

THE HOUSEHOLD ECONOMY APPROACH: *WHAT IS IT AND WHAT CAN IT BE USED FOR?*

Introduction

The Household Economy Approach is a way of assessing and describing how different types of households get their food, income and assets, their relationship to markets and employment opportunities, and of predicting what happens when those strategies and relationships are disrupted. It consists of a framework for analysing information on the household economy and its relationship to markets, and field methods for collecting that information. The approach concentrates on looking at access to food and income, and variations of the basic model can be applied at a local or national scale, for either “quick-and-dirty” rapid assessments or for more in-depth surveys.

HEA assessments have predominantly been used in emergency situations to assist planning relief interventions, and the approach was originally designed as an “early warning” tool to assist in planning food aid. In relief contexts, the approach allows us to answer with confidence the questions “Who needs cash or food aid? How much do they need? Where are they? And when do they need it?”. But the approach has also been applied to a wider range of livelihoods-related issues in both emergency and development contexts, such as identifying the causes of chronic poverty, understanding economic constraints to accessing healthcare and education or other basic needs, designing safety nets, and tackling child labour.

While not always using the same terms as the “Sustainable Livelihoods Framework”, HEA ordinarily examines most of the same elements as that framework, but with a greater emphasis on quantifying the outcomes of the livelihood strategies that different households pursue. As such, HEA and Sustainable Livelihoods approaches are extremely complementary.

The Framework

The household is used as the basis for investigation as it is, in general terms, the smallest coherent economic unit generally relying on a shared income for the greater part of their food and non-food needs. In order to paint a full and comprehensive picture of household economy, it is necessary to follow a line of questioning producing increasingly focussed information. This is done by using a range of rapid & participatory approaches to work with groups of households and individual ‘key informants’ on each of the steps outlined below to supplement information from published sources and official records.

Step 1: Identifying Food Economy Zones/ Livelihood Zones

Different populations live by very different means depending on the type of terrain they have access to, their assets, culture & skills etc.. Some may depend primarily on fishing, others on agricultural production, others on employment. Because of natural

resources, rainfall, soil type or marketing possibilities, some areas will be suitable for cash crops (such as tea or cotton) others will only produce staples, while others will not be suited for any type of agriculture. The first step therefore is to identify populations within which most households obtain their food and cash by broadly similar combinations of means using, where possible and reliable, information from local government. A FEZ may be at one extreme a refugee camp, and at the other a large part of a country. FEZ boundaries rarely coincide with administrative boundaries, but with knowledge of those boundaries and their populations, it is possible to translate analysis from a FEZ into recommendations for districts or provinces while explaining differences within such areas.

Step 2: Identifying Wealth Groups

Within any geographical area, substantial differences in wealth occur between households, and therefore the impact of problems varies between households. As it is not possible to investigate all households, we gain insights into the lives of representatives from the major wealth groups identified by key informants; usually the better off, middle, poor and very poor. A profile is developed of the distribution of wealth, which typically relates to land or livestock holdings, boat ownership, the amount of labour available etc.. While in reality every year is different, in order to allow for comparisons to be made when conditions are significantly different, a 'normal' year is chosen to act as a baseline reference year. Where there are long-term trends that are not cyclical, the most recent year is often used as a baseline for reference.

Step 3: Describing Households' Access to Food and Cash Income and Expenditure Patterns

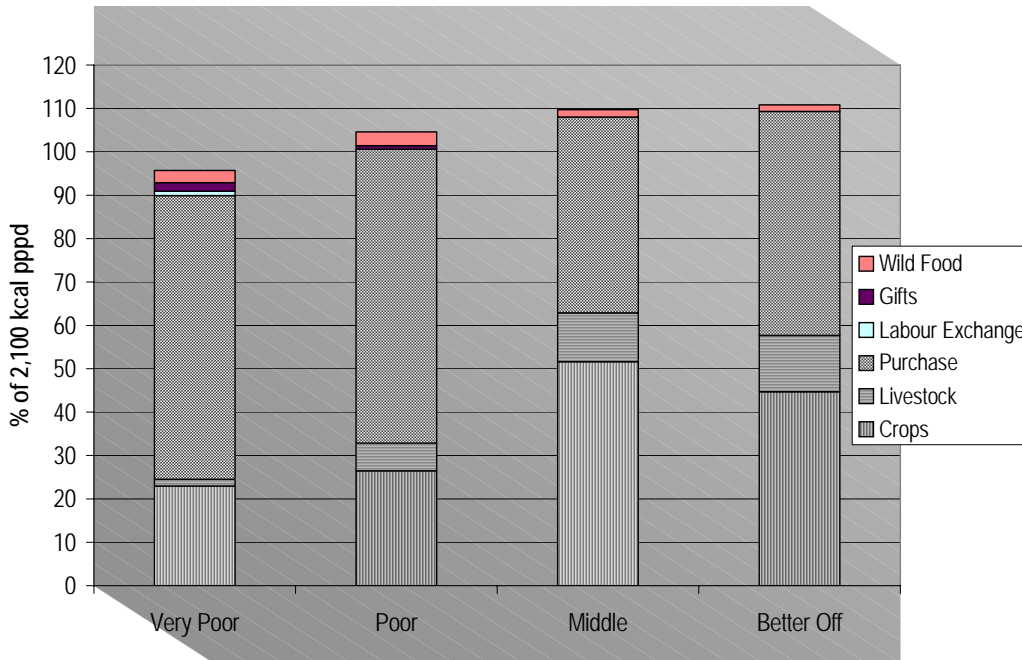
Within each FEZ, we need to understand how typical households from each wealth group access their food and cash income. This enables us to distinguish chronic food insecurity or livelihoods problems that exist in a "normal" year from more acute problems that occur as a result of specific shocks. This information is obtained by interviewing groups of women or men from each wealth group who identify the various options households employ to secure access to food. These will include fishing, purchase by cash, their own food crop production, livestock & animal products, the collection of wild foods, gifts and relief food or exchange of food for labour.

In order to purchase food and other basic needs, income is earned from paid employment (formal or casual), the sale of fish, livestock or agricultural production (staples & cash crops), the sale of non-food production (firewood, charcoal, pots etc.), trade, transport etc. Information is also gathered on other household expenditure, such as salt, basic non-food items (soap, clothes), basic health care and educational costs.

The amount of food accessed is converted into an energy equivalent, and compared with a minimum energy requirement for that population (often 2,100 kcal per person per day) to see if households are accessing sufficient food. A "minimum non-food basket" is usually also identified, and income levels are compared with the cost of this basket (as well as the cost of any food needed to be purchased) to see whether non-food needs are affordable.

For each of these three areas - food production, cash income & expenditure - the information is displayed in bar or pie charts (see below for an example), which

illustrate the current situation and show us the options available to each wealth group.



Step 4: Understanding Links to Markets

Most households in most parts of the world depend in some way on the marketplace to obtain some of their food. The better off may increase the value of their crops by specialising production or selling when their value is highest, the poor may be obliged to sell crops directly after harvest and purchase later using income from employment. Without an understanding of 'normal' links between households and markets in procuring both food and cash income it is not possible to understand options open in times of crisis. The interviews clarify which markets are of greatest importance and therefore where observed price changes (such as the cost of staples) or lack of access due to conflict or damage to infrastructure will have a profound impact on households in this FEZ.

Step 5: Clarifying Potential Coping Strategies

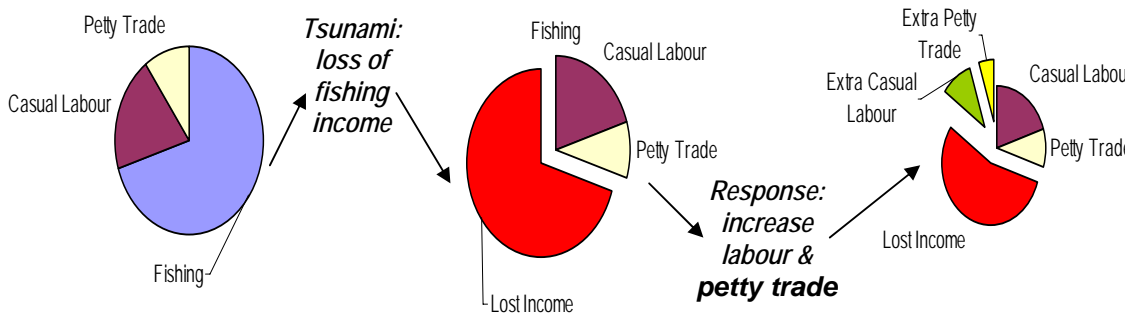
Poor households are constantly aware of the risks to their livelihoods and income and to a large degree anticipate and prepare for this. When broadly predictable, (such as in semi-arid areas where rainfall and crop production alter greatly from year to year) successful strategies will include storing crops and accumulating livestock in years of surplus production, and increasing use of wild foods and selling livestock and other assets in shortfall years. In cases of extreme 'shock' – such as a tsunami - other strategies may be available such using additional household members – including children - for casual employment, sending a household member overseas to work, mortgaging jewellery from dowries, or claiming whatever kind of kinship relief that local custom may recognise. As most of these are an extension of the usual coping mechanisms of the poor, interviewees are able to identify the options most likely to be pursued first.

Step 6: Problem Specification

The next step is to identify what has happened or is predicted to happen in the current year, and to quantify how that has affected each of the sources of food and income, or the ability to afford items of expenditure. For example, a tsunami might destroy fishing boats and therefore immediately remove entirely that source of income from fishing families; a drought might damage crops, reducing food from crop production and income from crop sales, and increasing the price of purchased crops, etc..

Step 7: Calculating the Response to and Final Impact of Shocks

Households are not passive victims of shocks or problems. When a problem strikes, they will use whatever capacity is available to them to mitigate the effects of the problem. By seeing which of the coping strategies identified in step 5 can be used in response to an identified problem, we can estimate households' own ability to cover any shortfalls in their food or cash needs. The example below shows a simplified example of what might happen as a result of a tsunami to the income of a family that relies primarily on fishing by the husband, supplemented by some casual labour at certain times of the year, and by a small amount of petty trade by the wife. The initial "shock" eliminates income from fishing, which accounted for 70% of total income. In response both the husband and the wife increase by 50% the time they spend on casual labouring and petty trade, which raises their income somewhat, but still leaves them with over 50% less income than in the baseline period.



After the households' responses to the shock have been considered, we can examine whether their predicted food access and total income will be enough for them to meet their minimum food needs and also pay the cost of their minimum non-food basket.

Step 8: Identifying Intervention Options

This information will help inform choice of a range of possible interventions including providing fishing equipment, encouraging employment (paid by cash or food), improving access to markets, price stabilisation of staples or direct cash relief or food aid. The basis of each of these interventions could be to prevent malnutrition or to prevent the households selling off key assets, prevent child labour, or to retain the ability to meet other basic needs such as health & education. The likely impact of each intervention and its operational feasibility can be assessed independently and the results used to make informed decisions.

Field Methods

HEA assessments use a combination of primary research in the field, and secondary data. Prior to fieldwork, team members collate as much relevant current and historical secondary data as possible, including information on crops, rainfall, livestock holdings, fishing, income data, market prices, relief/ development interventions, nutrition surveys, education statistics and anthropological research. These are used both to help guide the direction of primary research and for cross-checking information collected in the field.

Primary research is then carried out using a variety of standard Rapid Rural Appraisal (RRA) techniques to gather the information needed to carry out the analysis described above. The main tool is the semi-structured interview, carried out either with focus groups of purposively sampled households or community leaders, or with specific key informants from particular sectors or activities. Within these interviews, RRA tools such as seasonal calendars, wealth breakdowns, proportional piling and ranking are used to elicit and cross-check information. Unlike most RRA/PRA-based research, in HEA we try to quantify information in addition to getting a descriptive picture. This is done by asking in detail about each activity and cross-checking information within interviews and between different information sources to ensure that a consistent and logical picture emerges.

What is HEA Used For?

HEA can be used for a wide variety of purposes in planning and evaluating work related to food security and livelihoods. The approach originated in the early 1990s as a way of improving upon famine early warning systems, which at the time focused more on food availability and national balance sheets than on access to food. This resulted in the approach – initially called the “Food Economy Approach” or “Household Food Economy” – being predominantly used to estimate food aid needs in emergency contexts. Since then it has been developed and applied for a much wider variety of uses. For example:

- In emergency contexts in Pakistan, Ethiopia and Southern Africa, assessments have provided decision-makers with details of relief needs in terms of cash as well as food. All assessments also identify options for longer-term recovery and/or poverty reduction interventions
- In Indonesia, Sri Lanka and India, following the tsunami rapid assessments using the core principles of HEA were carried out to inform the choice of appropriate relief and recovery options
- In the Great Lakes region of Africa, the appropriateness of different types of food security interventions was evaluated using HEA
- HEA is commonly used for evaluating the impact of interventions on household livelihoods
- In Malawi, national HEA assessments have been used to advise the Government and donors on designing social safety nets
- In Ethiopia, the relationship between infant caring practices and household poverty was examined using HEA
- In Tanzania, HEA analysis was used to examine the impact of user fees on the access of poor households to healthcare
- In Liberia, HEA-based analysis has been used to help design projects for the economic reintegration of children formerly associated with armed forces
- In Zimbabwe, HEA-based analysis was used 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

A more recent version of the approach that is still in development – the Individual Household Method (IHM) - has been used in contexts where examining differences between separate households rather than wealth groups provides a more robust analysis. To date, IHM has been used to examine the impacts of HIV/AIDS on households, the effects of changes in world coffee prices on producers in Africa, and the relationship between household poverty and nutritional status in Bangladesh.

HEA is used institutionally by Save the Children UK, by USAID's FEWS-NET (in partnership with the Food Economy Group), and by a number of national governments in Africa (especially in Southern Africa). The approach has also been used at different times and places by the UN's WFP, FAO and UNHCR, by international NGOs including ICRC, Oxfam, HelpAge and World Concern and by local NGOs.

Adapting HEA to Circumstances and Resources

HEA is not a “one size fits all” approach. It has developed in the field over more than 10 years of use by a wide range of practitioners within and outside Save the Children. Different versions of the approach have developed as a result of this, which are appropriate to different contexts and different resource constraints. These include:

- “Rapid HEA”: a simplified version of the approach, typically with less detailed quantification, a greater reliance on key informants, and more of a focus on emergency relief needs, usually used in relatively small areas
- “Large Geographical Area Rapid HEA”: similar to Rapid HEA, but applied to entire countries. This was widely used in Southern Africa during the humanitarian crisis of 2002.
- “HEA+”: this is a more detailed version, usually used in development contexts to examine particular issues in greater depth, often with complementary research using other methods.

The most commonly used versions of HEA can be supplemented by additional qualitative or quantitative research on specific issues or themes when programmes require such analysis. As such, it can either be used as a stand-alone tool, or as one of a number of complementary tools used by a multi-disciplinary team, depending on what is needed.

Resources & Further Information

For examples of actual assessment reports from Asia and Africa, see the ‘Resources’ section in www.savethechildren.org.uk

For more details on the HEA methodology see:

“The Household Economy Approach: A resource manual for practitioners”

“The Household Economy Approach: A guide for programme planners and policy-makers”

Both Books are available from www.savethechildren.org.uk

Contact Save the Children UK's Food Security & Livelihoods Unit at: hungerreductionteam@savethechildren.org.uk

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