

URBAN AREAS

Background

In recent years, HEA assessments have been conducted in urban areas in a number of countries, including Zimbabwe, Djibouti, Somaliland, Angola, Palestine, Serbia and Kosovo. These assessments have generally been undertaken for one of two reasons. Either there has been an understandable concern to learn more about the burgeoning urban population in many developing countries, and especially the conditions in the poorest areas and shanty towns. Or there has been interest in assessing needs following internal conflict (e.g. Angola, Kosovo) or urban unrest (e.g. Zimbabwe). In most cases the purpose of the work has been two-fold: to judge the level of immediate need, and to set up systems for the on-going monitoring of urban livelihoods. Some of the shocks to which urban households are vulnerable are listed for three cities in **Box 1**. These shocks vary from place to place, but all have in common the potential to affect either the cash income or the expenditure of poorer households. A particular concern in Harare – and presumably in other cities with high rates of HIV infection - is the potential effect of AIDS.

Box 1: Shocks to which urban households are vulnerable

Harare (Zimbabwe)

- Inflation: price increases (rents, electricity, bus fares)
- Formal sector job losses
- Crackdown on 'illegal' businesses in the informal sector (loss of goods, tools, capital)
- Illness or death of (or divorce from) the main income earner (often AIDS-related)
- Unexpected large expenses (e.g. funerals, medicines - again often AIDS-related)

Djibouti

- Changes in Government Policy affecting
 - Salaries
 - Pensions
 - Cost of food items
 - Cost of non-food items (water, electricity, schooling, etc.)
 - Migration into the city
- Variations in activity in the port and construction sectors that affect the availability of casual labour
- Variation in livestock and crop production in the areas supplying Djibouti with sorghum, meat, vegetables and *qat*.

Hargeisa (Somaliland)

- Exchange rate fluctuations that lead to increased imported food costs
- Decline in the construction sector (bans)
- Restrictions on trade with Ethiopia and abroad (e.g. *qat*)
- Restrictions on or reductions in remittances

Main characteristics of urban livelihoods

The major difference between urban and rural areas is, obviously, the lack of access to own production and the heavy dependence on the market not only for food but also for many non-food items that are either free or can be collected free of charge in rural areas (e.g. accommodation, cooking fuel, water). 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 difference is the source of cash income. Regular formal employment and business are the most obvious options in an urban setting, but these tend to be the preserve of middle and better-off wealth groups. Very poor and poor households are frequently active in the (often very large) informal or 'grey' economy. At this level, casual labour, petty trade and small-scale business are the main income generating activities (**Table 1**).

Total income depends not only on the type of income-generating activity, but also the number of income sources per household.

The poorest

households are typically those with only one source of income. This may either be because there is only one individual able to work (e.g. many female-headed households, or many households affected by HIV/AIDS), or because the household cannot accumulate enough capital to start even the smallest of petty trade or business activities. At the other end of the scale, salaries and business activities often go together, since it is the salary that provides the capital required to start the business (or to sustain the business through a difficult patch). And business activities are often necessary to supplement the relatively low salaries on offer in developing countries, especially in the government sector. Other sources of income that should not be neglected in urban areas are pensions and social welfare payments. Where these exist, they may be the only regular source of cash income that poor households receive.

It is possible that borrowing and debt are more significant factors in an urban than a rural setting. There are two reasons for this. Firstly, there are many fixed costs that cannot easily be avoided (food, rent, water, electricity, school fees, transport etc.), and there may also be unexpected large expenditures, such as medical or funeral expenses. Secondly, there may be more chance of obtaining a loan, both because loan institutions are more active in urban

Table 1: Types of income generating activity by wealth group, Harare (2001) And Djibouti (2003)		
	<i>Harare</i>	<i>Djibouti</i>
Very Poor	<p><i>1 income source per household:</i></p> <ul style="list-style-type: none"> • Salary - some factory workers, security guards, domestic workers • Petty Trade - e.g. vending 	<p><i>1 income source per household:</i></p> <ul style="list-style-type: none"> • Petty trade - school snacks, bread, prepared foods, vegetables, tea stalls • Casual labour - dockers, construction workers, market porters
Poor	<p><i>2 income sources per household:</i></p> <ul style="list-style-type: none"> • Salary – same activities as very poor • Petty Trade - e.g. vending • Home industries - small tuck shops, carpenters, welders, hair salons 	<p><i>1 income source per household:</i></p> <ul style="list-style-type: none"> • Salary/Pension - cleaners, taxi drivers • Petty Trade - qat, small kiosks, meat sellers <p><i>2 income sources per household:</i></p> <ul style="list-style-type: none"> • Petty Trade + Casual Labour
Middle and Better-off	<p><i>1-2 income sources per household:</i></p> <ul style="list-style-type: none"> • Salary – most private and public sector employees • Business – various types, including renting out of rooms. 	<p><i>1 income source per household:</i></p> <ul style="list-style-type: none"> • Salary/Pension – most private and public sector employees • Business - shops, restaurants, minibuses, qat importers/distributors <p><i>2 income sources per household:</i></p> <ul style="list-style-type: none"> • Skilled Casual Labour (electricians, masons) + Petty Trade • Salary + Business

areas and because urban households can offer a better guarantee of repayment, either because they have a regular salary or because they own property that can be advanced as collateral.

Clearly, in an urban area there are fewer opportunities to grow crops or to keep livestock, but that does not mean that these activities do not exist at all. It may be quite common in some areas for people to grow a little food in a garden, allotment or other plot. Similarly, it is not unusual for a small number of animals to be kept, even if it is only a few chickens or a goat in the back yard. These should not be entirely ignored in a household economy assessment. Opportunities for own production will of course tend to increase the further one is away from the city centre, and may be quite substantial in peri-urban areas where house plot sizes may be larger and settlements may be interspersed with fields or grazing land. In these areas, vegetable production for the urban market may be an especially important source of cash income. If work is to be done in a peri-urban area, a choice will have to be made between the field method for agricultural areas (see [Chapter 3](#)) and the urban assessment method described in this chapter, or, alternatively, elements of the two will have to be combined.

Urban households may also have close links to rural relatives, especially if they are themselves relatively recent migrants from a rural area. This may result in several types of mutual assistance. Rural relatives may send food (or urban households may collect it while on visits home), while urban migrants may send gifts in cash or in kind. Or a rural relative may come to work for a better-off household as a domestic servant, or be sent to live with an urban relative while attending secondary school.

Since there are fewer year-to-year and seasonal variations affecting urban areas it may, at first sight, seem that the timeline and seasonal calendar exercises are less important for an urban enquiry. In fact this is not necessarily the case, and both exercises may yield important information on urban livelihoods.

Box 2 indicates the main changes affecting Djibouti City (an important Red Sea port and international military base) in the six years before an urban assessment undertaken

Box 2: Timeline of events affecting the economy of Djibouti (2003)		
<i>Year</i>	<i>Month</i>	<i>Event</i>
1998	May	<ul style="list-style-type: none"> Re-routing of Ethiopian trade from Asab to Djibouti, following war between Eritrea and Ethiopia
1999	Oct	<ul style="list-style-type: none"> Second phase of structural adjustment initiated (Oct 1999-Jan 2003)
2000	Feb Jun Oct	<ul style="list-style-type: none"> Peace accord signed ending internal conflict in north of the country that began in Nov'91 Agreement signed with Dubai Port Authorities for management of port Djibouti ratifies trade accord with COMESA, ending tariffs and trade barriers
2001	Apr Oct	<ul style="list-style-type: none"> Djibouti closes border with Somaliland (until June 2002) Return of Djiboutian refugees from internal conflict
2002	Jan Jun Sep Oct	<ul style="list-style-type: none"> German and Spanish warships arrive in Djibouti to patrol Red Sea shipping lanes in support of US actions in Afghanistan Agreement signed with Dubai Port Authorities for management of airport Approximately 900 US troops arrive to establish base for anti-terrorist activities Tightening of border controls by Ethiopia (on-going)
2003	Jan Jul Sep	<ul style="list-style-type: none"> Multi-party elections Foreign migrants told to leave Djibouti 70,000 – 100,000 foreign migrants expelled to Ethiopia, Eritrea and Somalia

in 2003. Both port and military activity had increased, for a number of reasons. At the same time, structural adjustment and the privatisation of the port and airport had had significant effects on levels of formal employment and wages and, finally, the expulsion of foreign migrants in 2003 had a number of impacts (e.g. reducing competition for low-paid work, reducing demand for basic goods and services).

Seasonal variations can also be significant, and a further example from Djibouti is given in **Table 2**. The most difficult time of year in Djibouti is the summer, when maximum temperatures reach 40°C and humidity remains consistently above 50%.

Monitoring urban food security

In rural livelihood zones there is almost always a regular seasonal cycle of production and consumption and therefore a clearly defined consumption year which typically begins immediately after the main harvest. This is the logical timeframe for analysis. The same is not true of an urban area, where seasonal variations are less marked and the timing of hazards affecting urban livelihoods is less predictable. This means that it makes more sense to monitor urban livelihoods on a regular – usually monthly – basis rather than to conduct one-off assessments once or twice a year.

Table 2: Seasonal factors affecting expenditure and income in Djibouti City

Summer (May-Sep):

- Increased electricity consumption (fans and air-conditioners)
- Increased requirement for water
- Seasonal out-migration to cooler areas (reducing opportunities for casual labour and petty trade)
- Increased fire risk in shanty towns (destruction of houses)
- Reduced opportunities for fishermen (late summer, due to unfavourable winds)

Winter (Oct-Apr):

- Schools open (fees, textbook and transport costs)
- Increased production in local vegetable gardens
- Post-harvest season in areas supplying Djibouti city with sorghum

Table 3: Proposals for monitoring urban livelihoods in Djibouti and Harare

Djibouti	
What to monitor?	How to monitor?
Cost of a basic expenditure basket of food and non-food items	<ul style="list-style-type: none"> • Monthly market price surveys
Government policy affecting: <ul style="list-style-type: none"> • levels of government employment and salaries • the cost of food items • the costs of non-food items (water, kerosene, electricity, schooling, health care etc.) • migration into the city 	<ul style="list-style-type: none"> • Media and Government publications
Activity in the Port and Construction Sectors	<ul style="list-style-type: none"> • Port statistics • Construction project data
Livestock and crop production in areas supplying Djibouti	Information from early warning projects in neighbouring countries
Harare	
What to monitor?	How to monitor?

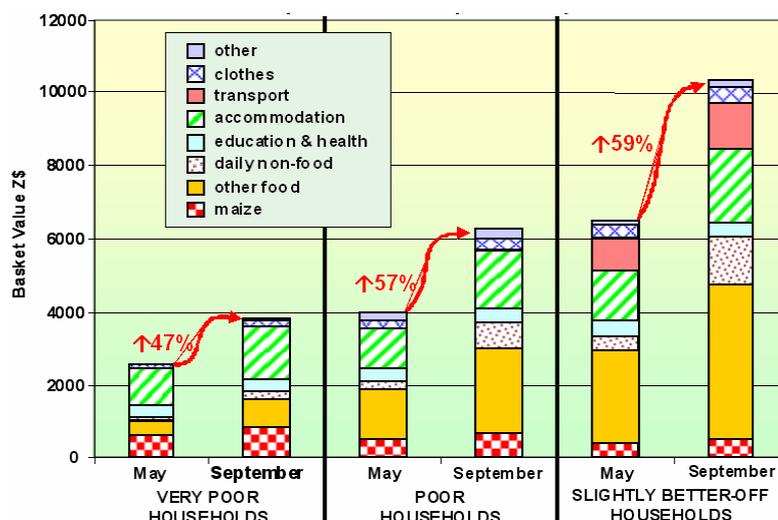
Table 3: Proposals for monitoring urban livelihoods in Djibouti and Harare	
Cost of a basic expenditure basket of food and non-food items	<ul style="list-style-type: none"> Monthly market price surveys
Formal sector employment and salaries	<ul style="list-style-type: none"> National Employment Councils (NECs) for each industrial sector. Government gazettes, which are published periodically when new wage agreements are signed by NECs. The Zimbabwe Congress of Trade Unions (ZCTU) for information on wage agreements and changes in numbers employed. The Ministry of Labour, which monitors retrenchments and wages. The Registers of Companies and Financial Institutions, which monitor company openings and closures.
Informal sector incomes	<ul style="list-style-type: none"> Monthly survey of incomes/profits in informal businesses
Indicators of 'coping'	<ul style="list-style-type: none"> Non-payment of electricity and water and percent being cut off (District Offices) Non-payment of school fees (Ministry of Education or directly from a sample of schools) Malnutrition at clinics (Ministry of Health, Food and Nutrition Centre, or directly from a sample of clinics) Movement into peri-urban areas (e.g. reports from the NGO Inter-country Peoples Aid)

Urban monitoring involves keeping track of changes in both expenditure and cash income. Monitoring expenditure involves defining an expenditure basket, usually for a poor or very

Case Study 1 : Monitoring urban livelihoods in Harare, 2001

In 2001, rampant inflation in Zimbabwe was one of the main threats to urban livelihood security. Regular price monitoring showed substantial increases in the cost of the expenditure basket for all wealth groups. Parallel monitoring of formal sector wages showed an annual increase of 65% in the minimum wage from 2000-2001, i.e. just sufficient to cover 4 months of price inflation (see figure). The picture for the informal sector was mixed, with income from some businesses keeping pace with inflation, while others lagged behind.

The Rising costs of household expenditure baskets September 2001 compared to May 2001



On-going monitoring showed increasing disparities between income and expenditure throughout 2001

poor wealth group, and then keeping track of changes in the cost of this through a system of market price monitoring. This is relatively straightforward. Keeping track of changes in cash income is much more difficult, especially as much of this income may be derived from informal sector activities. Cash income can be tracked in a number of ways. In Harare, where informal trading and business activities are especially important, it was proposed to undertake regular 'mini'-surveys, tracking incomes and profits of a sample of small-scale businesses (Table 3). In Djibouti, on the other hand, the proposal was to monitor the cash incomes of the poor indirectly, by tracking the amount of bulk cargo offloaded at the port and by monitoring progress with the various construction projects around the city – these activities together account for a significant proportion of local casual employment.

Case Study 2 : Scenario of the effect of increasing kerosene prices on very poor households in Djibouti

Scenario analysis in an urban setting is carried out in much the same way as for a rural analysis, except that there is greater focus on questions of expenditure. The basic principle is to consider the effect of the hazard on each of the baseline sources of expenditure, cash and food, and to consider ways in which households will try to cope with the problem, i.e.

Outcome = Baseline + Hazard + Response

This type of analysis and recommendations by FEWS NET convinced the government to intervene to improve the food security of poor households in Djibouti.

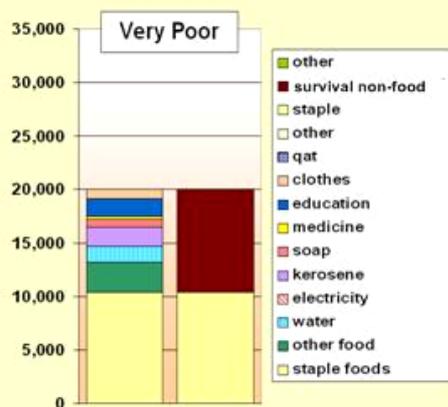
Measures taken included:

- *elimination of the tax on kerosene,*
- *a reduction in the tax on staple foods,*
- *reductions in electricity charges and taxes for local bakers.*

Step 1: Categorise baseline expenditure as:

- Staple,
- Survival Non-food
- Other.

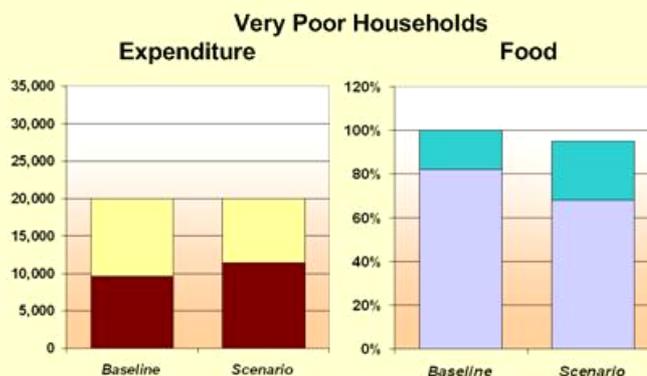
Expenditure levels by very poor households in Djibouti were so low that all expenditure on non-staple items was included in the 'Survival non-staple' category and none in 'Other'



Note: Unit for y-axis = Djibouti Francs per household per year

Step 2: Analyse the impact of the hazard, e.g. a 50% increase in the price of kerosene, leading to:

- an increase in the cost of the survival non-food basket,
- a reduction in the cash available to purchase staple food,
- a reduction in food purchases (see 'Food' graphic)
- a probable increased dependence of very poor households on gifts and a food intake deficit of 0-10%



Note: Unit for y-axis = Djibouti Francs per year

Scenario analysis in an urban context

As indicated in **Case Study 2** from Djibouti, a key step in developing an urban scenario is to establish the minimum acceptable level of expenditure on food and non-food items (the minimum expenditure basket)¹. This represents the level of expenditure (and therefore cash income) below which some kind of intervention is necessary. It is in effect an **intervention threshold**. Clearly, there is an element of subjective judgement in defining this threshold (what really constitutes the 'minimum'?), and different thresholds can be adopted according to the objectives of the assistance programme (support to a minimum level of subsistence, more general income support, asset protection etc.). The objective in the Djibouti example was to support a minimum level of subsistence that included existing expenditure by the very poor and poor on water, education, kerosene, powdered milk etc.

How To Do It

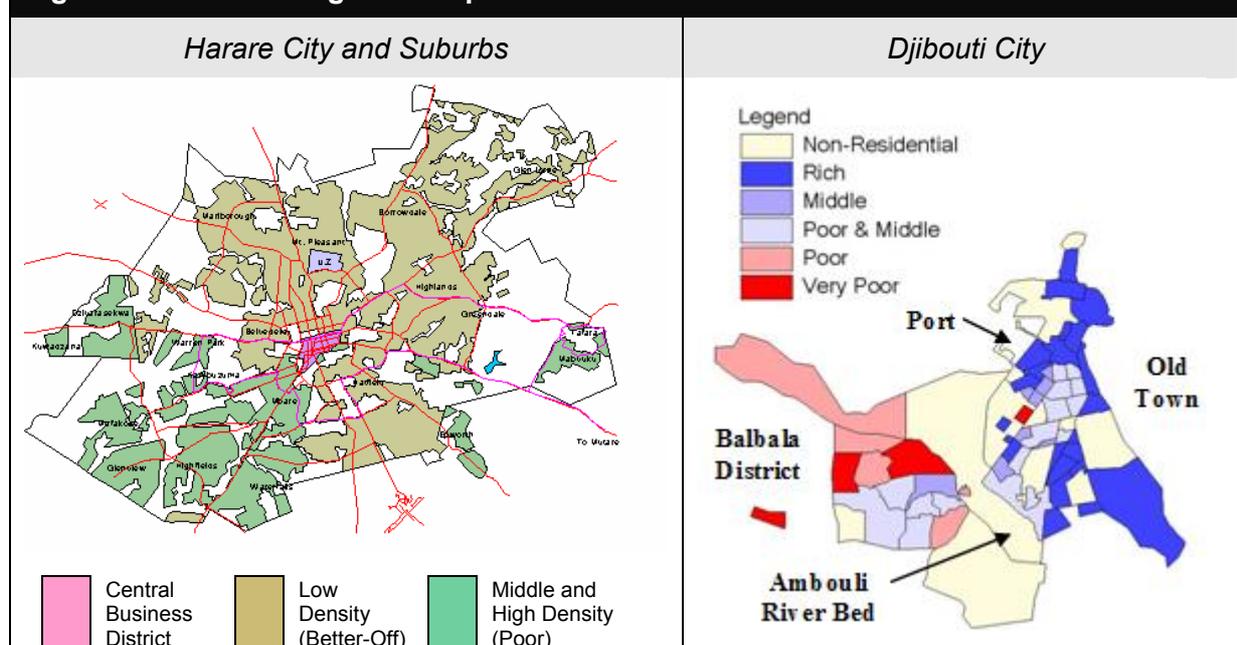
Main differences from an assessment of agricultural livelihoods

There are a number of differences between an HE assessment in an urban and a rural area.

The livelihood zoning

In a rural assessment, the purpose of the livelihood zoning is to distinguish between areas with different production and market characteristics, so that separate baselines can be prepared for each zone. In an urban assessment, the zoning exercise is less about defining different livelihoods than about understanding the layout of the city, developing a sampling frame and planning the fieldwork. In this case, the objective is to divide the town or city into different zones according to the wealth of the area (see **Figure 1**), so that decisions can be made about which parts to visit and which interviews to do there. Having said that, it is also

Figure 1: Urban zoning based upon the wealth of different areas



¹ Case Study 2 is based upon a 3-way split in expenditure (staple, survival non-food and other), which results in the deficit being calculated in food terms (see Food graphic). The same analysis can also be done using a 4-way

important to understand any differences in pattern of livelihood that do exist between one area and another (e.g. the port area, the red light district, the vegetable gardening district, etc.). Another important difference is between urban and peri-urban areas, given likely differences in access to own crop and livestock production, firewood, water, etc. between the two. Where there are major differences in livelihood pattern between these areas, it may be necessary to treat them as separate livelihood zones, as in a rural enquiry.

The enquiry at wealth group level

In a rural setting, it is often most useful to focus on access to food and cash income for different wealth groups. This is because members of a particular wealth group generally share the same pattern of livelihood and a similar limited set of options for obtaining food and cash, pursuing much the same strategies at much the same times of year. The poor, for example, might own between $\frac{1}{2}$ and 1 hectare of land on which they cultivate sorghum and beans, as well as keeping 1-2 milking cows and labouring for between 10-20 days per month on the fields of the better off during the rainy season. The relative homogeneity of rural livelihoods makes enquiry into sources of food and income the most efficient way to generate a rapid understanding of livelihoods in a rural context.

The same homogeneity within wealth groups tends not to be true of an urban setting. Here, one source of food – the market – is usually predominant and so the focus of enquiry generally shifts towards questions of expenditure and cash income. In the town, however, there is often a wider range of income sources for any one wealth group, and earnings are also less regular than in the countryside. One poor household may rely upon petty trading in prepared foods, for example, while another repairs bicycles, and a third porters in the market. Yet all three could belong to the same wealth group. One household may obtain one day of work one week, but four days the next, and so on. Overall, the heterogeneity of urban livelihoods makes it far more difficult to quickly construct an average or typical picture for any given wealth group - that is, if cash incomes are the focus of enquiry.

While cash incomes tend to be heterogeneous in urban settings, patterns of expenditure do not. Poor families tend to spend similar amounts of money on similar things, so that an enquiry into patterns of expenditure is often the most useful approach in an urban setting. There is another very important reason for focusing on expenditure in the town; urban economies are primarily market based, and many of life's essentials, often not paid for in a rural setting (e.g. accommodation, water, firewood, etc.), have to be purchased in the town. It is critical for these non-food elements to be incorporated into the urban analysis.

This is not to say that questions of cash income can be neglected in an urban enquiry. Rather the focus of the enquiry is on determining the typical amount and pattern of expenditure for various groups. Income is used primarily as a crosscheck (i.e. to make sure that it is possible to earn the amount of money said to be spent by the group or household in question).

The consumption year and the reference year

These are key concepts as far as a rural enquiry is concerned, but are of less relevance in an urban setting. Because there are fewer seasonal variations, the concept of a consumption year (lasting 12 months from the start of the main harvest) has little meaning in an urban area, and the analysis can in general be prepared for any defined 12-month period. The next question is then which 12 months to choose for the reference year? The answer for

split (i.e. adding the fourth category of livelihood protection expenditure), in which case both survival and livelihood protection deficits can be calculated.)

most of the urban baselines prepared to date has been the 12 months before the current assessment. This has the advantage of being relatively fresh in people's minds and therefore easiest to remember. Having said that, there may be occasions when it will be appropriate to choose another 12-month period. Suppose, for example, there has been a very significant recent event (e.g. an outbreak of conflict or a sudden major change in economic conditions such as a tripling of fuel prices) then it is probably best to choose the 12 months before this particular shock, so as to avoid the complications of recent acute changes.

Steps in an urban baseline assessment

The preparation of an urban HE baseline involves the following steps:

- A review of secondary sources
- An urban zoning exercise
- Community-level interviews to establish the wealth breakdown
- Household representative interviews to establish expenditure and income patterns at household level for different wealth groups
- Interviews with selected key informants to generate information on relevant related issues, including the status of the macro-economy, provision of services (water, sanitation, education, health, electricity), the prevalence of HIV/AIDS, etc.
- Analysis of field data and compilation of the baseline picture²

Practical aspects (sample size and field work duration)

Table 4 provides information on the number of interviews conducted in three different urban assessments. It also estimates the likely duration of fieldwork. The total duration of the exercise will be longer than indicated in the table if there is a need for an initial training workshop (perhaps 3 days) and at least a further day will be required to establish a preliminary zoning before fieldwork can begin. Another 1-2 days will also be needed at the end of the process for a results presentation, if required.

Table 4: No. interviews, no. field teams and duration			
	<i>Djibouti</i>	<i>Hargeisa</i>	<i>Harare</i>
Number of interviews			
Community	29	40	30
Household reps.	75	60	115
Number of field teams and duration of fieldwork			
No. field teams	5	5	n/a
Duration of field work + analysis	17 days	17 days	n/a

The relatively short distances to be travelled makes the organisation of an urban assessment much easier than its rural equivalent. The household representative interviews are also quicker, which means that more interviews can be completed in a day, unless there are other intervening factors (such as the temperature in the middle of the day in the case of Djibouti).

²A modified set of guidance notes for completing a livelihoods profile for an urban areas are provided in **Error! Reference source not found.**

The urban zoning exercise

The zoning exercise has to be tailored according to local circumstances. In Harare, for example, the existing zoning into areas of high-, medium- and low-density housing was adopted as it stood, supplemented by further information from key informants in employment and real estate agencies on income levels and rent levels throughout the city. In Djibouti, a combination of a preliminary mapping exercise with assessment participants plus detailed key informant interviews with *arrondissement* authorities were used to classify different *quartiers* of the city according to their overall level of wealth³.

Once a preliminary zoning is available, an early decision will be required on the scope of the enquiry and which areas to include and which to exclude. In Djibouti, since the poorer wealth groups were the focus of the enquiry, it was decided to exclude the richest *quartiers*, and to visit a representative sample of the remainder (selected to include the red light district, for example, as well as *quartiers* noted for their proximity to the main markets, their access to gardens along the Ambouli River, the predominance of dock workers, the location of a particular ethnic community, etc.).

The community level interview

Collecting the data

The next step is to identify a point of entry into the community. Possible community-based organisations include church groups, residents' associations or local NGOs. Details of these can usually be obtained from local government offices, and guidance sought on which to contact (which have the closest involvement in community affairs, which are most active, etc.). The basic procedure is the same as in a rural area. A wealth breakdown is completed with a group of representatives from the community-based organisation, who are then asked to arrange interviews with small groups of informants from the different wealth groups. Arranging these follow-up interviews at wealth group level can be more difficult than in a rural setting, especially for the better-off wealth groups, who may be very busy and/or prefer to be interviewed alone. In an urban setting therefore, a mixture of group and individual interviews may have to be conducted.

An example of a community level interview form for an urban area is provided in **Annex A**.

- Timeline – to get a perspective on recent events
- Information on population and origin of residents (e.g. are they mainly recent migrants from rural areas, internally displaced, etc.?)
- Information on service provision to the area (water, sanitation and garbage collection, electricity, health and education)
- Information on types of income generating activities and rates of return on these
- Potential hazards in the coming year
- Links with other areas (rural areas, other urban areas, abroad)
- Community dynamics and gifts – information on systems of mutual support
- Wealth breakdown
- Seasonal calendar

³ In Djibouti, the city is divided into *arrondissements*, *quartiers* and *secteurs*.

Analysing the results

Deriving an overall wealth breakdown for an urban area can be difficult. This is because different results will be obtained for different areas or 'zones' (since these differ from one another in terms of wealth). **Table 5** provides a practical example (from Hargeisa) of how results from different urban zones can be combined. The basic principle is to 'weight' the results from different areas according to their population.

Table 5: Combining wealth breakdown results from different urban 'zones'					
Type of Area	Wealth breakdown (% households) Range and mid-point (in brackets)				% total population
	Very poor	Poor	Middle	Better-off	
'Mixed' areas	0-10% (5%)	20-30% (25%)	50-60% (55%)	10-20% (15%)	85%
'Poor' areas	25-35% (20%)	35-45% (40%)	35-45% (40%)	0%	15%
Whole city	5-10%	25-30%	50-55%	10-15%	100%
Calculation of weighted average for whole city, based on mid-points: = {(% 'mixed' areas ÷ 100) x (% total popn in mixed areas)} + {(% 'poor' areas ÷ 100) x (% total popn in poor areas)} e.g. for Very poor = {(5% ÷ 100) x (85%)} + {(20 ÷ 100) x (15%)} = 7.25% or range of 5-10%					

However, this type of calculation is only appropriate if the definition of wealth is the same in each of the zones. This is unlikely to be true, since what is meant by 'poor' or 'better-off' in one zone can easily differ from that in another. In practice, therefore, some re-classification of the results from different 'zones' may be required before the calculations in **Table 5** can be completed. An example of what is meant by re-classification is given in **Table 6**.

Table 6: Procedure for re-classifying household representative interviews in an urban area				
Results from the Field	Very Poor	Poor	Middle	Better-off
Interview Set 1 ('Mixed' area)				
Wealth breakdown	5%	25%	55%	15%
Total expenditure/income ('000)	20	30	50	75
Interview Set 2 ('Poor' area)				
Wealth breakdown	0%	20%	40%	40%
Total expenditure/income ('000)	n/a	20	30	50
Interview Set 2 Re-Classified				
<i>Poor becomes very poor, middle becomes poor, etc.</i>				
Wealth breakdown	20%	40%	40%	←
Total expenditure/income ('000)	20	30	50	←

This shows the results from two 'sets' of interviews (where 1 'set' consists of the wealth breakdown and associated household representative interviews from one location). In the example, it is quite clear from the total expenditure/income results (obtained from the household representative interviews) that 'poor', 'middle' and 'better-off' mean quite different things in the 'poor' compared to the 'mixed' area and that it makes sense to re-classify the results from the 'poor' area, with the 'poor' wealth group becoming 'very poor', 'middle' becoming 'poor' and so on.

The household representative interviews

A sample household representative interview format is provided in **Annex A**, together with sample interview checklists for the Harare and Hargeisa assessments. The procedure for conducting the household representative interview is very similar to that for a rural area, except for the greater emphasis on expenditure, which is the usual starting point for enquires in an urban setting. Because there is not the same clearly defined seasonal pattern in an urban area, the simplest procedure is to ask which food and non-food items are purchased regularly each month, and establish average monthly expenditure on each of these. Once this has been done, enquiries are conducted into the major annual expenditures and when these are made (e.g. schooling, visits to rural areas, etc.). Having established an estimate of total expenditure per month (with annual expenditures included pro rata), the next step is to find out where the money comes from, and roughly how much from each source.

A decision has to be taken about which prices to use for the calculation of expenditure. If the last 12 months are being taken as the reference year, then the choice is between an average price for the year and the current price. If prices have been changing rapidly in the last year, then it may be best to take the current price as being most easily remembered – in which case it has to be borne in mind that estimated total expenditure relates more to the current month than to the year as a whole. This generally doesn't create major problems as most urban monitoring is done on a monthly basis anyway. The same consideration applies in the case of cash income, i.e. should the current rate of return be taken (e.g. current daily labour rate, current profit on petty trade, current salary), or an average for the year as a whole. Clearly, the same approach must be taken for both cash income and expenditure.

The format also includes space to record information on:

- the origin of residents and duration of residency
- Capital and assets (buildings, vehicles, working capital, livestock and land)
- Access to services (water, sanitation and garbage collection, electricity, health and education)
- Seasonality of food access, cash income and expenditure
- The role of borrowing and loans⁴
- Opportunities and constraints for the wealth group
- Community/dynamics and gifts – information on systems of mutual support

Frequently Asked Questions

Q: In an urban area people don't know one another so well, so isn't it difficult to find good key informants to do the wealth breakdown?

A: It is true that people in urban areas can easily live separate lives and live less as a community, but this tends to more the case among the better-off than the poor. Poor urban

⁴ When enquiring into borrowing and loans the enquirer needs to bear in mind that there is usually a strict limit to the amount that can be borrowed, and that if one loan is not repaid it is unlikely that further loans will be forthcoming. Therefore loans cannot generally be accepted as the explanation for a large discrepancy between annual cash income and expenditure, especially for the wealth group as a whole. Loans and borrowing are usually used either to a) spread the cost of a significant annual expenditure over several months, or b) to make up a short-term shortfall in cash income, e.g. towards the end of the month in the case of salaried employees. Bear in mind also that some kind of guarantee or collateral may be required in case of non-repayment, and that the better-off may therefore find it easier to borrow. Where loans are allowed to accumulate, this is often between close relatives, and the loan is more in the nature of a gift than a genuine loan.

households often live in very crowded conditions and have as much interaction with their neighbours as in a village – gifts and borrowing may be very common, for example. In practice, therefore, the differences between a poor urban area and a rural area are not that great and, with care, groups of key informants can be found that are capable of preparing a good wealth breakdown, and can readily identify potential participants for the household representative interviews. And since the household representative interviews take less time in an urban area, there is usually time to tack on a quick wealth breakdown at the end of each interview so to get more data for the wealth breakdown analysis.

Q: If households from a particular wealth group have different sources of cash income, how is it possible to do an outcome analysis for a problem of cash income?

A: It is true that this can create problems. However, these may not always be quite as serious as might be expected. While there may be many individual income-generating activities in an urban setting, the poor generally obtain cash income from two main categories of activity; casual labour and small-scale business or petty trade. And income from the one is often related to the other – in poorer areas a good proportion of the cash income from small-scale business/trade may be generated locally from people doing casual labour, so a downturn in casual labour will also affect the incomes of small businesses and traders. However, where this is not the case, then an alternative is to run a 'worst-case' scenario, looking at the effect of the 'problem' on households that depend entirely on the affected source of cash income. While this is less useful than an analysis for the whole wealth group (because the number of people affected may not be known), it can still shed important light on the possible impacts of a particular problem.

Q: Why use rapid appraisal methods rather than a household survey in this setting?

A: Urban household economy assessment is similar in many ways to a conventional household expenditure survey in that the focus is on detailed questions about recent patterns of expenditure. Provided the essential checks on food (adding up to roughly 2100 kcals per person per day) and on cash income (roughly equalling expenditure) can be incorporated there is no reason why the data should not be collected through a survey of individual households. If this can be complemented by a semi-structured enquiry at community level to get 'the story', so much the better. Community-level enquiries into local perceptions of wealth will also help in terms of dividing household survey data into meaningful wealth groups.

Using random sampling techniques to select households for interview will also help to ensure that the sample is truly representative of the population from which it is drawn. Having said that it may not be possible to use standard techniques for drawing the sample, since these require accurate population data and a complete enumeration of households in areas selected for surveying. It is very unlikely these will be available, especially for the poorer areas of a city, where the population may be transient and with many people living in unofficial or unregistered accommodation. In this type of setting more rapid sampling techniques similar to those used in a rapid nutritional survey will usually be more appropriate.