

USING HEA IN THE PLANNING OF SOCIAL PROTECTION AND SAFETY NET PROGRAMS

Source: Out-take from *A Guide to the Household Economy Approach*, FEG Consulting and SC-UK, for the RHVP, 2007

'Social protection' initiatives are those that 'provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks and enhance the social status and rights of the marginalised.'¹ As such, the concept covers a very broad range of interventions from emergency relief and supplementary feeding to pensions, disability allowances, health insurance, agricultural input subsidies and campaigns for workers' rights. HEA has direct relevance for those social protection initiatives that aim to increase the incomes and assets of those living below a certain level of income, either directly through transfers or indirectly through market interventions or government pricing policy. HEA can be useful in identifying and planning these kinds of social protection measures as it can provide:

- **The starting point:** an analysis of livelihoods indicating who 'the poor' are, their assets and patterns of income and expenditure, the options open to them and the constraints they face. This is more than just general background information. It is an essential analysis for determining who should benefit and the type of initiative needed.
- **The basis for modelling the impact of possible interventions:** quantitative information on livelihoods such as the numbers of 'poor' in different categories, and details of their assets, income and expenditure are essential for determining appropriate levels of assistance and for modelling the potential impact of different poverty reduction interventions on the livelihoods of the poor.

The case study below provides an example of this type of application.

Case study: Using HEA to help analyse implementation options for a safety net

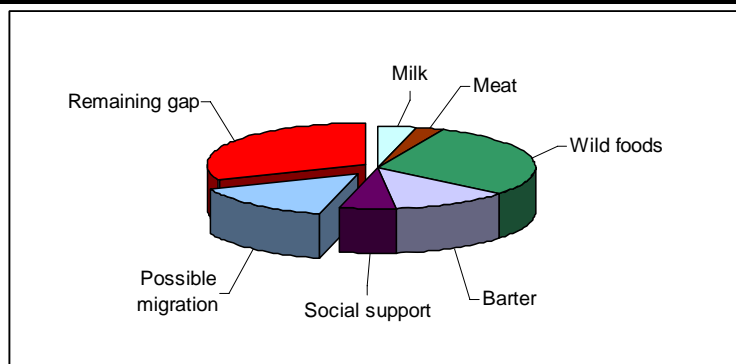
In 2006, an HEA study was commissioned by Oxfam GB to analyse how a safety net approach could be implemented in north-east Turkana, Kenya, a traditionally pastoralist area which over many years had been affected by a combination of serious rainfall shortages, insecurity and marginalisation. Several actors considered a safety net approach to be a more appropriate and effective way of supporting livelihoods than the annual package of food aid, cash-for-work and other aid which had come to represent a significant proportion of income for most people. Herds had become too small to provide more than a minor proportion of income and most households were no longer pastoralist in any economic sense. Ways in which people used to cope in a crisis, such as foraging for wild foods and accepting food aid, had become the norm.

¹ HelpAge Int, Save the Children UK, IDS. *Making Cash Count: Lessons from cash transfer schemes in east and southern Africa for supporting the most vulnerable children and households*. Save the Children UK, HelpAge International and Institute of Development Studies. 2006

In looking at the options for implementing a safety net, the inquiry considered the following questions:

- Could households cope on their own if aid was withdrawn?
- What level of safety net would be appropriate for this population?
- To whom should the transfer be targeted?
- For how long should the safety net run?
- What other measures are necessary?

Figure 1: The food deficit arising among poor households if aid to Turkana were suspended



The chart shows sources of food in 2005 excluding aid, and the extent to which households might be able to make up the shortfall on their own.

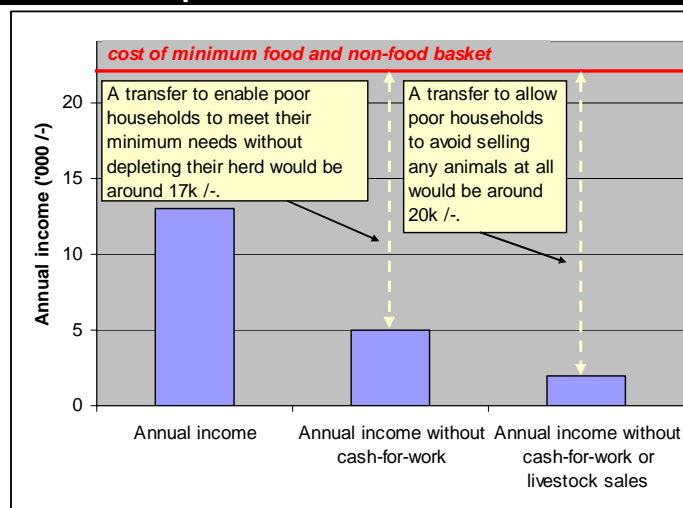
How would households cope without aid?

The analysis found that, if all aid were cut, poor households would need to make up a deficit of nearly half their annual food needs. Their alternatives for doing so were found to be very limited. Some of the shortfall might be found through migration to towns (shown in Figure 1) and through a very slight increase in social support and wild food collection. But to make up the full deficit – and to be able to afford their minimum non-food needs as well – they would have to sell off their entire livestock holding. In other words, surviving without aid for one year would mean destitution the next.

Calculating possible safety net levels

The analysis then considered possible levels at which a safety net could be set. A range of safety net levels was estimated by looking at the difference between household income *excluding aid* and the cost of a minimum basket of food and non-food needs for a year. Figure 2 below shows two possible safety net levels for poor households.

Figure 2: Two possible safety net levels for poor households in Turkana



Note: Annual income included both cash income and the change in herd value (either negative or positive) which among pastoralists also counts as income loss or gain.

Targeting: who should receive the transfer?

The HEA analysis had already indicated that the poor group, constituting 40-50% of the population, would not be able to cope on their own without external aid. Leaving on one side the practical and political considerations involved, it then considered whether the safety net should also cover the 30-40% of the population in the middle wealth group: could they cope without aid? It was found that some could, but many could not. A safety net designed to replace food aid could therefore legitimately include this group, with the justification that such a transfer would make them more productive and economically dependent but in a shorter time than for the poor group.

For how long should the safety net run?

The HEA analysis also indicated how long the safety net would have to function before herd size reached the minimum for viability. Clearly this would be different for different wealth groups. Assuming growth rates at 2005 levels, middle households would be able to build up viable herds in three years. But for the poor and very poor, this would take ten years. Phased withdrawal could therefore be possible for the middle group after three years, and for the poor after ten years – assuming no major changes in the economy. In other words, a commitment was needed for at least ten years with monitoring of the wider economy essential for ensuring progress at the household level was kept on track.

What other interventions are appropriate?

The overall aim of the study was to consider whether and how pastoralism in north-east Turkana could be 'brought back to life' – that is, how households could build up their herds to a viable and sustainable level which would enable them to survive through the normal drought cycles. The study identified the underlying problems of a very low asset base, insecurity and marginalisation, and recommended other areas of intervention which would help address them. These included:

- Support to improve livestock production such as through herd improvement;
- Improvement in marketing systems, including support to infrastructure (see below);
- Combating political marginalisation – which would include ensuring adequate delivery of basic services; and
- Supporting people to leave pastoralism especially through investment in education.

Because the analysis considered households at different levels of wealth, it was able to consider such a package of measures based on the principle that different households need different kinds of support. Such an approach – where different programmes are targeted at different groups – tends to be more acceptable to the community as a whole than one targeted solely at one section of the population. For example, a welfare payment to the poorest 40% of the population would be more easily accepted by the better off if it were implemented alongside a programme of animal health services targeted at the most productive.

Source: ¹ Levine, S and Crosskey, A. Can pastoralism be brought back to life? Towards a safety net and a way forward for North East Turkana, Oxfam GB. May 2006

Designing other social protection policies

While direct cash transfers can enable a household either to meet current consumption needs or to invest in productive capacity, other types of indirect intervention by Governments can achieve the same impact. Different legislative measures can greatly affect livelihoods. The following case study from Tanzania illustrates how HEA has been used to model the possible effect on livelihoods of a transfer of land achieved through

the enforcement of an existing law, while the second case study from Djibouti illustrates how baseline HEA analysis helped bring about a change in taxation policy with direct and positive consequences for livelihoods.

Case study: Using HEA in the planning of social protection interventions: Tanzania

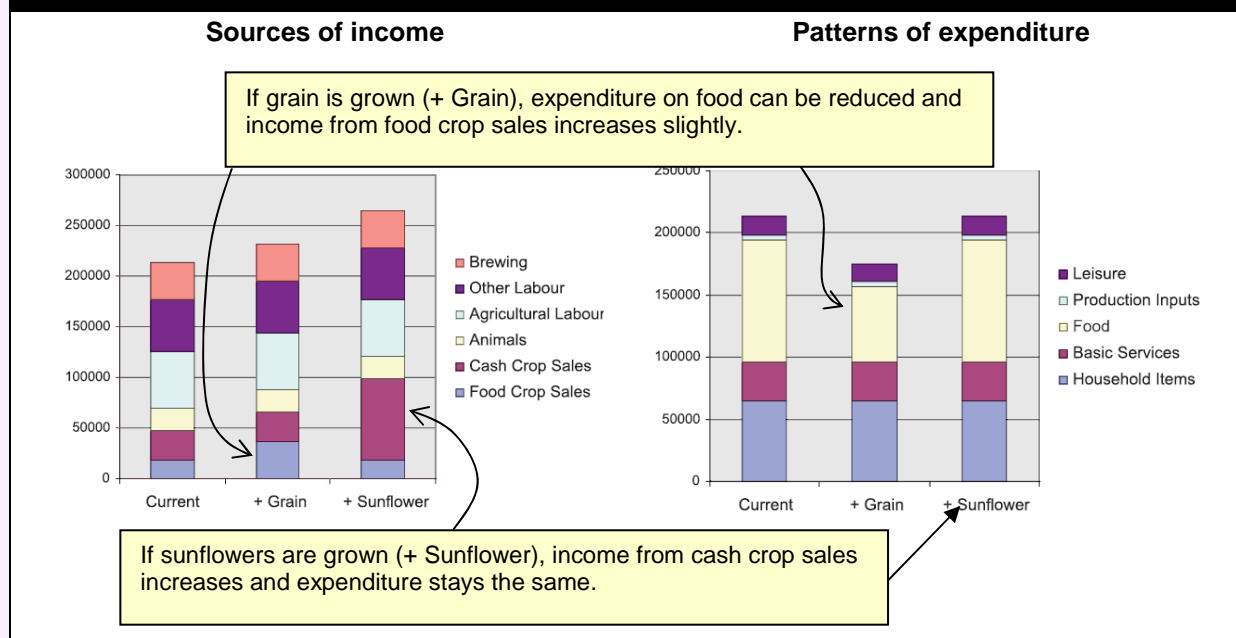
Within Tanzania, there is a national commitment to social protection as an important element in poverty reduction strategies. In 2005, a poverty and vulnerability assessment using HEA was carried out in Singida, one of the poorest districts in Tanzania. The information was used to:

- analyse a number of social protection options for improving the livelihoods of the poorest;
- calculate possible levels of cash transfer according to specific objectives (for example, to cover the costs of health and education expenditure); and
- model the possible effects of increasing the poor's access to land.

The figure below shows how the poor's income and expenditure patterns might be affected were their access to land increased by an additional acre to four acres - which is, according to district by-law, the minimum land holding size in Singida. In the first scenario, the extra acre is used to grow a food crop. In the second, it is used to grow a cash crop.

If the extra acre were used to grow more grain, the assumption is that the household would consume more of its own harvest and would no longer have to buy grain. It would also sell any excess. This results in a net gain of 56,000 Tshs. Growing sunflower would have no impact on expenditure, but would lead to a 51,000 Tsh increase in income; a lower cash benefit but one which, in generating more income, gives greater spending flexibility and possibly more of a boost to the local economy.

Possible effect of additional acre of land on income and expenditure of poor households



Source: Kindness, H and Chastre, C. *Trickle-up for a Change? The Role of Social Protection, Save the Children (UK), London. January 2006.*