



The Practitioners' Guide to the

# HOUSEHOLD ECONOMY APPROACH

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## ACKNOWLEDGEMENTS

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### *The Editor and Main Authors*

Tanya Boudreau, of FEG, compiled and edited the **Practitioners' Guide to HEA**. She could not have completed this task without the enormous input and help of the main contributing authors: Mark Lawrence (FEG), Penny Holzmann (consultant), Michael O'Donnell (Save the Children UK), Lesley Adams (consultant), Julius Holt (FEG), Laura Hammond (FEG), and Arabella Duffield (Save the Children UK at the time of writing).

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Finally, to the thousands of household members, district officers, and traders who have given so many of their precious hours so that we may better understand their lives: we hope this Guide helps to fulfil the tacit promise that is made in exchange for all those hours - that a better understanding will lead to actions that improve their lives.

### *About RHVP*

RHVP is a regional programme working primarily in six southern African countries<sup>1</sup> to improve short- and longer-term responses to hunger and vulnerability. It is funded by the UK Department for International Development (DFID) and Australian Aid (AusAid). It provides support to policy makers and practitioners, working with international, regional and national partners to maximise impact.

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<sup>1</sup> Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe

## ABBREVIATIONS

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AAH	Action Against Hunger
CAP	Consolidated Appeal Process
CCZ	Consumer Council of Zimbabwe
CFSVA	Comprehensive Food Security and Vulnerability Assessment
DFID	Department for International Development
DRC	Democratic Republic of Congo
EPA	Extension Planning Area
FAO	Food and Agricultural Organization of the United Nations
FEG	Food Economy Group
FEWS NET	United States Agency for International Development (USAID) Famine Early Warning System
HEA	Household Economy Approach
IDS	Institute of Development Studies
IHM	Individual Household Model
LZ	Livelihood Zone
MVAC	Malawi Vulnerability Assessment Committee
NGO	Non-Governmental Organisation
ODI	Overseas Development Institute
PPA	Participatory Poverty Appraisal
REST	Relief Society of Tigray
RRA	Rapid Rural Appraisal
RHVP	Regional Hunger and Vulnerability Programme
SADC	Southern Africa Development Community
SC UK	Save the Children UK
SENAC	Strengthening Emergency Needs Assessment Capacity
SLF	Sustainable Livelihoods Framework
VAC	Vulnerability Assessment Committee
USAID	United States Agency for International Development
WFP	United Nations World Food Programme

## GLOSSARY

<b>Analysis spreadsheet</b>	A spreadsheet used to carry out the <b>outcome analysis</b> . There are two types: the <i>single zone spreadsheet</i> used to prepare scenarios for a single livelihood zone, and the <i>integrated spreadsheet</i> , used for the analysis of larger geographical areas of up to 12 livelihoods zones.
<b>Baseline</b>	The quantified analysis of sources of food and income and of expenditure for households in each wealth group over a defined reference period.
<b>Baseline storage sheet</b>	A spreadsheet that enables field teams to enter, check and analyse individual interview data in the field, and to analyse and summarise field data during the interim and final data analysis sessions.
<b>Chronic food insecurity</b>	A household is chronically food insecure when it consistently fails to meet its minimum energy requirements.
<b>Coping capacity</b>	The capacity of households to diversify and expand access to various sources of food and income, and thus to cope with a specified hazard.
<b>Hazard</b>	A shock such as drought, flood, conflict or market disruption which is likely to have an impact on people's livelihoods
<b>Household</b>	A group of people, each with different abilities and needs, who live together most of the time and contribute to a common economy, and share the food and other income from this.
<b>Household economy</b>	The sum of ways in which a household acquires its income, its savings and asset holdings, and by which it meets its food and non-food needs.
<b>Livelihood protection threshold</b>	The total income required to sustain local livelihoods. This means total expenditure to: <ul style="list-style-type: none"> <li>(i) ensure basic survival (i.e. all items covered in the <b>survival threshold</b>)</li> <li>(ii) maintain access to basic services e.g. health and education</li> <li>(iii) sustain livelihoods in the medium to longer term e.g. purchase of seeds or veterinary drugs, and</li> <li>(iv) achieve a minimum locally acceptable standard of living e.g. purchase of basic clothing or coffee/tea.</li> </ul>
<b>Livelihood zones</b>	Geographical areas within which people share broadly the same patterns of access to food and income, and have the same access to markets.
<b>Outcome analysis</b>	An analysis of how access to food and cash for each <b>wealth group</b> will be affected by a defined hazard, and of the extent to which other food or cash sources can be added or expanded, or non-essential expenditure reduced, to make up the initial shortages.
<b>Problem specification</b>	The translation of a <b>hazard</b> such as drought into economic

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	consequences at household level.
<b>Projected outcome</b>	A quantified estimate of access to food and cash, taking into account the shock and household responses to it, in relation to a <b>survival</b> and <b>livelihoods protection threshold</b> .
<b>Reference period</b>	A defined period (typically 12 months) to which the <b>baseline</b> information refers, needed in order to analyse how changes in the future (in production, for example) can be defined in relation to the baseline.
<b>Risk</b>	The likelihood of a particular outcome, such as unusual hunger or food insecurity
<b>Scenario outcome</b>	A quantified estimate of access to food and cash arising from an <b>outcome analysis</b> , taking into account the effects of the hazard and household responses to it, for each of the <b>wealth groups</b> .
<b>Seasonal calendar</b>	A graphical presentation of the months in which food and cash crop production and key food and income acquisition strategies take place, also showing key seasonal periods such as the rains, periods of peak illness and the hunger season.
<b>Survival threshold</b>	The total food and cash income required to cover the food and non-food items necessary for survival in the short term. It includes (i) 100% of minimum food energy needs; (ii) the costs associated with food preparation and consumption; and (iii) where applicable, the cost of water for human consumption.
<b>Vulnerability</b>	People are vulnerable to particular hazards if they are expected to be unable to cope with a defined <b>hazard</b> ; for example, they are vulnerable to crop failure if such a hazard is likely to reduce their access to food or cash below a defined threshold.
<b>Wealth breakdown</b>	The process by which people within a <b>livelihood zone</b> are grouped together using local definitions of wealth and the quantification of their assets. The level of division depends on how the community view their society, and the purpose of the analysis.
<b>Wealth group</b>	A group of households within the same community who share similar capacities to exploit the different food and income options within a particular <b>livelihood zone</b> .

## INTRODUCTION TO THE GUIDE

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### About the Toolkit

The Toolkit, of which the **Practitioners' Guide to HEA** makes up one component, was developed in order to assist the RHVP in its objective of strengthening the capacity of government and national and international non-governmental organisation (NGO) staff to undertake accurate, reliable and relevant vulnerability assessments and analyses in southern Africa, especially within national Vulnerability Assessment Committees (VACs) and the Southern Africa Development Community Regional VAC (SADC-RVAC). It is hoped that the toolkit will improve the quality of analysis upon which response decisions are made and help to identify, design and implement effective measures to increase the resilience of households in the region.

Guidance on the Household Economy Approach (HEA) has to date been provided by the manual *The Household Economy Approach – A resource manual for practitioners*, produced by SC UK in 2000, and by resources and training materials produced since then by FEG and SC UK. The HEA Toolkit aims to bring together and consolidate this considerable volume of material and to provide an up-to-date guide to the approach, to its use in the field and to its application for particular purposes

The toolkit comprises three elements:

1. *A Guide to HEA*: this is targeted primarily at those who are involved in using assessment results to inform decisions on response and to assist in programme planning. It aims to help policy makers and programme planners understand the methodology, interpret results and engage critically in the process of translating results into programme and policy recommendations.
2. *The Practitioners' Guide to HEA*: this is a practical 'how to' guide for those participating in the fieldwork and analysis of a household economy assessment.
3. *The Trainers' Guide to HEA*: this is targeted at those facilitating HEA trainings and comprises guidance materials on organising and running trainings, including session outlines, exercises and presentations.

### About the Practitioners' Guide

This guide is aimed at those carrying out HEA assessments, and is intended to serve as both a refresher guide for experienced practitioners and a set of reference reading materials to accompany formal trainings for new practitioners. The Practitioners' Guide is presented as a series of chapters; the expectation is not that this guide will be read cover to cover, but rather that individual chapters will be used as 'modules', each self-contained and specific to a particular aspect of HEA. This is not meant to be used as a 'do-it-yourself' guide for those with no exposure to HEA. Nevertheless, each subject is presented in clear, logical steps that should - in conjunction with formal training - enable fairly quick uptake for relative new-comers to HEA.

There are seven chapters included in the Practitioner's Guide and two supplemental guides. The chapters are presented in an order sequential to the implementation of the HEA framework, starting with an overview of the HEA framework and moving through practical field work to outcome analysis and response planning. The last chapter

explores how HEA links to other frameworks and emerging relevant issues of concerns. Also included are two supplements: the first supplement is on market assessment, with specific treatment of how to use market assessment in response analysis. (Other aspects of market assessment integral to HEA are included within each of the chapters.) The second supplement is for advanced HEA practitioners who are being trained to take on team leader roles. A short summary of what can be found in each session is presented below:

Chapter 1, Introduction to the Household Economy Framework, provides an overview of the HEA framework, explaining the theoretical underpinnings of the approach and the basic steps in the analysis.

Chapter 2, Livelihood Zoning, describes the first step of the Baseline Assessment, reviewing what a livelihood zoning is, why one is necessary, and how it is done. It tackles issues like the relationship between livelihood zones and administrative boundaries, naming conventions, and how to include secondary information sources.

Chapter 3, Baseline Assessment, provides a step-by-step description of the activities involved in gathering the core secondary and field information required to construct a HEA baseline. Updated material includes guidance on how to analyse and store baseline information, and how to cross-check all aspects of the field data.

Chapter 4, Outcome Analysis, details the process and requirements for predicting livelihood outcomes. The first part of the chapter provides an overview of the elements involved in: designing a problem specification, incorporating household coping capacity, understanding expandability, and finally running an outcome analysis. The process is then illustrated using a practical example from Kenya.

Chapter 5, Translating Outcomes to Action, provides the practitioner with an opportunity to consider the steps involved in response analysis, including both the principles underlying appropriate humanitarian actions and the practical approaches used. Five case studies are employed to demonstrate these approaches in different contexts, including early warning systems, emergency needs assessments, rehabilitation planning, social protection, and poverty analysis. The second part of the chapter focuses on how to communicate HEA results most effectively to decision-makers, reviewing key tips on product development, processes of engagement, and presentation skills.

Chapter 6, Adaptations of HEA, highlights methodological developments applying HEA in urban assessments and the analysis of pastoral economies. A third section focuses on the application of rapid HEA assessments by highly experienced practitioners. Clear guidance is provided on how these types of assessments differ from 'classic' agricultural settings, and useful tips and tools are made available to the practitioner.

Chapter 7, Emerging Links, Issues and Approaches, highlights exciting new areas of work that HEA practitioners and thinkers have entered into recently, and/or expect to develop innovative engagement with in the future. This chapter reviews how HEA links to the Sustainable Livelihoods Framework; how power, conflict and political economy research informs HEA; it explores the links between HEA and other vulnerability analysis tools and discusses the relevance of HEA for nutrition research (and vice versa). The chapter then goes on to describe how HEA can be used to more practically define chronic and transitory food insecurity; and finally, there is a discussion of how HEA can



be used to help provide targeted information on special needs groups, such as children and HIV/AIDS affected communities.

The Market Assessment Supplement provides an introduction to the use of market analysis in determining the appropriate range of responses to acute food insecurity.

The Team Leaders' Supplement is designed to provide additional targeted guidance to advanced HEA practitioners. In particular, the material is designed to provide detailed guidance on two processes and tools that the team leaders need to become skilled at: the Baseline Storage Spreadsheet; and Outcome Analysis (using the Single Zone Spreadsheet and the Integrated Spreadsheet).

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### **CHAPTER 1: INTRODUCTION TO THE HOUSEHOLD ECONOMY FRAMEWORK**

#### **Introduction**

The Origins of the Approach  
What is HEA?

#### **The Basics of the Framework**

The Steps in the Analysis  
The Baseline: Steps 1 through 3  
The Outcome Analysis: Steps 4 through 6

#### **Where Market Analysis Fits into the HEA Framework**

### **CHAPTER 2: LIVELIHOOD ZONING**

#### **Background**

What is a Livelihood Zone Map?  
Why Do a Livelihood Zoning?  
What Defines a Livelihood Zone?  
Factors Not Taken Into Account When Defining Livelihood Zones  
Relationship between Livelihood Zones and Administrative Boundaries  
How Does a Livelihood Zone Map Differ from other Types of Map?  
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Where you'll be gathering your information  
What resources are required?

#### **Background on Rural Agricultural Economies**

The basic building blocks  
An example of rural household livelihood patterns  
Some principles about rural household economies  
Seasonality

#### **How to Gather Baseline Information**

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<sup>2</sup> This is an abbreviated version of the contents provided to give practitioners an overall idea of what is contained in each chapter. A table of contents with page numbers is provided at the beginning of each chapter. This is in keeping with the idea that these chapters can be used as separate modules, and hence the page numbering starts over with each new chapter.

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- Activity 2. Visit District Level and Carry out Key Informant Interviews
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  - Who you should talk to
  - Information to collect
  - How you should carry out the interviews
  - Before you leave this level
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  - Information to collect
  - Before leaving this level
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  - What you need to know before the interview
  - Information to collect
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Assessing Emergency Food and Non-food Needs

*Case Study 2: Mashonaland, Zimbabwe: Assessing Needs in the face of Macroeconomic Shocks*

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*Case Study 3: Pakistan: Integrating livelihoods analysis into post-earthquake recovery programming*

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## Frequently Asked Questions

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- What are the objectives of rapid HEA assessments?
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## Frequently Asked Questions

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- How to Best Exploit the Linkages Between HEA and the SLF
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