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The Cost of Inaction: Impacts of WFP Assistance Shortfalls on Food Security Outcomes in Somalia

Millions of Somalis face hunger and malnutrition due to ongoing conflict and climate disruptions. Somalia's food systems are strained by a combination of weather shocks, civil conflicts, environmental distress, increasing food costs, and limited infrastructure and investments (WFP Somalia Country Brief 2023). The United Nations World Food Programme (WFP) has been working extensively in Somalia, expanding its humanitarian activities in recent years in response to the severe drought of 2020-2023. In January 2023 alone, it distributed USD 45 million in cash and 7.1 MT in in-kind food assistance to 4.1 million people in the country, including vulnerable internally displaced persons (IDPs) and resident (non-IDPs) households. The soaring demand for humanitarian assistance is straining an already underfunded WFP. WFP estimated a funding gap of USD 378 million from November 2023 to April 2024, only providing food assistance to less than half of those people most in need (WFP Emergency-Somalia website).

Quantifying Inactions: Unveiling the Cost and its Ripple Effects

The study analyzed the potential consequences of reductions of up to 50% in WFP assistance to beneficiary households in Somalia. By combining LEWIE simulations and econometric analysis, it suggests how these cuts would impact the food security outcomes of not only IDPs and resident beneficiaries but also non-beneficiaries who do not receive WFP assistance.

The study seeks to answer two main questions:

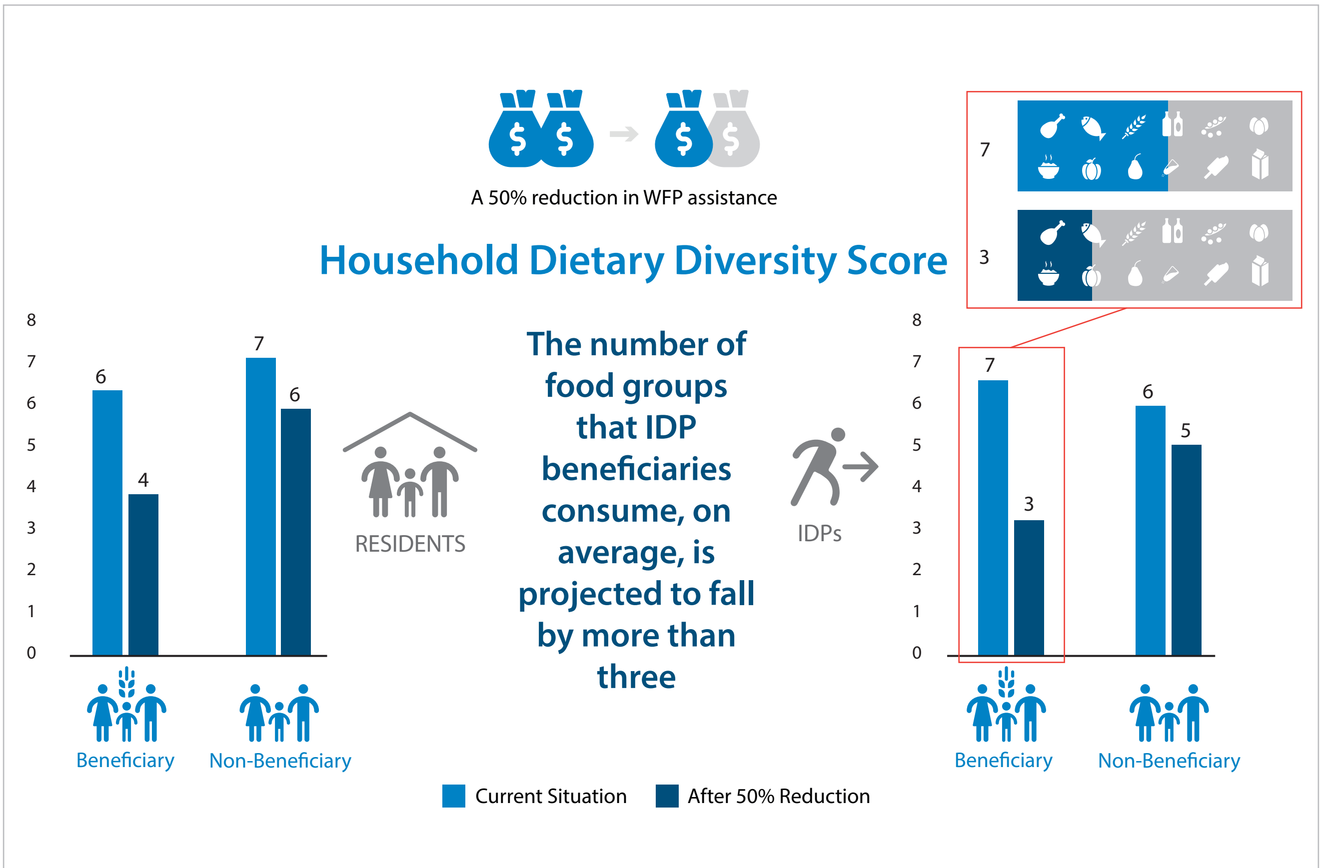
1. **What happens to the well-being and food security outcomes of people who receive WFP assistance (beneficiaries) if WFP assistance is reduced?**

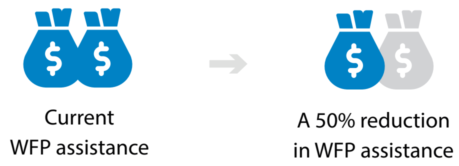
2. **Are people who do not receive WFP assistance (non-beneficiaries, both IDPs and residents) also affected?**

Findings: Projected Impacts of Reduced WFP Assistance

The study found that a 50% reduction in WFP assistance is likely to have large negative impacts on food security outcomes for both beneficiaries and non-beneficiaries:

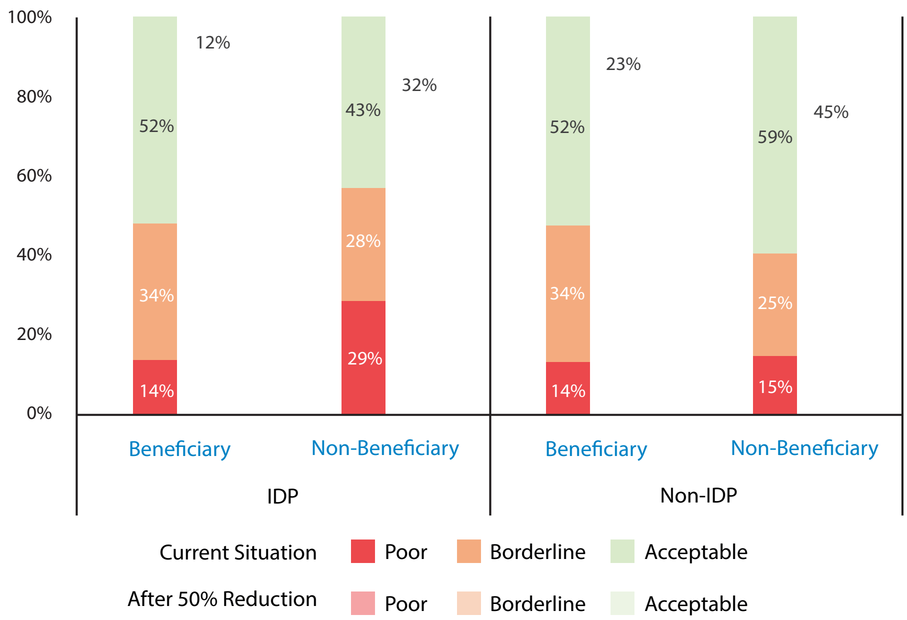
- Households with good dietary diversity tend to consume 10 – 12 food groups. IDP beneficiaries in Somalia already suffered from low food consumption on average tending to consume just 6 food groups. **Any significant reduction in WFP assistance will result in IDP beneficiaries being able to access no more than 3 food groups.** Such low levels of dietary diversity will have catastrophic consequences over the short, medium and long term. The groups that will be immediately affected will be children and pregnant or breastfeeding women.
- Equally alarmingly the dietary diversity of resident beneficiaries also sees a steep decline if assistance is curtailed and **these households will only be able to access 4 food groups**; with dire repercussions on nutrition, resilience and health.
- WFP assistance plays a critical role in maintaining food security for beneficiaries. **A 50 % reduction in funding is likely to result in a 20% increase in the number of IDP beneficiaries who are not consuming adequate diets (Borderline and Poor).** Negative income spillovers affect the food security of non-beneficiaries. Their Food Consumption Score (FCS) is predicted to decrease, with a significant portion falling into the "borderline" dietary adequacy range.





FCS Status Curent Situation and after 50% Reduction in Assistance

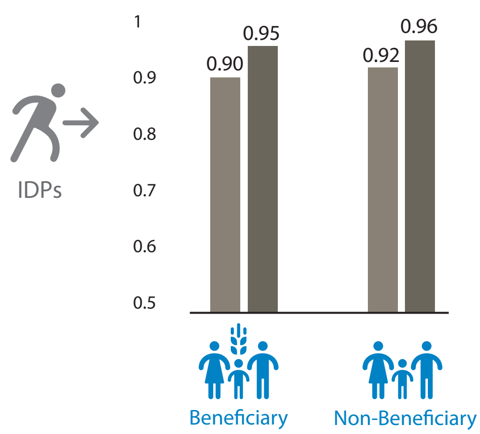
A 50% reduction in WFP assistance causes between 29% and 40% of beneficiaries to fall from "Acceptable" food consumption to "Borderline and Poor" food consumption



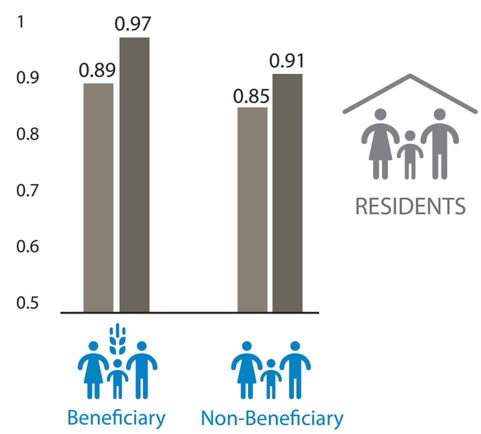
Vulnerability to food poverty is expected to increase for all households due to income losses. This is especially concerning, as all groups already have a high baseline vulnerability.

A 50% reduction in WFP assistance

Vulnerability to Food Poverty



All household groups start with high Vulnerability to Food Poverty (VFP), which increases after a 50% reduction in WFP assistance

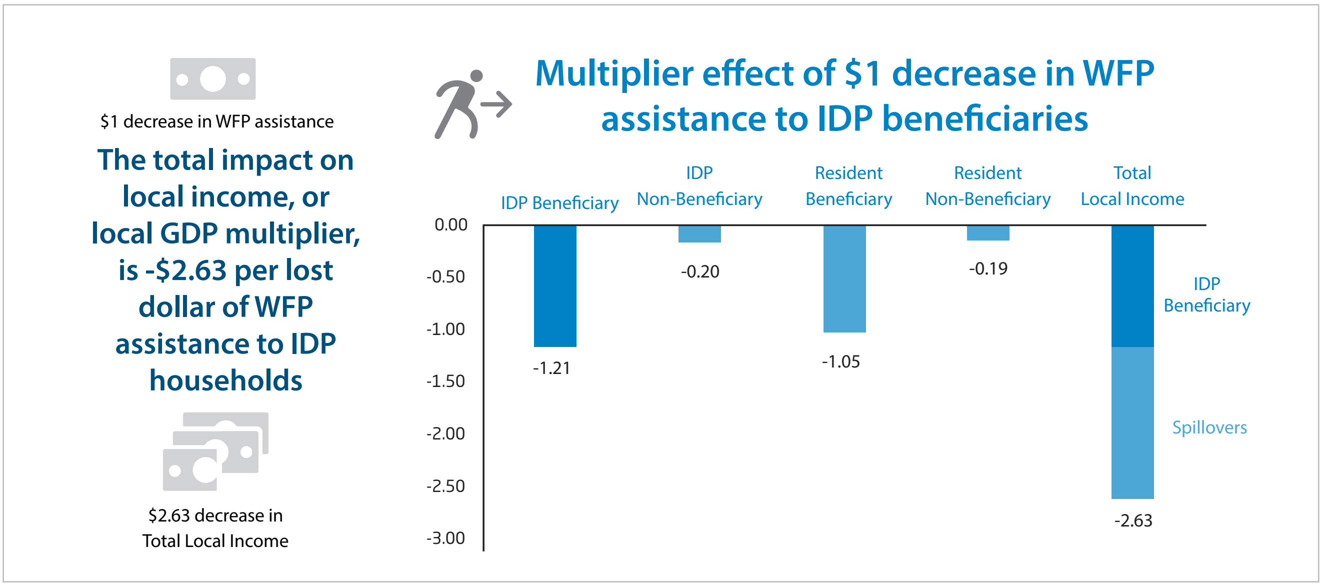


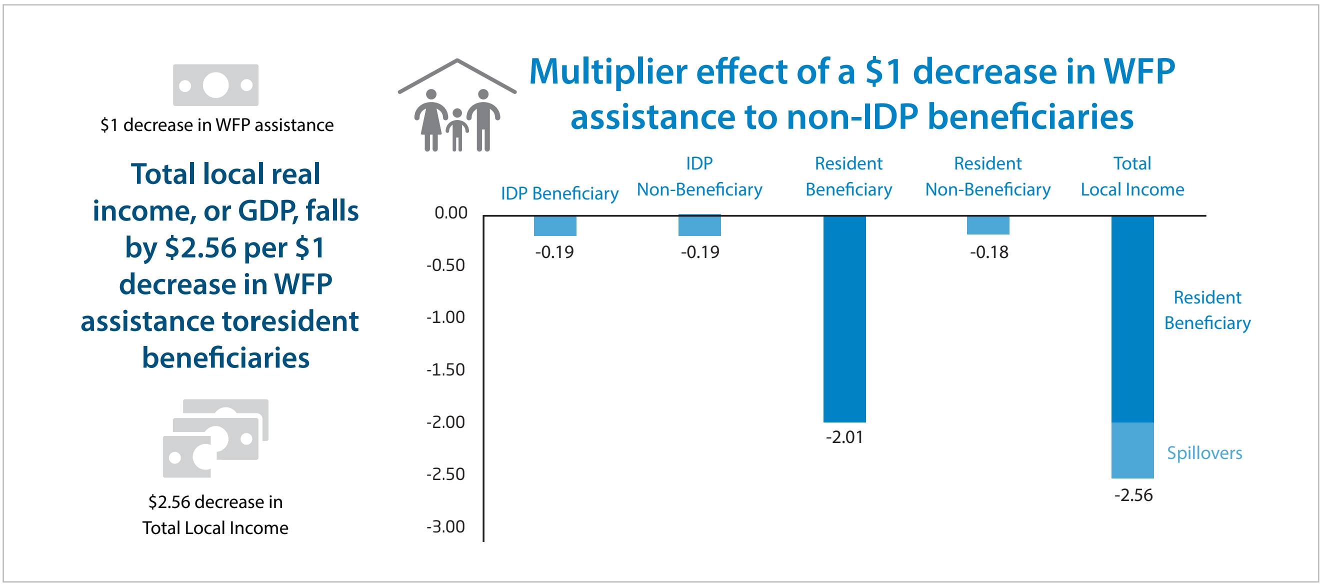
Current Situation After 50% Reduction

A $1 reduction in WFP assistance to beneficiaries is projected to decrease the incomes of both beneficiaries and non-beneficiaries. Total local real income, or GDP, falls by $2.56 to $2.63 per $1 decrease in WFP assistance.

Local income spillovers magnify the negative effects of WFP cuts on food security outcomes:

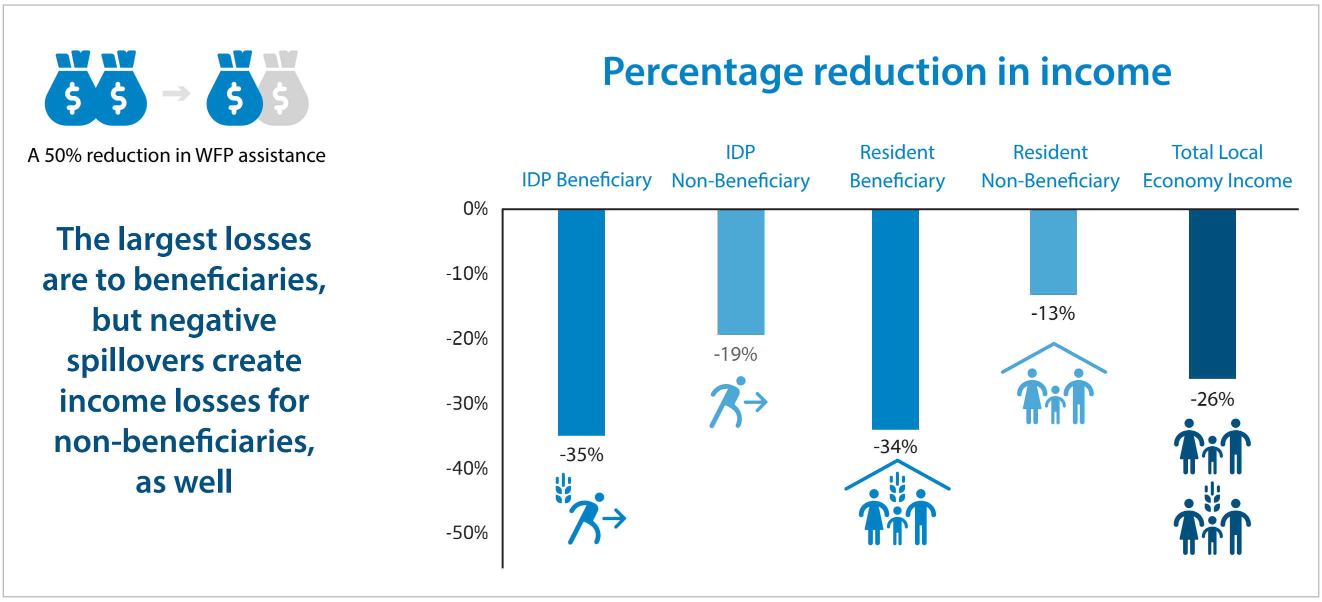
- A decrease in WFP transfers leads to lower real (inflation-adjusted) income for both beneficiary and non-beneficiary households. This happens because beneficiaries lose direct WFP support, and the local economy contracts due to reduced spending by beneficiaries. Economic contraction spreads the negative impacts to non-beneficiaries.
- The negative spillovers will happen whenever cuts are applied to WFP beneficiaries, regardless of whether they are IDPs or residents. **Each $1 reduction in transfers to IDP beneficiaries lowers their income by an estimated $1.21. Negative spillovers reduce the income of resident beneficiaries by $1.05, IDP non-beneficiaries by $0.20, and resident non-beneficiaries by $0.19. The total impact on local income, or local GDP multiplier, is -$2.63 per lost dollar of WFP assistance.** A similar pattern of direct and indirect impacts results from a $1 decrease in WFP assistance to non-IDP beneficiaries, with a total local income loss of -2.56. The largest negative impact is on the group that loses WFP support, but the negative spillovers to the other groups are significant in all cases.





- The impact of a 50% reduction in WFP assistance is projected to be most severe for IDP beneficiaries, who suffer a 35% income loss in real or inflation-adjusted income, followed by non-IDP beneficiaries, who lose 34%. Non-beneficiary households experience income losses of 13-19% because of negative spillovers through local markets.

- The fact that non-beneficiaries experience are projected to lose less income than beneficiaries also suggests that WFP's new targeting approach is working as the most resilient are also the one who are not receiving assistance. This is an aspect that the RAM unit will be looking into in greater detail.



A 50% reduction in WFP assistance to beneficiaries reduces real, or inflation-adjusted, incomes for all households. The largest losses are to beneficiaries, but negative spillovers create income losses for non-beneficiaries, as well.

Conclusions

In short, dietary diversity and food security are at risk for all households, including non-beneficiaries, because of market spillovers that spread the negative impacts of WFP cuts through local economies.

The study's findings suggest that a reduction in WFP assistance would have severe consequences for dietary diversity and food security in Somalia. These negative impacts would be felt not only by beneficiaries but also non-beneficiaries, due to the interconnectedness of the local economy. This study emphasizes the importance of considering these broader effects when making decisions about WFP assistance programs.

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Annex. How We Did This Study

It uses a two-step approach, with one building on the other:

1. **Local Economy-Wide Impact Evaluation (LEWIE):** This method creates a model that simulates a local economy. Imagine a map showing how money flows among people and businesses. The model uses data on how people spend money, what businesses produce, and how they trade with each other. This allows researchers to predict how changes in WFP assistance (like a reduction in food or cash assistance) would ripple through the local economy, affecting prices, production, and ultimately, household incomes.

2. **Econometrics:** Household income impacts from the LEWIE simulations are fed into an econometric model to predict how changes in income from reduced WFP assistance affect people's food security outcomes. Data from food security assessments are used to estimate this relationship with indexes commonly used by WFP to predict how food security would change if WFP assistance were reduced.

By combining these two methods, the study provides a comprehensive look at how reduced WFP assistance is likely to affect the income and food security outcomes of both WFP beneficiaries and non-beneficiaries.

A comprehensive survey conducted in July 2023 gathered information on income, expenditures, food consumption, and vulnerability of 1,503 households across 113 villages in Somalia. The sample included 906 beneficiary households, of which 447 were IDP and 459 were resident, as well as 597 non-beneficiary households, of which 240 were IDP and 357 were resident.

The survey data reveal that beneficiary and non-beneficiary households share similar demographics, and without WFP assistance, IDP beneficiaries and non-beneficiaries have similar incomes. Among residents, however, income is nearly twice as high (89%) among non-beneficiaries than beneficiaries.

Many households struggle with inadequate diets. Beneficiaries generally fare better than non-beneficiaries, thanks to WFP support. This is especially true for IDPs. Beneficiaries have more dietary diversity than non-beneficiaries among IDPs (though not among residents).

The survey also captured how households responded to negative shocks. WFP beneficiaries were 38% less likely to sell animals; 31% less likely to reduce spending on agricultural inputs, like seeds and fertilizer; and 32% less likely to sell productive assets compared to non-beneficiaries when facing such challenges.

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