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".[16] 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.

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

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 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.[17]

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[18]

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.

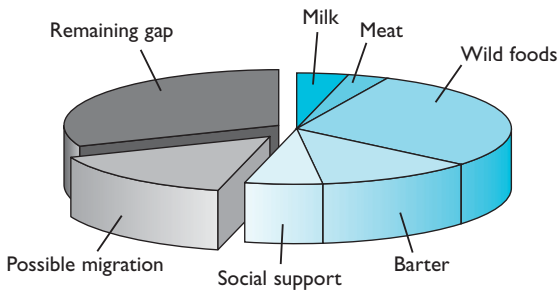
In looking at the options for implementing a transfer, the inquiry considered the following questions:

- 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

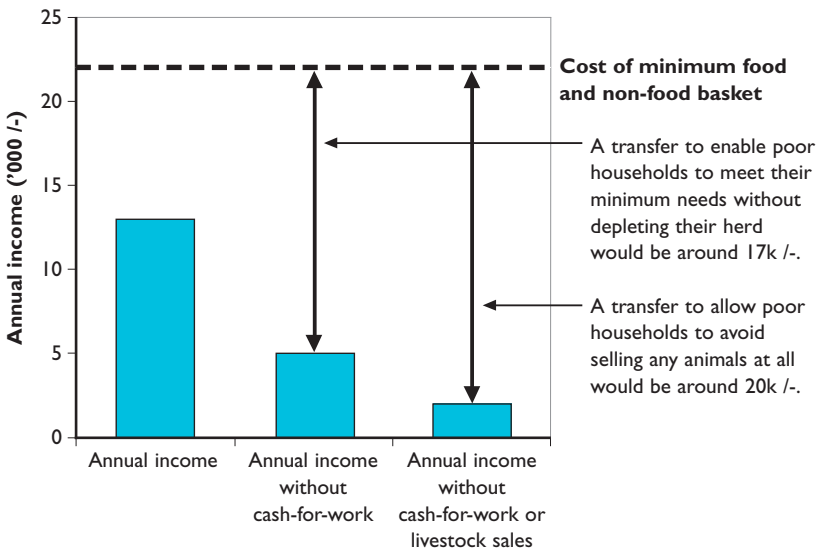
Case study: Using HEA to help analyse implementation options for a safety net *continued*

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[19]

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.

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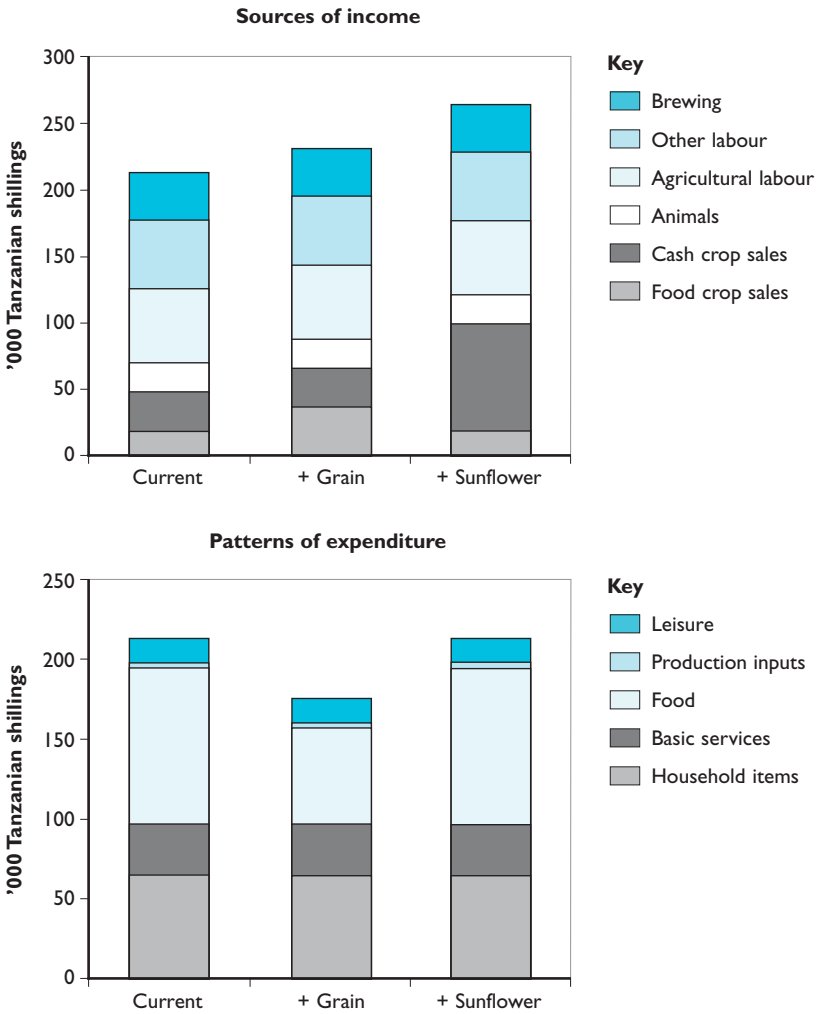
Case study: Using HEA in the planning of social protection interventions: Tanzania *continued*

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



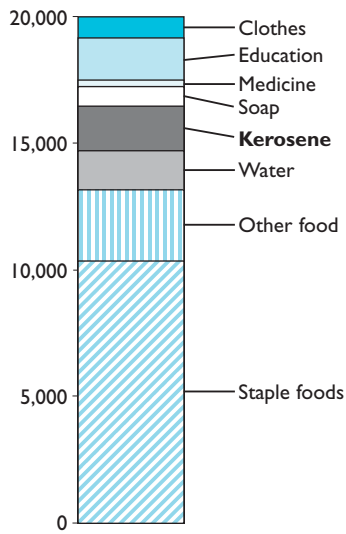
If grain is grown (+ Grain), expenditure on food can be reduced and income from food crop sales increases slightly.
If sunflowers are grown (+ Sunflower), income from cash crop sales increases and expenditure stays the same.

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[20]

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



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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.

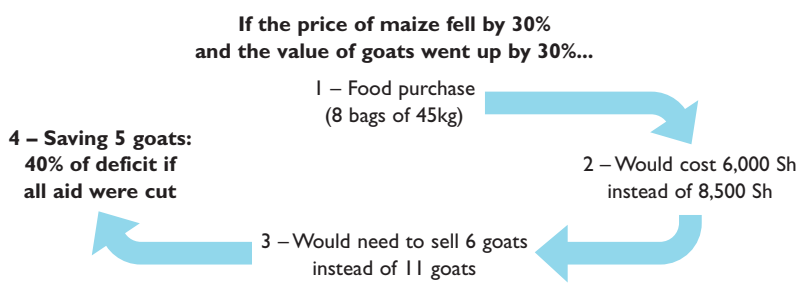
The finding was important enough to compel the government to eliminate the tax on kerosene, effectively reducing its cost significantly, and freeing up a bit of extra income for these cash-strapped households.

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[21]

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[22]

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.

continued overleaf

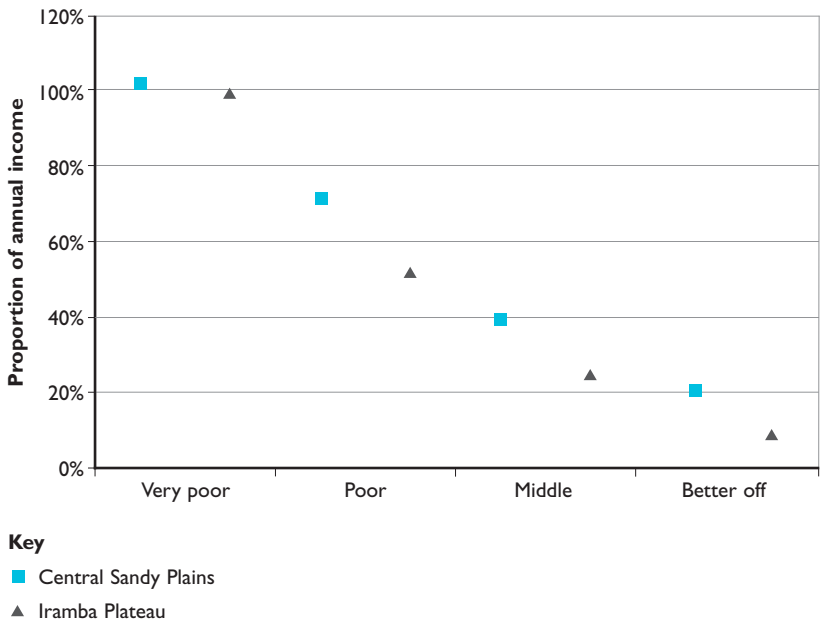
Case study: Analysing the economic constraints in access to healthcare and education – Singida, Tanzania *continued*

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[23]

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