What can HOUSEHOLD ECONOMY ANALYSIS do for you?

HEA & Economic Resilience Measurement

Economic resilience programming in Save the Children

Building poor households' economic capacity to withstand shocks is crucial in Save the Children's efforts to help children survive and stay in school, and to protect them from the damaging coping strategies that households may have to resort to in a crisis.

How does HEA help?

HEA baselines offer a good starting point for measuring economic resilience because they provide a quantified summary of livelihood options disaggregated by livelihood zone and wealth group.

We can measure resilience by seeing how total income after a typical hazard compares to the cost of maintaining the household's livelihood – this provides us with a "household livelihood resilience score".

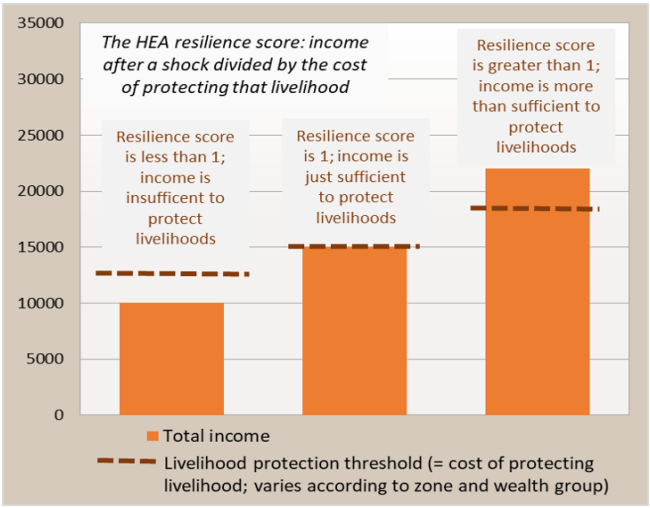
We can further see whether project interventions are likely to increase or decrease household resilience by modelling the impact of a typical hazard and incorporating project data on project-generated income, project costs and opportunity costs.

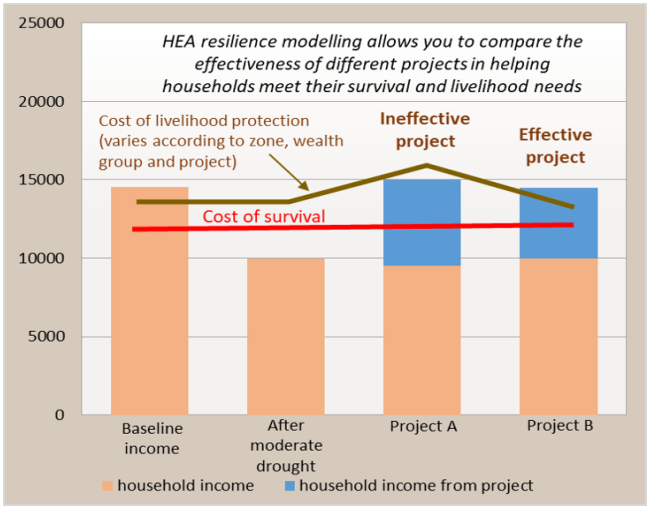
Save the Children

HEA offers a transparent method for:

1. Measuring household economic resilience so that a livelihoods resilience-building project can be designed, monitored and evaluated effectively. In HEA, a household's resilience score is the ratio of their total income after a shock to the cost of protecting their livelihood (the livelihoods protection threshold).

2. Modelling the potential impact of livelihoods resilience-building projects. HEA outcome analysis can indicate if and by how much an intervention will improve a households' net income – taking into account the costs of that intervention - in the event of a typical hazard.





3. Setting targets for project/total income by modelling how current income and project income would be affected by typical hazards households are likely to face.

What does it involve?

- ✓ A valid baseline configured in the HEA Dashboard to allow for outcome analysis and incorporation of project income
- ✓ Actual or estimated data on project-related household income, expenditure and opportunity costs
  Information on typical hazards for the project area
- ✓ Expertise in running an outcome analysis using the Dashboard, including an understanding of the monitoring and project data required.

Examples

Evaluation: Malawi

Resilience modelling was used in an evaluation of the iNGO cash transfer in Malawi in 2018 to assess the impact of the program on households' resilience score. The analysis assessed the recovery capacity of very poor households and their need for support in the next year. It showed that households would need a follow up project to build assets and savings if they were to cope with the next moderate drought by themselves.

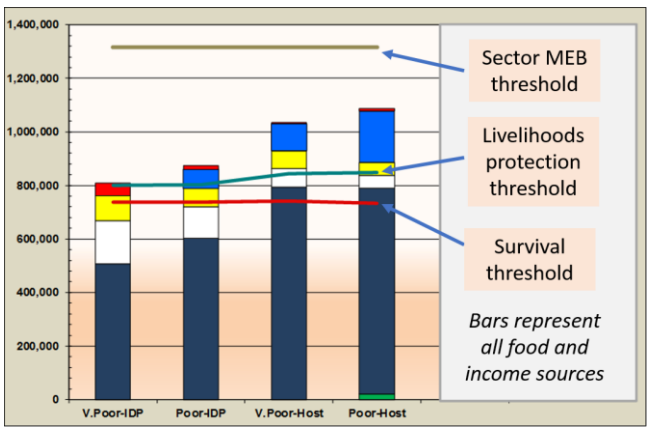
Modelling the effect of different IGAs on resilience: Kenya

Resilience modelling was used by FEG and the Kenyan Financial Sector Deepening Trust (FSD) to investigate the effectiveness of potential IGAs in 2015. A business plan was created for each IGA to determine income and expenditure and opportunity costs. HEA outcome analysis modelled the effects of a typical drought on both baseline income and project income and compared the result to minimum survival and livelihood costs. It showed that only three of the nine IGAs were profitable in a drought year.

Using internationally accepted standards: Niger and Senegal

A pilot study in Niger and Senegal in 2017-18 established thresholds for resilience based on internationally accepted minimum standards for each sector. This provides a higher-level goal for programme planners compared to HEA survival or livelihood protection thresholds. The MEB resilience score compares reference year or current year household income with the cost of achieving minimal acceptable living standards. This differs from the livelihood resilience score which compares post-shock household income with the actual cost of maintaining their current livelihoods.

Total food and income of poor IDP and host households in Diffa Town, Niger



- ***IDP** poor: their resources hover at, or just above, the livelihood protection threshold; life is lived on the very edge of survival.*
- ***Host** poor: their resources fall above the livelihood protection threshold but their income falls far short of the minimum expenditure standard of well-being.*

For additional details on using HEA for resilience programming, watch this **animation** developed by the Food Economy Group.

HOUSEHOLD ECONOMY ANALYSIS

Go to https://www.heacod.org for more information on HEA or check out Save the Children's HEA Common Approach site.