

# **SOMALILAND**

## **Poverty Profile and Overview of Living Conditions**

**January 2015**

Poverty Global Practice  
Africa Region



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## **Abbreviations and Acronyms**

<b>GER</b>	Gross Enrollment Rate
<b>MICS</b>	Multiple Indicator Cluster Survey
<b>NER</b>	Net Enrollment Rate
<b>PCE</b>	Per Capita Expenditure
<b>RPCE</b>	Real Per Capita Expenditure
<b>SLHS</b>	Somaliland Household Survey
<b>WDI</b>	World Development Indicators

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## **Acknowledgements**

The World Bank greatly appreciates the close collaboration with the Ministry of Planning of the Government of Somaliland in the preparation of this report. This poverty profile has been prepared by the World Bank Poverty Global Practice in the Africa Region using data from the 2013 Somaliland Household Survey. The profile was prepared by Ruth Hill (TTL and Senior Economist, GPVDR) and Asim Jahangir (consultant, GPVDR) with input from Nicola Amendola (University of Rome Tor Vergata) and Giovanni Vecchi (University of Rome Tor Vergata) as published in the background paper: Poverty Measurement in Somaliland. The poverty Profile was prepared under the supervision of Pablo Fajnzylber (Practice Manager, GPVDR). The core team received guidance and comments from Paolo Zacchia (Lead Economist, AFCE3), Nobuo Yoshida (Senior Economist, GPVDR), Dean Jolliffe (Senior Economist, DECPI) and Monica Yanez-Pagans (Economist, GPVDR).

## Executive Summary

1. *For many years, Somaliland has had no survey-based measure of poverty or inequality.* As such, very little is known about whether Somaliland's development in recent years has resulted in broad-based gains or whether the benefits have been shared by a few. Providing accurate and robust data on poverty and the nature of the income distribution in Somaliland is important both for the Government of Somaliland to be able to set policy priorities and also for development partners as they seek the best way to engage in Somaliland.
2. *This report documents the level and nature of poverty and inequality in urban Somaliland and settled parts of rural Somaliland.* It uses the Somaliland Household Survey, conducted in 2013, to provide a comprehensive, representative look at wellbeing in Somaliland. The demographic characteristics of poverty and the economic livelihoods of poor households are detailed and the relationship between poverty and other dimensions of deprivation is analyzed. Gender disparities in welfare are also assessed. The Nomadic population, which recent estimates suggest comprise 36% of the population, was not covered in the SHS and will be covered in future work. Estimates are separately presented for urban Somaliland and the settled parts of rural Somaliland, hitherto referred to as rural Somaliland, and no estimates for all Somaliland are calculated.
3. *More than 1 in 3 people in rural Somaliland and more than 1 in 4 people in urban Somaliland are living in poverty.* Rural poverty is more prevalent and deeper than urban poverty. In rural Somaliland 24% of households live in extreme poverty —defined as consuming less than the cost of meeting basic food needs. In the absence of Purchasing Power Parity estimates for Somaliland it is difficult to compare the level of poverty with neighboring countries, but using a similar method of estimation Ethiopia's rate of urban poverty is similar to the rate of poverty in urban Somaliland whilst poverty in rural Somaliland is much higher than in rural Ethiopia.
4. *Although rates of deprivation are high, some households have fared well in Somaliland in recent years and measures of inequality are high.* Inequality in Somaliland is among the highest in the region with relatively high rates of inequality recorded in both rural and urban Somaliland. Additionally, inequality in access to basic services such as maternal health care and education suggests that, without intervention, these levels of inequality are likely to be sustained in future generations.
5. *Children born into poor household are less likely to receive medical care that may be required at birth, they are less likely to live in households with running water and good sanitation, and they are much less likely to attend school.* This report shows that the poverty of one's parents is highly correlated with the opportunities available to a child in Somaliland. Poverty is strongly negatively correlated with access to child health and education. These findings suggest that the necessary focus of the government on peace building and nation development and limited donor support has resulted

in inadequate delivery of basic services and very unequal access to services and wellbeing. Addressing this is the challenge facing Somaliland.

6. *Households in Somaliland face deprivations on many dimensions, particularly in rural areas, which points to the need for a comprehensive approach to addressing poverty.* More than two-thirds of poor households in urban areas have a child who is not in school, or do not have access to an improved water source, or do not have access to external sources of information. However, households in rural Somaliland are three times more likely to be deprived in multiple dimensions at once. The acute nature of rural poverty in combination with the existence of deprivation on a greater number of dimensions makes rural poverty harder to address. Addressing poverty will require investments in education and improved health care in addition to investments to improve productive opportunities for poor households.
7. *The basic demographics of poverty are quite similar to those in other countries.* Poverty is strongly correlated with household size and the number of dependents in the household. As a result, children are more likely to be poor than adults in both rural and urban Somaliland. Poor households are more likely to be headed by individuals that are less educated, and in urban areas, women.
8. *Gender is a critical determinant of poverty and access to services in Somaliland.* Female headed households are quite prevalent in Somaliland, particularly in urban areas, and households headed by women in urban areas are significantly more likely to be poor than households headed by men. Although this is not the case in rural areas, other aspects of deprivation are particularly concerning in rural areas. For example, poor women in rural areas are very unlikely to face adequate health care during child birth. Patterns of gender inequality are present in current school enrollment across rural and urban Somaliland, particularly for adolescent girls.
9. *Employment rates among resident household members are low in urban and rural Somaliland, particularly among poor households, and many out of work individuals are too discouraged to look for work.* Employment rates are low in rural and urban Somaliland: only 26.0 percent and 32.7 percent of 15 to 55 year olds in rural and urban Somaliland are in wage or self-employment, and these rates are even lower among those living below the poverty line. A significant proportion of those out of work were too discouraged to look for work as they did not think any work was available: 16.0 percent in urban Somaliland and 13.7 percent in rural Somaliland.
10. *However, remittances from working migrants are high.* A surprisingly large share of households have no employed adult living in the household, and lack of employment is strongly correlated with receipt of remittances: 54% of households in urban areas without an economically active adult receive remittances, compared to 16% of households with economically active adults. This may indicate that remittances reduce incentives for seeking employment. However, non-poor households are more likely to receive remittances than poor households. Migration is an important livelihood strategy in contexts where limited employment is available or where conflict is present, but it may be that those that are non-poor are better able to avail themselves of this opportunity. A better understanding of the relationship between remittances, poverty and labor market participation is needed to inform policies that ensure migration is an opportunity used to its fullest benefit for poverty reduction in Somaliland.



11. *Unlike other countries in the region, few households—and particularly few poor households—are engaged in agricultural activities, rather wage employment and remittances are important sources of income for households in urban Somaliland and the settled parts of rural Somaliland covered in the household survey.* In urban Somaliland the services sector is the primary sector for 76% of the working population, and in rural Somaliland the services sector is the primary sector for 49% of the working population, with livestock and agriculture engaging 40%. In the settled parts of rural Somaliland covered in the household survey, crop farming engages less than 1 in 5 households and even fewer poor households, highlighting that few poor households benefit from higher food crop prices.
12. *The primary risks reported by Somalilanders in recent years were been high food prices and inadequate employment rather than conflict.* Indeed high food prices and inadequate employment were mentioned as major sources of risk to welfare by households in rural and urban Somaliland. Very few households report that being victims of conflict in the last 12 months, suggesting that the focus of the government on security has allowed households to live lives uninterrupted by conflict. A few households – 6% in rural areas and 4% in urban areas – report knowing anyone who faced harassment or threats. The threats were generally limited to petty thefts and street crimes. There no significant reports of displacement or loss of assets due to conflict situations. The majority of deaths result from natural causes rather than directly resulting from conflict.

## 1. Introduction

1. Somaliland has no survey-based measure of poverty or inequality. As such, very little is known about whether Somaliland's development in recent years has resulted in broad-based gains or whether the benefits have been shared by a few. This report provides information on levels of poverty and inequality in Somaliland, discusses in more detail the nature of deprivation and the main characteristics of those that are poor. Providing accurate and robust data on poverty and the nature of the income distribution in Somaliland is important both for the Government of Somaliland to be able to set policy priorities and also for the World Bank and other development partners as they seek the best way to engage in Somaliland.
2. Between 2005 and 2012, a number of data collection exercises were done in Somaliland to document access to services and food insecurity. Two rounds of Multiple Indicator Cluster Survey (MICS) were completed by UNICEF in 2006 and 2012. The MICS reports provide nationally representative statistics on access to education and health services, and indicators of maternal and child health. The United National Development Programme (UNDP) administered the Participatory Community Census for Poverty Assessment and Mapping in 2006-07. The Community Census was conducted at a regional level and collected qualitative data on the living characteristics and access to services in settlements throughout Somaliland. The community census data is settlement level and documents the availability and usage of various civic services (schools, health facilities, telephones, water) and on perception of poverty. The Food Security and Nutrition Analysis Unit (FSNAU) conducts periodic monitoring of food situation in the greater Somalia region. The FSNAU reports data on availability of food in the country and prices faced by different regions in Somaliland. However, none of these statistical exercises in Somaliland have a monetary indicator of poverty. A monetary aggregate of poverty is necessary to identify the poor, and study the nature and extent of deprivations for the poor and the non-poor.
3. Following a request from the Ministry of Planning and Development, the World Bank carried out a Somaliland Household and Enterprise Survey 2013. The survey included (i) a Household Survey (SLHS) based largely upon the World Bank's Living Standard Measurement Study survey to enable construction of a monetary measure of poverty and poverty analysis to be conducted along multiple dimensions, and (ii) an Enterprise Survey to enable the characteristics of, and binding constraints upon, the private sector in Somaliland to be identified. The SHES 2013 was implemented by Kimetrica in close partnership with the Ministry of Planning and Development.
4. This note is prepared by the World Bank Poverty Reduction and Economic Management (PREM) Africa unit based on the Somaliland Household Survey (SLHS), which was completed in 2013. The note uses the SHS 2013 to construct a consumption based measure of poverty and inequality, and provides a quantitative assessment of demographic and welfare characteristics of the poor. The

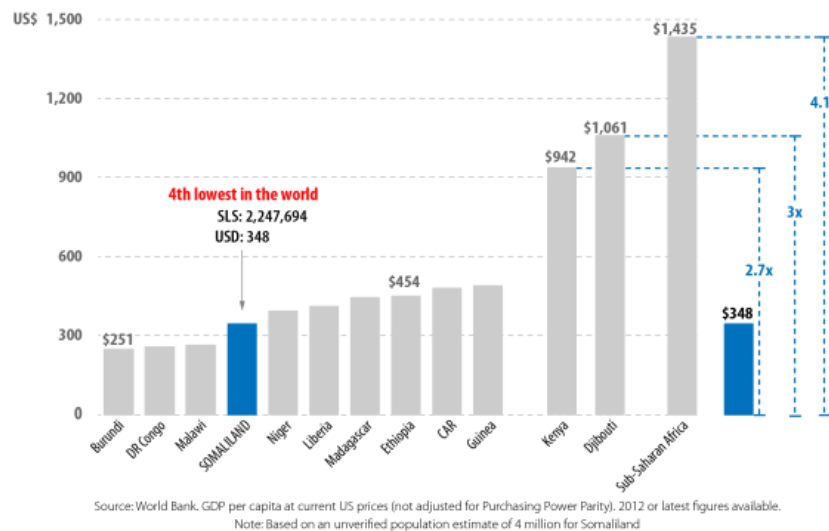
objective of the note is to increase understanding of the multiple dimensions of poverty in Somaliland, and to understand the key characteristics of the poorest households and the economic activities from which they derive their living. A better understanding of the nature of poverty and the economic characteristics of those in poverty provides an insight into the nature of economic growth that is most likely to benefit poverty reduction.

5. The estimates of economic activity such as income and major sources of livelihood presented in this note are different from the findings of UNDP Community Census (UNDP 2007). The community census was based on perceptions of economic activity and living standards in a settlement. The community survey was done at a settlement level, and not individual / household level. Moreover, the community census included survey of nomadic settlements, which were not included the SLHS. The different survey methodologies employed in the UNDP reports and SLHS are possible sources of difference in estimates. The advantage of SLHS is that it collects individual or household level information on living standard and economic activity, and quantifies information wherever possible. As such, the estimates of this note are generally consistent to MICS (2012), which was also based on a nationally representative household survey and conducted within one year of SLHS.
6. The report follows the following outline. In Section 2, we provide a summary of the poverty and inequality estimates of Somaliland, and an international comparison of key welfare indicators of Somaliland relative to the neighboring countries. Section 3 focuses on the demographic characteristics of poverty followed by a discussion of the economic livelihoods of poor households in Somaliland in Section 4. The report examines other dimensions of deprivation in Section 5. The issue of gender disparity in welfare estimates is addressed in Section 6. The penultimate section discusses covariates of poverty, and Section 8 concludes.

## 2. Poverty and Inequality in Somaliland

7. *Somaliland is a low income country with Gross Domestic Product per capita of USD348 (not adjusted for Purchasing Power Parity) in 2013. By income level, it ranks 4<sup>th</sup> lowest in the World, ahead of Burundi, DR Congo, and Malawi (Figure 1).*

**Figure 1: GDP of Somaliland, regional comparison**



8. *Poverty in Somaliland was estimated for the first time using the Somaliland Household Survey 2013. Using the approach outlined in Deaton and Zaidi a poverty line was constructed which reflects the cost of fulfilling basic needs. Households with consumption levels lower than this line are counted as poor. Full details of the construction of poverty and the poverty line are provided in Amendola et al (2014).<sup>1</sup>*
9. *Owing to the sampling design of the SLHS 2013, all analysis is conducted separately for urban Somaliland and the settled parts of rural Somaliland. The SLHS is representative of the settled Somaliland population in urban and rural areas. Pastoralist/nomadic households and Internally Displaced Person (IDP) settlements were not included, due to sampling difficulties. Somaliland has a total population of about 3.5 million people (PEES 2014). Settled people in urban areas of Somaliland account for 50% of the population, settled rural people account for 11%, and 34% of the population is nomadic. Internally displaced persons (IDPs) make up a very small percentage of the population: approximately 2.4%. Two separate sampling frames were used for urban areas and settled rural areas (hitherto referred to as rural); thus, all estimates are calculated for urban and rural areas, and not for*

<sup>1</sup> Amendola, Vecchi, and Hill (2014), Poverty Measurement in Somaliland, World Bank PREM

Somaliland in aggregate. All findings apply only to the settled Somaliland population and not the population as a whole.

10. *More than 1 in 4 people in urban Somaliland and more than 1 in 3 people in rural Somaliland are living in poverty.* The amount of money required for a household to meet their basic needs (the “upper bound poverty line”) is estimated at 184,100 Shillings per adult per month in urban Somaliland and 162,800 Shillings per adult per month in rural Somaliland. Households living on less than this are counted as poor, which results in a poverty headcount of 38.1% in rural Somaliland and 28.7% in urban Somaliland (Table 1).
11. *Rural poverty is more prevalent and deeper than urban poverty.* The poverty gap index, which measures the average gap between the actual consumption of the poor and the poverty line as a percentage of poverty line, indicates that the consumption gap is not particularly deep in urban areas (Table 1). In theory, a transfer payment of 15,460 Shillings per person per month (8.4% of the poverty line) to an average urban poor would lift him or her out of poverty. However, poverty is both more widespread and deeper in rural areas and the average poor person in rural areas is further below the rural poverty line than the average poor in the urban areas. In rural Somaliland an average poor person would need a transfer payment of 20,840 Shillings per person per month to bring them out of poverty. Moreover, the squared poverty index is also higher in rural areas at 5.8 compared to 3.6 in urban areas, indicating a greater inequality amongst the rural poor.
12. *In the absence of PPP estimates for Somaliland it is difficult to compare poverty rates with other countries, but a comparison of similarly constructed numbers for regional comparators suggests urban poverty is similar in Somaliland to urban poverty rates in South Sudan and Ethiopia, but rural poverty is much higher than poverty in rural Ethiopia, although lower than poverty in rural Sudan.* Poverty is typically compared across countries using a poverty line of USD 1.25 in 2005 Purchasing Power Parity (PPP); no PPP estimates exist for Somaliland making it difficult to compare the level of poverty in Somaliland to other countries in the region. However, the urban poverty rate in Somaliland is similar to the 26% urban poverty rate recorded in Ethiopia in 2010/11 using a similar methodology and the 24.4% poverty rate recorded in South Sudan in 2011. Rural poverty in Somaliland is higher as compared to poverty rate of 30% in rural Ethiopia but lower than the rate of 55.4% in South Sudan. Recent poverty estimates for Djibouti and Kenya are not available.

**Table 1: Poverty head count and poverty gap (national poverty line, regional comparison)**

Indicator	Somaliland		Ethiopia		South Sudan	
	Urban	Rural	Urban	Rural	Urban	Rural
Headcount	28.7%	38.1%	25.7%	30.4%	24.4%	55.4%
Poverty Gap	8.4%	12.8%	6.9%	8.0%	8.8%	26.5%
Poverty Severity	3.6%	5.8%	2.7%	3.2%	4.6%	16.1%

*Source: SLHS (2013); Ethiopia MOFPED (2013), World Bank (2011)*

13. *Extreme poverty—defined as consuming less than the cost of meeting basic foodneeds—is also very high in rural Somaliland.* Using the food poverty line, the average cost of consuming 2,100 kilocalories per person per day, we estimate the incidence of extreme poverty in Somaliland. The households with per capita consumption below food poverty line are categorized as *extreme poor*. In rural areas, 23.6% of the population is living under extreme poverty. Similar to overall poverty headcount, the extent of extreme poverty in urban areas is lower, at 8%, compared to rural Somaliland. Extreme poverty in rural areas is deeper than in urban areas, as measured by poverty gap for extreme poverty line.

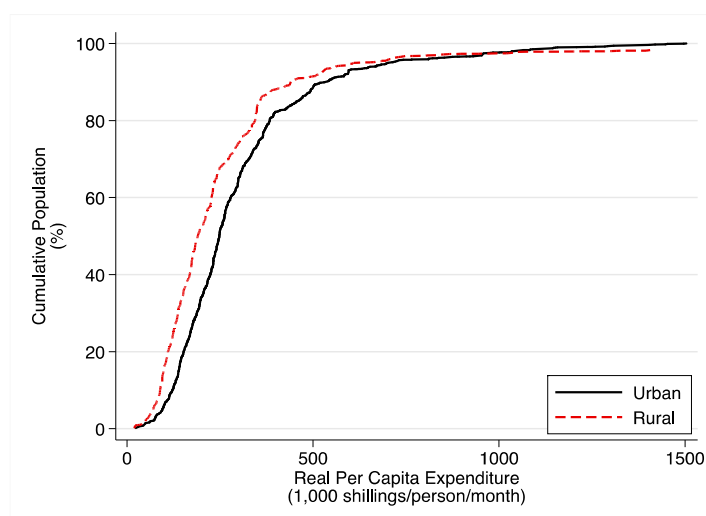
**Table 2: Extreme Poverty**

	Poverty Headcount	Poverty Gap	Squared Poverty Gap
Urban	8	2.2	1
s.e.	(1.10)	(0.46)	(0.27)
Rural	23.6	6.7	2.8
s.e.	(2.40)	(0.93)	(0.60)

Source: SLHS (2013)

14. *At all points in the consumption distribution, rural households are poorer than urban households.* The consumption of the best-off households in rural areas lags behind their urban counterparts. Similarly, the poorest households in rural areas, on average, have lower consumption compared to the poorest households in urban areas (Figure 2). Lower consumption levels in rural areas highlight that everyone in rural areas is poorer compared to the urban areas, and thus both the magnitude and depth of rural poverty is higher.

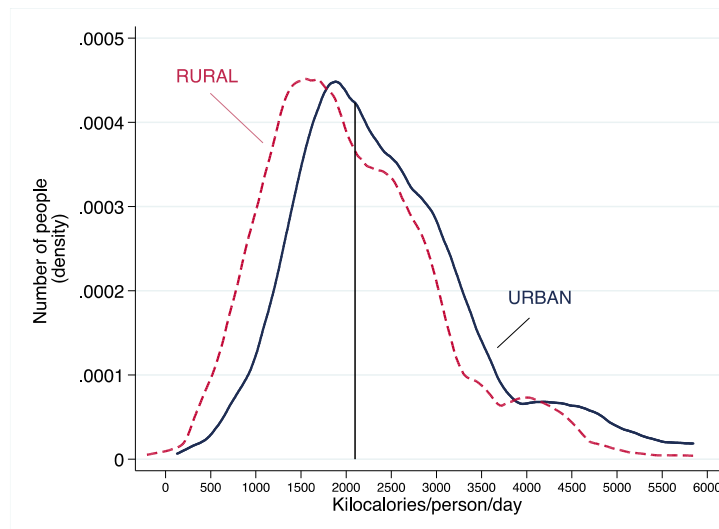
**Figure 2: Cumulative Density Functions by urban and rural areas**



Source: SLHS (2013)

15. *Somaliland has a high prevalence of undernutrition.* If we assume 2,100 kilocalories/person/day as a cut-off point to mark the threshold of undernutrition, the incidence of undernutrition is larger in rural areas (57.2%) than in urban areas (41.5%), Figure 3. Table 3 shows the incidence of *undernutrition* (percentage of people with calorie intake lower than 2,100 kcal/person/day) as well as the percentage of individuals with a diet poor of proteins (less than 50 grams/person/day). This is interpreted as a measure of *malnutrition*.

**Figure 3: Distribution of energy intake (Kcal/person/day)**



Source: Authors' estimates based on SLHS (2013)

**Table 3: Incidence of undernutrition and malnutrition**

	Undernutrition	Malnutrition
Urban	41.5	44
s.e.	(2.20)	(2.20)
Rural	57.2	68.2
s.e.	(3.00)	(3.00)

Source: Authors' estimates based on SLHS (2013)

16. *The majority of food is purchased in both rural and urban Somaliland.* The proportion of food consumed that is purchased is 1% on average in urban Somaliland and 3% of average in rural Somaliland. The high rates of consumption of purchased food reflects limited engagement of households in agriculture and also indicates that keeping food inflation low and reducing transaction costs in food markets are key priorities for reducing poverty in Somaliland. The cost of one calorie is higher in rural areas (1.92 Shillings per calorie) than in urban areas (1.76 Shillings per calorie) as a consequence of the fact that only a small proportion of food consumed in Somaliland is produced

locally, and farming and livestock is a source of income in a small proportion of households (25% in rural areas compared to 2% in urban areas). Much of the food consumed in rural areas is transported from elsewhere. The higher calorie cost that results may in part contributed to the higher undernutrition rates observed in rural areas.

17. *Rural and urban Somaliland have high rates of inequality.* The Gini coefficient is 42.6 in urban Somaliland and 45.7 in rural Somaliland (Table 4). The difference in coefficients is *not* statistically significant at the 95% confidence level which means that inequality is similar in both parts of Somaliland. Figure 4 shows that the Lorenz curves are also very similar for rural and urban areas. The consumption gap between the richest 10% and poorest 10% of the population, depicted by the ninety-ten ratio, is 77.7% in urban Somaliland and 81.8% in rural Somaliland. In other words, an average person in the top decile of per capita consumption (PCE) of urban population consumes 4.5 times more than the average person in the bottom decile. The comparable number for rural Somaliland is 5.5, thus implying that inequality is particularly high between the very rich and the rest of the population in rural Somaliland.
18. *Inequality in Somaliland is amongst the highest in the region.* The Gini coefficient can be compared across countries. The latest Gini estimates for Ethiopia from 2010/11 are an urban Gini of 37% and a rural Gini of 27%, both lower than in Somaliland, but particularly in rural areas. The rural Somaliland Gini is closer to the 48% Gini recorded in the last household survey in Kenya (in 2005).

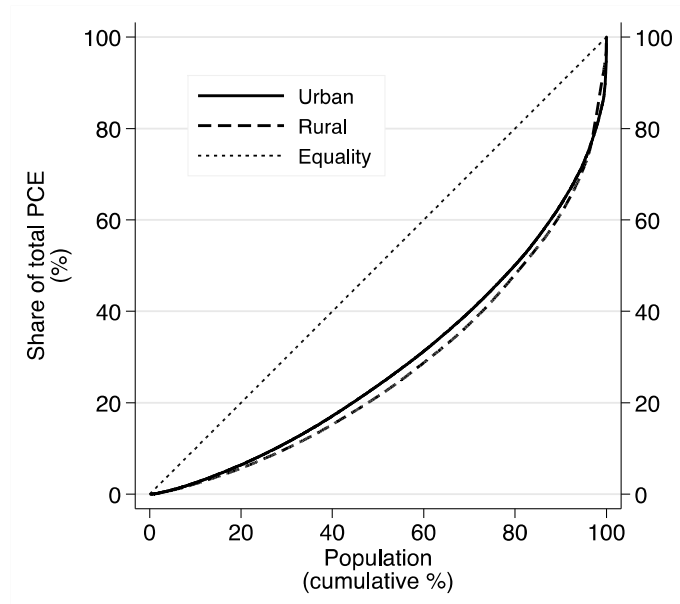
**Table 4: Inequality measures**

Sector	Gini Coefficient	Theil Index	Quintile Ratios		
			Ninety-Ten	Eighty-twenty	Ninety-fifty
Urban	42.6	53.9	77.7	60.8	55
s.e.	(3.83)	(5.77)			
Rural	45.5	46.5	81.8	67.8	60.9
s.e.	(4.60)	(18.36)			

Source: SLHS (2013)



**Figure 4: Lorenz curves**

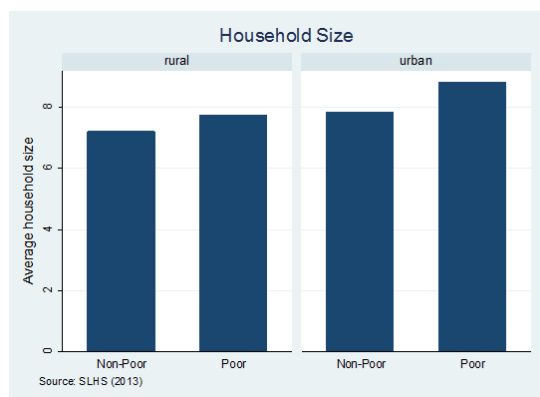


*Source: SLHS (2013)*

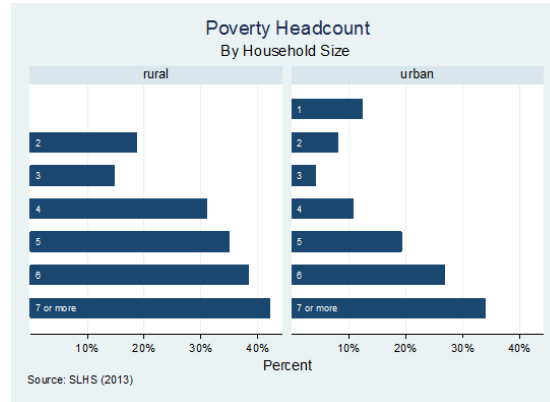
### 3. Demographic and welfare characteristics of poor households

19. *The basic demographics of poverty are presented in this section. As in other countries, poverty is strongly correlated with household size and the number of dependents in the household. As a result, children are more likely to be poor than adults in both rural and urban Somaliland. Poor households are more likely to be headed by individuals that are less educated, and in urban areas, women.*
20. *Poor households are larger than non-poor households.* In many countries poverty increases with households size, as an increasing household size is usually indicative of a higher number of dependent household members. In Somaliland urban households are on average larger than rural households—a household in urban Somaliland has on average 6.7 members while the rural households have on average 6.1 members—but in both urban and rural areas poor households have more members on average. A poor household in urban Somaliland has 7.8 members compared to 6.3 members in a non-poor household (Figure 5 and Figure 6). Similarly, a rural poor household has 6.8 members as compared to 5.8 members in a non-poor household. The difference between poor and non-poor households is statistically significant at 95% confidence interval. In fact, 90% of all urban poor and 79% of all rural poor have six or more members in the household.

**Figure 5: Average household size by poverty incidence**



**Figure 6: Poverty Headcount by household size**



21. *Poor households have on average more dependents.* The dependency ratio, defined as the ratio of children and old age dependents to working age population, is higher in poor households in both urban and rural areas.<sup>2</sup> The difference in the dependency ratio is statistically significant. Poor households have more infants (age 0-6 years) and children (age 6-15 years). Households with 3 or more children have a poverty rate of 37% in urban areas and 51% in rural areas. Moreover, a poor household in urban Somaliland has fewer adults (age 25-55). There is no significant difference in the proportion of adults in poor and non-poor households in rural Somaliland (Table 5 and Figure 7).<sup>3</sup>

**Table 5: Summary of household demographic attributes for poor and non-poor**

Household Demographics	Urban			Rural		
	Non-Poor	Poor		Non-Poor	Poor	
Household Head Age	44.3	47.7		46.2	47	
Household Size	6.31	7.84	***	5.78	6.75	*
Dependency Ratio	1.16	1.72	***	1.57	1.89	***
Spouse Present in House	66%	63%		65%	72%	
Children 0-5 years	1.1	1.49	***	1.05	1.63	***
Children 6-15 years	1.7	2.68	***	2.01	2.35	
Youth 15-24	1.5	1.53		0.94	0.94	
Adults 25-64	1.8	1.93		1.52	1.65	*
Adults 65 and older	0.18	0.19		0.22	0.15	***

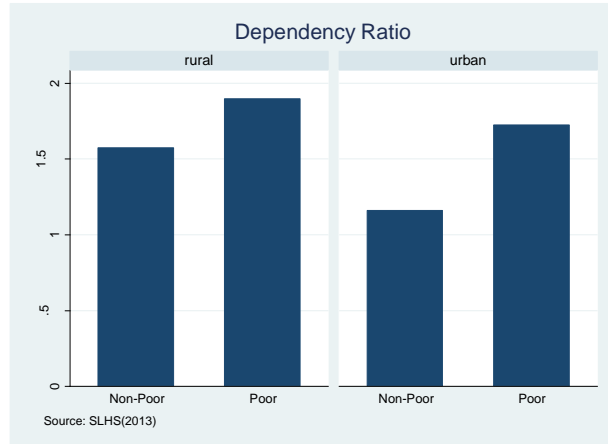
The significance of difference between the means of non-poor and poor is captured through asterisk. \*\*\* significant at 1%; \*\* significant at 5%; \* significant at 10%

Source: Authors' estimates based on SLHS (2013)

**Figure 7: Dependency Ratio by region**

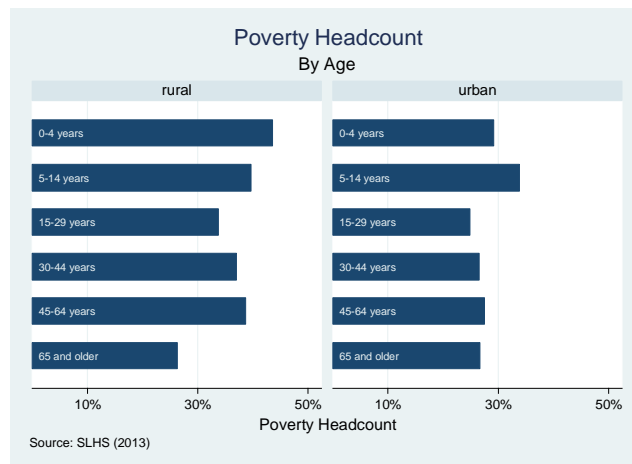
<sup>2</sup>The majority of individuals in settled parts of Somaliland live with their nuclear family, 87% of individuals in rural Somaliland are nuclear family members (head of the household, spouse or child of the head) and 79.6% of individuals in urban Somaliland.

<sup>3</sup> We note that as a per capita rather than a per adult equivalent consumption aggregate was used, the difference may seem particularly large. However, it is difficult to properly account for the different consumption requirements and economies of scale from living in larger households and the differences in poverty rates based on a per capita measure of consumption are informative.



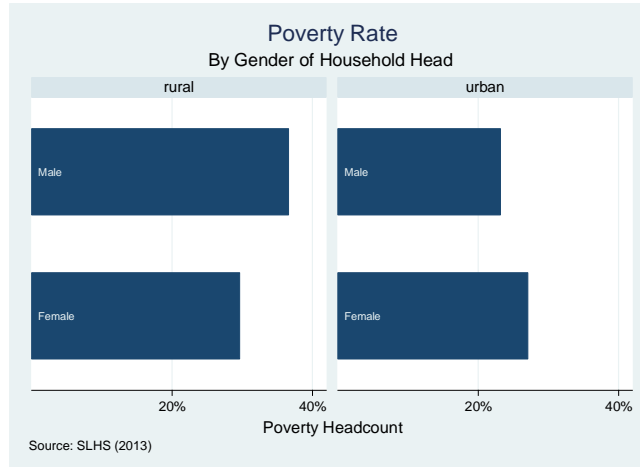
22. *Poverty is more prevalent among children and young adults.* The age composition of poverty is tilted towards younger population. Children below 5 years have a poverty headcount of 29.2% and 43.6% urban and rural areas respectively (Figure 8). Persons below age of 15 constitute 44% of the population in urban areas, but make up half of the poor. The number is higher in rural areas where 56.4% of the poor are children of age younger than 15. The age demographics of poverty highlight the younger population of Somaliland bears a disproportionate burden of poverty and that the young are more likely to be in poverty than the old.

**Figure 8: Poverty headcount by age**



23. *In urban Somaliland female-headed households are poorer than households headed by a male whilst in rural Somaliland this is not the case.* A little over one-third (31.6%) of the households in urban areas are headed by women. Of these households, 27% are poor, compared to 23% of male headed households(Figure 9). In rural areas, male headed households have a higher poverty rate (36.6%) as compared to female headed households (29.6%). Women head 23.5% of households in rural areas. This pattern of higher poverty among female headed households in urban areas but not in rural areas is also found in other countries in the region (such as Ethiopia).

**Figure 9: Poverty head count by gender of household head**



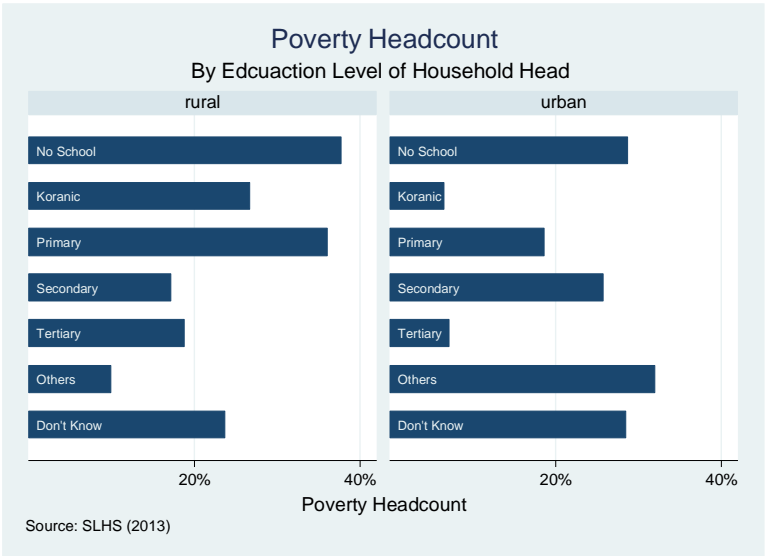
24. *The education of household head is highly correlated with the incidence of poverty.* Households where the head has no education have the highest poverty rates. Poverty rates among these households are 4-5 percentage points higher than the average (Table 6 and Figure 10). In urban Somaliland, 68% of the poor are living in households where the head has no schooling; the comparable number for rural Somaliland is 73%. Although the proportion of poor people living in households with uneducated heads in rural and urban areas is similar; fewer poor people live in households headed by those who completed higher levels of education in rural areas. Poverty rates in rural areas are higher for all levels of education, except secondary, perhaps reflecting lower returns to education in rural Somaliland.

**Table 6: Headcount Ratio by Household Head's Education**

Education Level	Urban			Rural		
	Poverty Headcount Rate	Distribution of the Poor	Distribution of Population	Poverty Headcount Rate	Distribution of the Poor	Distribution of Population
No School	33.7	68	58.1	42.1	72.7	65.9
Koranic	6.2	0.2	0.8	31.2	1.5	1.8
Primary	23.8	11.2	13.6	40.3	18.2	17.2
Secondary	30	11.2	10.8	17.7	4.5	9.7
Tertiary	9.4	4.2	12.5	21.8	2.4	4.1
Others	39.3	3.4	2.5	16.6	0.3	0.6
Don't Know	26	1.8	1.7	29.5	0.5	0.6
<b>Total</b>	<b>28.7</b>	<b>100</b>	<b>100</b>	<b>38.1</b>	<b>100</b>	<b>100</b>

Source: SLHS (2013)

Figure 10: Poverty headcount by education level of household head



## 4. Economic Activities of Poor Households

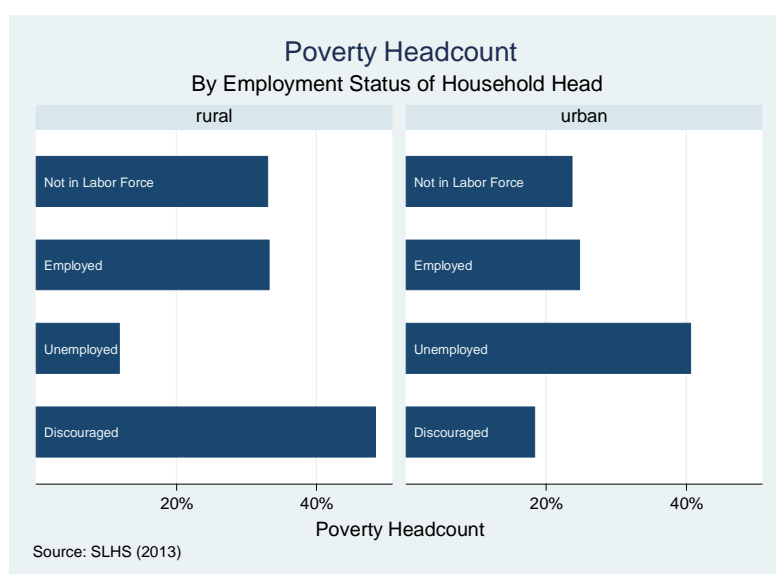
25. *Understanding the economic activities of the poor is an essential starting point for designing programs to improve their livelihoods and lift households out of poverty. This section shows that wage employment and remittances are important sources of income for poor and non-poor households in urban and rural Somaliland. In both urban and the settled parts of rural Somaliland covered in the household survey, the services sector is main sector for working adults, with livestock and farming also an important sector in rural Somaliland. In the settled parts of rural Somaliland covered in the household survey, less than 1 in 5 households were engaged in crop farming, and even fewer poor households, highlighting that few poor households benefit from higher food crop prices. Employment rates among resident household members are low in urban and rural Somaliland, particularly among poor households, and many out of work individuals are too discouraged to look for work. Indeed high food prices and inadequate employment were mentioned as major sources of risk to welfare by households in rural and urban Somaliland. Very few households report being victims of conflict in the last 12 months.*
26. *Three quarters of household heads are labor force participants, but only 60% have work. One fifth of poor households in rural areas are headed by an individual that does not have work and is not actively looking for work because they believe they will not find it. Labor force participation is defined as the proportion of individuals who are of working age (age 15-64) and are currently self-employed, employed or looking for work. As such, three-fourths of household heads report active participation in the labor force, but laborforce participation rates for poor households are lower in both rural and urban areas (Table 7 and Figure 11). Individuals are considered employed or self-employed if they worked (with or without pay) in the last 12 months in domestic work, farm work, a family business or another enterprise. Overall, 60% of the household heads in urban areas and 62% in rural areas are employed or self-employed. An individual is unemployed if they looked for a job in the last 7 days but are currently out of work. Very few household heads are unemployed, but many are discouraged: a labor force participant that is out of work but did not actively look for work in the last 7 days because of inadequate employment opportunities. Rates of discouragement are particularly high in rural areas.*

**Table 7: Economic Status of household head**

Economic Status of head of household	Urban		Rural	
	Non-Poor	Poor	Non-Poor	Poor
Not in Labor Force	29%	29%	25%	23%
Employed or self-employed	59%	61%	63%	58%
Unemployed	1%	3%	1%	0% *
Discouraged	10%	7%	11%	19% **

Source: SLHS (2013). \* Significant difference between poor and non-poor at 10%, \*\*Significant difference between poor and non-poor at 5%.

**Figure 11: Poverty Headcount Economic Status of Household Head**



27. Rates of labor force participation are lower when considering all members of the household as some household members are in education or engaged in full-time childcare, however rates of discouragement are 14-16% and in rural areas poverty rates are particularly high among those who are discouraged. Table 8 indicates that the majority of the working age population is not in the labor force. Half of those counted as inactive in both rural and urban Somaliland are between the ages of 15 and 24, in part because they are still pursuing schooling. The poverty rate among those not in the labor force is very similar to the poverty rate for those who report they are employed or self-employed. The poverty rate for employed or self-employed individuals is 24% in urban and 33% in rural Somaliland, which is not very different from the poverty rate for those not in labor force. In contrast those who are unemployed or discouraged have much higher poverty rates, particularly in rural Somaliland where the poverty rate is twenty percentage points higher among those who are unemployed or discouraged.

**Table 8: Poverty Headcount by Economic Status**

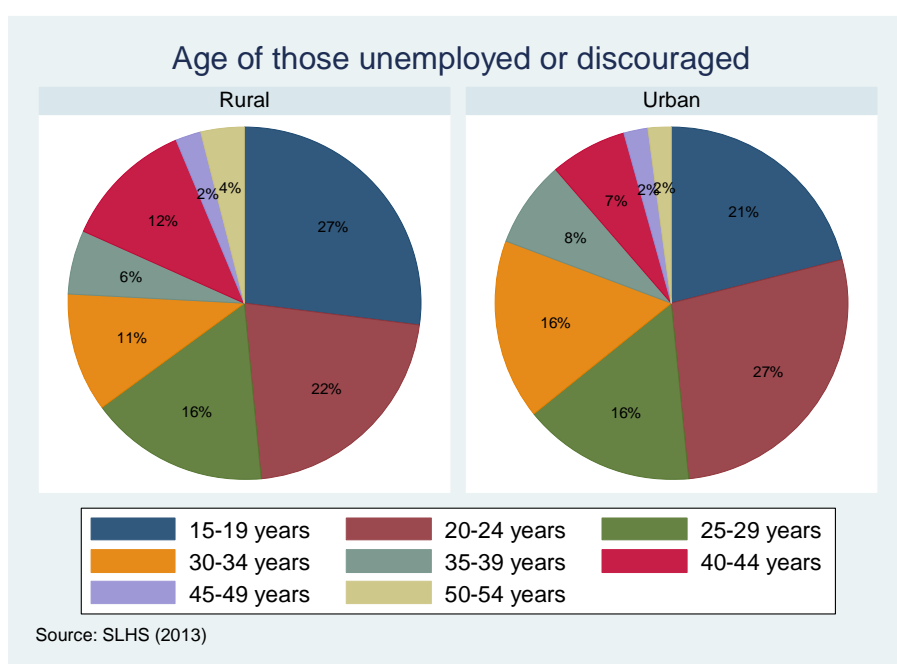
Economic Status of individual	Urban			Rural		
	Percentage of population	Percentage of poor	Poverty headcount rate (%)	Percentage of population	Percentage of poor	Poverty headcount rate (%)
Not in Labor Force	57.9	57.1	25.5	53.4	49.3	33.0
Employed and self-employed	26.0	24.5	24.0	32.7	30.0	32.8
Unemployed or discouraged	16.0	18.4	29.7	13.9	20.7	53.4
Total	100	100	28.7	100	100	38.1



Source: SLHS (2013)

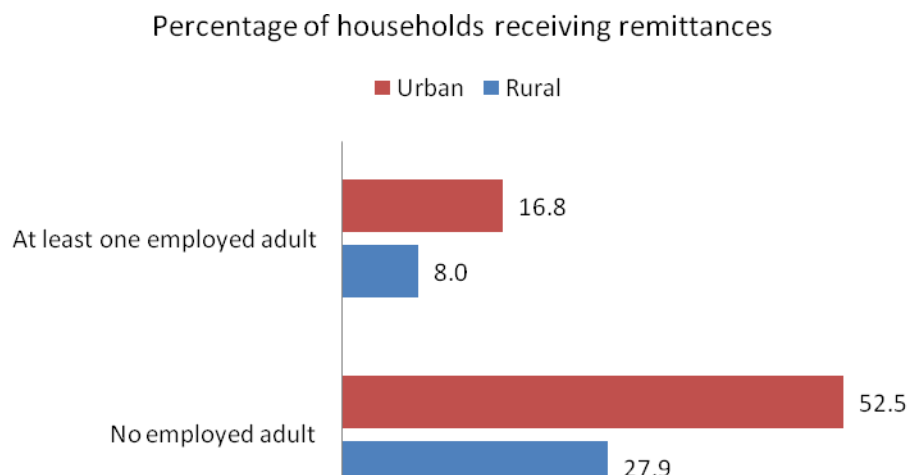
28. *The large disparity between the labor force participation of household heads and other members of the household reflects the fact that household heads are often supporting household members that are not in the labor force.* Higher unemployment rates among youth also contribute to the differences in employment rates reported in Table 7 and 8. Figure 12 shows the age distribution of those unemployed and shows that 65 percent and 64 percent of those unemployed are between ages 15 and 29 in rural and urban Somaliland respectively. The dominance of youth in the unemployed or discouraged in Somaliland reflects higher unemployment rates. Unemployment rates among urban youth aged between 20 and 24 years reached 23 percent in rural Somaliland and 24 percent in urban Somaliland.

**Figure 12: Age distribution of those unemployed or discouraged**



29. *However, a sizable proportion of households in Somaliland do not report any active members of the household.* 37% of urban households and 40% of rural households report having no economically active adults in the 15 to 54 age range. Whilst this may indicate some under-reporting it is also likely reflective of the high level of remittance income in Somaliland as discussed further below. Households that do not have resident members who are economically active are much more likely to receive remittances (Figure 13). In urban areas over half (54%) of households without economically active members receive remittances in comparison to 16% among other households. This may indicate that remittances reduce incentives for seeking employment, but alternately, limited employment opportunities may encourage migration of family members (and thus remittances). This relationship merits further investigation.

**Figure 13: Remittance income among households with no employed adults**



30. In both rural and urban Somaliland, the main sector of employment for working adults is the services sector, with agricultural and livestock an important second in rural Somaliland. In this respect settled areas of rural Somaliland are quite different from other countries in the region in which agricultural activities are more dominant. Table 9 shows the primary sector of all those employed or self-employed and shows that 49% of rural and 68% of urban Somaliland is engaged in the services sector. Within the services sector, labor employment is concentrated in retail services in both rural and urban areas. Although services is the primary sector of engagement for those in rural areas, agriculture and livestock is also an important sector in rural areas with 40% of those that work engaged in crop farming or livestock. Livestock dominates out of these two.

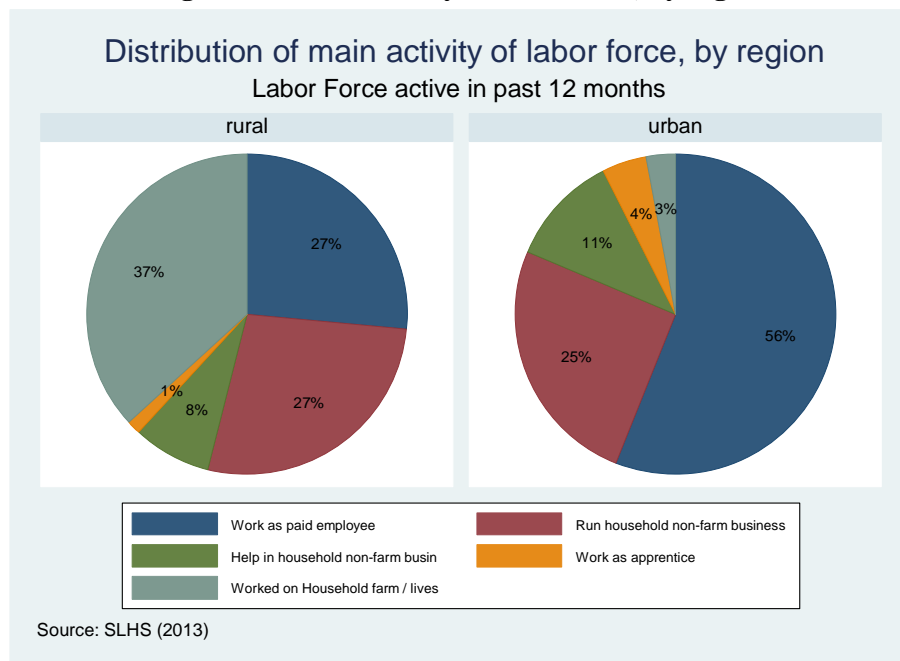
**Table 9: Primary sector of work**

	Proportion of all adults		Proportion of wage employees	
	Rural	Urban	Rural	Urban
<b>Agriculture and Livestock</b>	40.4%	5.4%	5.1%	3.7%
<b>Mining and Extraction</b>	0.5%	0.2%	0.4%	0.2%
<b>Manufacturing</b>	1.4%	4.7%	1.4%	4.3%
<b>Construction</b>	2.8%	8.4%	8.0%	11.6%
<b>Services</b>	48.9%	67.8%	67.3%	71.4%

31. More than half of the urban labor force is engaged in wage employment, wage employment is also prevalent in rural Somaliland (in contrast to rural areas of other countries in the region) but working on household farms and in livestock rearing is more common. A little over half (56%) of the urban

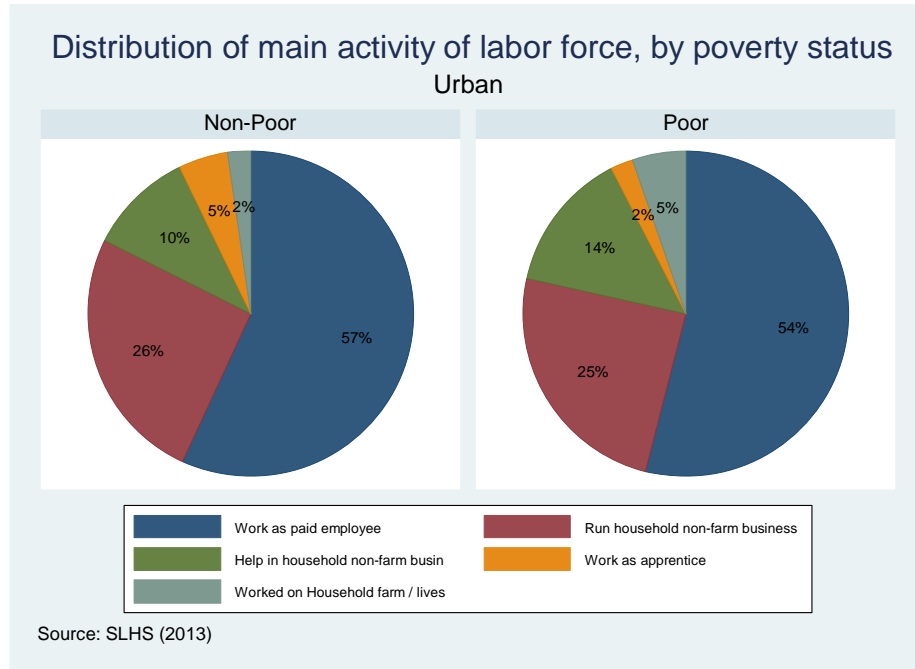
labor force is employed in wage employment (Figure 14). In rural Somaliland, wage employment is less common, but still quite prevalent as 27% of labor force works for wage employment. Wage employment is concentrated in the services sector with 67% of rural and 71% of urban wage employees in services. Wage employment in the agricultural sector is limited, even in rural areas (Table 9). In both rural and urban Somaliland 35-36% of the labor force runs or works in a non-farm business (Figure 14). In rural areas 37% works on household farms and in livestock rearing. This is uncommon in urban areas.

**Figure 14: Main activity of labor force, by region**

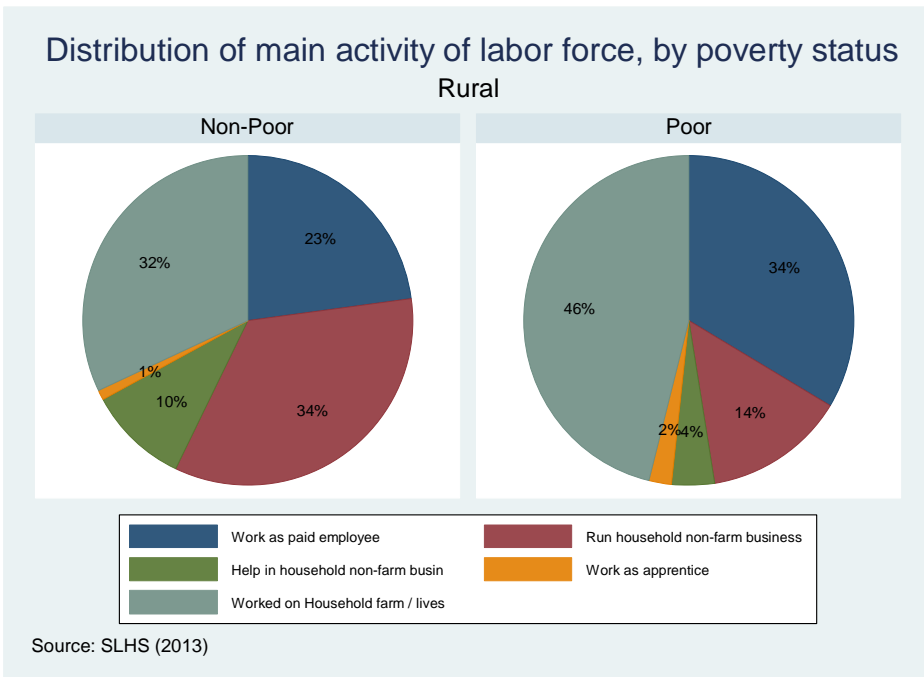


32. *The economic activities of poor and non-poor households are very similar in urban areas, but in rural areas poor households are much more likely to work on farms and less-likely to work in a non-farm enterprise than the non-poor.* Figure 15 shows the distribution of urban labor by the main activity and shows that the poor and non-poor have very similar activities. In rural areas, non-farm self-employment is dominant activity for the non-poor, employing 34% of the labor force and another 10% of household members that work in these enterprises. In contrast only 14% of the rural poor are self-employed (see Figure 16). Working on household farms and livestock is the major activity for poor individuals (46%). Wage labor is also more widely prevalent amongst the rural poor. In essence, employment in agricultural sector is a defining characteristic of rural poor.

**Figure 15: Main activity of urban labor force, by poverty status**



**Figure 16: Main activity of rural labor force, by poverty status**



33. *Wage and remittance income are the predominant sources of income in urban Somaliland and are also important in rural Somaliland, in addition to non-agricultural self-employment. Wage income and remittances are the predominant sources of income in urban Somaliland, 38% and 31% of households report income from these two sources respectively (Table 10). Additionally 14% of*

households earn income from non-agricultural self-employment. In rural Somaliland, the main source of income is non-agricultural self-employment and more households report income from wages and remittances than from farming and livestock. Income from farming and livestock was reported by only 11% and 14% of households respectively, indicating that many for many agricultural households, crop farming and livestock is a subsistence activity.

**Table 10: Sources of income**

	Proportion of households engaged in ...		Proportion of households reporting income from...					
	Crop-farming	Owning livestock	Farming	Livestock	Non-ag self-employment	Wages	Remittance <sup>4</sup>	Other Transfers <sup>5</sup>
<b>Urban</b>								
Non-Poor	4%	13%	1%	<b>2%</b>	14%	38%	<b>35%</b>	6%
Poor	7%	15%	2%	<b>0%</b>	14%	38%	<b>20%</b>	5%
Total	5%	13%	1%	1%	14%	38%	31%	5%
<b>Rural</b>								
Non-Poor	21%	<b>54%</b>	<b>13%</b>	13%	<b>25%</b>	15%	18%	10%
Poor	15%	<b>67%</b>	<b>7%</b>	16%	<b>13%</b>	19%	14%	6%
Total	19%	59%	11%	14%	21%	16%	16%	9%

*Note:* Differences between the means of the non-poor and poor that are significant at 10% or less are indicated in bold.

*Source:* SLHS (2013)

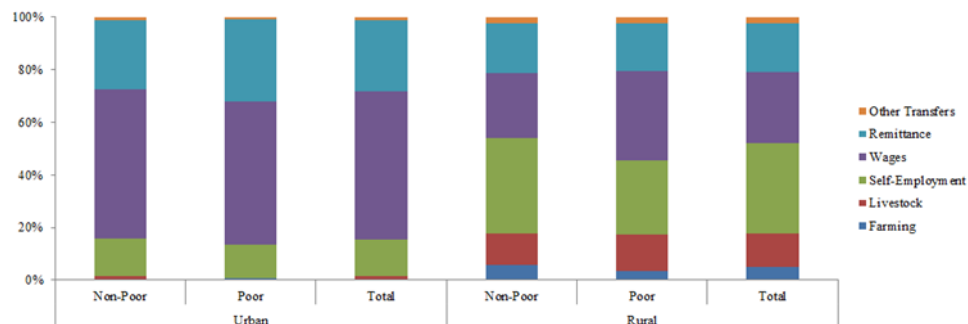
34. *Unlike other countries in the region, crop farming as a source of income in rural Somaliland is limited, and is less prevalent among poor households compared to better off households.* The limited prevalence of crop-farming as a source of income in rural Somaliland is surprising. Households were also asked if they had land that they used for farming. However, even by this measure very few households are engaged in crop production with only 19% of rural households cultivating land (Table 10). This is despite 32% of rural households owning land. Those that are engaged in crop-farming tend to be slightly better off. A quarter of rural poor own land as compared to 35% of non-poor households (the difference is statistically significant) and more non-poor households report income from crop-farming. The limited role of crop farming in the livelihoods of rural households in Somaliland, and in particular in the livelihood of poor households in rural Somaliland underscores the importance of keeping food prices low for combatting poverty: few poor households earn income from farming so will not benefit from high food prices. Instead many poor households purchase a large proportion of the food they consume and low food prices improve their purchasing power.
35. *In contrast, livestock ownership and rearing is widely prevalent in rural areas, but a source of income for only a few households.* 59% of rural households rear livestock and it is more common among poorer households (Table 10). However, only 14% of households report income derived from livestock rearing, suggesting that for many it is a subsistence activity. Figure 17 details the share of

<sup>4</sup> Remittances include cash, food, and non-food in-kind transfers from family members, relatives and friends.

<sup>5</sup> Other transfers include transfers from Alimony and Zakat.

income coming from each type of income<sup>6</sup>. This shows that the share of income from livestock production is similarly low.

**Figure 17: Proportion of Income from each source, by region and poverty status**



Source: SLHS (2013)

36. *Wage employment is the major source of income in urban Somaliland and also an important source of income for rural households, second only to income from self-employment.* Poor and non-poor households are equally likely to obtain income from wage employment and non-agriculture self-employment (Table 10). But the relative significance of each of these sources of income differs significantly amongst rural poor and non-poor households. Figure 17 shows a breakdown of share of income from each source. Non-poor households in rural areas are more reliant on wage income and less reliant on self-employment income than poor households.
37. *Remittances are a major source of income for households, especially in urban Somaliland and for non-poor households.* 31% of urban and 16% of rural households report remittances as a source of income (Table 11). While cash remittances are more common in urban households, a higher proportion of rural households receive food and in-kind remittances. However, in both urban and rural areas, poor households are less likely to receive remittances. Non-poor urban households (34%) are twice as likely to receive remittance income compared to their poor counterparts (18%). In rural areas the difference is less pronounced as 10% of poor households receive remittances compared to 13% of non-poor households.
38. *Migration has significant bearing on income and livelihoods of households.* In urban areas, 19% of households have one or more household member residing in another city or abroad (Table 11). In rural areas, 10% of households have migrant members. In urban areas, migrant household members are more often reported in better off households. Households in the highest quintile are twice as likely (24%) to have a migrant household member than households in the bottom quintile (12%). In rural Somaliland the probability of migration is lower and it increases and then decreases with consumption. In urban areas, 14% of households report receiving remittances from these migrant

<sup>6</sup> Sources of income include cash income earned from engaging in an economic activity, and in the case of remittances, the monetary value of non-cash transfers. It does not include the monetary value of household production for self-consumption. For instance, own produced food that is consumed by household is not included as a source of income.

members compared to 5% in rural areas. The incidence of remittances increases with consumption which could suggest that migration is one way by which households increase their consumption in Somaliland. However more analysis is needed to ascertain whether wealthier households are more likely to have a migrant member, or whether having a migrant member enables a household to become less poor. Both mechanisms may be at work. The analysis in this report underscores that remittance income is important for households in both rural and urban Somaliland, but particularly in urban Somaliland.

**Table 11: Migration and Remittances**

Quintile of RPCE	Households with migrant members		Households who receive remittance from migrant		All types of remittances <sup>7</sup>	
	Urban	Rural	Urban	Rural	Urban	Rural
Lowest quintile	12%	7%	8%	2%	19%	14%
2	15%	8%	14%	5%	28%	14%
3	23%	16%	15%	10%	33%	19%
4	21%	10%	17%	4%	36%	18%
Highest quintile	24%	7%	18%	2%	39%	16%
Total	19%	10%	14%	5%	31%	16%

Source: SLHS (2013)

39. *Migrants are predominately male, particularly those from rural areas, and migrate to work.* 55% of migrants from urban areas are male and 63% of migrants from rural areas are male. Migrating members of rural households tend to move to other locations within Somaliland (42% of rural migrants moved to Hargeisa compared to 12% from urban centers outside of Hargeisa) and if they do migrate internationally the main destination is Saudi Arabia. In contrast, migrants from urban households tend to move internationally and most often to the United Kingdom, followed by the United Arab Emirates, Canada, Saudi Arabia and the United States. Migrants from rural areas are more likely to migrate for educational reasons (20%) than migrants from urban areas (about 5% of urban migrants are students) but the majority of migrants are working or looking for work.
40. *A significant proportion of households, 5% in urban and 9% in rural Somaliland, draw income from alimony and Zakat (alms).* The transfer payments are more common for non-poor households than poor households in both urban and rural areas which could indicate that transfer payments are keeping some recipients from falling into poverty. However, this difference is not significant.
41. *Inadequate employment, droughts, and high food price are major shocks for household consumption.* Table 12 provides a summary of incidence of shocks in urban and rural

<sup>7</sup>This includes remittances from immediate family members, from relatives and friends, and cash, food, and in-kind remittances.

Somaliland. Inadequate employment is a major concern for households in urban Somaliland. In combination with the finding that wage employment is a major source of income for poor and non-poor households this suggests that industrial policy to support job creation will be key for poverty reduction in urban Somaliland. There are no major differences in the shocks reported by the poor and non-poor. Although drought is reported as a major shock to household consumption in rural areas, this is not as a result of it causing insufficient water for farming. The shock to consumption may come as a result of longer distances to fetch water for household consumption or lack of water for livestock.

**Table 12: Shocks to household consumption**

	<b>Drought</b>	<b>High Food Prices</b>	<b>Inadequate Unemployment</b>	<b>Insufficient water for farming</b>
<b>Urban</b>				
Non-Poor	16%	29%	36%	4%
Poor	12%	22%	38%	6%
Total	15%	27%	37%	4%
<b>Rural</b>				
Non-Poor	43%	31%	17%	12%
Poor	51%	26%	18%	12%
Total	46%	29%	17%	12%

Source: SLHS (2013)

42. *The evidence is also consistent with death being a major financial shock to households in urban Somaliland.* In urban areas recent deaths of a household member are much more prevalent among the lowest quintile of households, 20% of households experienced the death of a household member in last 2 years, compared to 11% households in the highest quintile (Table 13). This could reflect the fact that the loss of a household member occurs comes with significant costs (health costs or funeral costs) or that the loss of a household members results in a loss of income. This relationship is not observed in rural Somaliland, perhaps because informal forms of support are stronger in rural areas. Illness is the major cause of death (Table 13) followed by old age, accidents and childbirth complications.
43. *Conflict and displacement is a not a major source of disruption for households in surveyed areas.* A few households – 6% in rural areas and 4% in urban areas – report knowing anyone who faced harassment or threats. The threats were generally limited to petty thefts and street crimes. There are no significant reports of displacement or loss of assets due to conflict situations. Overall, this suggests conflict was not a major challenge for households in survey areas, although it is worth noting that the most insecure areas could not be surveyed. Conflict was not listed as a possible source of death in the survey instrument, but may have contributed to “other causes” listed. One in ten reported deaths listed “other” as the cause suggesting this as an upper bound on conflict related deaths, although the number is likely much smaller than this as many other causes of death could be captured in this category.



**Table 13: Percentage of Households that had a death in last 5 years**

<b>Quintiles of RPCE</b>		<b>Death in Household in last 5 years</b>	<b>Death by Illness</b>	<b>Deaths in Last 2 years</b>	<b>Deaths in 2-5 years</b>
<b>Urban</b>					
Lowest quintile		28.8	19.9	20.0	7.6
	2	22.4	15.7	15.1	7.3
	3	25.3	18.2	15.1	9.5
	4	24.9	18.7	15.7	8.7
Highest quintile		19.3	17.2	11.1	8.3
<b>Rural</b>					
Lowest quintile		18.3	9.4	11.2	6.7
	2	18.9	14.6	12.1	6.8
	3	27.2	17.8	14.8	12.4
	4	27.2	18.8	11.2	16.1
Highest quintile		30	20.1	14.4	15.6

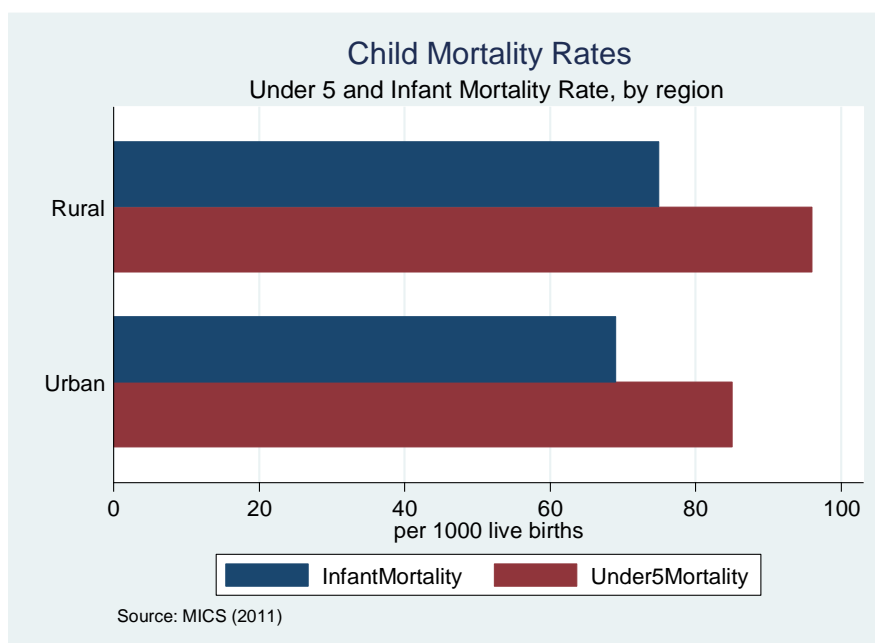
*Source: SLHS (2013)*

## 5. Poverty and other dimensions of deprivation in Somaliland

44. *Households in Somaliland face deprivations on many dimensions, particularly in rural areas, which points to the need for a comprehensive approach to addressing poverty. More than two-thirds of poor households in urban areas have a child who is not in school, or do not have access to an improved water source, or do not have access to external sources of information. However, households in rural Somaliland are three times more likely to be deprived in multiple dimensions at once. The acute nature of rural poverty in combination with the existence of deprivation on a greater number of dimensions makes rural poverty harder to address. Addressing poverty will require investments in education and improved health care in addition to investments to improve productive opportunities for poor households.*
45. *Children born into poor household are less likely to receive medical care that may be required at birth, they are less likely to live in households with running water and good sanitation, and they are much less likely to attend school. This report shows that the poverty of ones parents is highly correlated with the opportunities available to a child in Somaliland. Poverty is strongly negatively correlated with access to child health and education. These findings suggest that the necessary focus of the government on peace building and nation development and limited donor support has resulted in inadequate delivery of basic services and very unequal access to services and wellbeing. Addressing this is the challenge facing Somaliland.*
46. *In this section the Somaliland Household Survey is used to present information on other measures of well-being and deprivation in rural and urban Somaliland. Findings are presented on access to water and sanitation, access to education and access to health care, particularly for women during child-birth. Childbirth is one of the major risks to women and children's health in Somaliland. Child mortality rates particularly high and amongst the highest in the region (MICS 2012). Infant mortality rate in Somaliland is 72, compared to 47 in neighboring Ethiopia, 49 in Kenya and 45 in Uganda. Mortality rates are higher in rural areas, whereas Under 5 mortality rate is higher than Infant mortality rate (Figure 18).*
47. *For each dimension of deprivation considered, the degree to which this dimension of deprivation overlaps with monetary poverty is assessed. In rural Somaliland deprivations in non-monetary dimensions of wellbeing are found to be strongly correlated with monetary poverty. The coincidence of non-monetary dimensions and poverty is still present in urban Somaliland, but more poor households experience greater well-being on non-monetary dimensions.*
48. *In addition to examining the overlap between monetary poverty and deprivation on other dimensions of well-being, this section also examines how multiple dimensions of deprivation overlap. The approach outlined in Atkinson and Lugo (2010) and Lugo and Ferreira (2012) is applied to assess the degree to which poverty is multi-dimensional in urban and rural Somaliland. This matters for two reasons. First, poverty has many dimensions that cannot be fully captured by looking at the amount a*

household consumes alone, and taking a multi-dimensional approach allows for a more holistic representation of poverty. Second, work in other countries suggests that when people are deprived in multiple dimensions of poverty at once, poverty is more intransigent and proves more difficult to address.

**Figure 18: Child Mortality Rate, by region**

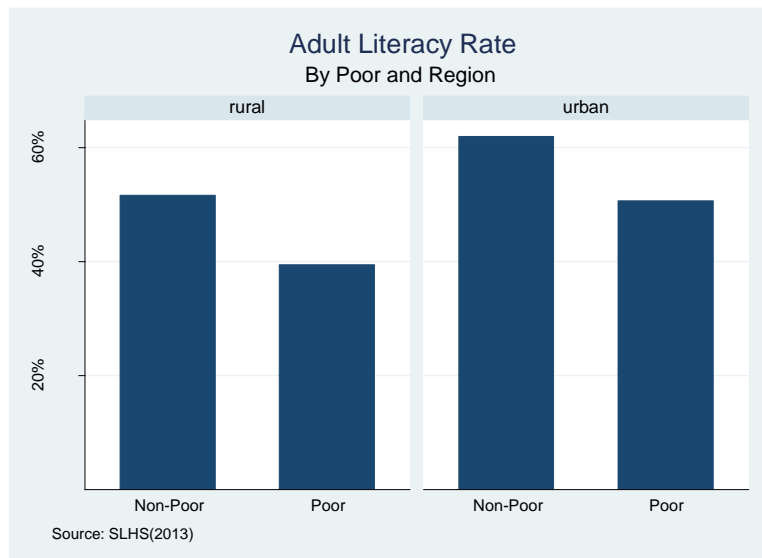


### ***Education and information***

49. *Somaliland has low levels of literacy compared to the region, and literacy rates are lower among poor households.* The literacy rate of 59% in urban Somaliland and 47% in rural Somaliland is the second lowest in the region, ahead of Ethiopia (39%, Table 15). The adult literacy rate among poor households is 11-12 percentage points lower compared to non-poor (Figure 19).
50. *Levels of educational enrolment, particularly for primary education, are very low—the lowest in the region and one of the lowest in the world—suggesting that unless action is taken otherwise the literacy rate in Somaliland will continue to be very low.* Only one in two primary school aged children is enrolled in primary school (Table 15).<sup>8</sup> While the secondary school enrollment in urban areas fares on par with the regional average, rural areas have 12 percentage points lower attendance compared to urban Somaliland.

<sup>8</sup> Net Enrollment Ratio (Primary) is defined as the proportion of primary age children who attend the primary school

**Figure 19: Adult Literacy Rate, by poor and region**



**Table 14: Literacy and Education, regional comparison**

Indicator	Somaliland		Djibouti	Ethiopia	Kenya	Tanzania	Uganda
	Urban	Rural					
Literacy Rate	59%	47%	-	39%	87%	68%	73%
Net Primary Attendance (% of Primary aged children in Primary School)	52%	53%	62%	80%	83%	98%	91%
Net Secondary Attendance <sup>1</sup> (% of Secondary aged children in Secondary School)	21%	9%	24%	16%	50%	25%	17%

Source: SLHS (2013)

51. If current trends continue, the education gap between the poor and non-poor will persist because poor children are much less likely to attend school. In poor households in urban Somaliland, 48.5% of household members age 5-25 are attending any school, compared to 60.5% of non-poor households. In rural Somaliland, the gap between poor and non-poor is even larger with 59% of non-poor children going to school compared 39% of poor children (Table 15). The disparity in school attainment is also large at the secondary level. In rural Somaliland for instance, age appropriate enrollment in secondary schools for the bottom quintile is 8.2%, lagging behind the 20% net enrollment in secondary for the top quintile. Understanding the barriers that prevent children from poor households attending school,

and helping these barriers be overcome is essential to reversing this trend. A separate paper takes up this issue in more detail.

**Table 15: Education indicators, by poverty**

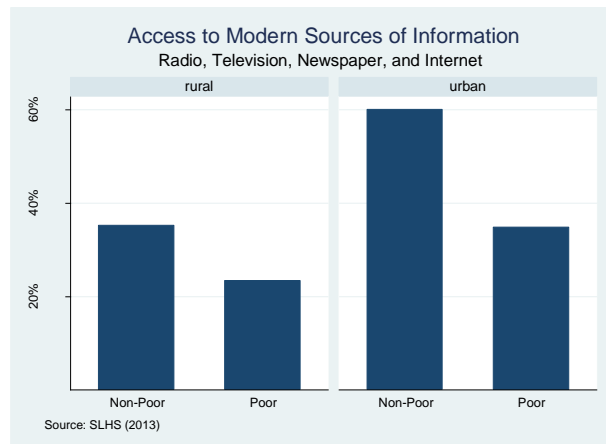
Education	Urban		Rural	
	Non-Poor	Poor	Non-Poor	Poor
Adult Literacy	61.95%	50.66%***	51.60%	39.42%***
NER Primary	58.46%	38.92%***	60.61%	40.68%***
GER Primary	90.6%	64.8%***	90.61%	57.45%***
NER Secondary	27.37%	17.16%**	17.35%	5.80%***
GER Secondary	52.1%	30.97%***	30.3%	8.11%***
In School (5-25)	60.48%	48.51%***	59.14%	38.89%***

Notes: The significance of difference between the means of non-poor and poor is captured through asterisk. \*\*\* significant at 1%; \*\* significant at 5%; \* significant at 10% Source: SLHS (2013)

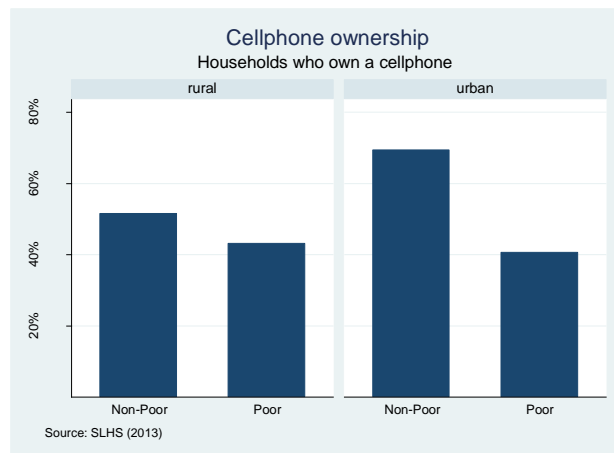
52. *Overall in Somaliland, access to external sources of information – such as a radio, television, newspaper, or internet – is not high.* Only one in three households in rural Somaliland has access to an external source of information compared to half of the households in urban Somaliland. Poor households are even less likely to use these sources, see Figure 20. Whilst 60% of non-poor households in urban areas list one of these sources (radio, television, newspaper or internet) as a source of information this falls to 35% of poor households. A poor household in urban Somaliland is however just as likely to have access to one of these sources as a non-poor household in rural Somaliland. There is the same disadvantage in this regard from being rural as from being poor. Less than one in four (23%) of poor households in rural areas use these sources of information. The lack of use of modern sources of information depicts the generally low penetration of information technology infrastructure.

53. *Mobile phone ownership rates are much higher than access to external sources information would suggest, even among poor households.* Almost two thirds (64%) of urban households and over half (55%) of rural households own a mobile phone. Even 48% of poor households in rural Somaliland and 43% of poor households in urban Somaliland own a mobile (Figure 21). The information deficit is thus likely to improve as more households embrace cell phone services.

**Figure 20: Sources of Information, by poverty status**



**Figure 21: Cellphone ownership, by region**

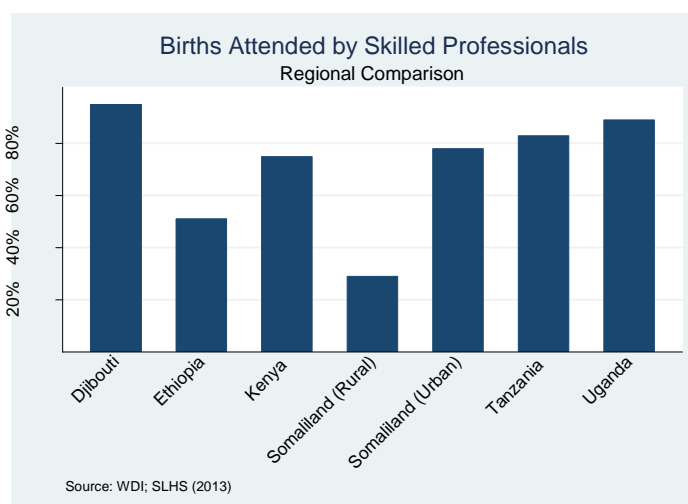


## ***Health***

54. *Health indicators in Somaliland are low compared to regional benchmarks, especially in rural areas.* The proportion of births attended by skilled health workers provides a good indication of the availability of health services for mothers. Less than one in three births (29%) in rural Somaliland is attended by a skilled health worker and one in five births (20%) are in a medical facility (Table 16). On this dimension of wellbeing, Somaliland fares poorly compared to the neighboring countries as indicated in Figure 22. The proportion of births attended by skilled health workers in rural Somaliland is lowest in the region, trailing behind Ethiopia (51%). Access to formal facilities for mothers varies a great deal between rural and urban Somaliland. In urban areas, 77.5% of births are

attended by a skilled attendant and 71% of the births are in urban Somaliland in a proper medical facility<sup>9</sup>.

**Figure 22: Births attended by skilled attendants, regional comparison**

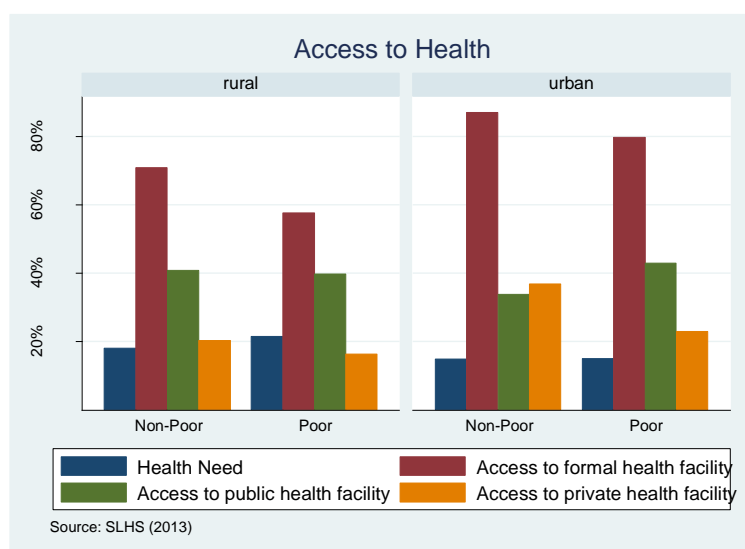


55. *Access to maternal health care is very strongly correlated with poverty in rural areas with birth to mothers in poor households much less likely to be attended by a skilled attendant.* In rural Somaliland, 4% of births are in a proper medical facility for the lowest quintile as compared to 39% for the top quintile (Table 16). The gap between poor and non-poor in urban areas is narrower. For the bottom quintile, 66% births are in medical facilities as compared to 82.6% for the top quintile.
56. *In general, access to health care is constrained in rural Somaliland.* For urban Somaliland, 85% of the people who report a health problem seek health services from a formal medical facility. The comparable estimate for rural Somaliland is 65%. However, use of public health facilities is similar in rural areas (40%) and urban areas (37%).
57. *Poor households are less likely to obtain formal health care, but differences between poor and non-poor households in health care usage are not as high the differences between poor and non-poor in skilled birth attendants or in school enrollment.* The poor and non-poor are equally likely to report health needs, but fewer poor households receive health care. In rural areas, 58% of poor households access formal medical facilities in time of healthcare need compared to 71% for non-poor (Figure 23). In urban areas the disparity between poor and non-poor is again smaller than in rural areas: 80% of poor and 87% of non-poor have access to formal healthcare facility. In both urban and rural areas, the poor are more likely not to seek treatment as a result of lack of finances. One in five poor people do not seek treatment because of lack of finances. Poor people are less likely to seek treatment from private health facilities in urban Somaliland. However, poor and non-poor have similar trends in

<sup>9</sup> Birth in a proper medical facility include births recorded in public or private healthcare facilities such as hospitals, clinics, and mother and child centers.

seeking treatment from private healthcare providers in rural areas, perhaps indicating the lack of availability of private health facilities in rural Somaliland.

**Figure 23: Health needs and use of health services in time of need (access), by region**



**Table 16: Access to healthcare, by quintile of RPCE**

Quintile of Real per capita expenditure	Health Problem or Birth Last Year	Birth in a proper medical facility (Women Age 15-49)	Birth attended by Skilled Health Staff (Women Age 15-49)	Formal Medical Access for Health Problem	Sought Treatment at Public Medical Facility	Sought Treatment at Private Medical Facility
<b>Urban</b>						
Lowest quintile	15.9%	65.8%	74.9%	83.5%	41.7%	21.2%
2	15.9%	67.2%	76.0%	71.9%	29.3%	28.2%
3	13.2%	64.6%	71.1%	84.1%	43.6%	24.9%
4	14.9%	75.4%	73.7%	96.0%	42.2%	47.2%
Highest quintile	14.9%	82.6%	91.3%	91.2%	28.4%	43.6%
Total	15.0%	71.3%	77.5%	84.9%	36.8%	32.6%
<b>Rural</b>						
Lowest quintile	21.3%	4.3%	9.0%	58.1%	47.4%	19.9%
2	22.0%	14.0%	25.6%	59.0%	29.0%	18.8%
3	16.6%	27.4%	33.2%	58.8%	49.4%	19.9%
4	19.0%	15.4%	35.6%	59.1%	25.7%	20.2%
Highest quintile	17.9%	38.8%	42.1%	91.2%	52.3%	14.0%
Total	19.4%	19.6%	29.2%	64.8%	40.4%	18.6%

Source: SLHS (2013)



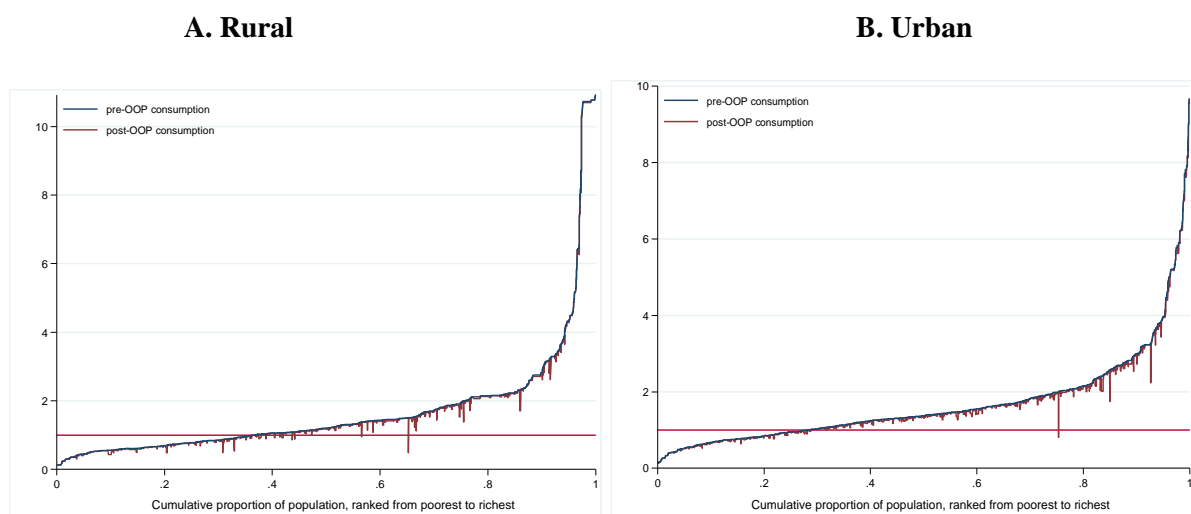
58. *Although only 15-19% of those living in Somaliland experience health problems, and an even lower proportion seek treatment, spending on health does have an impoverishing effect for some households.* The consumption aggregated used to assess the poverty status of a household does not include spending on health in line with common practice. Data on health expenditures was collected and so it is possible to assess whether some households that were counted as poor would not be poor had they been able to use health expenditures for food or other consumption instead. This is assessed in Table 17. The poverty headcount in rural areas would fall by 1.5% and in urban areas it would fall by 0.6% if poor households did not have to pay for health expenses. The poverty gap would also fall, indicating that some poor households are pushed further into poverty as a result of health expenditures. Figure 24 shows the impoverishing effects of health payments in rural and urban Somaliland respectively via a Penn's Parade diagram. A Pen's Parade is useful to identify and study the households who fall below poverty line due to health payments. In each figure, the households are ranked in ascending order of consumption aggregate. The blue line shows the pre-health payments consumption level of each household. The red "drip" shows the drop in household consumption due to out-of-pocket health expenditures. The horizontal red line is the poverty line. If a drip is long enough to cross the poverty line, a household is considered to be impoverished net of health payments. The effects of health payments are smaller but more recurrent for the households at the bottom of consumption distribution. Table 17 also shows that health expenditures are a higher share of consumption for poor households and as a result the Gini would also fall a little if expenditure on health was diverted to other goods.

**Table 17: Effect of health expenditure on poverty and inequality**

	Poverty rate	Poverty rate if spending on health were spent on other goods	Percentage point change	Percent Change
<b>Rural</b>				
Poverty headcount	38.1	36.7	1.5	4.0%
Poverty gap	12.8	12.2	0.6	5.3%
Gini Coefficient	45.6	45.2	0.4	0.9%
<b>Urban</b>				
Poverty headcount	28.6	28.0	0.6	2.3%
Poverty gap	8.4	8.0	0.4	4.7%
Gini Coefficient	42.6	42.5	0.2	0.4%

Source: SLHS (2013)

**Figure 24: Effect of Health Payments on Pen's Parade**



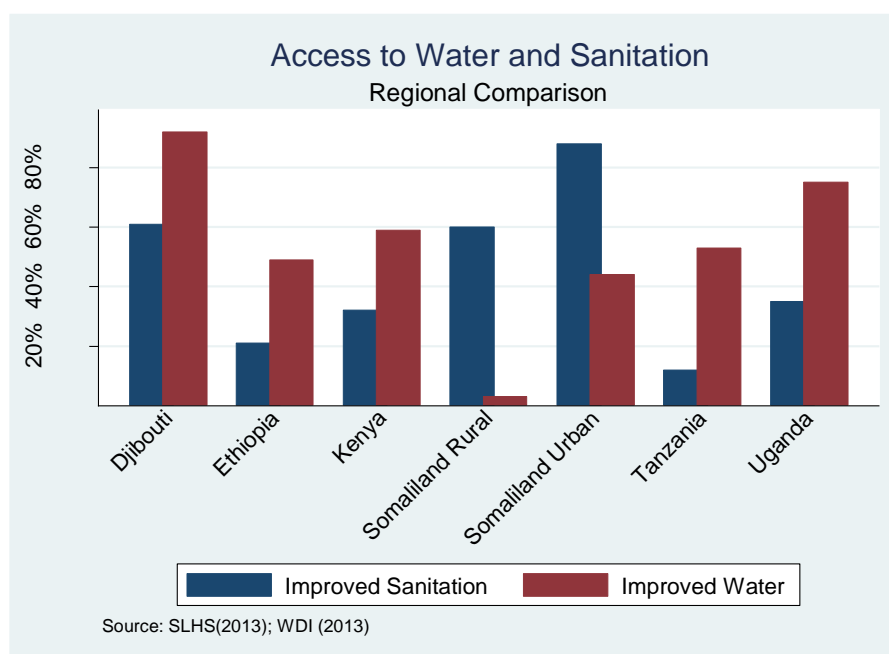
### ***Water, sanitation and housing***

59. *Access to improved sources of water in Somaliland lags behind the neighboring countries* (Figure 25~~Error! Reference source not found.~~). Households obtaining water from improved sources are lowest in the region. In rural Somaliland, only 3% of households obtain water from improved sources<sup>10</sup>. On the other hand, Somaliland has the highest rates of improved sanitation<sup>11</sup> in the region. In Somalia, 88% of urban and 60% of rural households have access to improved sanitation, compared to 12% in Tanzania and 21% in Ethiopia.

<sup>10</sup> Improved water sources include water from public water pipe, running water available inside the dwelling, or public water plumbing.

<sup>11</sup> Improved sanitation is defined as availability of water closet or pit latrine in the household.

**Figure 25: Access to Water and Sanitation, regional comparison**



60. *There are significant disparities in access to basic services and dwelling conditions between poor and non-poor households.* The availability of utilities such as tap water, sanitation, and improved/durable features of housing is fairly limited across Somaliland. Less than half (47%) of non-poor urban households have access to improved water supply<sup>12</sup> compared to 33.8% of poor households(Figure 26**Error! Reference source not found.**). The difference is even more pronounced in rural areas where a mere 3.7% non-poor and 1.8% of poor households have access to improved water. The access to improved sanitation facilities, while better than other services, is still fairly low, especially for rural households. Amongst the rural poor, only 49% access improved sanitation versus 66% of the non-poor. We note that our estimates of access to improved sanitation in rural Somaliland are higher compared to others. MICS (2012) finds that 26% of rural and 87% of urban households have access to improved sanitation. The difference may result from differences in the way the questions on sanitation were asked: in SLHS (2013) households were asked to identify the type of sanitation facility used. The list of responses included only one option that cannot be characterized as improved sanitation – which may have resulted in an overestimation. This issue requires further investigation.

61. *Rural housing is less equipped, on average, than urban housing, and housing conditions are quite basic for those living in poverty in rural areas.* Amongst the poorest quintile, 71% of urban households and 28% of rural households have a permanent roof made of metal sheet or tiles in their house. In the richest quintile, 93% of urban and 54% of rural households live in houses with improved

<sup>12</sup> The improved drinking water source includes piped water on premises (piped household water connection located inside the user's dwelling, plot or yard), and other improved drinking water sources (public taps or standpipes, tube wells or boreholes, protected dug wells, protected springs, and rainwater collection). (WDI)

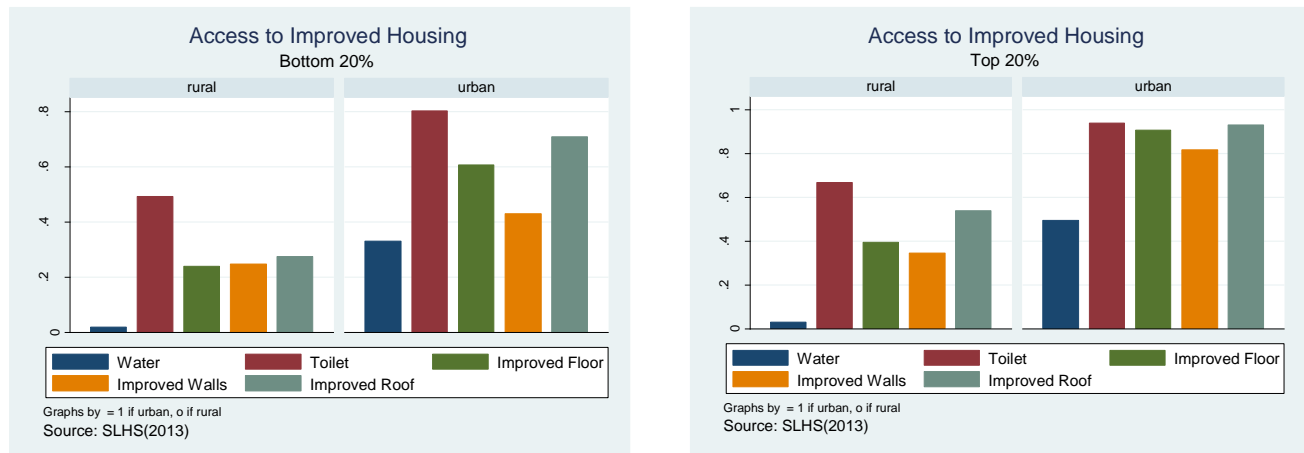
roofs (Table 18 **Error! Reference source not found.** and Figure 26). Lower quality of housing may be a consequence of low income and consumption in rural areas.

**Table 18: Access to water, sanitation, and housing**

Attributes of Dwelling Conditions	Urban			Rural		
	Non-Poor	Poor		Non-Poor	Poor	
Improved Water (Rainy Season)	47.4	33.8	***	3.7	1.8	
Improved Sanitation	90.0	80.9	***	66.2	49.3	**
Improved Floors	85.1	63.1	***	40.0	22.0	***
Improved Walls	72.9	46.4	***	38.9	20.8	***
Improved Roofs	89.4	72.3	***	52.3	28.3	

Notes: \*\*\* significant at 1%; \*\* significant at 5%; \* significant at 10%. Source: SLHS (2013)

**Figure 26: Access to improved housing, by percentile of RPCE**



### **Multi-dimensional poverty**

62. This section presents findings on the degree to which different dimensions of poverty overlap in rural and urban Somaliland. This is done to better understand the multidimensional nature of poverty in Somaliland, and to ascertain the extent to which individuals are deprived on many dimensions. Work in other countries has shown that those who are deprived on many dimensions at once may, other things equal, find it harder to escape poverty than households deprived on only one dimension. For example, it is difficult for a poor individual to access productive opportunities and see income growth if he/she is not educated, and if he/she is not able to access health care should he/she fall ill. Deprivations in four dimensions are considered: education (enrollment of primary age children), health (access to healthcare facilities), water and sanitation, and access to information. The indicators and their definitions are summarized in Table 19.

63. *Venn diagrams are used to depict the size of interaction between three indicators of deprivations.* As suggested in Lugo and Ferreira (2012), the Venn diagrams allow a depiction of both the size of one deprivation relative to another and how the different dimensions of deprivation overlap. The Venn diagrams below are proportionally sized for each set of three deprivation indicators: each circle area represents the approximate proportion of the households that experiences the deprivation; each intersection area represents the approximate proportion of households that experience two, or all three, deprivations.
64. *A clear picture of disparity between rural and urban Somaliland emerges from considering the multidimensional nature of poverty.* Table 20 summarizes the multiple dimensionality of poverty in Somaliland and this is depicted in Figure 27. In urban Somaliland, monetary poverty has a much lower coincidence with other deprivation of poverty than in rural Somaliland. In urban Somaliland very few households (2%) are deprived in poverty, health and education; but in rural Somaliland 6% of households are deprived in all three dimensions. This is also seen in access to information, education and poverty, and access to healthcare, sanitation and poverty.

**Table 19: Selected Indicators of Deprivation in Somaliland**

Deprivation Indicator	A household is deprived when...
Education	At least one child of primary age (6-13 years) is not in school
Health	At least one household member cannot access health facility when sick for diagnosis or treatment
Sanitation*	Household does not have access to improved sanitation such as flush toilet or pit latrine in the dwelling
Water**	Household does not have access to improved water source – privately accessible or publicly provided piped water.
Information	Household does not use radio, television, newspaper, or internet to access information
Income	Household's real total consumption expenditure per capita is lower than the poverty line

\* Only for rural households \*\* Only for urban households

65. *However, although urban households are less likely to be deprived in multiple dimensions, many households in urban areas are deprived on more than one dimension.* More than two-thirds of poor households in urban areas have a child who is not in school, or do not have access to an improved water source, or do not have access to external sources of information. However, few households are deprived in three dimensions.
66. *Households in rural areas are not only more likely to suffer from consumption based poverty; they are also more likely to be deprived in access to education, healthcare, and living conditions (see Figure 27).* Consider the incidence of monetary poverty, education and health deprivations. In rural Somaliland, 85% of the households are deprived in at least one dimension whereas the households deprived in all three dimensions are also higher in rural areas (6% compared to 2% in urban areas). Deprivations in access to health are particularly acute in rural areas, and have a high overlap with other deprivations. The acute nature of rural poverty along with deprivations which are intertwined and exist on a greater number of dimensions make rural poverty harder to address.

**Table 20: Incidence of multiple deprivations in Somaliland, by region**

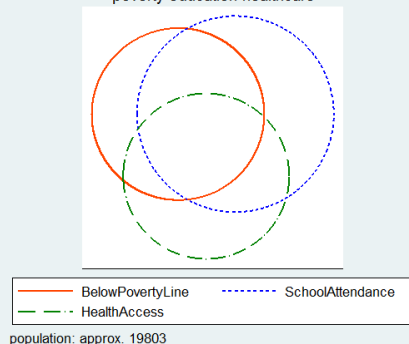
	Urban	Rural
<b>Household deprived in one dimension</b>		
Income	28.7%	38.1%
Education	47.7%	63.1%
Health	14.8%	29.0%
Sanitation/Water	55.9%	22.5%
Information	43.6%	41.7%
<b>Households deprived in two dimensions</b>		
Income and education	19.9%	27.7%
Income and health	7.3%	22.9%
Income and sanitation/water	19.0%	18.4%
Income and information	17.6%	28.5%
Education and health	9.5%	29.0%
Education and information	20.9%	41.7%
Health and water / sanitation	8.7%	20.9%
<b>Households deprived in three dimensions</b>		
Income, health and education	2.0%	6.0%
Income, information and education	9.0%	15.8%
Income, health and water / sanitation	2.2%	7.1%

Source: SLHS (2013)

**Figure 27: Multiple Deprivations in Somaliland**

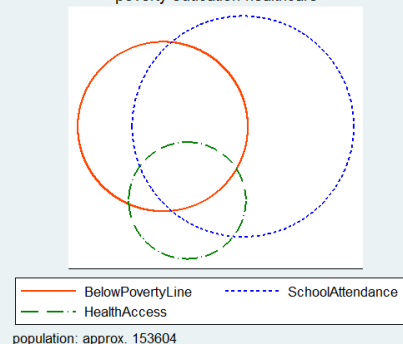
**A: Poverty and Basic Needs (Rural)**

Rural: Poverty and Basic Needs  
poverty-education-healthcare



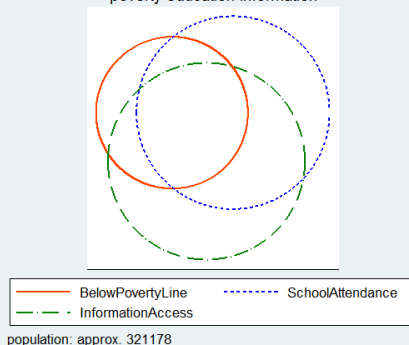
**B: Poverty and Basic Needs (Urban)**

Urban: Poverty and Basic Needs  
poverty-education-healthcare



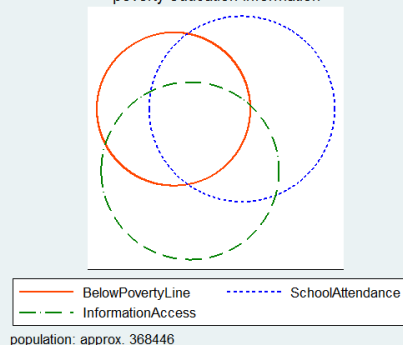
**C: Poverty and Access to Information (Rural)**

Rural: poverty and access to information  
poverty-education-information



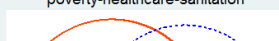
**D: Poverty and Access to Information (Urban)**

Urban: poverty and access to information  
poverty-education-information



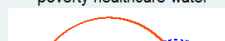
**E: Poverty and Improved Sanitation (Rural)**

Rural: Poverty and Basic Needs  
poverty-healthcare-sanitation



**F: Poverty and Improved (Urban)**

Urban: poverty and living conditions  
poverty-healthcare-water



## 6. Gender and Poverty

68. *Gender is a critical determinant of poverty and access to services in Somaliland.* The previous sections highlighted that female headed households are quite prevalent in Somaliland, particularly in urban areas, and that household headed by women in urban areas are significantly more likely to be poor than households headed by men. Although this was not the case in rural areas, other aspects of deprivation were highlighted to be particularly concerning in rural areas. For example, poor women in rural areas are very unlikely to face adequate health care during child birth. This section presents additional findings on gender and poverty.

69. *Literacy rates and rates of labor force participations are lower among female headed households.* Female headed households are more likely to smaller with a higher ratio of dependents to working adults, see Table 21. Literacy rates are considerably lower among female heads in both urban and rural areas, as is labor force participation (particularly in urban areas). The employment pyramid in Figure 28 shows that lower rates of labor force participation are present for all women, not just household heads. The employment rates of women are much lower than men in both rural areas; and rates of employment are particularly low in urban areas. The employment pyramid also shows the high rate of women to men in the working age population, likely reflecting the effects of recent conflict and migration.

**Table 21: Characteristics of households, by poverty and gender of household head**

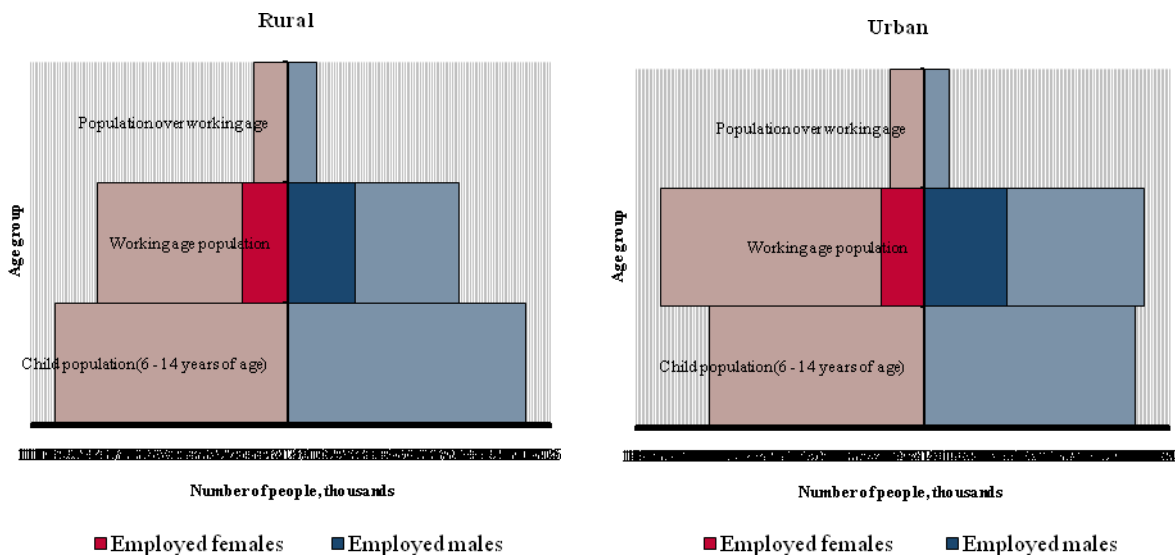
	Male			Female		
	All	Non-Poor	Poor	All	Non-Poor	Poor
<b>Urban</b>						
Household Size	7.1	6.7	8.4	5.8	5.4	6.8
Dependency Ratio	1.4	1.3	1.8	1.5	1.2	2.1
Literacy Rate	67%	69%	60%	26%	28%	21%
Self-employed or employed	74%	75%	73%	34%	35%	32%
<b>Rural</b>						
Household Size	6.7	6.4	7.2	4.8	4.5	5.4
Dependency Ratio	1.9	1.8	2.1	2.1	2	2.3
Literacy Rate	62%	64%	58%	16%	19%	11%
Self-employed or employed	66%	68%	63%	55%	54%	56%

Source: SLHS (2013)

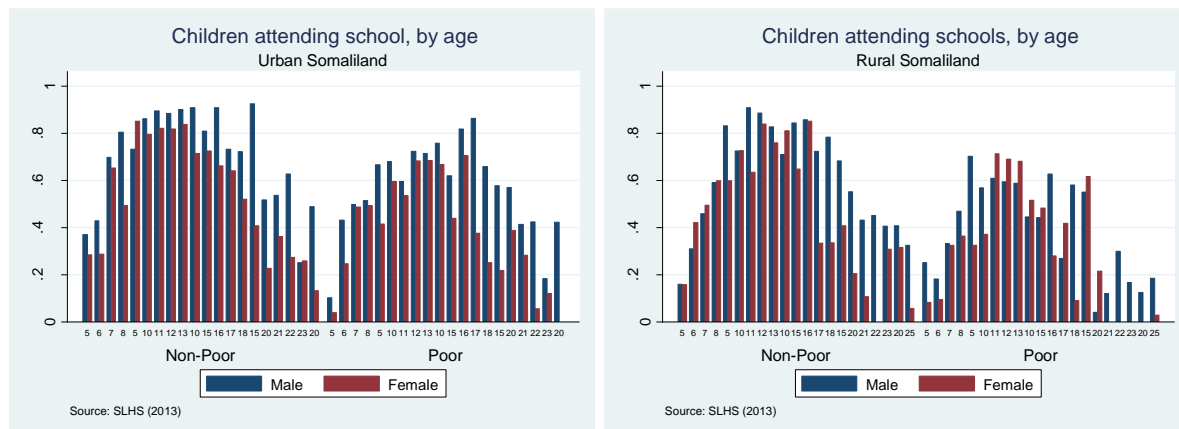
70. *Patterns of gender inequality are also present in current school enrollment across rural and urban Somaliland, particularly for adolescent girls.* Girls of school going age are less likely to be in school than boys. Girls are less likely to attend age-appropriate grade, and the situations worsens with the age of the girl. Figure 29 depicts how gender inequality increases with the age of the girl and statistics are presented in Table 22. The difference between male and female enrollment widens after the age of 13 – the age for primary school completion. In urban areas, 64% of boys of primary age (6-13 years) attend school, compared to 58% of girls of same age (Table 22). For the age group 14-17 years,

the difference between male and female enrollment rises more than doubles to 13 percentage points in urban areas and 18 percentage points in rural areas. By the age of 17-19 years, 76% of urban boys are in school compared to only 48% of urban girls.

**Figure 28: Employment Pyramid by Gender and working age population**



**Figure 29: Proportion of boys and girls in school, rural and urban**



**Table 22: Gender disparity in children attending school**

Age Group	Urban			Rural	
	Male	Female		Male	Female
6-13 years	64%	58%	**	55%	52%
14-17 years	63%	50%	***	51%	43%
18-24 years	49%	26%	***	39%	15%



The significance of difference between the means of male and female is captured through asterisk. \*\*\* significant at 1%; \*\* significant at 5%; \* significant at 10%

Source: SLHS (2013)

71. *Gender differences in enrollment are larger among poorer households.* However, the impact of poverty on gender differences in enrollment rates depends on the age of the child and whether they reside in a rural or urban area. Table 23 shows the female to male attendance ratio, i.e. the number of girls attending for every boy in school. For example the table shows that this ratio is 0.88 among urban non-poor households. That means there are 88 females attending school for every 100 boys attending school in urban non-poor households. The closer the ratio to 1 the more gender-equal are enrollment rates, the lower the ratio the more disadvantaged are girls compared to boys. The ratios show what was shown in the tables and graphs above: gender disparities in enrollment increase for children of secondary school age and above. The table also shows that gender disparities are usually higher among poor households, showing that girls in poorer households are more disadvantaged than girls in non-poor households. The impact of poverty on gender disadvantage increases with age of the girl in urban areas, but decreases with age in rural areas.

**Table 23: Female to male ratio of school attendance, by poverty**

Age	Urban		Rural	
	Non-Poor	Poor	Non-Poor	Poor
6-13 years	0.88	0.85	0.94	0.82
14-17 years	0.81	0.76	0.91	0.98
18-24 years	0.57	0.43	0.39	0.33

Source: SLHS (2013)

## 7. Correlates of Poverty

72. Using a simple OLS regression, we can explore the relationship between a set of key household characteristics and household welfare and poverty. Household welfare is measured by log of per capita consumption, which means that the coefficients of the regression can be interpreted as the marginal effect measured in percentage terms. We check the relationship between demographic attributes of household (size, proportion of children, age profile of household members) and characteristics of household head (gender, age, education, labor market status) and consumption of household. Table 22 presents the regression results. To interpret the results of the table, it would be helpful to consider the reference case (i.e. the excluded / base categories of the dummy variables), which is a household with a male head of household who has no education and is not in labor force. The results for urban and rural households are presented in separate columns.
73. *Household demographics are significant covariates of household welfare.* A 10% increase in household size is associated with 5% decrease in per capita consumption in rural Somaliland and 4% decrease in urban Somaliland, on average (Table 24). Households with younger children and fewer adults have lower per capita consumption in both rural and urban areas, keeping all else constant. As the proportion of male adults in a household increases, the per capita consumption increases by 49% and 43% in rural and urban Somaliland respectively. Interestingly, the effects of the age and the gender of household head on household welfare are not significant.

**Table 24: Covariates of Consumption**

Variable	Rural		Urban	
Household characteristics				
Log of household size	-0.509	***	-0.425	*
Log of household size squared	-0.004		0.014	
Share of children 7-16	0.467	***	0.018	
Share of male adults	0.486	***	0.427	***
Share of female adults	0.492	***	0.578	***
Share of Elderly (>=60)	1.310	***	1.192	***
Individual characteristics				
Log of household head's age	0.012		0.015	
Gender of the household head				
Male	(base)		(base)	
Female	0.022		-0.050	
Education of the household head				
No School	(base)		(base)	
Koranic	0.339	**	0.191	
Primary	0.138	**	0.267	***
Secondary	0.445	***	0.287	***
Tertiary	0.470	***	0.549	***
Others	0.313		0.021	
Don't Know	0.022		0.106	
Employment status of the household head				
Not in Labor Force	(base)		(base)	
Employed	0.007		-0.028	
Unemployed	0.110		-0.071	
Discouraged	-0.141	**	-0.040	
Intercept	5.756		5.919	
Number of observations	721		740	
Adjusted R2	0.19		0.20	

Source: SLHS (2013)

74. Education of household head is an important in explaining the welfare level of household. After controlling for other factors, households where the head has no education, have significantly lower per capita consumption in both rural and urban areas. Having said that, the marginal effect of education is higher in urban areas. Households with a head having completed primary has 13% (28%) higher per capita consumption in rural (urban) Somaliland compared to a household with a head with

no schooling. The difference between consumption levels owing to education level of household head rises with the level of education. The association between education and poverty may not be interpreted as causal, as a number of other observed and unobserved factors may contribute to both lower education and lower consumption level in the household.

75. *Labor market status of household head has weak correlation with welfare of household.* After controlling for other factors, households where the head is employed, unemployed, discouraged, or even out of labor force, have similar consumption level on average.
76. *Household composition and education of household head have significant bearing on the poverty status of household.* Table 23 presents the results for a hypothetical household that experience changes in probability of being in poverty based on changes in household and household heads characteristics. If household composition changes from having no children of age 0-6 to two children of the age, the probability of being poor goes up by 59% in rural and 39% in urban areas. If the gender of household head changes from male to female, there is no significant change in poverty. Education has a significant effect on the probability of being poor in both rural and urban Somaliland. If a household head goes from no education to completing primary, the household's probability of being poor decreases by 16% in rural and 35% in urban areas. The effect is higher for tertiary level, as expected. While labor market participation status of household head has trivial effect on the probability of being poor.

**Table 25: Change in probability of being in poverty**

Event	Rural	Urban
<b>Demographics</b>		
Change from having no children 0-6 years old to having 1 child	31.5	20.6
Change from having no children 0-6 years old to having 2 children	58.9	38.8
<b>Education: Change in Household Head's Education</b>		
Change from having "no education" to "Primary Education"	-15.9	-34.9
Change from having "no education" to "Secondary Education"	-48.1	-37.3
Change from having "no education" to "Tertiary Education"	-50.5	-63.5
<b>Labor: Economic Status of Household Head</b>		
Change from being "not in labor force" to "Employed"	-1.0	4.5

Source: SLHS (2013)

## 8. Conclusion

77. This report has documented the nature of poverty and inequality in urban and settled rural Somaliland, providing a closer look at the nature of deprivation and the economic characteristics of poor households than previous analyses have allowed.
78. The analysis depicts a conflict-free environment for many households in survey areas in Somaliland. Very few households, poor or otherwise, report that conflict or violence negatively affected them in the year prior to the survey. It is worth noting, however, that the most insecure areas were not surveyed. Although the data suggest that government investments have assured stability, limited investment in basic services such as water, health and education has resulted in low enrolment rates, limited use of improved water sources and few births being assisted by trained personnel or taking place in clinical facilities.
79. Households face deprivations on many dimensions and large inequalities in access to education and health care are evident. As a result the opportunities facing children are largely determined by the poverty status of their parents. Children born into poor household are much less likely to receive medical care that may be required at birth, they are less likely to live in households with running water and good sanitation, and they are much less likely to attend school. In the absence of interventions to address these disparities, children born in poverty will likely be poor as adults. Increased investment in basic service provision—particularly in rural areas—is essential to break this cycle, end extreme poverty and ensure shared prosperity.
80. The analysis also points to the importance of interventions to increase the availability of jobs and combat high food prices. In contrast to other countries in the region such as Ethiopia, Kenya, Uganda and Tanzania, the poorest do not derive much income from crop production. A large share of food consumed is purchased. As such interventions that help combat high food prices may help poor households. . Given the coastal nature of Somaliland and the low numbers of households engaged in agricultural production, low food prices may be better assured by reducing transaction costs in importing and marketing food rather than increasing agricultural productivity. However increases in productivity in livestock and livestock products for which Somaliland has a comparative advantage will help the many households that derive income from this sector. In addition increases in productivity and job creation in manufacturing and service sectors are needed.
81. Unemployment is widely present and many cite limited access to jobs as a major constraint to economic wellbeing. Employment rates among resident household members are low in urban and rural Somaliland, particularly among poor households, and many out of work individuals too discouraged to look for work. However, remittances from working migrants are high and non-poor households are more likely to receive remittances than poor households. Migration of working-age adults may be an effective livelihood strategy for some households in Somaliland, but receiving remittances may also reduce incentives for seeking employment. A better understanding of the

relationship between remittances, poverty and labor market participation is needed to inform policies that ensure migration is an opportunity used to its fullest benefit for poverty reduction in Somaliland.

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