



Save the Children



The Household Economy Analysis in Brief

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BACKGROUND

“Famines occur not from an absolute lack of food but from systematic inequalities that limit access to food for some people”- Amartya Sen

It has been recognised that rural households in developing countries do not depend solely on their own production for survival, but employ a range of strategies to get the food and cash they need. Therefore, people's ability to gain access to enough food, rather than their ability to produce it themselves, determines the likelihood of hunger or famine.

It becomes essential to design an analysis that will improve our understanding of how people access their food and income needs, and how that might be affected by a shock. Household Economy Analysis (HEA) provides this information to guide more effective decision-making. HEA improves the understanding of people's normal economy – how they usually make a living, their savings, reserves and assets which helps in gauging the impact of shocks on households.



THE HOUSEHOLD ECONOMY ANALYSIS (HEA)

The Household Economy Analysis (HEA) is a robust livelihood based framework that helps in understanding of how households in different socio-economic groups get the food and cash they need; their assets, opportunities open to them, constraints they face during crisis and their coping ability.

The analysis shows the relationships among different groups and different areas, providing a picture of how wealth is distributed within a community and who gets what from where/whom. HEA was developed on the principle that information about events that affect a particular area or community such as late rains, economic reforms, rising food prices, falling cattle prices, closure of farm settlements, can only be properly interpreted if seen against the context of how people normally live. Therefore, to understand and address the impact of any significant change on households such as policy changes, climate, market, political shocks, programme interventions, a proper analysis of their livelihoods is essential

SCENARIO 1

Rabi and Hannatu's household depends on their own crop production for much of their food needs. They will be severely affected by the late rains and poor seedlings.

SCENARIO 2

Giwa's household buys more of their food using income from casual employment in Bauchi town. Giwa's household is affected by the rise in food prices as a result of the current economic recession. Giwa's income from casual employment in Bauchi is also reduced because Giwa's employer has cut down his expenditure on casual labour in order to meet his financial obligations as a result of the recession.

How HEA works -

The Six Steps in the HEA Process

HEA process involves putting together two different types of information which are broken down to six steps.

- 1. Baseline assessment** – This depicts how people survive yearly as well as their connection with other people and places that enable them to do so. It defines the existing context and provides data and information on the current situation. The baseline has three components/Steps.
 - Step 1** - Livelihood zone: this is the demarcation of areas in which people have similar livelihood patterns. Where people live determines their ability to obtain food and cash. e.g. people who live closer to cities have more access to employment income than those in rural areas
 - Step 2** - Wealth breakdown: this is the grouping of people using local definitions of wealth and the quantification of their assets. For instance, what people own such as land, livestock, level of education or skill determines their ability to get food and cash.
 - Step 3** - Livelihood strategies: this examines sources of food and income, and their expenditure patterns according to households over a defined period. This is very useful as the quantified estimate of food and income needs enable comparison between socio economic groups (wealth groups) and livelihood zones.
- 2. Outcome Analysis** – Outcome Analysis is the investigation of how the baseline access to food and income might change as a result of specific hazards such as drought, flooding, etc. and other changes which can either be positive or negative. It also consists of three steps.
 - Step 4** - Problem Specification: this assessment translates an event, a shock or hazard (drought, flood, insecurity etc.) into possible economic consequences at



household level e.g. inadequate or late rainfall will result in poor harvest.

- **Step 5 - Analysis of Coping Capacity:** this interrogates opportunities available to households to be able to cope or respond to the shock identified in step 4 e.g. sales of livestock, taking an additional job, reduction on non-essential expenditure, etc.
- **Step 6 - Projected Outcome:** this provides information on the amount of food and cash available to households after a shock. To determine if such a household will need external assistance, this outcome is benchmarked against two thresholds; a survival threshold - to know if they can feed over a period of time to prevent them from dying (ability to access food for basic survival), and livelihood protection threshold -to know if they can feed and still be able to meet other essential non-food needs like medical bills, school fees, etc. as well as protect livelihood assets like buying of animal drugs/feeds, fertilizers, seedlings, etc. in order to maintain their existing livelihoods.

Result from this process will provide insight into the economic conditions of households according to their livelihood zones, their socio-economic groups and how they can be helped.

Some Applications of HEA

- Design of Early Warning and Response Systems
- Poverty analysis and Safety Net Programming
- Planning of Social Protection and Resilience Programmes

- Project design, Monitoring and Evaluation
- Development and Disaster Risk Reduction
- Contingency and Response Planning
- Needs Assessment
- Disaster Response and Recover

About HEA Sahel Project

HEA Sahel Project is a regional project which began in 2010 and currently implemented across seven countries within the Sahel; Burkina Faso, Chad, Mauritania, Niger, Senegal, Mali and Nigeria through a consortium of implementing partners; Save the Children, OXFAM and Action Against Hunger (ACF).

The Project was initiated in Nigeria by Save the Children in 2013, with funding by Office of the US Foreign Disaster Assistance (OFDA), but currently funded by the European Commission Humanitarian Aid Office (ECHO) since October, 2015. HEA Sahel Project has run about six Phases in Nigeria; it is currently in Phase seven.

The project's overall goal is to improve resilience of the vulnerable population to shock across the Sahel by strengthening National and Regional Early Warning and Response Systems.

Why HEA in Nigeria

- It provides the starting point for analysing vulnerability, helping to identify the particular risks to which the various socio-economic groups are vulnerable to and therefore the circumstances in which they are likely to experience food/livelihood insecurity in the future.
- It is very useful in the planning of social protection interventions and would provide vital information towards the current social safety net programme by going beyond poverty analysis to proposing adequate measure/modification to ensure success. It can also be used in evaluating the impact of the intervention.
- Northern Nigeria is prone to drought which combined with the current insecurity and rising prices of both food/non-food items due to inflation, results in slow onset of crisis. HEA provides a framework by which we can analyse the effect of these shocks and as well highlight appropriate intervention/support to address them.
- It provides both qualitative and quantitative information

on food security as well as livelihood situation in Nigeria and hence would be a decision making tool for the stakeholders in planning for interventions.

- HEA is a key element of the Harmonized Framework; Cadre Harmonise, which is the analysis of food and nutrition insecurity in Nigeria.
- As an early warning and response mechanism, it would provide prior information to decision makers/stakeholders providing answers to key question around food shortages and livelihood like; who is affected, where is most affected, how many people are affected, when will shortages occur and why?

Seven livelihood zones (Baseline Assessment) have been covered by Save the Children, with periodic Outcome Analysis (October/March). Below are the locations covered in Nigeria;

Where we work

State	Local Government Council
Bauchi State	Alkaleri, Bogoro, Dass, Gamjuwa, Ningi, Toro, Tafawa Balewa, Misau, Katagum, Gaide, Gamawa, Darazo and Damban
Jigawa State	Kafin Hausa, Auyo, Guri, Kiri Kassama, Malam Madori, Kaugama, Gagarawa, Buji, Jahun, Birnin Kudu, Kiyawa, Dutse, Miga and Taura
Katsina State	Baure, Daura, Dutsi, Mashi, Zango and Sandamu
Zamfara State	Bungudu, Gusau, Maru & Tsafe, Anka, Bukkuyum and Gumi



Case Study – Outcome Analysis Conducted in October, 2016

Nigeria is experiencing a worsening food security situation as a result of rising inflation rate (17.6 percent - August 2016). The Naira has also been devalued from N198 to \$1 to N305 to \$1. This increased the cost of imported food products by as much as 18%. The price of fuel went up by 67% from N97/litre to N145/litre. Cattle rustling, community/herdsmen conflict and activities of militants in the Niger Delta has continued to hinder the free movement of herders, limiting their access to forage and water resources.

Relying on previous baselines reports and data, Save the Children conducted an Outcome Analysis to understand the impact of the current shocks on livelihoods in the near future for seven rural livelihood zones in Northern Nigeria. The assessment among other things, presented the position of households in these livelihood zones against the survival protection and livelihood protection benchmarks.

The assessment covered the following livelihood zones (LZ);

Maize and Sesame (MAS) LZ in the North West
 Cotton, Groundnut and mixed Cereal (CGC) LZ in the Northwest
 Hadeija Valley Mixed Economy (HVM) LZ
 Sorghum, Cowpeas and Groundnuts (SCG) LZ in the Northwest
 Millet, Cowpeas and Groundnut (MCG) LZ in the Northwest
 Maize, Sorghum and Cotton (MSC) LZ in the North central and
 Millet, Cowpeas and Sesame (MCS) LZ in the Northeast

Tabulated Key Findings

Livelihood Zone	State	Deficit	Timing of deficit	Assistance needed to fill the Deficit (Cash)	Assistance needed to fill the Deficit (Metric Tons of Grains)
NE MCS	Bauchi	VP: SD=14%, LPD=10%	Mar-Aug, 2017	N4,452,470,000	N24,828,000
NC MCS	Bauchi	No deficit	No deficit	NIL	NIL
HVM	Jigawa	VP: LPD=4%	August, 2017	N952,579,000	3,677,000
NW MCG	Jigawa	No deficit	No deficit		
NW MAS	Katsina	Poor: LPD=2% VP: SD=2%, LPD=10%	Jun-Aug, 2017	N1,787,636,000	13,418,000
NW CGC	Zamfara	No deficit	No deficit	NIL	NIL
NW SCG	Zamfara	No deficit	No deficit	NIL	NIL

LPD: Livelihood Protection Deficit - SD: Survival Deficit

...enabling poverty free
communities and building
sustainable livelihoods





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FIND OUT MORE

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