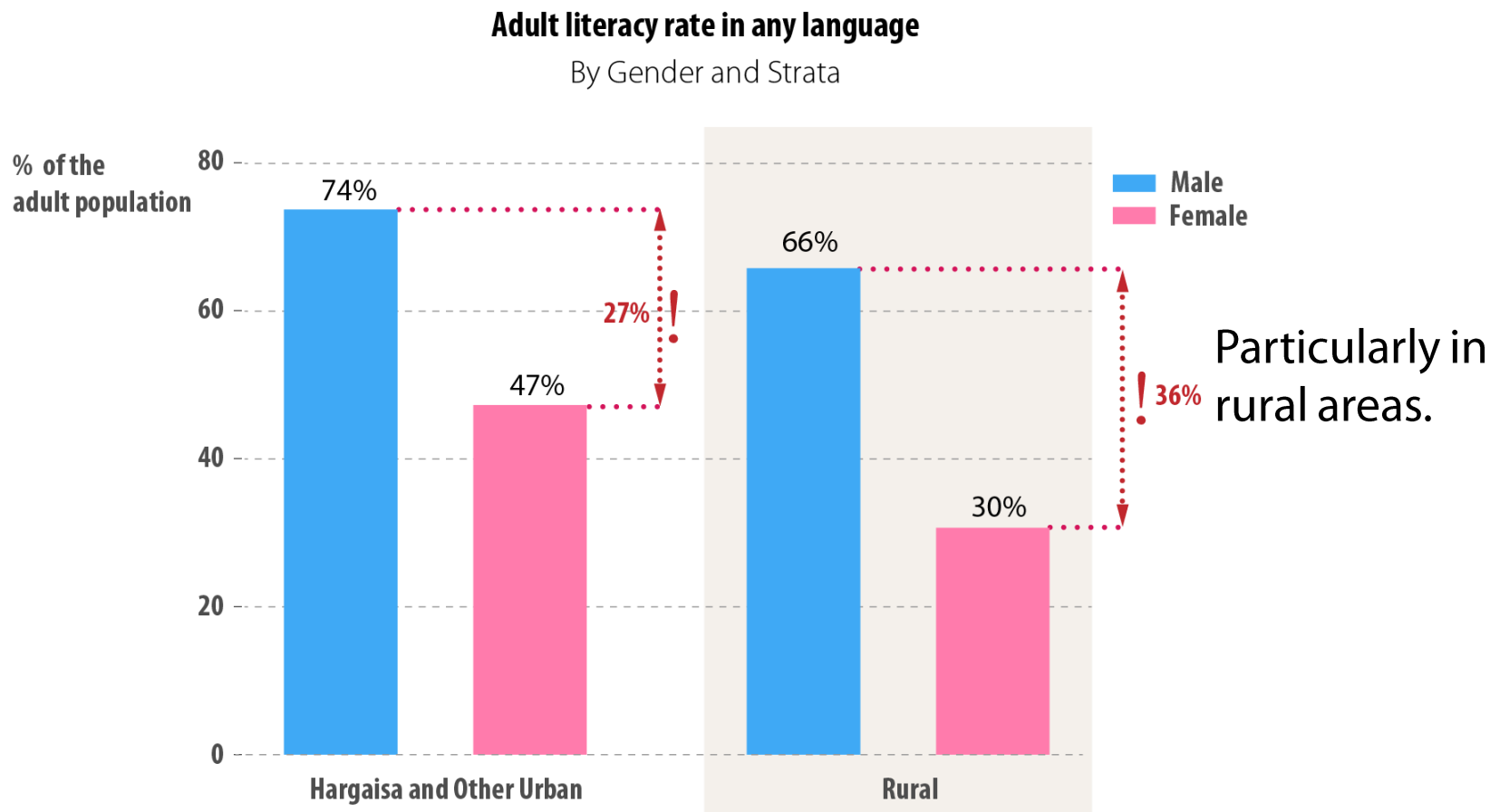


Rural and urban disparities in literacy will persist



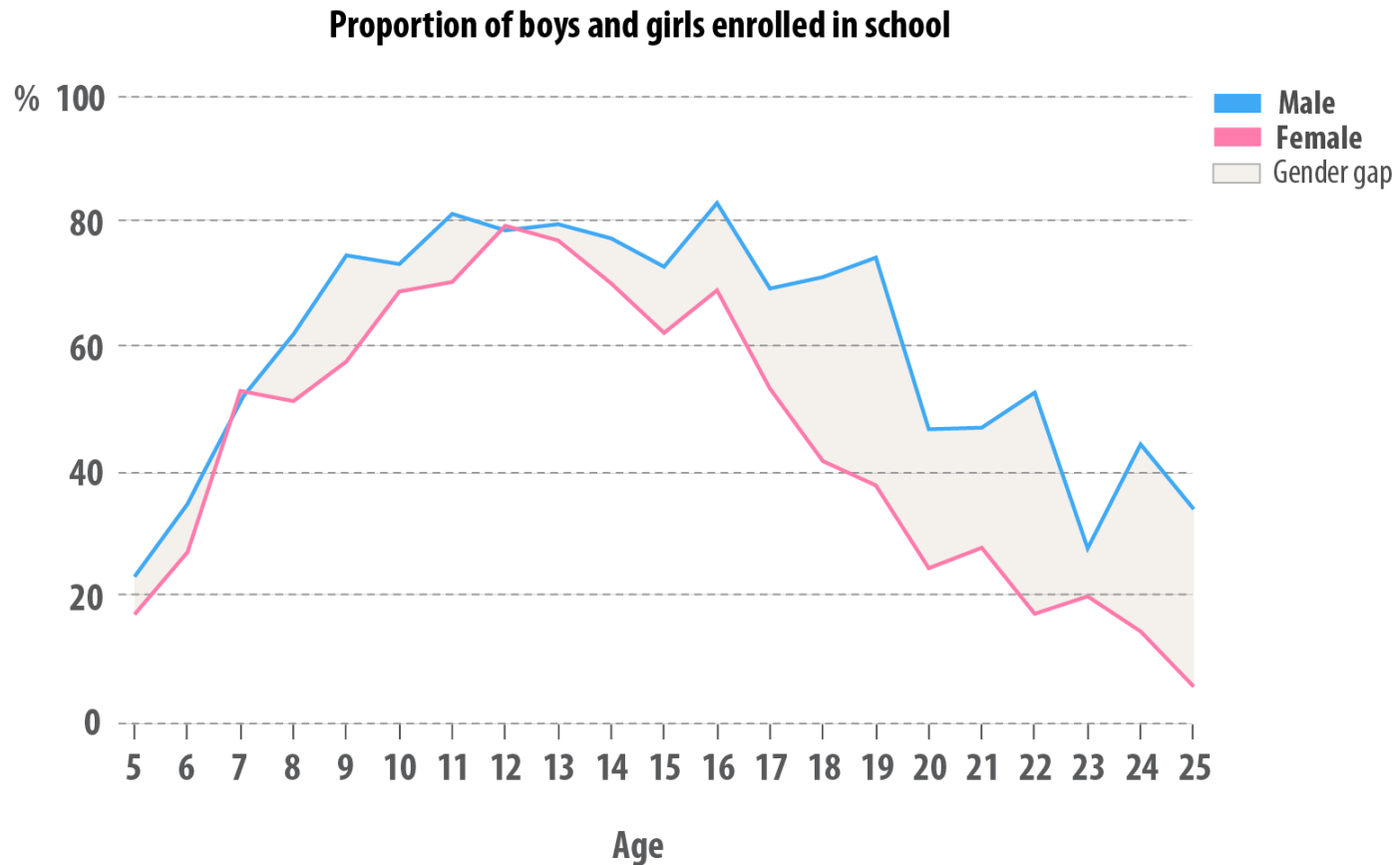


Gender disparities in literacy rates...





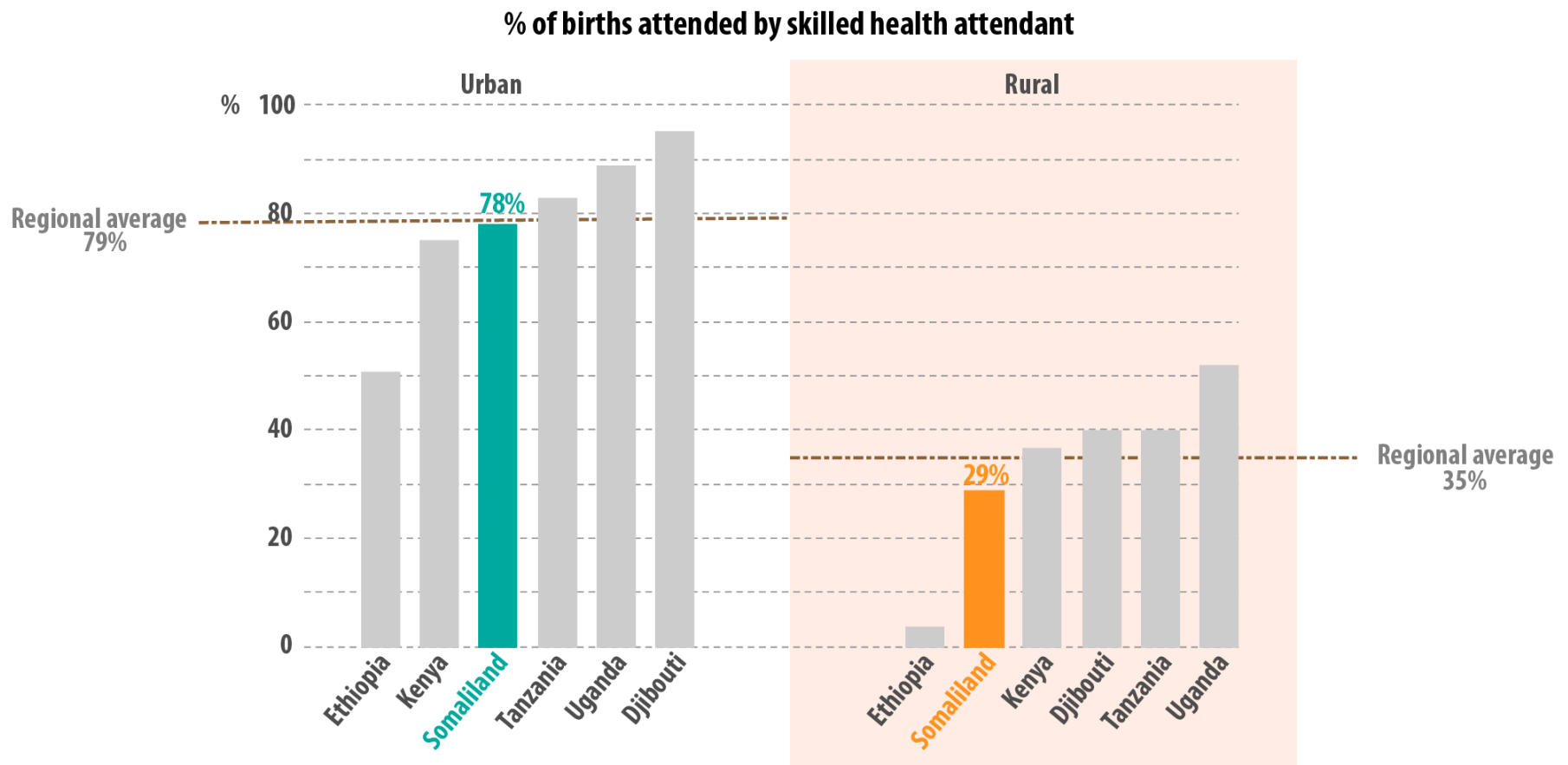
...are likely to persist





Health

Average access to health is comparable in urban areas, but lower in rural areas than neighboring countries (with the exception of Ethiopia)

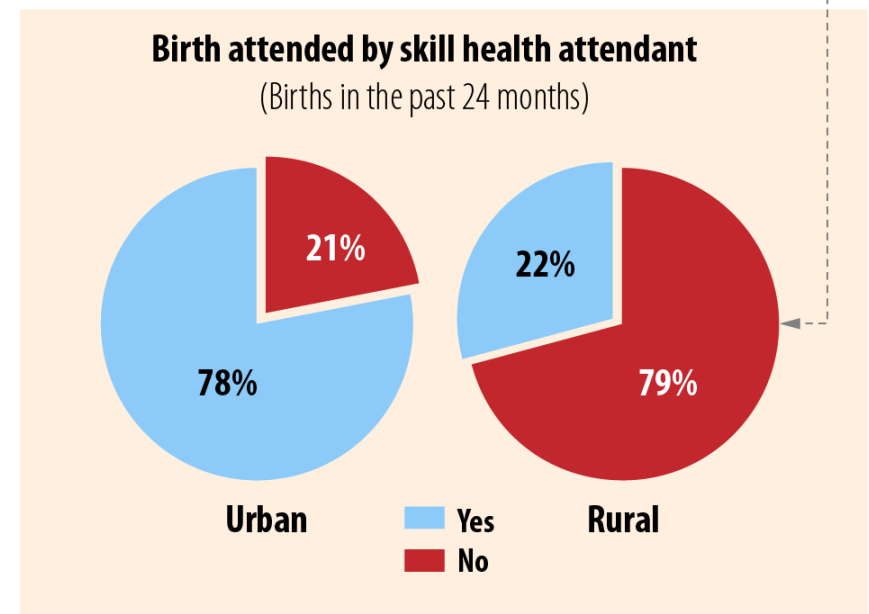
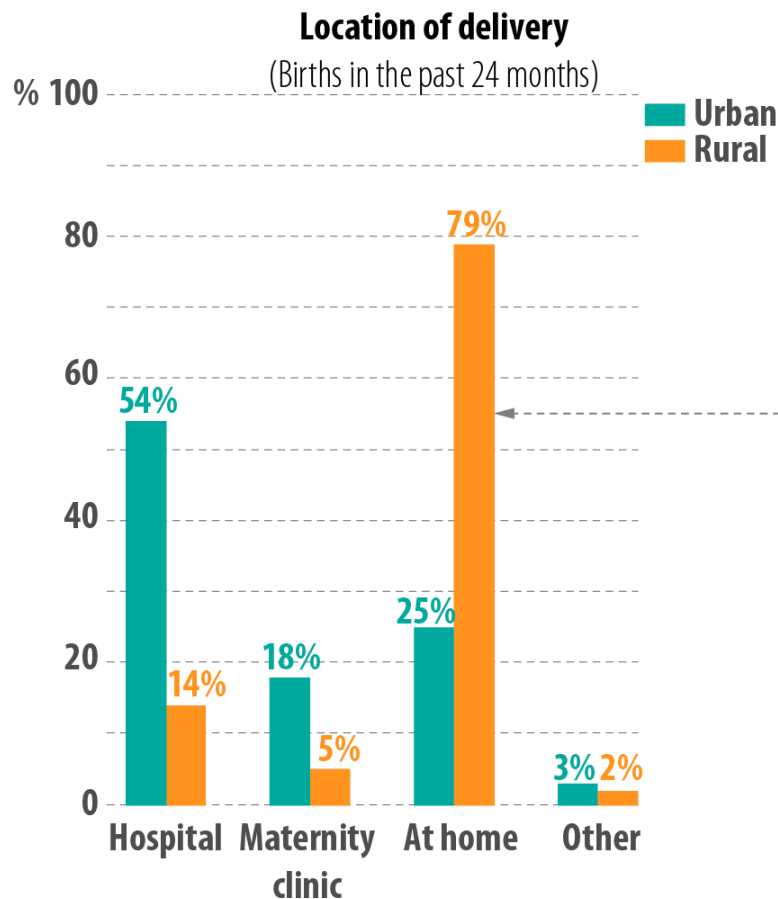




Health disparities

Large urban-rural disparities in access to health services. See for example birth location.

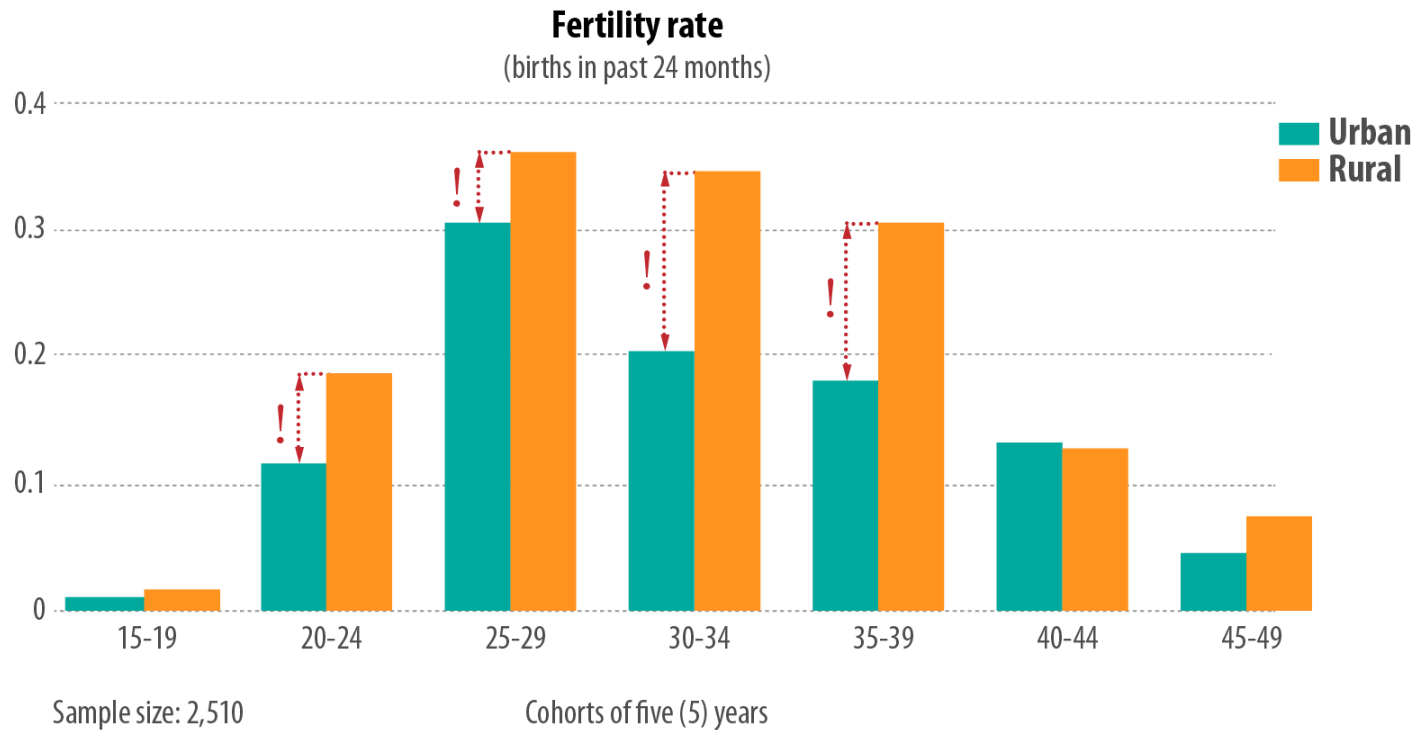
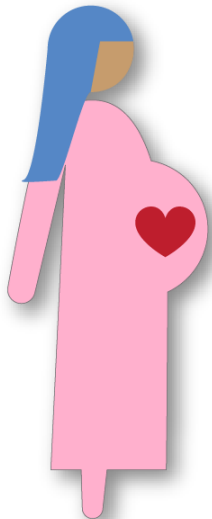
Most births are at home in rural areas and, as a result, are not attended by a skilled attendant.





Fertility

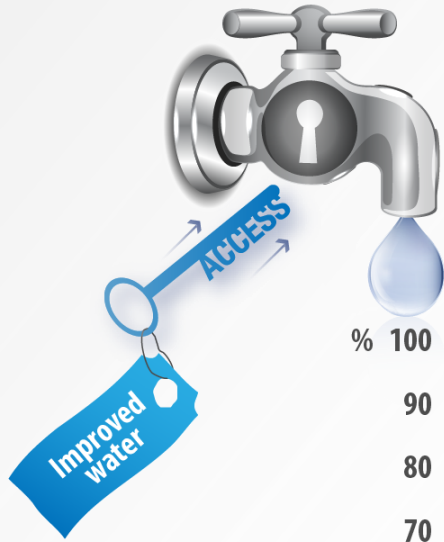
This is of concern given the much higher fertility rates in rural Somaliland



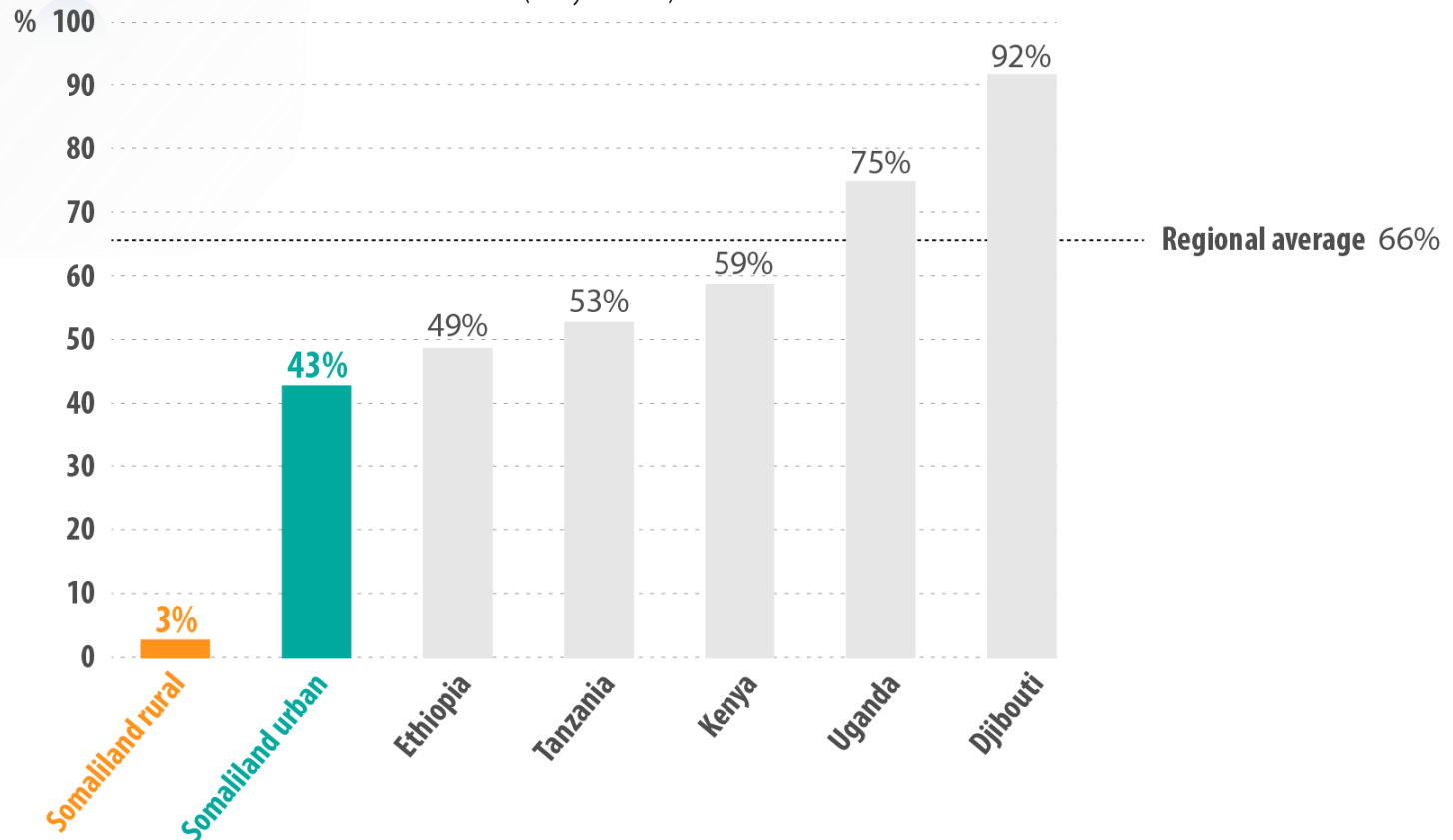


Water and sanitation

Access to improved water is much lower in Somaliland than in neighboring countries.



% of the population with access to improved water
(rainy season)





Summary

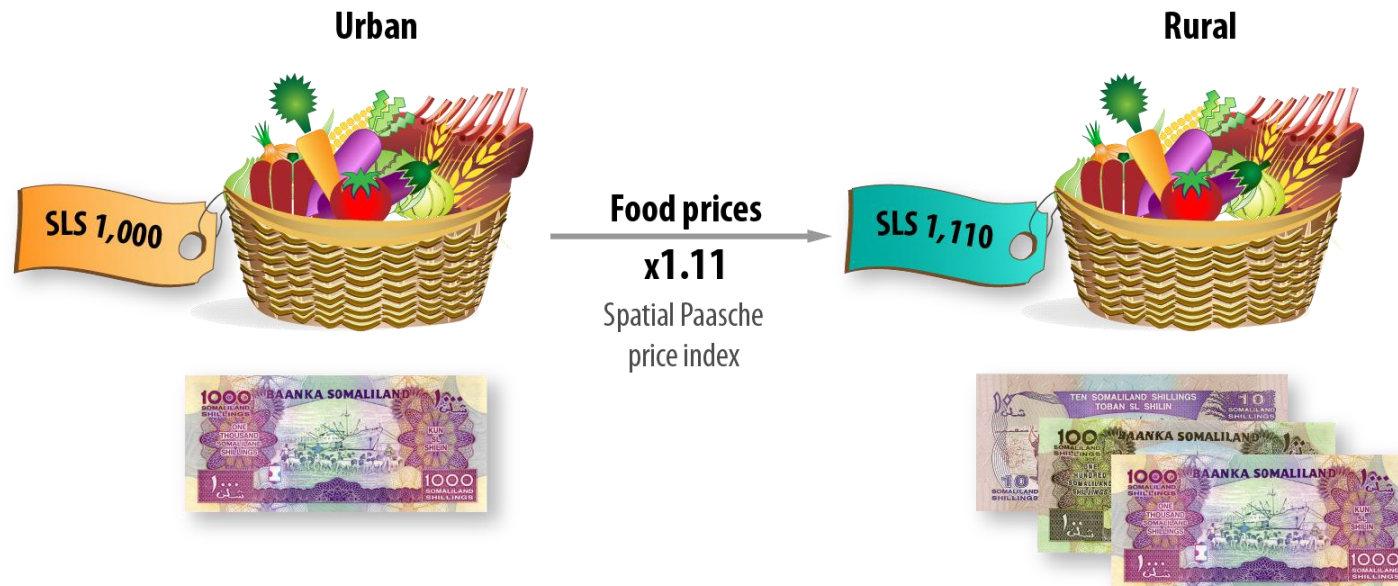
- On a few dimensions of wellbeing, **Somaliland fares relatively well in** comparison to neighbors:
 - urban poverty rates
 - urban health services
- However, **some trends are concerning** and merit a stronger policy focus:
 - High levels of inequality
 - Low enrollment rates in both rural and urban areas
 - Gender disparities in enrollment
 - Limited access to improved water
 - Access to health services in rural areas

Price Indices



Spatial variation in cost of living

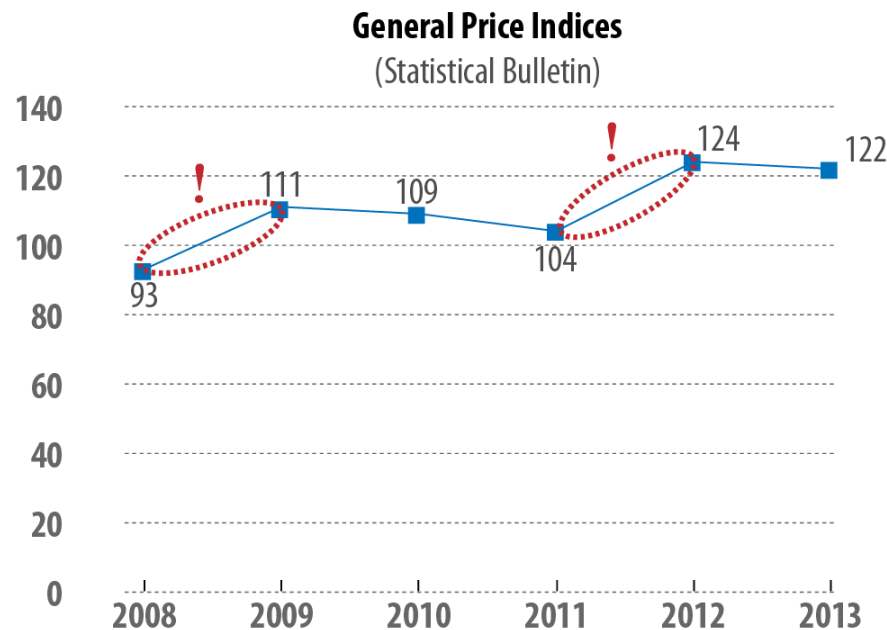
- SHS data used to compare the cost of living in urban and rural Somaliland
- Spatial Paasche price index shows that rural food prices are 1.11 times higher than urban food prices
 - ➔ Consistent with the idea that most food is purchased and much food that is consumed in rural areas is imported.





Inflation

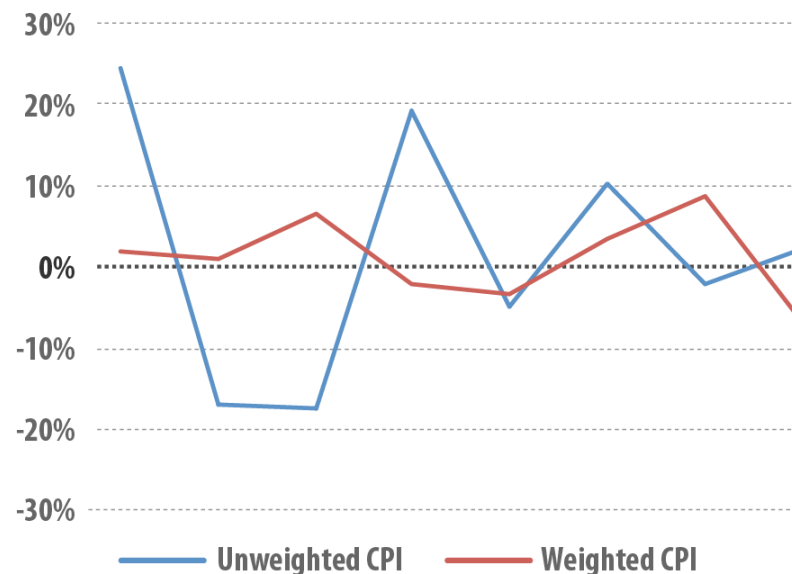
- Because most food is purchased, inflation is a big concern for many households
- The Ministry of National Planning and Development collects detailed price data in urban centers
- Price data indicates **sharp price increases in 2009 and 2012**





Inflation

- Inflation can be measured by the Consumer Price Index (CPI)
CPI: a measure of the average change over time in the prices of a market basket of consumer goods and services.
- Data on household consumption patterns can be used to estimate a CPI that reflects changes in prices that really matter to households.
- This can be quite different from unweighted estimates (e.g. Jan to Oct 2013)





Summary and Conclusions



Summary and Conclusions

1. **The SHS2013 has generated the first estimates of poverty and inequality** for urban Somaliland and large parts of settled rural Somaliland. Plans for survey of pastoralists.
2. **Urban poverty is 29%** in Somaliland, similar to urban poverty in Ethiopia. **Rural poverty is 38%.**
3. **Urban and rural inequality is similar, although urban households are wealthier than rural households.**
4. **Inequality is high**, similar to levels recorded during the last household survey in Kenya in 2005.
5. Somaliland fares relatively well in urban health services, but large urban-rural disparities in access to health services and much lower school enrollment than the regional average



Summary and Conclusions

- 6. Inclusive growth is required to address poverty**
 - Next step: further analysis on sources of income important for the poorest households.
- 7. A focus on how to address inequality in Somaliland, and ensure access to services for all, will be important to secure progress for all, and achieve shared prosperity.**
 - Next step: understanding the characteristics of the poorest households and inequalities in assets, access to services and markets.
- 8. Given that so much of household consumption is purchased, a better understanding of how to manage inflation, particularly food inflation, is important.**