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Cindy Holleman et Grainne Moloney

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## NOTE DE L'ÉDITEUR

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- 1 The current humanitarian disaster in Somalia is one of the worst in the world today, with 3.2 million people, or 42% of the entire population, in need of emergency livelihood and life-saving assistance. Somalia has suffered recurring humanitarian emergencies over the last 18 years; rates of acute malnutrition are above emergency levels, and chronic food insecurity affects the rural population. The current humanitarian crisis, however, is unique in that, for the first time, a significant number of people in crisis are urban poor, who are struggling to cope with sustained hyperinflation in food prices. The urban food crisis is widespread, affecting 25% of the total urban population, or 705,000 people, of which 565,000 are identified as in Acute Food and Livelihood Crisis (AFLC) and 140,000 in Humanitarian Emergency. In addition, according to UNHCR another one million people have been internally displaced.**

## Somalia's soaring food prices

- 2 Food prices in Somalia, both local and imported, are at record levels. Cereal prices increased by between 100% and 160% in 2007 and 130–190% in 2008. Although prices have since declined slightly, they are all still 450–780% above the long-term trend. Other**

imported food commodities, including basic items like vegetable oil and sugar, have also increased significantly in price.

- 3 Current levels of food price hyperinflation in Somalia are only partly attributed to rising global food prices. A net importer of cereals, Somalia imports roughly 60% of its food requirements, mostly rice and wheat flour. Although cereal prices follow similar increased trends, increases in Somalia not only exceed global cereal price increases, but the relative price differential has significantly increased over the last six months. For example, comparing international rice prices (white broken rice, Bangkok f.o.b.) with Mogadishu rice retail prices, the average price differential was .26kg/\$ during the period January 2007 to March 2008, but this increased to an average price differential of .61kg/\$ between June 2008 and December 2008. The cost of one kilo of rice more than tripled between January and June 2008, from 14,200 SoSh to 43,000 SoSh.
- 4 The food price crisis is magnified in Somalia due to a number of compounding macro-economic shocks, primarily driven by increased conflict and civil insecurity, the worst the country has seen since the collapse of the state in the early 1990s. The most devastating macro-economic shock is the dramatic devaluation in the Somali Shilling. Following uncontrolled and excessive printing of the local currency, notes began to flood the markets in 2007, rapidly increasing the local money supply and sending the value of the currency into freefall. The Somali Shilling depreciated by 145% against the US dollar in 2007 and 150% in 2008. This has made imports more expensive, and the increased costs have been passed on to consumers in higher prices.
- 5 In addition, the freight transport costs associated with importing commodities increased significantly in 2008, due to increased piracy in the waters off Somalia. Since early 2008, there have been over 100 pirate attacks, with 40 successful hijackings of cargo ships and freighters destined either for Somalia or passing through international waters nearby; 14 ships and over 200 hostages are currently still being held for ransom. Freight costs have increased significantly as a result of the greater financial risk and the costs of protective escorts. Although the recent spate of audacious hijackings has attracted international attention and prompted several countries, including France and India, to deploy military escorts and patrols, piracy off Somalia's coast continues. Within Somalia, increased civil insecurity and conflict, especially in southern and central regions, resulted in an increase in the number of road blocks and 'check points', with high levels of extortion and taxation. This has resulted in higher transportation costs involved in moving commodities from one location to another, leading to further inflationary effects.
- 6 There are other inflationary pressures on food prices in Somalia. The sustained increase in the price of imported rice, the main staple food for most people living in northern and central Somalia, has forced many to switch to cheaper locally produced cereals, especially sorghum. The cost of one kilo of rice more than tripled from 14,200 SoSh to 43,000 SoSh in the six months from January to June 2008. Locally produced cereal supplies, however, are significantly below normal, due to successive seasons of rain failure and drought, combined with inefficient and deteriorating irrigation infrastructure. Somalia's annual cereal production in 2007 and 2008 was 55% and 57% of the post-war average (1995–2007).
- 7 Increased demand for locally produced cereals has caused an unusual outflow from the southern parts of the country to areas in the central and northern regions. Low local cereal supplies, combined with increased demand, are thus causing additional inflation in cereal prices, such that sorghum prices increased by 130% in 2008, and are now 430%

above normal levels. Moreover, according to Somalia's 2008 Annual Cereal Balance Sheet, it is estimated that there is an overall cereal supply deficit of between 75,000 and 130,000 metric tonnes, due to below-normal domestic cereal supply and reduced commercial imports (80% of the five-year average). Overall, there are no reported cereal supply shortages in the country, and cereal remained available in markets throughout Somalia, albeit at significantly increased prices. Food aid, estimated at 299,000 metric tonnes in 2008, has played an important role in filling the overall gap in cereal supplies, and cereal flow analysis indicates unusual marketed cereal flows, including cereal food aid.

- 8 Although food prices declined slightly between October and December 2008, they remain at record levels. The weakened Somali Shilling, increased importation and shipping costs due to piracy, below-normal domestic cereal supplies and an overall cereal supply deficit are keeping food prices high and widening the differential between food prices in Somalia and global food prices.

## Declining urban purchasing power and food access

- 9 An analysis of high food prices alone is not sufficient to determine the overall impact on household food access. As emphasised by Amartya Sen in his food entitlement theory, a person's access to food is determined by their level of assets and income and the value of these on the market relative to the price of food. In March 2008, the FAO Food Security Analysis Unit (FSAU) of Somalia initiated a quarterly *Rapid Urban Emergency Food Security Assessment* in 29 towns throughout Somalia. The assessment was repeated in June 2008, October 2008 and January 2009 with an expanded sample of 38–48 towns. The purpose of the study was to measure the impact of hyperinflation on the cost of an urban minimum food and non-food expenditure basket (MEB) relative to the average income levels of the urban poor, in order to evaluate food access. Changes in income and expenditure patterns were analysed and expenditure gaps – the amount of the MEB poor households cannot afford – were estimated.
- 10 The MEB is based on three urban baseline livelihood studies. It represents a monthly 'minimum' set of basic items required by the urban poor, consisting of essential basic food items, such as sorghum, vegetable oil and sugar, comprising 2,100 kilocalories/person/day for a household of 6–7, and basic minimum non-food items, such as water, kerosene, firewood, soap and cereal grinding costs. To compare rates of increase an urban poor consumer price index was calculated as weighted averages of the percentage price changes for the minimum 'basket', with the weights reflecting relative importance in household consumption.
- 11 This index indicates significant increases in the cost of the minimum expenditure basket over the last 18 months, with the largest increases occurring in the north-east, centre and south (Figure 4). By March 2008, the cost of the minimum expenditure basket was 160%–201% of the cost in the previous year, and by October 2008 it was between 233% and 338%. This doubling and then tripling in the cost of the minimum expenditure basket is largely attributed to increased sorghum prices, as cereal constitutes the largest proportion (50%–60%) of the MEB. The highest rates of increase, 338% and 266%, occurred in the central and southern regions respectively.
- 12 The urban poor largely rely on casual unskilled labour in order to earn income. An analysis of labour wage rates over the last 18 months indicates that there has been an

overall inflationary impact on wage rates, as average wages have increased steadily since March 2007, by about 110%–130%. A similar inflationary effect is seen in livestock prices, the primary source of income for the largest rural livelihood group, pastoralists.

- 13 Wage rate increases, however, have not kept pace with commodity price increases, and as a result the terms of trade between cereal and daily wage rates (kilo of cereal per daily wage rate), a measure of the poor's purchasing power, declined sharply, by 40%–50% between January and June 2008. For example, in southern Somalia a daily wage bought only 4kg of cereal in June, compared to 7kg previously. As cereal prices began to decline between October and December 2008, the purchasing power of urban households began to improve, although it is still significantly lower than the post-war average (1991–2008).

## Distressed coping mechanisms and nutrition

- 14 With income unable to match basic food and non-food price increases alone, urban poor households have had to resort to multiple coping mechanisms, particularly financial assistance, in order to meet their basic minimum food needs. Social support networks are exceptionally strong and the most common forms of financial assistance for the urban poor are remittances and cash gifts, which increased steadily, by 159% and 565% respectively between March 2007 and December 2008. Loans and purchases on credit have also increased. Loans take the form of cash provided by relatives or extended credit from shops, and for both there is an expectation that loans will be repaid. Currently, most urban poor are heavily indebted and unable to repay their debts. Financial assistance is currently covering an average 15%–35% of the minimum expenditure basket for many of the urban poor in south, central and north-eastern regions. Without this, many urban households would not be able to meet the costs of their minimum food and non-food needs.
- 15 Urban households are also adopting a number of other coping strategies in response to the food price crisis. These include reducing non-food and some food purchases (cereal, sugar and oils), switching to cheaper foods (from imported rice to locally produced sorghum) or consuming lower-quality cereals. They have also been forced to remove their children from school and reduce their purchases of medicine.
- 16 To assess the impact of the food price crisis on the nutritional status of urban households, FSAU initially assessed anthropometric indicators as a component of the quarterly urban assessment. Mid Upper Arm Circumference (MUAC) was assessed in over 10,000 children in two rounds in March and June, from over 50 sites. The results indicated a varied picture without any strong correlation with the food security analysis. This is in line with recent reports including from Action contre la Faim (ACF) and the World Food Programme (WFP), whereby the implications of increased food prices on urban populations are more likely to be manifested through other indicators, such as micronutrient deficiencies as a result of reduced dietary quality. However, the lack of clear correlation could also be linked to a further constraint, namely the need for representative samples when assessing anthropometric status, which, when monitoring over 50 sites on a quarterly basis, proves difficult. Other, simpler tools that were also sensitive to the impact of the urban food prices at the household level, without the need for large samples, were required.

- 17 As a result, FSAU reviewed the indicators assessed and, for the October and December analysis, looked at dietary diversity and coping strategies employed at household level. The results indicated similar trends to those reported by ACF, where households chose less nutritious food, significantly reducing animal protein and relying on cereals and oils to meet their calorific needs. Overall, the numbers of households consuming fewer than four food groups per day – FSAU's definition of a poorly diversified diet – ranged from 20% to 60%, with the regions most affected also reporting the highest increases in food prices. Other coping strategies reported included skipping meals, borrowing food or eating in neighbours' houses. The overall number of households employing at least one of these coping strategies increased from 32% in October 2007 to 59% in October 2008.
- 18 Hyperinflation is reducing the ability of market-dependent households, especially the urban poor and IDPs, to access the basic food and non-food items their families require. The continuing urban food security crisis, ongoing since early 2008, is pushing urban populations into deeper levels of absolute poverty, further eroding their resilience and ability to cope and increasing their vulnerability to future shocks. In a population with such high levels of nutritional vulnerability, the impacts of shifts in consumption patterns can be extremely detrimental, leading to long-term negative effects on growth and development by increasing rates of stunting. The negative implications of these trends on economic development are well documented.
- 19 Emergency livelihood support is urgently needed for the urban poor in Somalia, who are in Acute Food and Livelihood Crisis and struggling to cope with significantly inflated food prices and declining purchasing power. The types of support needed could include public works programmes rebuilding urban infrastructure in return for cash or vouchers, increased safety net programmes, improved social services, educational support (school feeding, take-home rations, waivers for school fees), micro-finance (small business loans, subsidised basic services (rent, electricity, water, transport), food aid (food for work, supplementary feeding through health clinics)) and debt relief. Parallel interventions are also needed to rehabilitate water sources for human consumption, health and hygiene education, selective feeding centres where acute malnutrition rates are high, and support to local health services and mobile clinics. The current urban food security crisis is an opportunity to refocus attention on the critical need to rebuild Somalia's dilapidated towns and cities, while at the same time providing critical relief to the urban poor and reinvigorating the economic viability of peri-urban and urban centres.
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## RÉSUMÉS

La situation humanitaire actuelle en Somalie est des plus catastrophiques. 3,2 millions de personnes soit 42% de la population du pays a besoin d'une aide d'urgence. La Somalie a souffert durant les 18 dernières années d'une situation humanitaire désastreuse. La population rurale souffre d'une malnutrition chronique. Cependant, la crise humanitaire actuelle a un caractère unique du fait que, pour la première fois, la population urbaine est de plus touchée par une hyperinflation des produits alimentaires. La crise alimentaire urbaine est étendue et touche 25% de la

population urbaine du pays, soit 705 000 personnes. Selon le HCR, un autre million de personnes sont des déplacés internes.

## INDEX

**Index géographique** : Somalie

**Mots-clés** : Aide internationale, Crise humanitaire, Population déplacée

## AUTEURS

### CINDY HOLLEMAN

Cindy Holleman is Chief Technical Advisor of the Food Security Analysis Unit of Somalia (FSAU).

### GRAINNE MOLONEY

Grainne Moloney is the Nutrition Project Manager of the FSAU Nutrition Surveillance Project. For a full analysis of the current food security and nutrition crisis in Somalia, see the FSAU Special Food Security and Nutrition Brief: Post Deyr '08/09 Analysis, 11 February 2009, and the FSAU Technical Series Post Deyr '08/09 Seasonal Assessment Report, 29 February 2009, both at [www.fsasomali.org](http://www.fsasomali.org).