

### 3 How has HEA been used?

HEA has proved to be a rich source of information and understanding about how the poor live. The holistic view of household operations and strategies that it offers is essential for understanding the effect of shocks on people's access to food and cash income; but it is also required as the basis for identifying and planning poverty reduction interventions. Governments and development agencies in southern Africa increasingly recognise the need for longer-term approaches to reducing poor people's vulnerability to shocks. RHVP highlights "the increasing prevalence of chronic vulnerability which is not being effectively addressed by orthodox humanitarian responses... [RHVP] seeks to shift the emphasis of policy from ad hoc emergency responses (primarily food aid) to regular, guaranteed and appropriate social protection measures to meet chronic needs."<sup>4</sup> HEA's quantified household perspective and ability to model impact has proved to be of value in the identification and design of such measures.

Since its inception, the wide range of settings in which HEA has been applied, shown in Table 4 (overleaf), has enabled the approach to be tested in different contexts, for different purposes and for different stages of the project cycle. This chapter outlines how HEA has been used in each case and illustrates each application with an example. We begin with HEA's best-known applications in the **broad 'emergency' sphere**, ranging between early warning of the impact of hazards, predicting future needs under different scenarios, determining current emergency needs and identifying post-recovery support. We then move on to its increasing application in the **poverty reduction and social protection sphere**, from broad guidance on development opportunities and strategies, to determining appropriate safety net transfer levels, quantifying the likely impact of other social protection measures, examining the impact of market interventions and using livelihood interventions to improve access to health and education. The chapter finishes with a review of how HEA can be used later in the project cycle to **monitor and evaluate the impact** of interventions. Examples of the various uses to which HEA has been put are summarised in Table 5 (overleaf).

**Table 4: Where has HEA been used?**

<b>Agricultural</b>	Mozambique, Malawi, Swaziland, Zambia, Lesotho, Zimbabwe, Tanzania, Ethiopia, Rwanda, Burundi, Democratic Republic of Congo (DRC), Southern Sudan, Sudan, Niger, Mali, Liberia, Sierra Leone, Tajikistan, Bangladesh, India, Pakistan, Cambodia, Myanmar (Burma), Chechnya
<b>Pastoralist/agro-pastoralist</b>	Somalia, Somaliland, Southern Sudan, Sudan, Ethiopia, Angola, Djibouti, Tanzania, Kenya, Burkina Faso
<b>Urban</b>	Angola, Zimbabwe (Harare), Djibouti (Djibouti City), Somaliland (Hargeisa), Somalia (Belet Weyne), north Sudan (Khartoum), occupied Palestinian territory, Kosovo, Serbia, Montenegro, Macedonia, DRC (Bunia, Kinshasa)
<b>Coastal (including fishing) communities</b>	India, Indonesia, Sri Lanka, Somalia
<b>Refugee camps</b>	Kenya, Bangladesh, Sudan, Tanzania, Ethiopia, Chad, Uganda
<b>Internally displaced persons (IDPs)</b>	Burundi, Southern Sudan, Somalia, Khartoum, Liberia, Ingushetia

**Table 5: Uses of HEA and examples of different applications**

<b>Application</b>	<b>Case study</b>	<b>Which part of the HEA framework is involved?</b>
<b>Disaster preparedness, relief and recovery</b>		
Designing <b>early warning and monitoring</b> systems (section 3.1)	<p><b>Rural</b> Malawi: MVAC Ethiopia</p> <p><b>Urban</b> Harare: Urban monitoring system</p>	<ul style="list-style-type: none"> <li>• <b>Baseline</b> helps identify what people in a livelihood zone are vulnerable to so that relevant parameters can be monitored</li> <li>• <b>Outcome analysis</b> undertaken at key points of year, using monitoring data to define the problem</li> </ul>

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Table 5 *continued*

Application	Case study	Which part of the HEA framework is involved?
<b>Disaster preparedness, relief and recovery</b> <i>continued</i>		
Developing scenarios for <b>contingency and response planning</b> (section 3.2)	Limpopo Basin, Mozambique, Serbia	• <b>Outcome analysis</b> used to develop scenarios and identify indicators for monitoring and updating of response plans
Assessing <b>emergency food and non-food needs</b> (section 3.3)	Mashonaland, Zimbabwe	• <b>Outcome analysis</b> used to measure current and projected access against thresholds
Post-emergency <b>rehabilitation</b> (section 3.3)	Earthquake recovery, Pakistan	• <b>Baseline</b> and <b>outcome analysis</b> used to map out pre-crisis livelihood strategies and post-crisis opportunities
<b>Poverty reduction and social protection</b>		
Identifying appropriate <b>poverty reduction</b> strategies (section 3.4)	Thar Desert, Pakistan Tigray, Ethiopia	• <b>Baseline</b> used to identify constraints and opportunities for different wealth groups and strategies for minimising/ exploiting them
Designing a <b>safety net transfer programme</b> (section 3.5)	Turkana, Kenya	• <b>Baseline</b> used to determine gap between current and desired standard of living and to identify complementary policies
Modelling the impact of <b>other social protection measures</b> (section 3.5)	Singida, Tanzania Djibouti Turkana, Kenya	• <b>Baseline</b> used to analyse changes to income and expenditure patterns • <b>Baseline</b> used to analyse impact of rising cost of particular items of expenditure
Identifying <b>constraints to health and education</b> (section 3.5)	Singida, Tanzania	• <b>Baseline</b> used to compare costs of health and education with available income

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Table 5 *continued*

Application	Case study	Which part of the HEA framework is involved?
<b>Poverty reduction and social protection</b> <i>continued</i>		
Identifying appropriate <b>market support</b> interventions (section 3.6)	Upper Limpopo, Mozambique Market-led Livelihoods for Vulnerable Populations (MLVP), Ethiopia	<ul style="list-style-type: none"> <li>• <b>Baseline</b> used to identify areas of potential for different wealth groups and key market constraints</li> </ul>
<b>Monitoring and evaluation</b>		
<b>Monitoring and evaluating</b> the impact of interventions on households (section 3.7)	Tigray, Ethiopia MLVP, Ethiopia	<ul style="list-style-type: none"> <li>• <b>Baseline</b> used to establish targets for food and income generation and as starting point against which to measure impact</li> <li>• <b>Outcome analysis</b> used to show which hazards might interfere with reaching targets</li> </ul>

### 3.1 Using HEA in the design of early warning and monitoring systems

Conceived as a framework for estimating the likely impact of a shock on household access to food and income, the HEA framework has been used as the basis for early warning and monitoring systems in both rural and urban areas.

#### Early warning in rural areas

Early warning in much of southern Africa is set in a context of fragile livelihoods, low and deteriorating resources and assets, and shocks. In terms of rain failure, the most common event is not catastrophic drought but

the 'bad year' that pushes many poor households over the hunger threshold. In such environments, early warning efforts require sensitivity to differences which may appear marginal between localities and between households. There must be an ability to discern whether a small shock might result in a significant food security problem, and conversely whether the market may in some circumstances mitigate the effects of even a relatively large shock. There must be an ability to predict the effect of economic shocks, such as steep rises in the price of grain or the collapse of cash crop prices. And increasingly, systems must give early warning not just of hunger, but of acute impoverishment where people cannot cover essential non-food needs. A system with the capacity to discern the fine differences in household response and ability to cope allows more considered choices about the intervention to be made.

**In the southern African context of widespread chronic food insecurity, early warning needs to be sensitive to the very fine difference between poverty and livelihood failure.**

At the same time, programme planners require significant lead time to set up resource and logistical flows and, once these are established, they need to know how long assistance will be needed. The longer the lead time, the less expensive the delivery of goods tends to be, and the more beneficial the effects.

HEA attempts to satisfy both these requirements and offer a form of analysis that both takes into account the variations in livelihoods and response among different households, and projects ahead of time what such variations might mean in terms of programme planning. Through the use of scenario analysis, HEA is able to predict how big or small food and income deficits will be even if the effects take time to set in.

HEA has been used to design livelihoods-based national food security early warning systems in southern Sudan, Somalia and Malawi, and is being integrated into the national early warning system in Ethiopia. It has also been used for cross-country analysis in the Sahel. Its application in Malawi is described below.

### **Case study: Using HEA for early warning of food insecurity in Malawi<sup>5</sup>**

Since 2003, Malawi's Vulnerability Assessment Committee (MVAC) has used HEA as the basis for estimating emergency food and/or cash needs. Projections are made in March/April, providing humanitarian agencies with a lead time of eight to nine months.

Projections use baseline livelihoods data, which was compiled in 2003 for most of the country. This means that ongoing annual assessment activities in March and April can focus on the cross-checking and refining of crop production estimates – of both cereal and cash crops – and of other 'hazard' information such as changes in the price of maize, cotton or tobacco, or changes in the availability of *ganyu* (local casual employment). Different scenarios are generated, on the basis of assumptions about grain prices in the December to February period.

The end result is a projection of food security needs across the country based explicitly on an analysis of households' access to food – that is, taking into account all their sources of food and income, their assets, and their patterns of expenditure – rather than solely their production.

The initial investment in obtaining livelihoods baselines pays off year after year as it continues to be the basis for projections and planning.

### **Monitoring food insecurity and poverty in urban areas**

The HEA framework has also been used to establish systems for the monitoring of urban livelihoods in Harare, Djibouti and Hargeisa. Urban assessments using HEA have been carried out in these cities and more widely (see Table 4: Where has HEA been used?'), for one of two purposes: either to learn more about the burgeoning urban population, and especially the conditions in the poorest areas and shanty towns; or to assess need following internal conflict or urban unrest.

There are important differences between urban and rural livelihoods, which have implications for how they should be monitored. Perhaps the most important is relative inability of urban households to produce their own food and their heavy dependence on the market. This means that poor urban populations are highly vulnerable to changes in market conditions and especially to changes in the price of basic food and non-food commodities. Another important difference is that sources of income among poor urban households are relatively heterogeneous compared with those of rural households, making it more difficult to track changes in income – as is commonly done in monitoring systems in rural areas. On the other hand, patterns of expenditure tend to be more homogeneous, so that changes in expenditure are generally easier to monitor than changes in income.

The case study below shows how HEA was used to help design a practical monitoring system in Harare in 2001.

### **Case study: Using HEA to monitor food security and poverty in Harare<sup>6</sup>**

In 2001 the USAID Famine Early Warning System (FEWS NET) and the Consumer Council of Zimbabwe (CCZ) carried out an assessment of urban vulnerability in greater Harare. One aim of this assessment was to recommend a practical monitoring system that provided an early indication of declining access to food and essential cash income.

The assessment team recommended a two-pronged approach, involving the monitoring of both expenditure and income. On the one side, patterns of expenditure for poorer families were translated into ‘expenditure baskets’, the costs of which could be tracked over time. On the other side, a monthly survey of incomes and profits among informal businesses was proposed, as well as the monitoring of incomes in the formal sector.

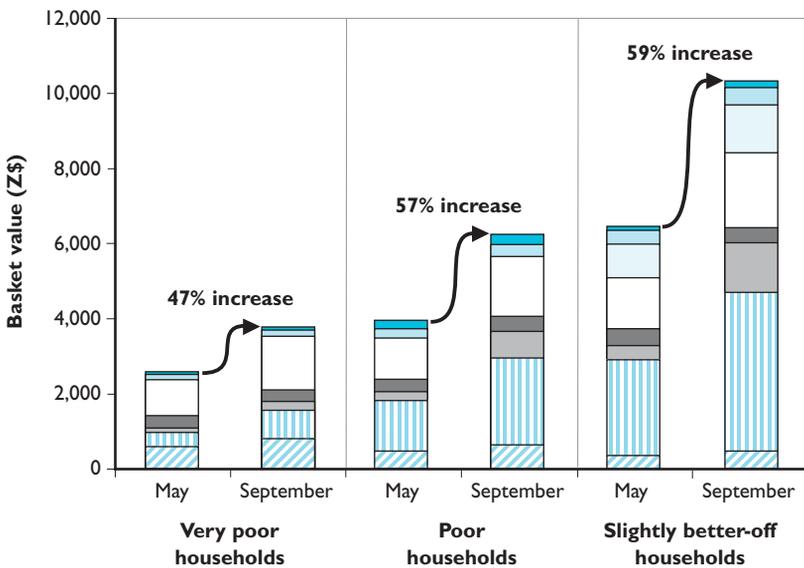
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### Case study: Using HEA to monitor food security and poverty in Harare *continued*

An example of how this information was used later in 2001 is given in Figure 8. This shows the rise in the cost of the expenditure baskets for three wealth groups.

Parallel monitoring of formal sector wages showed an increase in wages that lagged far behind such price increases. The picture for the informal sector was mixed, with income from some businesses keeping pace with inflation, while others lagged behind.

**Figure 8: The rising costs of household expenditure baskets in Harare, September 2001 compared with May 2001**



The increase in wages lagged far behind the rising costs of the expenditure baskets shown here.

- Key**
- Other
  - Clothes
  - Transport
  - Accommodation
  - Education and health
  - Daily non-food
  - Other food
  - Maize

The main shock to which households in Harare were vulnerable in 2001 was inflation – in the price of rents, electricity, bus fares and food – together with formal sector job losses and crackdowns on ‘illegal’ businesses in the informal sector, which resulted in the loss of tools, goods and capital.

In contrast, an HEA-based livelihoods monitoring system in Djibouti City, set up in 2003 following an HEA assessment, was designed to monitor changes in a very different city: an important Red Sea port and international military base. Here, an important determinant of income in poor households is the availability of casual labour, which is largely dependent on activity in the port and within the construction sector. Government policy can have a significant impact on livelihoods, not just through its influence on incomes (through changes in salaries and pensions) and on expenditure (through pricing policy), but through its policy on migration. In 2003, the expulsion of foreign migrants reduced both the competition for low-paid work and the demand for basic goods and services. All these factors were incorporated into the HEA-based monitoring system. One of the ways in which the system helped effect a change in government policy is described in the case study on Djibouti City in section 3.5.

## 3.2 Using HEA in contingency and response planning

Early warning is a necessary activity in preventing food crises, but is not in itself sufficient. To achieve a prompt and appropriate response, early warning should trigger the implementation of contingency plans. HEA can also be used to examine the likely effects of hazards that may occur at an indeterminate time in the future and thus can be a useful aid in disaster preparedness.

The process of contingency planning involves, first, identifying exactly which contingencies need to be planned for, on the basis of a clear understanding of the hazards facing a population and the population’s vulnerability to them. Second, scenarios need to be developed for each contingency, showing what will happen as the result of a particular event: how many people will be affected? How will they be affected? Where are they?

Scenario-building is perhaps the most difficult step in the contingency planning process, because it involves defining what will happen in the future. Scenarios have to be based on a number of assumptions, which, as events

unfold, will seldom remain valid; contingency plans can quickly become outdated unless the original assumptions are monitored and plans adjusted accordingly.

HEA has been used in a range of contexts to develop scenarios for use within the contingency planning process. Typically, two or more scenarios are developed to reflect possible trends in prices or other factors. For example, the Malawi VAC's food security projections for 2004/05, described in the case study in section 3.1 above, were calculated for two different price scenarios over the purchasing period from December to March.

Importantly, HEA helps to identify what should be monitored in order to update and refine initial projections. HEA-based scenarios are not intended as the final word on projected needs; rather, they are a means of providing a first estimate that, through agreed monitoring indicators, can be refined and adjusted as events proceed.

### **Case study: Using HEA for contingency planning in the Limpopo River Basin<sup>7</sup>**

After the disastrous floods of 2000 in the Limpopo Basin, Mozambique, three organisations collaborated to develop an Atlas for Disaster Preparedness and Response. This mapped communities, roads, schools, population, hazard risk and livelihoods, creating a detailed baseline for disaster preparedness and response. Scenarios for drought, cyclones and floods modelled the impact of these hazards on a range of areas such as infrastructure, food access, crop production, livelihoods and housing. HEA was used to model impacts on food security.

For example, one scenario suggested that, in the event of future flooding, food aid requirements would be very limited both in quantity and duration. Only the relatively small percentage of households living along the river basin itself were found likely to be affected by floods; 80% of households lived on sandier soils in higher areas and produced most of their own food from plots there. Most households in the area also derived significant cash income from

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### **Case study: Using HEA for contingency planning in the Limpopo River Basin** *continued*

remittances from the mines in South Africa and, after a flood, would be able to purchase food with this money as soon as food became available in the market. In addition, affected households would replant along the river once flood waters had receded, and so would be able to harvest their own crops three months later:

This analysis provided an estimate of the maximum food aid tonnage that would be required, on the assumption that it could be refined and reduced according to monitoring results.

HEA has also been used to develop scenarios in predominantly urban situations for which contingency planners need to model the effects not of natural hazards, but of future macro-level economic events and related price changes. In the case study below, HEA was used to develop projections of the numbers of pensioners in need of assistance according to different government policy decisions. This case study also shows that the assumptions used in any particular HEA analysis are explicit, allowing them to be challenged and adjusted according to changing circumstances.

### **Case study: Using HEA for contingency planning in a shifting macroeconomic context – Serbia<sup>8</sup>**

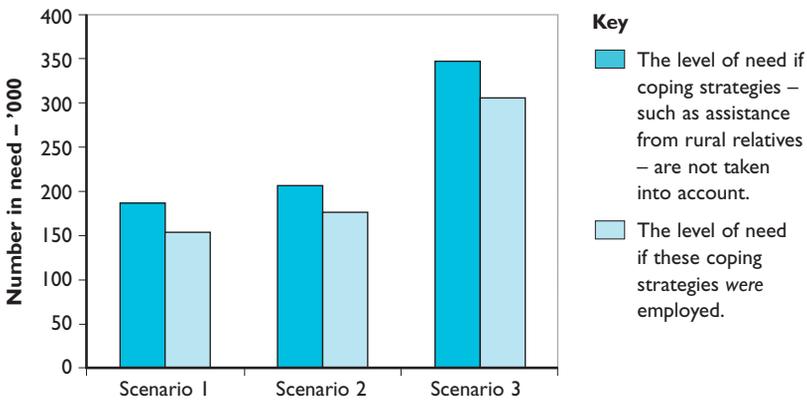
In March 2000, the World Food Programme (WFP) of the United Nations commissioned an HEA assessment in Serbia to identify which groups were food insecure and to determine the levels of assistance needed throughout the coming year. The assessment focused on the urban areas and the population groups considered to be most in need, looking in particular at pensioners and their dependants.

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### Case study: Using HEA for contingency planning in a shifting macroeconomic context – Serbia *continued*

The analysis combined baseline data with information on possible future trends (such as in food prices) to project food aid needs over the year. Because of uncertainty over the future price of food and basic non-food items, and in particular over the future of the government's price control system, three scenarios were developed, based on combinations of how prices would move relative to pension levels. Estimates of numbers of people in need were then made, considering the implications of including or excluding the use of people's own coping strategies, giving six possible outcomes in total. The projected numbers in need under each of these scenarios are shown in Figure 10.

**Figure 9: Scenario projections in Serbia, 2000**



**Scenario 1: Best case**

The value of the pension keeps pace with the cost of the minimum basket of food and non-food items; ie, government controls rate of inflation.

**Scenario 2: Middle case**

The value of the pension keeps pace with changes in controlled prices but not free market prices; ie, a continuation of the situation over previous two years.

**Scenario 3: Worst case**

The controlled price system collapses with resulting sharp increases in the prices of controlled items.

### 3.3 Using HEA in needs assessments

Central to the challenge of responding effectively to humanitarian crises is the question: how can assessment practice be improved? How can we achieve a more consistent and accurate picture of the scale and nature of the problems that people in crisis face, and ensure that decisions about response are properly informed by that understanding? The lack of a system-wide, transparent method for prioritising response has been identified as a major problem and a contributing factor to the inequitable allocation of humanitarian resources across different contexts. There is a recognised need for greater consistency in the way problems are framed, in terms of observable symptoms, proximate causes and acute risk factors.<sup>9</sup>

Two other points about food security assessments in particular are relevant here. First, there is a consensus that they should provide a basis for determining a broader range of intervention options than at present, including those that seek to tackle chronic food insecurity. HEA's contribution to this area is discussed in sections 3.4 and 3.5. Second, it has been suggested that they should distinguish more clearly between situations where the primary rationale for food assistance is to save lives, and situations where the main rationale is to protect assets or livelihoods.<sup>10</sup>

The case studies from Mashonaland overleaf and Pakistan described later in this section illustrate how HEA can bring the following strengths to needs assessment:

- Using a relatively simple and conceptually clear framework, HEA provides a quantified comparison of current or predicted access to food and cash income with different thresholds. These thresholds relate to the requirements for either survival or livelihoods protection (see section 2.5).
- Quantification of food and income in absolute terms (kilocalories accessed and cash earned) means that comparisons between different wealth groups and different areas can be made, which facilitates prioritisation of resources.
- Because HEA is based on a holistic view of livelihoods – estimating the effect of change on both food and cash income, and on the need to sell assets or forgo non-food expenditure (which also takes into account the role of markets) – it enables a range of possible interventions to be identified.

## Emergency needs assessment

The following case study illustrates how HEA can provide a quantitative, comparative picture of the immediate needs of communities with very different livelihoods, together with a qualitative analysis of the fundamental problems facing each community and the risks to which they are vulnerable. It also shows the importance of being able to model the effects of more than one hazard.

In this case, the very high rate of inflation meant that the most appropriate form of relief was food aid, rather than cash or vouchers. In other situations, HEA has – sometimes in conjunction with more in-depth market assessments – helped to identify the appropriate balance of response between food and cash relief.

This was the case with an HEA assessment carried out in Pakistan in 2005,<sup>11</sup> which was tasked with considering the impact of the October earthquake on livelihoods in parts of Azad Jammu and Kashmir. The analysis highlighted the importance of markets both within and outside the area to the pre-earthquake rural economy, which was highly cash-based and strongly linked to urban

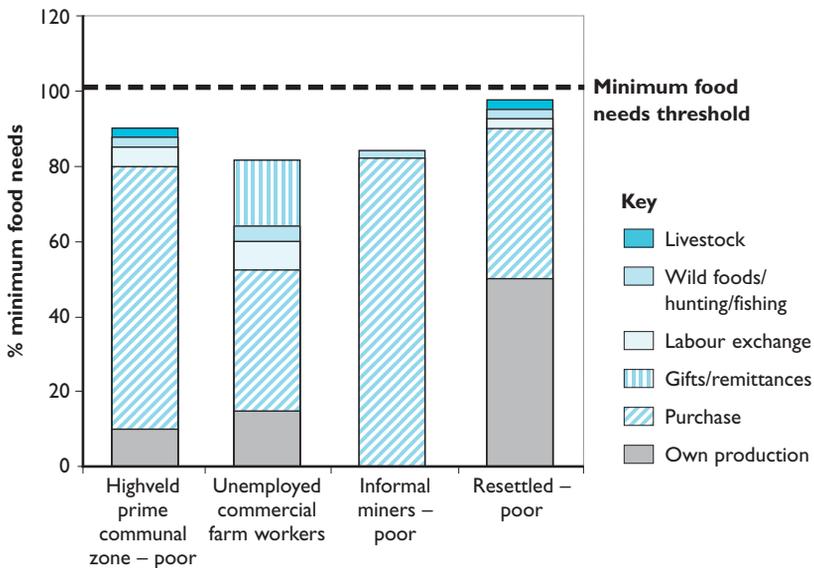
### **Case study: Using HEA to assess the needs of different communities affected by macroeconomic change – Mashonaland, Zimbabwe<sup>12</sup>**

As part of a series of food security assessments across southern Africa following the 2001/02 drought, HEA assessments were carried out in the Mashonaland Provinces of Zimbabwe in July and August 2002. The assessments focused on communities that were vulnerable to changes in the wider macroeconomic and policy climate, such as the land reform programme and rising food prices, as well as to drought. One of the objectives was to assess households' ability to access food and non-food items and services at that time, and to predict how this might change over the following eight months. The analysis showed how access to food over the four months prior to the assessment varied between the different communities (see Figure 10).

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## Case study: Using HEA to assess the needs of different communities affected by macroeconomic change – Mashonaland, Zimbabwe *continued*

Figure 10: Patterns of food access for households in Mashonaland, Zimbabwe



### The poor in the highveld communal zone

One of the most prosperous areas of communal lands. But the poor have been affected by (i) drought, reducing own crop production and labouring opportunities; (ii) land reform, reducing labouring opportunities on neighbouring commercial farms; and (iii) high inflation rates for essential items.

- **Need for improved input provision.**

### Unemployed commercial farm workers

No formal income, and no access to the casual work provided by newly-settled farmers, who tend to favour fellow resettlers. Gifts/remittances from relatives on neighbouring farms will dry up as more farms close.

- Livelihoods are entirely income-based and **very vulnerable to inflation.**

### Informal miners

Used to depend on seasonal employment on the neighbouring commercial farms to compensate for seasonal drop in mining income. With the closure of so many farms, this source of cash is no longer open to mining families.

- Not vulnerable to drought but **very vulnerable to inflation.**

### Resettled farmers

Tend to be more food secure than neighbouring farmers in the communal areas. But they lacked the inputs to cultivate more than 20–50% of their allocated land.

- **Urgent need for agricultural input credits and improved infrastructure.**

centres through employment and remittances. In terms of the balance between food and cash relief, the assessment recommended that:

- As markets gradually began to function again, remaining food relief needs should be addressed by a **gradual substitution of cash for in-kind food aid**.
- Until families had rebuilt shelters in villages, or been provided with semi-permanent shelter in camps, **free relief was more appropriate than 'for-work' interventions**.
- **Cash-for-work activities** could be considered after shelter had been restored, although more employment was likely to be available by that time.
- If agencies went ahead with **food-for-work activities**, they should consider both the labour supply in the household plus the need for families to have cash to purchase non-food needs.

### Post-emergency needs assessment: livelihoods support and recovery

HEA has also been used in post-emergency assessments that seek to identify ways of helping livelihoods to recover. Because an analysis of livelihoods prior to a crisis is central to HEA – even if this analysis has to be done retrospectively – the method has been found helpful in highlighting what aspects of people's livelihoods need support following a crisis and how that could be achieved.

In such situations, the links between households of different wealth groups and the links between households and the wider economy can be particularly important. This is illustrated in the following case study.

#### **Case study: Using HEA for livelihood support and recovery programming in Pakistan<sup>13</sup>**

Following the earthquake of October 2005 in Pakistan, humanitarian agencies needed to find out what impact the earthquake had had on the livelihoods of different population groups, and what interventions would be effective in promoting livelihoods recovery. With its relief effort ongoing, Save the Children carried out a rapid (12-day) assessment in November in Muzaffarabad and Bagh districts.

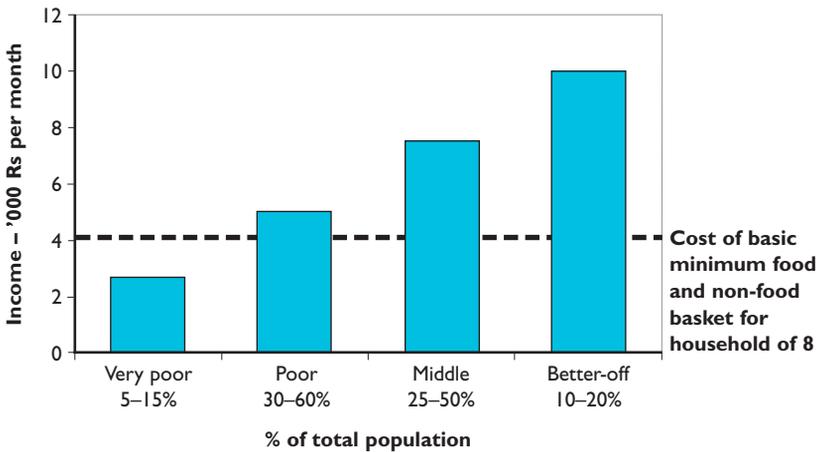
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### Case study: Using HEA for livelihood support and recovery programming in Pakistan *continued*

The wealth breakdown and baseline analysis revealed the pre-earthquake livelihoods of different wealth groups shown in Figure 11. This enabled a better analysis of possible ways in which these different livelihoods could be restored. It also highlighted the chronic poverty of the poorest group.

Some of the findings of the analysis and their implications for programming are shown in Table 7 overleaf. Perhaps the most important message was that damage to businesses, shops and offices should be considered not as an 'exogenous' factor in relief and reconstruction activities but as central to the successful rehabilitation of livelihoods; and that household-level interventions (such as cash transfers) should be complemented with support to the market.

**Figure 11: Income levels of four wealth groups in affected districts pre-earthquake, Pakistan**



**Very poor:** Mainly female-headed households, relying on child labour, zakat, and some casual work.

**Poor:** Income largely from unskilled casual work in local towns or villages.

**Middle:** Income largely based on shopkeeping and small business, skilled labour, and some remittance from Pakistan's cities.

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## Case study: Using HEA for livelihood support and recovery programming in Pakistan *continued*

**Table 6: Implications for programming arising from the HEA analysis in Pakistan**

Aspect of analysis	Finding	Implication for interventions
<b>Disaggregated income analysis</b>	<p>The earthquake had affected the four groups in different ways. The <b>very poor and the poor</b> were the worst affected, as the need for men to rebuild their homes – and their reluctance to leave wives and daughters in tents – meant that they could no longer access their most significant source of income, which was employment in towns and villages.</p> <p>In contrast, many of the <b>better off</b> were still receiving foreign remittances or government salaries.</p>	<p><b>Cash support</b> to families to rebuild their homes, both for its own sake and to allow men to go back to work.</p> <p>Better off are more able to meet their consumption needs.</p>
<b>Looking beyond the village</b>	<p>For the poor, the restoration of livelihoods was also dependent on <b>employment becoming available</b> again in villages and local towns, and on <b>food and other goods becoming available</b> locally as before.</p>	<p><b>Markets should be supported</b> as soon as possible to get back to normal, such as through support for reconstruction and credit to shopkeepers.</p>
<b>Looking at seasonality of income</b>	<p>The poor and very poor earn little or nothing in the winter months (December to February) and <b>normally rely on credit</b> during this time. But shopkeepers were also affected and were not offering credit.</p>	<p>Again, <b>supporting local shopkeepers</b> to re-establish themselves will help the poor survive over the winter.</p>

*continued opposite*

### Case study: Using HEA for livelihood support and recovery programming in Pakistan *continued*

Table 6 *continued*

Aspect of analysis	Finding	Implication for interventions
<b>Use of thresholds to identify the chronically poor</b>	The poorest families were predominantly <b>female-headed households</b> . Women very rarely work outside the home in villages and, for widows, the options for making a living are extremely limited.	<b>Improved long-term social protection programme of regular cash transfer</b> and of support to keep their children in school for these and other chronically poor households.

## 3.4 Using HEA to inform approaches to poverty reduction

This and the following section look at how HEA has been used outside of emergency contexts, to inform different aspects of work on poverty reduction and social protection. Poverty analysis aims to inform interventions that help lift people above their current standard of living and out of poverty rather than mitigate the short-term effects of hazards. Many of the elements of poverty analysis are shared by HEA's livelihoods baseline: a consideration of the defining characteristics of the poor; of the options they have for survival and the

**HEA has been found to be helpful in informing poverty reduction work, since many of the elements of poverty analysis are shared by the HEA baseline.**

seasonal patterns of their survival strategies; and of the economic and social constraints they face year on year and the origins of those constraints.

Such an understanding is essential in poverty reduction work because it is simply so difficult to identify strategies in which investment would lead to a sustainable increase in net income. The poor are constrained in every option open to them. It is very difficult for them to gain access to more land, or to produce more from the land they have, or to increase income from casual labour. Sometimes they have the means to acquire livestock, but are constrained by a shortage of land for pasture. By considering whether and how such constraints can be tackled, HEA has been used to help identify broad options for poverty reduction measures as described below.

Through a quantified picture of assets and of income and expenditure among different wealth groups, HEA also allows poverty to be measured and monitored, and thresholds to be set – as described in relation to the monitoring of poverty in Harare (see the case study in section 3.1). This in turn provides an objective framework for comparing levels of poverty across different settings and countries, as described in section 6.3.

The following case study from the Thar Desert in Pakistan illustrates how an HEA assessment can be used as a first step in identifying measures that would be effective in helping the poor. In this case, the assessment was primarily used for planning a response to a drought, but it illustrates how a baseline can suggest possible strategies for poverty reduction.

**Case study: Using HEA to identify appropriate poverty reduction measures in the Thar Desert, Pakistan<sup>14</sup>**

In the Thar Desert, wealth is determined by a combination of land and livestock ownership, which are both highly concentrated. For the poorest 60%, the only asset of any significance is their labour. Table 8 below shows the implications for longer-term poverty reduction measures arising from specific elements of the HEA analysis.

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## Case study: Using HEA to identify appropriate poverty reduction measures in the Thar Desert, Pakistan *continued*

**Table 7: Implications for poverty reduction measures arising from HEA analysis in Pakistan**

Assessment finding	Implication for interventions
<p>The two central features of the household economy of the poor are the <b>lack of assets</b> – in terms of land, livestock, and education and skills – and their <b>dependence on credit</b>.</p>	<p><b>Any poverty reduction strategy must address both the lack of assets and the problem of indebtedness</b> among the poor.</p> <p>Addressing one problem without the other will not be effective.</p>
<p><b>Land:</b> Nearly 60% of the population own no land and cultivate the land of the better off on a sharecropping basis. This means they receive only 50–75% of the harvest.</p>	<p>The <b>ownership of land</b> is the single biggest reason for differences in wealth within the population. Addressing the seriously inequitable distribution of land could be very beneficial for poverty reduction.</p> <p>But <b>bringing about changes in land ownership would be extremely difficult to achieve</b>.</p>
<p><b>Credit:</b> The giving and taking of loans is a central feature of this economy. In an average year, all but the better off take loans – primarily for consumption purposes rather than investment – and spend more than they earn.</p> <p>The <b>middle</b> group tend to have sustainable levels of debt. But the <b>poor</b> and <b>very poor</b> struggle to repay their constantly accumulating debts, which can even be passed from generation to generation.</p>	<p><b>Programmes aimed at cancelling debts or at least swapping them for lower-interest loans</b> should be continued and supported. These programmes could be accompanied by savings activities, and by discussions with or sensitisation of the community regarding their spending patterns.</p> <p>Programmes using debt swaps to help address the issue of child labour should be extended beyond households involved with carpet-weaving.</p>

*continued overleaf*

**Case study: Using HEA to identify appropriate poverty reduction measures in the Thar Desert, Pakistan** *continued*

**Table 7** *continued*

Assessment finding	Implication for interventions
<p><b>Livestock:</b> As with land, the better off sometimes have more livestock than they can look after themselves.</p> <p>The practice whereby a poorer family looks after livestock in exchange for half of any offspring born, and all of the milk and butter produced, is one of the <b>only ways for poorer families to acquire animals</b> for themselves, as saving income is almost impossible.</p>	<p><b>Accumulating livestock is one of the few ways poor households manage to acquire capital.</b></p> <p>This could be promoted through livestock programmes which help poor households attain small livestock that are resilient and low in maintenance costs. The establishment of small cooperatives could be considered, together with support in marketing and business skills.</p>
<p>The <b>very low level of asset ownership</b> among the poor – especially of land and livestock but also human capital in the form of education and skills – severely limits the potential for the very poor and poor to accumulate wealth.</p>	<p><b>Investment should be made in skills training</b> in sectors where there is likely to be demand – particularly in the coal-mining sector, which is expected to be developed in the district.</p> <p><b>Investment in adequate schooling facilities</b> should also be made to tackle the lack of literacy and basic education, which is a huge economic hindrance.</p>

Importantly, in considering the connections by which the poor survive, HEA offers an analysis of constraints not just in terms of a lack of assets, but in terms of the patterns of dependence and obligation by which the poor survive. Since labour is commonly the poor people’s only productive asset, local relationships

**Since labour is commonly the poor’s only productive asset, poverty reduction measures must be grounded in an understanding of how household labour is allocated at different periods and for what gain.**

between the poor and the better off can be significant; in the Thar Desert, these relationships centre around land and credit, while in southern Africa they tend to be in relation to employment. Understanding how household labour is allocated at different periods and for what gain can be essential in ensuring that, at the very least, a poverty reduction intervention ‘does no harm’ in terms of adding to the work burden of men, women or children in the household. This is illustrated in the analysis of labour-poor female-headed households in Ethiopia, below.

### **Case study: Programmatic implications of an HEA analysis of poor, female-headed households in Tigray, Ethiopia<sup>15</sup>**

Female-headed households in the Ruba Lomine project area of Tigray represent the poorest category of economically active households. Their survival patterns are particularly difficult to understand because they are constructed out of many fragmented and often hidden food and income sources. An HEA study of 1999 included a special inquiry into these households and pieced together a specific **calendar of access** that reflected the constraints faced by these women and that highlighted their remarkable capacity to exploit the smallest margins of opportunity. A comparison of monthly income and expenditure constituted part of the calendar of access and is shown in Figure 12 (overleaf). It reveals the painfully small increments by which these households survive.

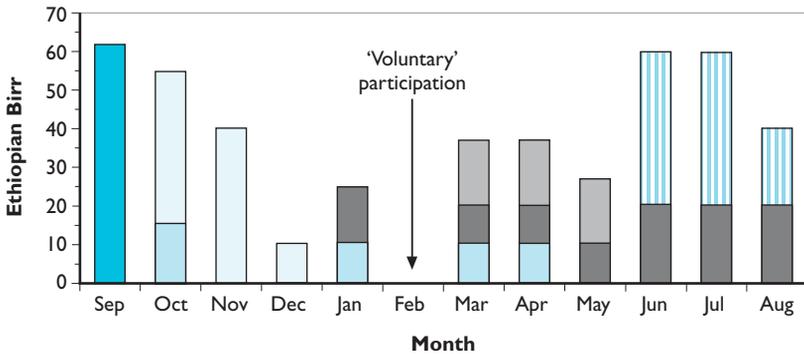
Two principles arose from this analysis that had clear implications for development planning: first, that these households **maximise their available labour to an extreme**; and second, that they have no **extra capital or assets to buffer them** in emergencies. Since interventions based on new income-generating activities always involve a new labour requirement, the point was made that any engagement of these households in such activities must either realise immediate returns, or be compensated in the short term by temporary assistance in the form of food or cash. In addition, these women have limited capacity to recover if they take a risk that does not prove successful. Any risks involved in taking on a new venture should be offset by the implementing agency for as long as necessary.

*continued overleaf*

## Case study: Programmatic implications of an HEA analysis of poor, female-headed households in Tigray, Ethiopia *continued*

**Figure 12: Comparison of income and expenditure among female-headed, labour-poor households in Tigray, Ethiopia**

### Income by month

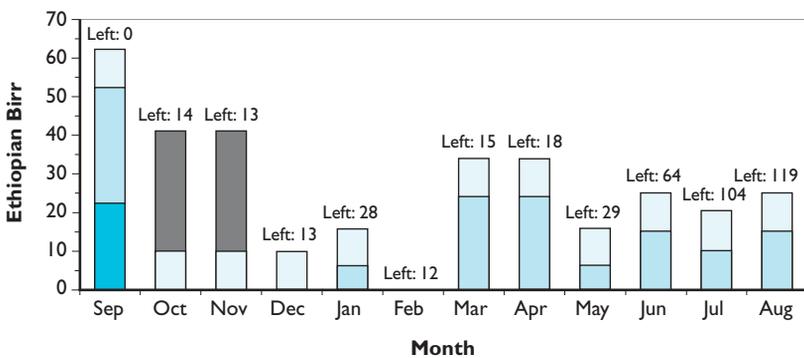


Once expenditure is taken into account, margins of 'surplus' are minimal and leave no room for missing a day of work or for unexpected expenditures on health emergencies.

### Key

- Borrow
- Handicraft
- Harvest labour
- Town labour
- Chicks/eggs
- Weed labour

### Expenditure by month



Annual expenditure on other items such as clothes, health, and fees/taxes is 117 birr, leaving 2 birr over at the end of the year.

### Key

- School fees
- Food
- Household items
- Loan repayment

Such analyses are a powerful aid to poverty reduction planning. But the next sections describe how HEA has been used to go further than this and to provide more detailed guidance in the area of social protection.

### 3.5 Using HEA in the planning of social protection programmes

Social protection initiatives can be broadly described as those that “provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks and enhance the social status and rights of the marginalised”.<sup>16</sup> As such, the concept covers a wide range of both economic and rights-based interventions, from emergency relief and supplementary feeding, pensions, disability allowances, health insurance and agricultural input subsidies to campaigns for workers’ rights. Targeted transfers to poor households, on which HEA analysis is perhaps most clearly suited to provide guidance, is just one of many possible social protection measures.

Identifying the most appropriate type of intervention in a given situation is recognised as a key challenge for vulnerability assessment methodologies. HEA does not claim to provide answers to all the questions necessary for choosing the ‘right’ intervention across this broad spectrum of response. But it does

**Even interventions that seek to effect change within political, social or legal structures must be guided, and judged, by analysis at the household level.**

offer two important perspectives that can support the decision-making process. First, decisions on the most appropriate instrument – including those that seek to effect change within political, social or legal structures – must be grounded in an appreciation of the constraints and opportunities of *households* as they relate to the wider economic and political environment. The effectiveness of an intervention must also be judged by results at the *household* level. HEA offers such a form of analysis. Second, HEA can model the potential impact of different interventions on the household economy, especially in terms of asset ownership and households’ ability to afford particular expenditures. This enables decision-makers to compare the possible effects of different measures.

The rest of this section first describes how HEA has been used in the **design of a safety net transfer**, specifically in determining the level and duration of

transfer required to achieve a particular objective, and the target population. This is followed by an outline of how HEA has been used to **identify and model the impact of other social protection interventions**, including those that aim to address structural vulnerabilities such as inequitable land distribution or weak market systems. These include the enforcement of a by-law in Singida, Tanzania; a package of market-related interventions in Turkana, Kenya; and the elimination of the government's tax on kerosene in Djibouti City. Finally, this section looks at how HEA can contribute to an understanding of the **relationship between livelihoods and other sectors**, which is necessary for the planning of health and education social protection measures. Data on income and (particularly) expenditure patterns can provide insight into the economic constraints to accessing health and education. In-depth HEA analysis has also looked into the impact of chronic illness on livelihoods.<sup>17</sup>

### Designing a safety net transfer

A safety net cash transfer represents a regular and predictable way of filling the gap between household income and a particular set of expenses or level of investment, such as that required for a defined increase in livestock ownership over a certain number of years. HEA allows the explicit modelling of different levels of transfer according to different objectives and is able to indicate at whom the transfer should be targeted and for how long, so that those objectives can be achieved. Importantly, it also helps identify other areas of intervention that are necessary alongside a transfer, to ensure a sustainable impact on poverty.

#### **Case study: Using HEA to help analyse implementation options for a safety net<sup>18</sup>**

In 2006, an HEA study was commissioned by Oxfam GB to analyse how a safety net transfer could be implemented in north-east Turkana, Kenya – a traditionally pastoralist area that over many years had been affected by a combination of serious rainfall shortages, insecurity and marginalisation. Herds had become too small to provide more than a minor proportion of income

*continued opposite*

### Case study: Using HEA to help analyse implementation options for a safety net *continued*

and most households were no longer pastoralist in any economic sense. Ways in which people once coped in a crisis, such as foraging for wild foods and accepting food aid, had become normal practice. Several actors considered a safety net approach to be a more appropriate and effective way of supporting livelihoods than the annual package of food aid, cash-for-work and other aid, which had come to represent a significant proportion of income for most people.

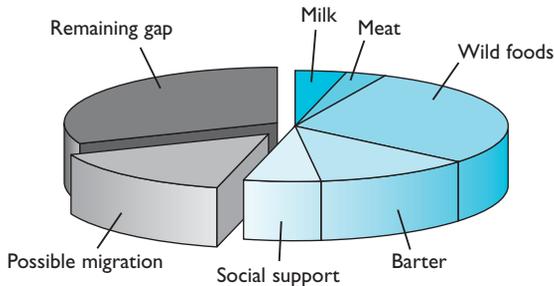
In looking at the options for implementing a transfer, the inquiry considered the following questions:

- Could households cope on their own if aid were withdrawn?
- What level of safety net would be appropriate for this population?
- To whom should the transfer be targeted?
- For how long should the safety net run?
- What other measures are necessary?

#### How would households cope without aid?

The analysis found that, if all aid were cut, poor households would need to make up a deficit of nearly half their annual food energy needs. Their alternatives for doing so were found to be very limited. Some of the shortfall might be found through migration to towns (shown in Figure 13) and through

**Figure 13:** The food deficit arising among poor households if aid to Turkana were suspended



The chart shows sources of food in 2005 excluding aid, and the extent to which households might be able to make up the shortfall on their own.

*continued overleaf*

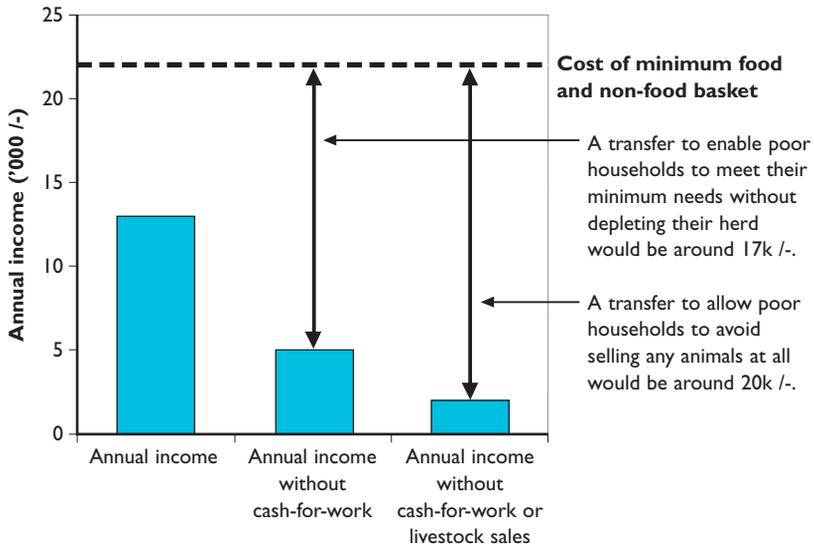
### Case study: Using HEA to help analyse implementation options for a safety net *continued*

a very slight increase in social support and wild food collection. But to make up the full deficit – and to be able to afford their minimum non-food needs as well – they would have to sell off their entire livestock holding. In other words, surviving without aid for one year would mean destitution the next.

#### Calculating possible transfer levels

The analysis then considered possible levels at which a transfer could be set. A range of levels was estimated by looking at the difference between household income excluding aid and the cost of a minimum basket of food and non-food needs for a year: Figure 14 shows two possible safety net levels for poor households.

**Figure 14: Two possible safety net levels for poor households in Turkana**



Note: Annual income included both cash income and the change in herd value (either negative or positive) which among pastoralists also counts as income loss or gain.

*continued opposite*

## **Case study: Using HEA to help analyse implementation options for a safety net** *continued*

### **Targeting: who should receive the transfer?**

The HEA analysis had already indicated that the poor group, constituting 40–50% of the population, would not be able to cope on their own without external aid. Leaving on one side the practical and political considerations involved, the analysis then considered whether the safety net should also cover the 30–40% of the population in the middle wealth group: could they cope without aid? It was found that some could, but many could not. A safety net designed to replace food aid could, therefore, legitimately include this group, with the justification that such a transfer would make them more productive and economically independent, but in a shorter time than it would for the poor group.

### **For how long should the safety net run?**

The HEA analysis also indicated how long the programme would have to run before herd size reached the minimum for viability. Clearly this would be different for different wealth groups. Assuming growth rates at 2005 levels, middle households would be able to build up viable herds in three years. But for the poor and very poor, this would take ten years. Phased withdrawal could, therefore, be possible for the middle group after three years, and for the poor after ten years – assuming no major changes in the economy. In other words, a commitment was needed for at least ten years, with monitoring of the wider economy essential for ensuring that progress at the household level was kept on track.

### **What other interventions are appropriate?**

The overall aim of the study was to consider whether and how pastoralism in north-east Turkana could be 'brought back to life': that is, how households could build up their herds to a viable and sustainable level that would enable them to survive through the normal drought cycles. The study identified the underlying problems of a very low asset base, insecurity and marginalisation, and recommended other areas of intervention that would help to address these problems. These included:

*continued overleaf*

### **Case study: Using HEA to help analyse implementation options for a safety net *continued***

- support to improve livestock production, such as through herd improvement
- improvement in marketing systems, including support to infrastructure (see case study on Turkana below)
- combating political marginalisation – which would include ensuring adequate delivery of basic services
- supporting people to leave pastoralism, especially through investment in education.

Because the analysis considered households at different levels of wealth, it was able to consider a package of measures in which different kinds of support are targeted at different groups – an approach that tends to be more acceptable to the community as a whole. For example, a welfare payment to the poorest 40% of the population would be more easily accepted by the better off if it were implemented alongside a programme of animal health services targeted at the most productive households.

### **Modelling the impact of other social protection measures**

While direct cash transfers can enable a household either to meet current consumption needs or to invest in productive capacity, other types of intervention are usually necessary to achieve a sustainable impact. HEA baseline analyses can first help to identify, and then model the impact of, measures that seek to tackle some of the structural determinants of poverty, such as lack of access to land, poor marketing systems and political marginalisation. The following case study from Tanzania illustrates how HEA has been used to model the possible effect on livelihoods of the enforcement of an existing by-law regarding access to land. The second case study from Djibouti illustrates how baseline HEA analysis helped bring about a change in taxation policy with direct and positive consequences for livelihoods. The third case study shows the possible economic return at household level of improved terms of trade, brought about by an improvement in marketing infrastructure.

**Case study: Using HEA in the planning of social protection interventions: Tanzania<sup>19</sup>**

Within Tanzania, there is a national commitment to social protection as an important element of poverty reduction. In 2005, a poverty and vulnerability assessment using HEA was carried out in Singida, one of the poorest regions of Tanzania. Among other things, the information was used to model the possible effects of enforcing a district by-law that states that the minimum landholding size is four acres – about an acre more than the poor actually have access to.

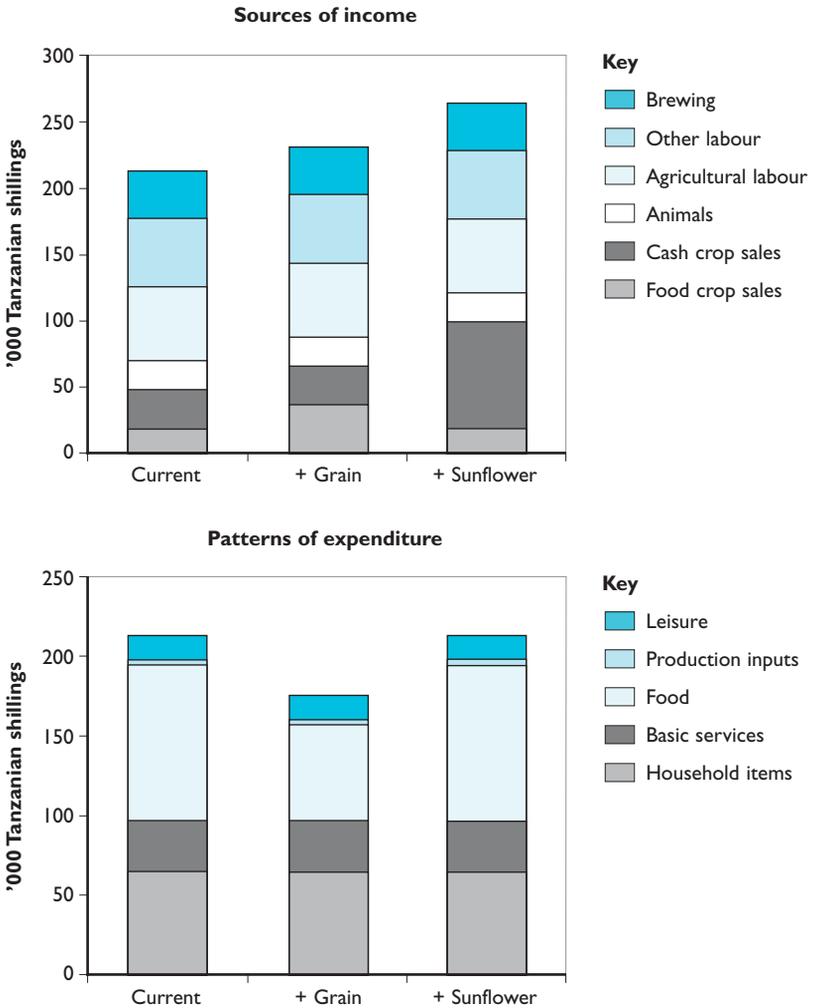
Figure 15 (overleaf) shows how the poor's income and expenditure patterns might be affected if their access to land were increased by an additional acre to four acres. In the first scenario, the extra acre is used to grow a food crop. In the second, it is used to grow a cash crop.

If the extra acre were used to grow more grain, the assumption is that the household would consume more of its own harvest and would no longer have to buy grain. It would also sell any excess. This results in a net gain of 56,000 Tanzanian shillings (Tsh). Growing sunflower would have no impact on expenditure, but would lead to a 51,000 Tsh increase in income: a lower cash benefit but one that, in generating more income, gives greater spending flexibility and possibly more of a boost to the local economy.

*continued overleaf*

### Case study: Using HEA in the planning of social protection interventions: Tanzania *continued*

Figure 15: Possible effect of additional acre of land on income and expenditure of poor households



If grain is grown (+ Grain), expenditure on food can be reduced and income from food crop sales increases slightly.

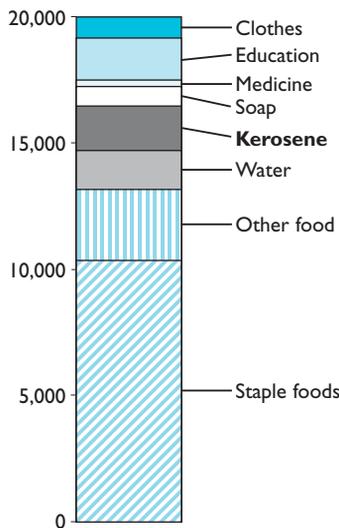
If sunflowers are grown (+ Sunflower), income from cash crop sales increases and expenditure stays the same.

Even the most micro-level aspects of the household economy are related in one way or another to the macro-environment. The small profit that a female-headed household makes from selling small amounts of grain across a border, for instance, is made possible because of the price differential, which rises or falls in tandem with a government-imposed import ban or production subsidy. Useful policy-related links can be drawn out of all HEA baselines, and the baseline profiling of Djibouti City provides one example of this.

### Case study: How a micro-analysis helped change a macro-policy – Djibouti City<sup>20</sup>

In 2001, FEWS NET carried out an urban baseline assessment in Djibouti. One of the outputs of this work is presented in Figure 16, which shows the relative allocation of very poor households' income on goods and services. It shows that – surprisingly, perhaps – these households were forced to spend as much on kerosene as they did on education. Or, put another way, their spending on kerosene was limiting the amount they could invest in their children's

**Figure 16: Expenditure patterns (in Djibouti francs) of very poor urban households – Djibouti 2001**



*continued overleaf*

**Case study: How a micro-analysis helped change a macro-policy – Djibouti City *continued***

education, or the amount they could devote to health costs if someone in the household fell sick.

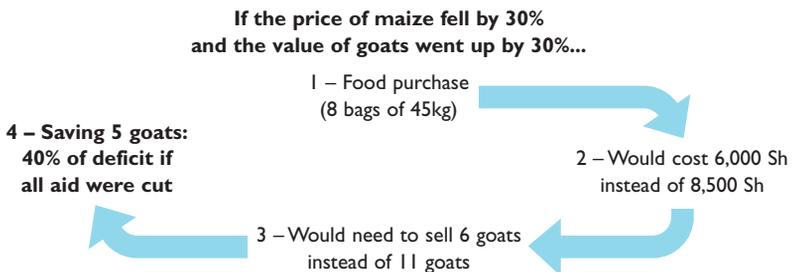
The finding was important enough to compel the government to eliminate the tax on kerosene, effectively reducing its cost significantly, and freeing up a bit of extra income for these cash-strapped households.

Finally, the following example from the HEA study in Turkana illustrates how HEA can help model the potential impact at household level of a market intervention.

**Case study: Modelling programme impact at household level, Turkana<sup>21</sup>**

The poorly functioning markets in the Turkana area are recognised as a key constraint to economic growth. A simple HEA analysis **estimated the potential impact** of improved terms of trade on households’ ability to build up their herds (see Figure 17). The quantitative estimate of outcome also provided a **basis for monitoring and evaluating the impact** on households of a package of market interventions. These included facilitating better coordination among traders, the improvement of roads and mobile phone networks, and giving traders more options on where to buy and sell.

**Figure 17: Potential impact of a marketing intervention on household food access**



## Understanding the relationship between livelihoods and other sectors

Poor access to services such as healthcare and education tend to be characteristics of the poor, and improved access to both is commonly a component of poverty reduction strategies. HEA has been used to look at the economic constraints that the poor face with regard to access to these sectors. Does poverty restrict access? If so, how could these constraints be tackled? The income and expenditure patterns of different wealth groups described in an HEA analysis allow the analyst to consider this question as described in the case study from Singida, Tanzania below.

### **Case study: Analysing the economic constraints in access to healthcare and education – Singida, Tanzania<sup>22</sup>**

In Singida, Tanzania, HEA was used to analyse households' ability to pay for health services and education, and as a starting point for looking at non-economic barriers (such as quality of service) to accessing these services.

#### **Health**

The analysis found that the very poor faced considerable difficulties in paying health costs. Food alone used up around half their annual income. In particular, the analysis found that:

- The very small increments by which the poor survive from month to month militate against being able to afford a large, one-off payment
- Payment is especially difficult during the lean period, when the incidence of malaria is highest, and during which the poor rely on income from labour to meet their food needs and have no margin for other expenditure.

The analysis also considered two scenarios typically faced by households in the area – drought and the loss of the household head – and modelled the impact of these shocks on poor households' ability to pay for healthcare. This was found to be completely squeezed.

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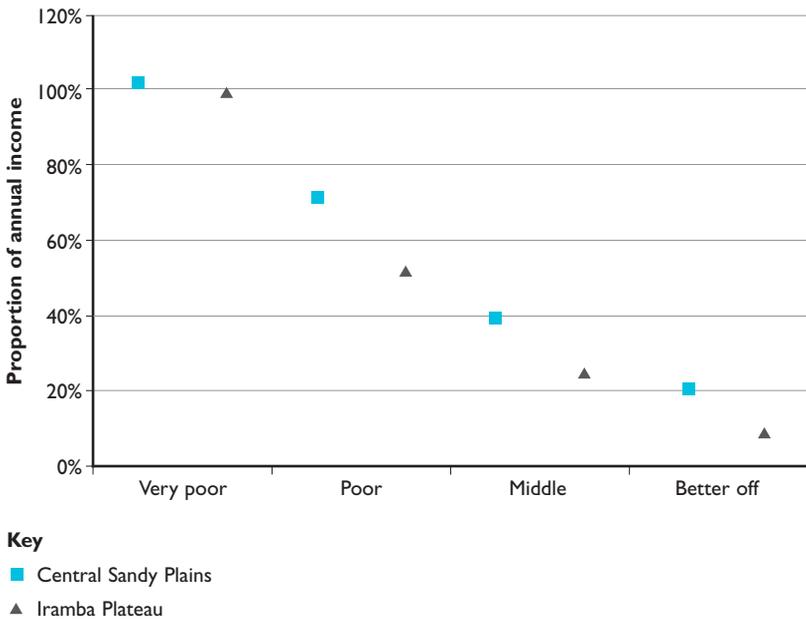
**Case study: Analysing the economic constraints in access to healthcare and education – Singida, Tanzania *continued***

**Education**

HEA was also used to look at households' ability to pay education costs. The analysis found that, although primary school fees have been abolished, the cost of uniforms and school materials remains substantial, amounting to about 10% of the income of the very poor.

But most striking is the typical cost of sending a child to secondary school. This is shown as a proportion of the annual income of different wealth groups in Figure 18; it is virtually equivalent to the annual income of the very poor and is more than one-third of the annual income of the 'middle' group. The upshot is that most households cannot afford to send a child to secondary school unless they benefit from bursaries or some other form of cost-reduction system.

**Figure 18: Cost of secondary education for one child as a proportion of annual income in Singida**



It is worth noting here that a holistic approach like HEA necessarily considers the costs of healthcare or education and people's ability to afford them, whether or not the inquiry has a health or education focus. This means that HEA analyses can result in policy recommendations for these non-food sectors. This tends to occur either where the immediate balance of costs suggests a certain form of intervention (as in the case of Macedonia below), or where the future prosperity of a particular wealth group depends to a great extent on investment in education (as in the case study from Turkana, above).

### **Case study: Identifying non-food interventions – Macedonia<sup>23</sup>**

In 2000, an assessment was carried out in Macedonia on behalf of the World Food Programme to assess the food needs of 'social cases' and to recommend phase-down/phase-up strategies for food aid distribution. Groups that were investigated included those physically unable to work, low-income pensioners, the low-income unemployed and single mothers.

The assessment found that by and large these groups did not have a problem obtaining daily food. Rather, it was the large expenses such as healthcare or education costs that were difficult to meet. The conclusion was that providing support directly to the health and education sectors made more sense than the provision of free food.

## **3.6 Using HEA to help identify market support interventions**

By building an understanding of the economic operations of households at different wealth levels and of the economic relations between them, HEA can also provide a basis for identifying market-based opportunities for economic growth and for increasing household income and assets. While many of the poorest rural areas in southern Africa face problems of land shortage, land degradation and chronically low rainfall, the urban population and urban demand expands – and interest in the use of the market to bolster rural

livelihoods increases. The idea is that improving the profits gained from products and employment will at least contribute to a buffer against bad years and beyond that will be a basis for further investment in household productivity. But interventions aiming to build up households' asset base through increased engagement in the market must be grounded in a thorough understanding of current income-generating strategies, of expenditure patterns and patterns of investment, and of the opportunities and risks faced by different groups within the population.

HEA has been used in conjunction with market assessments to identify areas of investment that will help farmers generate more income through the market. What areas of the economy are farmers currently investing in, and what returns do they get? If demand exists for a particular product, how can the local market be linked to it? In Ethiopia, a USAID-funded project aiming to increase economic growth in targeted rural areas used HEA analysis in conjunction with a market study to identify four aspects of the economy which could potentially grow, given market support.<sup>24</sup> These included the production and sale of honey and beeswax and, for livestock owners, the sale of dairy (particularly goat) products. The market study provided the complementary analysis of potential market demand for these products.

**In conjunction with market assessments, HEA can identify market-related opportunities for growth within the household economy.**

This kind of analysis identifies areas of the economy that could be expanded and, in conjunction with market assessments, the forms of market support that would be necessary, such as improving access to market information or supporting links with markets outside the area. It highlights the current limitations (why aren't farmers selling more of this product?), the possibilities (could income from this be increased if certain conditions were satisfied?), and questions and concerns that need to be addressed (can links to non-local markets be established?). Any investment in the market infrastructure that aims to effect change at the household level must be grounded in an understanding of household economic operations among different groups of the population.

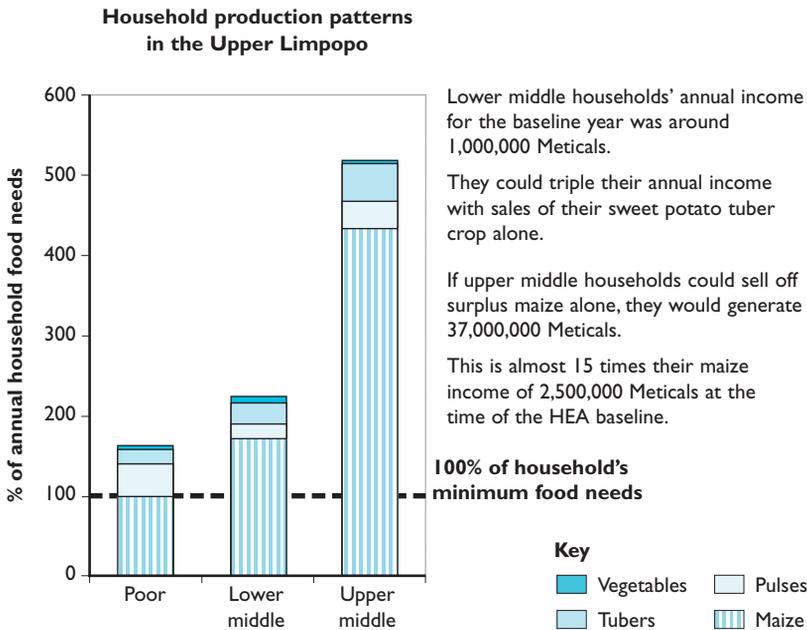
The case study from Mozambique below illustrates this kind of analysis.

## Case study: Using HEA to identify economic growth opportunities in markets – the Limpopo Basin, Mozambique<sup>25</sup>

Before the establishment of HEA baselines in the Limpopo Basin of Mozambique, the conventional wisdom was that the Upper Limpopo was semi-arid and agriculturally unproductive. Decision-makers assumed that food aid was the only option in the event of a drought or flood. What the livelihoods analysis showed was something quite different: that while this is the case in one part of the Upper Limpopo, the area where the vast majority of the population lives is highly fertile and characterised by annual crop surpluses.

The HEA analysis highlighted the real potential for households in this area, and identified the main constraint as well: lack of markets for households to sell their surpluses. All households produce more than their minimum food needs.

**Figure 19: Potential household returns on an investment in market infrastructure**



*continued overleaf*

### **Case study: Using HEA to identify economic growth opportunities in markets – the Limpopo Basin, Mozambique** *continued*

requirements in a typical year. Better-off households, which claim that much of their surplus goes to waste because of both poor storage capacity and their inability to sell as much as they would like, could substantially expand their economic opportunities if they could market their surpluses, as shown in Figure 19. Poor roads and limited marketing infrastructure mean that a substantial economic growth potential goes untapped in this area. It is clear that economic development in the Upper Limpopo area rests in large part on a better link to the Maputo market.

## **3.7 Using HEA in project design, monitoring and evaluation**

The holistic view of household economy that HEA offers also lends itself to being used for monitoring programme impact. The challenge of impact assessment and monitoring – that is, measuring outcomes rather than tracking the distribution of inputs – applies especially to programmes that have an explicit objective to support and promote livelihoods. It is hard enough to monitor, say, the additional cash earned by households that can be directly attributed to a livelihoods programme; or to monitor what households do with that cash. It is harder still to measure and monitor the implications of such changes for livelihoods as a whole.

HEA's strengths in impact monitoring are, first, that it offers a **holistic** view of livelihoods. The analysis allows a focus on a particular aspect of the household economy – say, food production – and how that might change, but always in the context of other sources of food and income and of expenditure needs. Second, components of the household economy are **quantified** and, therefore, amenable to monitoring over time.

**HEA can be useful in impact monitoring because it offers a holistic and quantified view of livelihoods.**

Given these two characteristics, HEA is able to offer three different perspectives of programme impact:

- the impact on the household economy and access to services and, by extension, on household poverty (How have targeted households benefited from the project or policy? Have there been negative effects?)
- the impact on poverty at the community level (has there been a shift in membership of wealth groups?)
- the impact of the programme relative to other changes that have been happening, so that non-programme influences are explicitly recognised and taken into account. Importantly, this enables programme managers to judge in advance the likely effects of unforeseen shocks, such as drought, and to take action to mitigate them in appropriate ways.

The following case studies illustrate how this has been done in practice.

### Assessing project impact at the household level

Where an intervention comprises a number of different strands (such as a development programme) or is expected to have multiple impacts (a cash transfer, for example, is likely to affect the household economy in a number of ways), a holistic approach to impact assessment is essential. One attempt to assess impact using HEA is illustrated in the following case study. In this inquiry, HEA was also used to offer strategic direction to the programme, indicating the potential profit for poorer people from project outcomes other than food production, particularly through livestock and timber activities.

#### **Case study: Assessing the impact on livelihoods of a rural development programme, Tigray, Ethiopia**

In 2001, an HEA assessment was carried out on behalf of Oxfam-Canada and the Relief Society of Tigray (REST) in the Ruba Lomine project area of Tigray, Ethiopia. One of the aims of the assessment was to develop tools for monitoring the change in household income and food access as a result of the programme. Project impact had usually been reported in terms of the

*continued overleaf*

### **Case study: Assessing the impact on livelihoods of a rural development programme, Tigray, Ethiopia** *continued*

distribution of inputs such as vegetable seeds and tools. The missing element was the impact of these inputs on household food security.

The HEA study focused on how the impact of three project outputs could be monitored: vegetable gardens, tree sales and fodder development. A 'toolbox' of monitoring tools was compiled for each. Some of the questions that could be asked as a means of monitoring the impact on livelihoods of vegetable gardens, for example, are shown in the box.

- Assessing the impact on livelihoods of vegetable gardens
- How much was produced in a good and a bad year?
- How much was eaten and how much sold?
- What were the labour requirements?
- What other activities suffer because of the garden work?
- How much was earned on average per week?
- How much is this as a proportion of the family's normal annual income?
- Are there limits to the demand in the markets where the vegetables are sold?

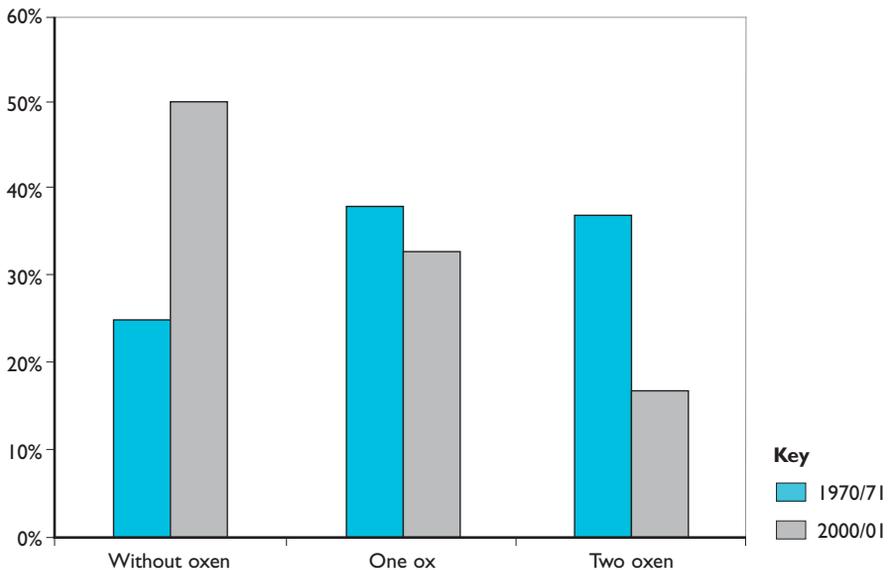
A key factor enabling this monitoring was a baseline household economy survey conducted in 1999. This provided the baseline data against which changes in income, expenditure and labour requirements could be measured. The analysis enabled change to be interpreted in the context of the household economy as a whole, on the basis of a typical annual income or typical seasonal expenditure. For example, an increase in income of 40 birr represented a 2% increase for labour-rich households, but a 10% increase for a labour-poor, female-headed household. It was less significant if converted into food equivalents, as it represented only about two to three weeks' food for the whole family. The impact on food security was small. The analysis showed that, nevertheless, 40 birr per year would have important social impacts if used to send an additional child to school.

## Assessing shifts in asset ownership within a community

HEA can also be used to assess whether there has been a shift in asset ownership or in the membership of wealth groups. It can also help to identify the *causes* of observed shifts. This is important as it helps to distinguish between changes in wealth patterns that are slow and structural, and those that are rapid and linked to a recent disaster.

Figure 20 compares HEA data from 2000 with data from 1970 in one part of Tigray, Ethiopia, and shows a trend towards impoverishment over those 30 years. But the livelihoods data showed that this did not mean that the villages had become more vulnerable to crop failure. Rather, in 2000 the poor were sustained in their villages not by local transfers as in the past – when wealth was produced locally – but by capital from outside the area. This capital came mainly from migrant labourers working in neighbouring regions, and also from food aid paid out to labourers on public work schemes or food-for-work schemes.

**Figure 20: Changes in wealth breakdown in Dabano, Tigray between 1970/71 and 2000/01**



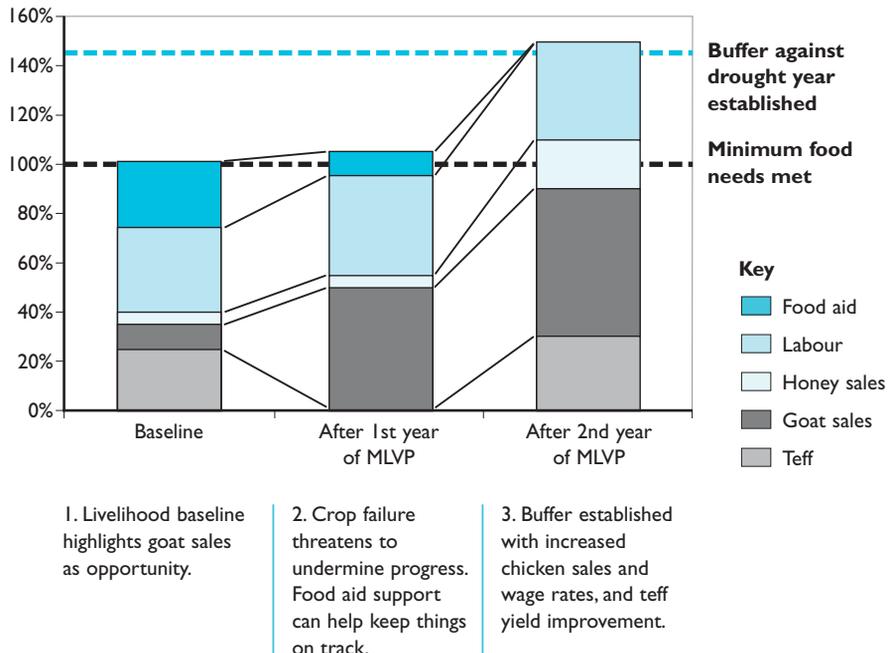
Source: Holt and Bush (2001)

## Assessing project impact relative to other changes

HEA also enables analysis of the possible impact of multiple changes. For instance, what happens to household incomes in a year when harvests are down by 50% but fodder supplies, from enclosed project areas, are up by 200%? The example below shows how the disaggregated analysis which HEA offers can help not just in monitoring impact, but in project implementation, by indicating to programme managers in advance the likely effect of a shock such as drought or price rises on project impact. This allows programme managers to plan mitigation activities that will help keep the project on track, rather than having to deal with the effects of the shock retrospectively.

In the design of the USAID-funded Market-led Livelihoods for Vulnerable Populations (MLVP) project, HEA was identified as a means of monitoring project impact and predicting the likely effects on this of a shock such as drought, thereby enabling programme managers to plan for this in advance, as shown in Figure 21.

**Figure 21: Using HEA to help identify project thresholds**



Source: Chemonics Int. with FEG (2004)