

## USING HEA IN URBAN SETTINGS

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

Urban assessments using HEA have been conducted for one of two purposes: either to learn more about the burgeoning urban population, and especially the conditions in the poorest areas and shanty towns; or to assess need following internal conflict or urban unrest. They have taken place in Angola, Zimbabwe (Harare), Djibouti (Djibouti City), Somaliland (Hargeisa), Somalia (Belet Weyne), north Sudan (Khartoum), Palestine, Kosovo, Serbia, Montenegro, Macedonia, and DRC (Bunia, Kinshasa).

There are important differences between urban and rural livelihoods which have implications for how they should be monitored. Perhaps the most important is the lack of access among urban households to their own production and their heavy dependence on the market. This means that poor urban populations are especially vulnerable to changes in market conditions and especially to changes in the price of basic food and non-food commodities. Another important difference is that sources of income among poor urban households are relatively heterogeneous compared to those of rural households, making it more difficult to track changes in income as tends to be done in monitoring systems in rural areas. On the other hand, patterns of expenditure tend to be more homogeneous, so that changes in expenditure tend to be easier to monitor than changes in income.

The case study below shows how HEA was used by FEWS NET and the Consumer Council of Zimbabwe to help design a practical monitoring system in Harare in 2001.

### Case study: Using HEA to monitor food security and poverty in Harare<sup>1</sup>

In 2001 FEWS NET and the Consumer Council of Zimbabwe (CCZ) carried out an assessment of urban vulnerability in greater Harare, one aim of which was to recommend a practical monitoring system that provided an early indication of declining access to food and essential cash income.

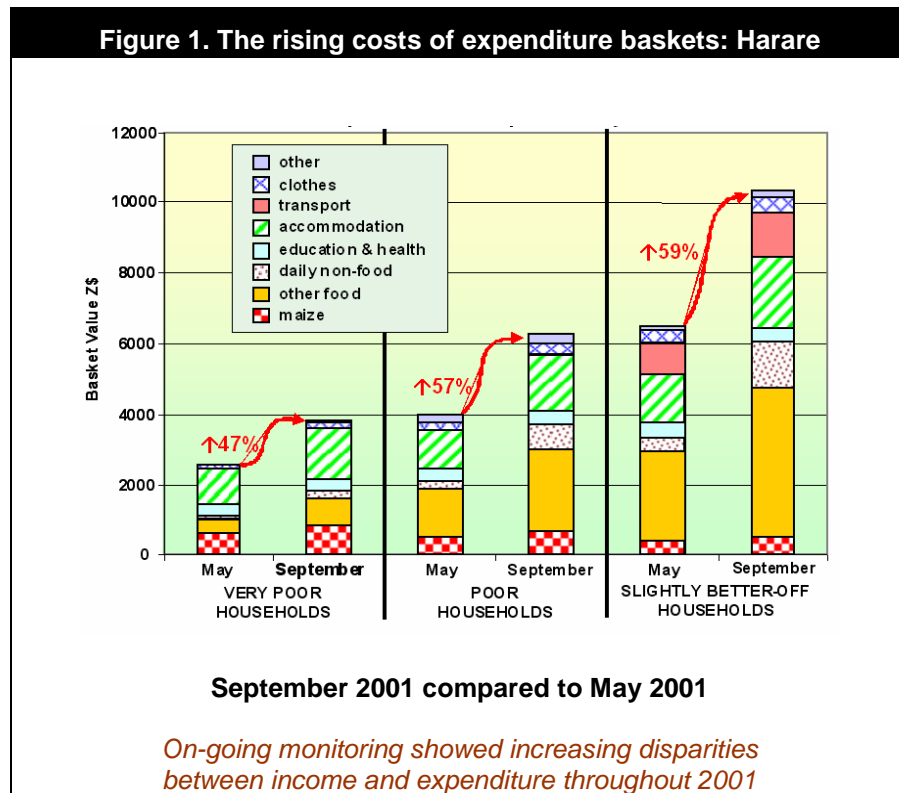
The assessment team recommended a two-pronged approach, involving the monitoring of both expenditure and income. On the one side, patterns of expenditure for the poorer families were translated into particular 'expenditure baskets', the price of which could be tracked over time. On the other side, a monthly survey of incomes and profits among informal businesses was proposed, as well as the monitoring of incomes in the formal sector.

An example of how this information was used later in 2001 is given in Figure 2. This shows the rise in the cost of the expenditure baskets for three wealth groups.

Parallel monitoring of formal sector wages showed an increase in wages that lagged far behind such price increases. The picture for the informal sector was mixed, with income from some businesses keeping pace with inflation, while others lagged behind.

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<sup>1</sup> FEWS NET/Consumer Council of Zimbabwe, *Harare Urban Vulnerability Assessment*. FEWS NET/CCZ, Harare. July 2001



The main shock to which households in Harare were vulnerable in 2001 was inflation – in the price of rents, electricity, bus fares and food - together with formal sector job losses and crackdowns on ‘illegal’ businesses in the informal sector, which resulted in the loss of tools, goods and capital.

In contrast, an HEA-based livelihoods monitoring system in Djibouti City, set up in 2003 following an HEA assessment, was designed to monitor changes in a very different city: an important Red Sea port and international military base. Here, an important determinant of income in poor households is the availability of casual labour, which is largely dependent on activity in the port and within the construction sector. Government policy can also have a significant impact on livelihoods – not just through its influence on incomes (through changes in salaries and pensions) and on expenditure (through pricing policy), but through its policy on migration. In 2003, the expulsion of foreign migrants reduced both the competition for low-paid work and the demand for basic goods and services. All these factors were incorporated into the HEA-based monitoring system.