Multi-Shock Index (MSI) for Food Security

DIEM Data and the Dual Functionality of the Multi-Shock Index (MSI)

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John M. Ulimwengu & W. Marivoet

IFPRI

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Abstract

The Multi-Shock Index (MSI) is a dynamic framework designed to assess the impact of multiple shocks on household welfare and food security. It functions as both a Shocks Index, which quantifies the realized effects of past crises, and a Vulnerability Index, which predicts future risks based on estimated shock probabilities. The Data in Emergencies Monitoring (DIEM) database provides critical data on shock occurrences, food security indicators, and household characteristics, making it highly suitable for constructing the Shocks Index. However, the Vulnerability Index requires additional statistical modeling to estimate shock probabilities and joint probabilities. By integrating DIEM data with predictive analytics, MSI can enhance early warning systems, guide proactive interventions, and strengthen resilience-building efforts. This framework bridges the gap between crisis response and risk mitigation, offering policymakers, humanitarian organizations, and researchers a comprehensive tool to tackle food security challenges in the face of economic, environmental, and social disruptions.

1. Introduction

The Multi-Shock Index (MSI) is a powerful analytical framework designed to assess the effects of multiple shocks on household welfare and food security. What distinguishes MSI from other indices is its versatility and flexibility, allowing it to function in two distinct but complementary ways. First, it serves as a direct assessment index, commonly referred to as the Shocks Index, which evaluates the realized impact of shocks based on actual occurrences. This approach is particularly useful for post-shock assessments, where the goal is to measure how various shocks—economic downturns, climatic disasters, conflicts, or health crises—have already affected communities. By quantifying these impacts, policymakers and humanitarian organizations can use the Shocks Index to design effective recovery interventions and strengthen resilience-building efforts in affected regions.

The second application of MSI is as a Vulnerability Index, which shifts the focus from past occurrences to potential future risks. Instead of measuring direct impacts, this approach estimates probabilities of different shocks occurring and their expected consequences. This forward-looking configuration allows for anticipatory action and early warning systems, helping decision-makers identify households or regions at high risk of experiencing significant welfare losses. The Vulnerability Index is essential for proactive policy measures, enabling governments and aid organizations to preemptively allocate resources, strengthen adaptive capacities, and implement disaster risk reduction strategies before a crisis escalates.

These dual applications underscore the adaptability of the MSI across different analytical and policy contexts. In some cases, an immediate assessment of realized shocks may be necessary, particularly in the aftermath of a disaster or crisis. In other situations, where the objective is to anticipate risks and prevent humanitarian crises, the vulnerability-focused MSI approach is more relevant. The ability to switch between these two modes makes MSI a dynamic and comprehensive tool for resilience analysis, offering insights that range from ex-post (after the event) impact measurement to ex-ante (before the event) risk prediction.

The Data in Emergencies Monitoring (DIEM) database provides a rich source of variables that can be utilized to implement both MSI configurations. DIEM contains detailed shock-related data, particularly for the Shocks Index, as it documents historical occurrences of shocks, allowing direct measurement of their impact on food security. However, while realized shocks are well covered in DIEM, shock probabilities and joint probabilities—which are crucial for constructing the Vulnerability Index—are not explicitly available. These probability estimates must be derived using statistical modeling techniques, leveraging historical DIEM data trends, correlation analysis, and predictive modeling to assess the likelihood of future shocks. This distinction highlights the differential data needs of the two MSI applications, with the Shocks Index relying on empirical occurrences and the Vulnerability Index requiring probabilistic forecasting.

Ultimately, the MSI framework bridges the gap between response and preparedness, offering a holistic approach to managing food security risks. Whether used for post-disaster impact analysis or predictive vulnerability assessments, MSI provides actionable insights for policymakers, humanitarian actors, and researchers aiming to enhance food security resilience in regions exposed to multiple, overlapping shocks.

2. A brief on DIEM data as related to MSI

The DIEM dataset offers a comprehensive set of variables essential for implementing the Multi-Shock Index (MSI), which assesses the impact of multiple shocks on food security and household welfare. These variables can be grouped into three key categories: shock occurrence data, food security indicators, and household characteristics. Together, they provide critical insights into both the realized effects of past shocks and the potential risks that may threaten communities in the future.

The shock variables in DIEM capture a wide range of crises, including economic, environmental, social, and health-related shocks. Data on food price inflation, drought occurrences, conflict-driven displacement, and disease outbreaks allow for an in-depth understanding of how external disturbances disrupt food security. These variables are particularly useful for constructing the Shocks Index, as they provide historical records of past crises. However, since DIEM does not include explicit probabilities for future shocks, researchers must estimate these using statistical modeling and trend analysis to implement the Vulnerability Index, which assesses future risks.

In addition to shock data, the dataset includes crucial food security indicators that measure how households cope with disruptions. Variables such as the Food Consumption Score (FCS), Household Dietary Diversity Score (HDDS), and reliance on food aid help quantify the impact of shocks on nutrition and well-being. These indicators are essential for estimating welfare loss coefficients in the MSI, as they reflect the severity of food insecurity caused by different shocks. By linking these food security variables to shock data, the MSI can quantify both immediate impacts and long-term vulnerabilities, offering policymakers a clearer picture of food crises.

Beyond food security, the DIEM dataset also contains extensive information on household characteristics, which influence resilience to shocks. Data on income sources, employment status, market access, and gender dynamics in income control provide valuable context for understanding why some households are more vulnerable than others. These socio-economic variables allow for differentiated impact assessments, ensuring that the MSI can account for regional and demographic variations in food security risks.

Overall, the DIEM dataset provides a strong foundation for implementing the Shocks Index, as it records the actual occurrences of multiple shocks and their observed effects on food security. However, for the Vulnerability Index, which requires estimating the likelihood of future shocks, DIEM data must be supplemented with probability estimations and statistical models. Despite this limitation, DIEM remains an invaluable resource for analyzing the interaction between shocks and household welfare, enabling evidence-based policy decisions that support both crisis response and risk mitigation.

DIEM variables related to shocks

Shock Type	Relevant DIEM Variables	Indicator Description
Economic Shocks	Food Price Index Household Income Changes Unemployment Rate	Measures fluctuations in food prices and household income. Reflects how macroeconomic instability affects food access.
Environmental Shocks	Rainfall Anomalies Drought Frequency Flood Occurrences	Captures weather-related disruptions that impact food production and supply chains.
Social Shocks	Conflict Incidents Displacement Rate	Measures forced migration, insecurity, and disruption of livelihoods due to political and social turmoil.

Shock Type	Relevant DIEM Variables	Indicator Description
Health Shocks	Political Instability Index Prevalence of Disease Outbreaks Access to Healthcare Services Malnutrition Rates	Reflects health-related crises that impact food security, including disease prevalence and healthcare disruptions.

DIEM variables related to food security

Food Security Domain	Relevant DIEM Variables	Indicator Description
Food Availability	Household Food Stock Levels Market Food Supply	Captures availability of staple foods and market sufficiency.
Food Access	Food Consumption Score (FCS) Household Dietary Diversity Score (HDDS) Food Expenditure Share	Measures the ability of households to acquire food and the diversity of their diet.
Food Utilization & Nutrition	Prevalence of Malnutrition Health and Sanitation Indicators Stunting and Wasting Rates	Reflects how food security affects nutrition outcomes.

DIEM Variables Related to Household Characteristics

Socio-Economic Factor	Relevant DIEM Variables	Indicator Description
Household Demographics	Household Size Number of Dependents	Larger households may have greater food needs and different coping strategies.
Livelihood & Income Sources	Main Source of Income Market Access and Employment	Households reliant on agriculture are more vulnerable to environmental shocks, while wage earners may be affected by economic shocks.
Coping Strategies	Reliance on Food Aid Asset Sales as Coping Mechanism Debt Levels	Measures household strategies to deal with shocks. High reliance on coping strategies signals vulnerability.

3. MSI as direct assessment (Shocks Index)

When applied as a Shocks Index, the Multi-Shock Index (MSI) provides a direct measurement of how multiple shocks have already impacted food security and household welfare. This approach is particularly valuable for post-shock assessments, as it allows researchers and policymakers to quantify the effects of realized economic, environmental, social, and health-related shocks. By using empirical occurrences of shocks, the Shocks Index framework helps in understanding how different types of crises influence food security outcomes, either independently or through compounding effects.

Mathematically, the Shocks Index is formulated as:

$$S_t = \alpha_1 x_{1t} + \alpha_2 x_{2t} + \cdots + \alpha_n x_{nt} + \sum_{i \neq j}^{N} \rho_{ij} x_{it} x_{jt}$$

where:

- x_{it} represents the actual occurrence of shock i at time t, meaning that the shock is observed and recorded in the dataset.
- α_i represents the direct impact of each shock on household welfare or food security.
- ρ_{ij} captures interaction effects between multiple shocks, accounting for how one shock may amplify or mitigate the impact of another.

This formulation provides an ex-post assessment of how past shocks have affected household well-being, making it a critical tool for measuring resilience, recovery, and vulnerability trends over time.

DIEM Data Relevance for the Shocks Index

The **Data in Emergencies Monitoring (DIEM) database** is well-suited for constructing the Shocks Index because it directly records **occurrences of different types of shocks**. By leveraging these data, we can **quantify the extent to which food security and household welfare have been impacted by multiple shocks**.

The table below maps the **types of shocks** captured in DIEM, the **specific variables available**, and **how these variables contribute to the MSI framework**:

Shocks type	Relevant DIEM variables	How it contributes to MSI
Economic Shocks	Food price inflation Household income reduction Unemployment rate	Measures the impact of financial instability on food access and purchasing power.
Environmental Shocks	- Drought occurrence Flood occurrence Rainfall anomalies	Captures the direct impact of climate-related shocks on food security and agricultural production.
Social Shocks	Conflict occurrence Displacement rate Political instability index	Assesses the effect of violence and forced migration on household stability and market disruptions.
Health Shocks	Disease outbreak occurrence Healthcare access disruptions	Measures how health crises (e.g., pandemics, malnutrition) influence food security and household stability.

These DIEM shock variables align directly with the MSI framework, enabling data-driven impact assessments of food security in regions affected by multiple, overlapping crises.

Illustration

To illustrate how the Shocks Index operates in practice, consider a scenario where a flood (environmental shock) and an economic downturn (inflation and unemployment increase) occur simultaneously in a given region.

Using the Shocks Index framework, the MSI would quantify:

- The direct impact of each shock on food security
    - Floods may reduce agricultural yields, disrupt food distribution systems, and damage infrastructure, leading to increased food insecurity.
    - Inflation, on the other hand, may raise food prices, making it more difficult for low-income households to afford basic nutrition.
- The interaction effect between these shocks
    - If a flood destroys local food supplies, increased market reliance may intensify the effects of inflation, leading to a greater reduction in food consumption than if these shocks had occurred independently.

- Similarly, job losses due to economic recession might reduce household purchasing power, making flood-affected households even more vulnerable than they would be to either shock in isolation.

In this case, the MSI framework would capture:

$S_t = \alpha_1$(Flood occurrence) + α_2(Inflation level) + ρ_{12}(Flood × Inflation interaction effect)

By applying regression analysis or econometric modeling, we can estimate how each shock reduces food security outcomes such as:

- Food Consumption Score (FCS)
- Household Dietary Diversity Score (HDDS)
- Food Insecurity Experience Scale (FIES)

The Shocks Index output would provide policymakers with a quantified impact measure, enabling them to prioritize recovery interventions and design resilience programs that address both immediate food shortages and longer-term economic vulnerabilities.

The DIEM dataset fully supports the construction of the Shocks Index, as it contains historical records of actual shock occurrences. These variables can be directly integrated into the MSI framework to measure how food security has been affected by economic, environmental, social, and health-related shocks. The ability to capture direct and interactive effects of multiple crises allows for a more nuanced understanding of food insecurity drivers and provides evidence-based insights for post-shock policy responses and resilience planning.

4. The MSI as a Vulnerability Index

The Multi-Shock Index (MSI) serves as a powerful tool for predicting potential welfare losses due to multiple, interacting shocks. Unlike the Shocks Index, which measures the realized impact of past events, the Vulnerability Index is a forward-looking framework designed to estimate the likelihood of future shocks and their expected effects on household welfare. This predictive capability enables proactive policy responses, allowing governments and humanitarian organizations to mitigate risks before they materialize.

The formulation for the Vulnerability Index is:

$$S_t = \sum_{i=1}^{n} \alpha_i P(x_{it}) + \sum_{i \neq j} \rho_{ij} P\left(x_{it}, x_{jt}\right)$$

where:

- $P(x_{it})$ represents the probability of shock i occurring at time t.

- $P(x_{it}, x_{jt})$ represents the joint probability of two shocks occurring together, capturing interdependencies between crises.

By shifting the focus from past events to potential risks, the Vulnerability Index allows policymakers to preemptively allocate resources, strengthen disaster preparedness, and improve early warning systems in regions exposed to multiple hazards.

DIEM Data Challenges for the Vulnerability Index

While the Data in Emergencies Monitoring (DIEM) database provides records of past shocks, it does not explicitly provide probabilities of future shocks or joint probabilities of multiple shocks occurring together. These must be statistically estimated using historical trends, probability models, and machine learning techniques.

The table below outlines the key data components needed for the Vulnerability Index and their availability in DIEM:

Required data	**Availability in DIEM?**	**Method to estimate in MSI**
Shock probabilities $P(x_{it})$	❌ No direct probability data	Use historical frequency analysis or logistic regression to estimate likelihood of shocks.
Joint Probabilities $P(x_{it}, x_{jt})$	❌ No co-occurrence probability	Use statistical correlation models (Pearson's ρ, Bayesian Networks, or Time-Series Analysis).

Although shock occurrences are present in DIEM, they are backward-looking, meaning they document what has already happened rather than what might happen in the future. Thus, additional probability estimation techniques must be applied to transform DIEM data into a predictive model for MSI.

Steps to implement the Vulnerability Index in MSI using DIEM

Since DIEM does not provide probabilities explicitly, the following steps outline how to derive and integrate them into the Vulnerability Index framework.

- Estimate the probability of each shock $P(x_{it})$

To construct the Vulnerability Index, we need to estimate the likelihood of each shock occurring in the future. This can be done by:

  - Using historical DIEM data to analyze past occurrences of shocks and detect patterns over time.
  - Applying logistic regression models to estimate the probability of future shocks based on economic, environmental, and social indicators.

- Using machine learning techniques (e.g., decision trees, random forests) to predict the likelihood of shocks based on historical and real-time factors.

For example, if historical DIEM data shows that droughts occur every 3-5 years in a specific region, we can use this pattern to predict the probability of drought occurrence in the next period.

- Compute Joint Probabilities $P(x_{it}, x_{jt})$

Since shocks often interact and amplify each other, it is essential to estimate the joint probability of multiple shocks occurring together. This can be achieved by:

- Analyzing co-occurrence patterns in DIEM data, such as how often droughts and food price inflation happen together.
- Using Bayesian probability models to estimate conditional probabilities (e.g., "If a flood occurs, what is the probability of food prices increasing?").
- Applying correlation techniques (Pearson's ρ, Spearman's Rank Correlation) to measure the statistical relationship between different shocks over time.
- Implementing time-series analysis to determine whether multiple shocks tend to follow specific seasonal or cyclical patterns.

For example, if conflict events in a region are historically followed by displacement and food shortages, the MSI model can assign a high probability to the co-occurrence of these shocks in the future.

4. Determine the Impact of Shocks on Food Security

To quantify the effects of predicted shocks on food security, we estimate the welfare impact of each shock by:

- Running regression models to measure how economic, environmental, and social shocks influence household food security indicators in DIEM.
- Using food security outcome variables such as:
  - Food Consumption Score (FCS)
  - Household Dietary Diversity Score (HDDS)
  - Malnutrition rates (stunting, wasting)
- Calculating elasticity coefficients to determine how much food security deteriorates when specific shocks occur.

Example: DIEM for Early Warning Systems

To demonstrate how the Vulnerability Index works in practice, consider a country where historical DIEM data shows frequent droughts (environmental shock) and rising unemployment (economic shock). Using the MSI vulnerability framework, policymakers can:

- Predict which regions are most at risk of food insecurity based on historical patterns and current economic trends.
- Allocate food aid and resources proactively before a crisis occurs, rather than waiting until after food security deteriorates.
- Inform early warning systems by identifying where multiple shocks are likely to occur simultaneously, allowing governments and humanitarian organizations to prepare in advance.

For example, if statistical models predict a 60% probability of drought and a 40% probability of high unemployment in a specific region, MSI can estimate the expected impact on food security, allowing decision-makers to take preventive action such as distributing drought-resistant seeds, increasing cash transfers, or strengthening market access.

5. Comparison of the Two MSI Approaches Using DIEM

The Multi-Shock Index (MSI) can function as either a Shocks Index (ex-post assessment) or a Vulnerability Index (ex-ante assessment) depending on the analytical objective. These two approaches offer complementary perspectives on how multiple shocks influence food security and household welfare. While the Shocks Index focuses on historical impacts, the Vulnerability Index aims to forecast future risks and enable proactive policy responses. The availability of DIEM data varies for each approach, with realized shock occurrences fully covered, while probability estimations require additional modeling.

Key Differences Between the Shocks Index and Vulnerability Index

Aspect	Shocks Index (Ex-Post Assessment)	Vulnerability Index (Ex-Ante Assessment)
Purpose	Measures the realized impact of past shocks on food security.	Predicts future vulnerability to shocks based on estimated probabilities.
Formula	$S_t = \alpha_1 x_{1t} + \alpha_2 x_{2t} + \cdots + \alpha_n x_{nt} + \sum_{i \neq j}^{N} \rho_{ij} x_{it} x_{jt}$	$S_t = \sum_{i=1}^{n} \alpha_i P(x_{it}) + \sum_{i \neq j} \rho_{ij} P\left(x_{it}, x_{jt}\right)$
Data required	Actual occurrences of shocks (recorded data).	Probabilities of future shocks (must be estimated).

Aspect	Shocks Index (Ex-Post Assessment)	Vulnerability Index (Ex-Ante Assessment)
Data in DIEM?	✅ Yes (Fully available).	⚠ Partially available (Requires probability estimation).
Policy use	Recovery and resilience-building after crises, identifying the impact of past shocks, and evaluating response effectiveness.	Proactive interventions to reduce risk, guiding early warning systems, and ensuring preparedness before shocks occur.

Ex-Post vs. Ex-Ante Applications in Policy and Planning

The two MSI approaches are designed to serve different policy functions. The Shocks Index is useful for evaluating the effects of past crises and helping communities recover and rebuild resilience. It provides evidence-based insights into which shocks had the most significant impact on food security, allowing governments and humanitarian organizations to tailor post-crisis interventions accordingly.

Conversely, the Vulnerability Index is designed to be forward-looking, allowing policymakers to anticipate potential threats and take preventative measures. By estimating the probability of shocks occurring and their potential effects on food security, this approach supports early warning systems, risk mitigation strategies, and preemptive resource allocation.

For example, a Shocks Index assessment might conclude that floods in a particular region have historically led to severe food shortages, prompting governments to improve infrastructure resilience. Meanwhile, the Vulnerability Index could identify areas where flood risks are increasing due to climate change, enabling preemptive investments in disaster preparedness measures such as irrigation projects and emergency food reserves.

Conclusion

The Multi-Shock Index (MSI) is a powerful framework that provides a comprehensive assessment of food security risks by analyzing multiple shocks and their interactions. Through its dual functionality as both a Shocks Index and a Vulnerability Index, MSI enables both post-crisis impact measurement and proactive risk prediction, making it a versatile tool for policymakers, humanitarian organizations, and researchers.

The Data in Emergencies Monitoring (DIEM) database serves as a valuable resource for implementing the MSI, as it contains a wide range of variables related to shocks, food security, and household characteristics. The DIEM dataset fully supports the Shocks Index, allowing for the quantification of how past crises have affected food security outcomes. However, the Vulnerability Index, which estimates the probability of future shocks, requires additional statistical modeling techniques to derive shock probabilities and joint probabilities.

Despite this limitation, the integration of DIEM data with predictive analytics offers an opportunity to enhance early warning systems and resilience-building efforts. By leveraging historical trends and statistical forecasting, the MSI can provide evidence-based insights for targeted interventions, disaster preparedness, and food security planning.

Ultimately, the MSI framework bridges the gap between response and prevention, ensuring that decision-makers are equipped with the necessary information to address both immediate food security needs and long-term vulnerabilities. As food security continues to be challenged by climate change, economic fluctuations, and geopolitical instability, the MSI—when combined with DIEM data—emerges as a critical tool for mitigating risk and enhancing resilience in vulnerable communities worldwide.