



## No. 1.2 Assessment Methodologies: Household Economy Approach

### What is the household economy approach (HEA) and why do we do it?

The Household Economy Approach (HEA) is a framework for the analysis of field data used by food security practitioners. It describes how different households live, what risks they are vulnerable to and what they are likely to do when affected by a “shock” or a change (such as drought, a sudden decline in income, or a shift in government policy).

Within a defined livelihood zone, HEA describes the assets and resources accessible for households within specific wealth groups, and how these resources are exploited in the daily, seasonal and long-term processes of meeting household needs.

In HEA, the main component of analysis is the household. It is used as the focus of investigation as it is generally the smallest coherent economic unit,

resting on the basis of households relying on a shared income for the greater part of food and non-food needs.



Fig. 1: Focus group discussions in Turkana, Kenya for HEA assessment (Credit: Brian Jones/OXFAM)

### What can the information be used for? In which contexts can HEA be applied?

HEA assessments were designed to assist planning relief interventions in emergency situations. The approach allows us to answer the questions: “Who needs what kind of aid or support?” “How much do they need?” “Where are they?” “When do they need it, and for how long?” However, the richness of data generated has meant that HEA has progressively been **used in various emergency and development contexts** in the last few years.

Central to HEA is a standard analytical framework: the equation **"outcome = reference year baseline + shock/change + coping strategy response"**. However, as HEA is a very flexible tool, its development in the field has led to various adaptations of the approach, relating to specific assessment questions, contexts and resource constraints. For instance, as well as assessing a household's economic constraints to accessing basic needs in a crisis, HEA has been used in programme design and decision-making, and in research and advocacy (see Box 1).

HEA is used by Save the Children UK, USAID's FEWS-NET, and a number of national governments in Africa (especially in Southern Africa). It has also been occasionally used by the UN's WFP, FAO and UNHCR, international NGOs including ICRC, Oxfam, HelpAge, ACF and World Concern, and some local NGOs.

#### Box 1: Programme design and decision-making using HEA

HEA is a flexible—and adaptable—tool. Some recent examples of its use include:

- Malawi and Zanzibar – HEA has been used to advise the government and donors on designing social safety nets or other elements of poverty reduction strategies
- Sri Lanka, Indonesia and Somalia – rapid assessments using HEA core principles informed appropriate relief and recovery options following the 2004 tsunami
- Numerous countries in Southern and East Africa – HEA has been at the centre of national or sub-national food security early warning information systems
- Tanzania, Rwanda and Sudan – HEA was used to examine the impact of user fees on the access of poor households to healthcare
- Research and advocacy – In Ethiopia, HEA was used to research and form advocacy positions on the relationship between infant caring practices and household poverty. HEA-based analysis was used in Zimbabwe to understand the economic factors leading women to engage in commercial sex work. In Pakistan, HEA examined the relationships between poverty, household debt and child labour

## How are HEA assessments done?

HEA assessments use a combination of primary field research and secondary data, using quantitative and qualitative elements. Information is gathered using a number of standard rapid rural analysis tools such as semi-structured interviews, seasonal calendars and resource mapping (see EFSL Rough Guide 7.5 *Participatory Rural Appraisal*). Data are analysed using spreadsheets in Excel. HEA assessments involve the following steps:

- **Step 1: Identifying livelihood zones.** These zones help inform the basis of analysis.
- **Step 2: Identifying wealth groups and reference years.** Wealth differences exist between households. These influence what livelihood opportunities households have, and the impact of any problems they experience. Groups are identified by key informants and verified through community-based discussion on differences between household resource access and ownership. Reference year data forms a baseline, used to model impacts of actual or expected shocks on households.
- **Step 3: Describing households' access to food and cash, and their expenditure patterns.** Within each livelihood zone, we need to describe how representative households from each wealth group access food and cash, and what they spend their money on. This aids a distinction between chronic livelihood insecurity problems and more acute problems that occur as a result of specific shocks.
- **Step 4: Understanding links to markets and other livelihood zones.** Understanding “normal” links between communities and their different markets allows us to understand and predict options in times of a crisis. HEA looks at where people buy different goods, where those goods come from, where people sell their goods and services and where they seek work.
- **Step 5: Clarifying potential coping strategies.** Poor households are constantly aware of the risks to their livelihoods and frequently anticipate and prepare for this (risk-minimization). Risk-minimization strategies include diversification of activities, maintaining social relationships, storing crops and accumulating livestock in surplus years. HEA identifies reversible (e.g., reduction in quality and quantity of food, or sale of non-essential assets) and irreversible (migration, sale of land, etc.) strategies.
- **Step 6: Problem specification.** Data analysed and collected up to step 5 forms the baseline. The next step, and the real power of HEA, is problem specification. Here, the HEA practitioner identifies the extent of a disaster now and over the coming year, in terms of the net effect it is projected to have on wealth groups' sources of income, food, expenditure patterns and their ability to cope/manage. For example, HEA may specify the problem of a drought that is expected to reduce harvest yields by 30 percent and cause a 50 percent price increase in the last quarter of the season. Equally, it is possible through HEA to specify positive change, for example a policy that would eliminate school fees.
- **Step 7: Calculating the response and final impact of shocks/changes.** When a problem strikes, households will use whatever capacity available to them to mitigate its effects. By identifying irreversible coping strategies, the HEA analyst can estimate a households' own ability to cover any shortfalls in its food or cash needs (quantified as “food value”). S/he can also look at what the “costs of coping”—the negative consequences of attempting to cope—would be on the household. These could be taking children out of school to help with food production, or migration of a household member for work, which could expose them to the risk of HIV infection.
- **Step 8: Identifying intervention options.** Information from the above steps, together with community discussions, will help determine the most appropriate interventions from numerous programme or policy options. Responses can be aimed at the short- and/or longer-term. Depending on the problem and context, these can include a wider range of interventions, from direct food and income transfers (see EFSL Rough Guides 3.1 to 3.3 on cash transfer programmes), to advocacy for basic service access.

## What do the data from HEA assessments look like?

Data are generally presented in maps, graphs and tables, illustrating livelihood zones, markets, seasonal calendars (for men and women), wealth groups' food and cash income sources, household expenditure, coping strategies and crisis indicators. Substantive narrative accompanies the quantitative data, providing the “story” behind the figures.

Figure 2 gives an example of HEA data from Sri Lanka, charting the effects of a shock to a poor fishing family caused by a tsunami.

On the left, the bar shows how households in this wealth group earn income in a “normal” year. From there, the diagram shows a simplified case of what might happen as a result of a tsunami.

The initial “shock” eliminates income from fishing, here by destroying the fishing boat. However, it also reduces casual labour income – here for tailoring – as the wage rate falls because of extra labourers on the market.

As the husband is unable to find work and the market for clothes has reduced, because many customers have also lost their income, the wife emigrates and remits money home. This means that income is higher than immediately after the disaster, but it leaves them with less cash than before the disaster, and with possible social problems resulting from the absence of the mother.

As the analytical process includes an investigation of household food, income and expenditure patterns and asset ownership, validation and triangulation of data is possible, creating a “complete picture” of household information.

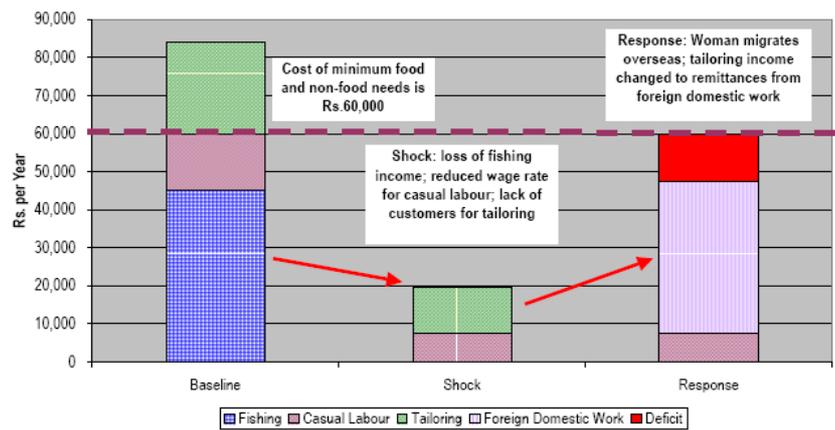


Fig. 2: HEA data showing effects of tsunami on poor fishing family in Sri Lanka (where husband fishes and wife sews) (SOURCE: SCUUK 2008)

#### What resources are required to conduct an HEA assessment?

The following resources are required when conducting an HEA assessment:

- HEA trainers and field supervisors.** As HEA relies on the researcher’s interview and analytical skills, the key to a successful HEA study is training. A training workshop consists of theory, supervised fieldwork and analysis. Following the workshop, field researchers are able to conduct semi-structured interviews, and triangulate and interpret data. These skills are critical in giving confidence to the findings.
- Time.** A full baseline that includes team training, fieldwork and analysis can last up to one month. HEA in post-emergency settings can be undertaken in one to two weeks, depending on factors such as geographical area, and access to and availability of necessary resources.
- Field teams.** HEA-trained field staff are required to collect, process and analyse data. As teams are involved in all stages, their knowledge of their working context, resulting programmes and technical capacities are strengthened.
- Field data collection resources.** Logistical resources such as vehicles and drivers are needed to enable community visits and interviews. Translators and/or language skills are needed in specific instances.

#### Where can I find further reading and more detailed information?

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| Oxfam EFSL Rough Guides: <ul style="list-style-type: none"> <li>– 3.1 Cash for Work</li> <li>– 3.2 Vouchers</li> <li>– 3.3 Cash Grants</li> </ul>   | Food Economy Group website<br><a href="http://www.foodeconomy.com">www.foodeconomy.com</a>            |
| Save the Children UK ( <i>Practitioner’s Guide to HEA</i> and examples of assessment reports from Asia and Africa):<br><a href="http://www.savethechildren.org.uk">www.savethechildren.org.uk</a> | Examples of the use of HEA in Early Warning Systems<br><a href="http://www.fews.net">www.fews.net</a> |

#### Who can I contact for more information and guidance? (Lucida Sans Unicode 10)

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