



HOUSEHOLD ECONOMIC VULNERABILITY TOOL INDICATOR GUIDE

Introduction

PEPFAR implementers are interested in a standardized, rapid tool to capture economic vulnerability. However, economic vulnerability is a complicated concept to measure (Kamanou & Morduch, 2002). It requires estimating a future state of economic status based on measuring known risks as well as known protective factors, or sources of resilience. Although there is a robust literature on the sources of economic or livelihood vulnerability emerging from the Sustainable Livelihoods tradition, there are too many individual sources of risk for a single measure to quantify them all. It is therefore unlikely that a single vulnerability scale can be developed to capture a broad definition of economic vulnerability in the context of HIV (Burke et al., 2016).

Rather than attempting to develop an economic vulnerability scale for cross-contextual use, ASPIRES has developed a standardized, rapid monitoring tool for assessing economic vulnerability at the household level, tailored to capture key indicators of interest to PEPFAR. To ensure local validity and cross-contextual comparability, the tool is based on the perceptions of the heads of household or adult OVC caregivers using the local context as a reference point.

Theoretical Background

PEPFAR already has a framework outlining three levels of household economic status that is being used in several major OVC programs. These classifications, and their suggested accompanying interventions, reflect PEPFAR's economic strengthening pathway approach (PEPFAR, 2012), which is further elaborated in LIFT's Provision, Protection, Promotion (PPP) framework (Woller, 2011). These frameworks are supported by evidence on economic dynamics of households affected by HIV (Chen & Dunn, 1996; Donahue, Kabbucho, & Osinde, 2001). These categories are described in Table 1 below.

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Table 1. PEPFAR Economic Status Categories

FAMILY SITUATIONS AND IMPLICATIONS FOR PROGRAMMING	
Families in destitution	
<p>Characteristics</p> <p>Trouble providing/paying for basic necessities (like food)</p> <p>No discernible or predictable source of income but potentially a lot of debt they cannot pay</p> <p>Very few liquid assets (e.g., cash savings, livestock, food/crop stores, and personal belongings that could be sold or traded for money)</p> <p>Probably classified as extremely food-insecure</p> <p><i>Take care to understand whether this situation is chronic, transient, or acute</i></p>	<p>Resilience outcomes</p> <p>Recover assets and stabilize household consumption</p> <p>Purchasing power outcomes</p> <p>(Re)build short-term capacity to pay for basic necessities</p> <p>Evidence-based strategies</p> <p>Consumption support</p>
Families struggling to make ends meet	
<p>Characteristics</p> <p>Usually paying for basic needs (like food) but not regularly paying for other needs (like school fees), especially if they require lump-sum payments</p> <p>One or more predictable sources of income</p> <p>Some liquid assets (as described above), which may fluctuate throughout the year as they are accumulated and liquidated</p> <p>Seasonal fluctuations in income/expenses, especially due to agricultural calendar (i.e., they do well for one part of the year but poorly for another part of the year)</p> <p>Probably classified as moderately food-insecure</p>	<p>Resilience outcomes</p> <p>Build self-insurance mechanisms and protect key assets</p> <p>Expand income and consumption</p> <p>Purchasing power outcomes</p> <p>Strengthen family capacity to match income with expenses</p> <p>Evidence-based strategies</p> <p>Money management</p>
Families prepared to grow	
<p>Characteristics</p> <p>Usually paying for both basic needs (like food) and other needs (like schooling and basic health care) on a regular basis; possibly struggling, but usually managing, to make lump-sum payments</p> <p>Some liquid assets that fluctuate less throughout the year than for struggling families</p> <p>Seasonal fluctuations in income/expenses, but probably not as dramatic as for struggling families</p> <p>Probably classified as mildly food-insecure</p>	<p>Resilience outcomes</p> <p>Smooth income and promote asset growth</p> <p>Smooth consumption and manage cash flow</p> <p>Purchasing power outcomes</p> <p>Grow family income to enable more/larger investments</p> <p>Evidence-based strategies</p> <p>Income promotion</p>

Source: PEPFAR, 2012, p. 42

ASPIRES conducted an analysis of these categories, alongside their analogues in the LIFT framework, to identify five main domains that can be used to develop a construct for assessing economic status. These include: ability to pay for basic needs, consistency/volatility of income, availability of liquid assets and savings, food security, and availability of protective/productive assets. Below, these domains have been mapped onto their relevance to OVC programming:

Table 2. PEPFAR Economic Status Classification Domains

PEPFAR Classification Domain	Relevance to OVC Programming
Ability to pay for basic needs	<ul style="list-style-type: none"> • Health, education, nutrition are basic domains of interest for OVC programs • Shelter also considered a basic need
Consistency/volatility of income	<ul style="list-style-type: none"> • Inconsistent income is a sign of vulnerability to poverty
Availability of liquid assets and savings	<ul style="list-style-type: none"> • Indicates capacity to cope with shocks
Food security	<ul style="list-style-type: none"> • Basic poverty and wellbeing indicator
Availability of protective/productive assets	<ul style="list-style-type: none"> • Indicates capacity to cope with shocks • Indicates capacity to generate income in the future

However, a validation study showed that, when quantified, these indicators do not reliably classify households according to their economic vulnerability level as assessed by a validated poverty measure (the Progress out of Poverty Index for South Africa), or as determined by the subjective assessment of a data collector of the household itself. This reinforces earlier research on the difficulties of quantifying and classifying economic vulnerability according to the PEPFAR categories (Burke et al., 2016).

How to Use This Tool

Instead of quantifying and scoring each question to generate an overall household score or classification, the indicators in this tool should be analyzed individually to identify economic strengths and needs among beneficiary households. This tool was developed for and piloted in South Africa. As with any tool, this tool should be adapted to context and pretested before it is used to collect data.

Indicator Descriptions

Section 1. Demographic Information

No.	Question	Response options	Codes
101.	Is the head of household female or male?	Female	1
		Male	2
		There are male and female heads of household	3
		Don't know	88
		Refused to answer	98

Households are defined using the following definition from the Demographic and Health Surveys: a household consists of a person or group of persons, related or unrelated, who live together in the same dwelling unit, who acknowledge one adult male or female as the head of household, who share the same living arrangements, and are considered as one unit. In some cases, one may find a group of people living together in the same house, but each person has separate eating arrangements; they should be counted as separate one-person households. Collective living arrangements such as orphanages, hostels, army camps, boarding schools, or prisons are not considered as households in this survey (Macro International Inc, 2007).

102.	Has this household ever suffered the premature death of an adult?	No	0
		Yes	1
		Don't know	88
		Refused to answer	98

Premature death of an adult is defined as any instance where an adult died prior to an expected age of death. Death by illness or accident prior to reaching life expectancy would be considered premature death, but the death of an elderly person would not.

Section 2. Basic Needs

No.	Question	Response options	Codes
201.	<p>Which response most accurately describes your household’s ability to meet its basic needs, including food, shelter, education, and health care?</p> <p><i>Read options.</i></p>	<p>We struggle to pay for food and shelter.</p> <p>We can usually pay for food and shelter, but we struggle to make lump sum payments for health and education expenses.</p> <p>We can usually pay for food, shelter, and education and health care expenses. Sometimes we struggle, but we usually make lump sum payments.</p> <p>We are always able to pay for food, shelter, education, and health care without struggle.</p> <p>Refused to answer</p>	<p>0</p> <p>1</p> <p>2</p> <p>3</p> <p>98</p>

Adequacy of meeting basic needs should be defined subjectively by the household.

Section 3. Income volatility

No.	Question	Response options	Codes
301.	What are the sources of income for this household? <i>Mark all that apply.</i>	Salaries/wages/commission Income from a business Remittances (money received from people living elsewhere) Pensions Grants (include old age grant here) Sales of farming products and services Other income sources e.g. rental income, interest No income Refused to answer	1 2 3 4 5 6 7 8 98

For South Africa, “grants” include Child Care grants, Foster Child Grants, and Old Age Pensions. Households that rely on government grants or report no income are most vulnerable. Households that have multiple income sources are least vulnerable.

302.	How frequently is this income available throughout the year?	Unpredictable Predictable, but changes dramatically depending on the season Predictable, but changes slightly depending on the season Predictable throughout the year Refused to answer	0 1 2 3 98
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Predictability is defined subjectively by the respondent.

303.	<p>If something bad happened and you could no longer earn money through your primary livelihood, would you be able to:</p> <p><i>Read options. Mark all that apply.</i></p>	Find new formal job?	1
		Start a new Income-generating activity?	2
		Rely more on other existing income-generating activity?	3
		Find new Informal job?	4
		Rely on family for support?	5
		Rely on charity?	6
		I don't have a livelihood	7
		Refused to answer	98

If a household does not report having a livelihood, or reports that it would rely on charity in case of an emergency, it is likely in a position of heightened vulnerability. On the other hand, if the household considers new sources of work possible, it indicates a sense of hope and potential resources in case of emergency. Family support is also an important resource in case of a shock.

Section 4. Liquid assets and savings

No.	Question	Response options	Codes
401.	<p>I am going to ask you now about anything your household owns that can be turned into cash quickly, such as livestock, food stores, or personal belongings. These are called liquid assets. What describes your household best?</p> <p><i>Read options.</i></p>	We never have many liquid assets	0
		We have some liquid assets, but the amount changes a lot during the year	1
		We have some liquid assets, and the amount changes a little during the year	2
		We always have many liquid assets	3
		Refused to answer	98

Liquid assets include cash savings and assets used as savings instruments. These types of assets are critical for covering sudden or emergency expenses.

402.	How much money do you have in savings? <i>Read options.</i>	None or nearly none	0
		Some, but the amount changes a lot during the year	1
		Some, but the amount changes a little during the year	2
		We always have a lot of savings	3
		Refused to answer	98

This question refers to cash savings.

Section 5. Food security

No.	Question	Response options	Codes
501.	In the past 30 days, was there ever no food to eat of any kind in your house because of lack of resources to get food?	No	0
		Yes	1
		Refused to answer	98
502.	How often did this happen in the past 30 days?	Rarely (1-2 times)	1
		Sometimes (3-10 times)	2
		Often (more than 10 times)	3
		Refused to answer	98
503.	In the past 30 days, did you or any household member go to sleep at night hungry because there was not enough food?	No	0
		Yes	1
		Refused to answer	98
504.	How frequently?	Rarely (1-2 times)	1
		Sometimes (3-10 times)	2
		Often (more than 10 times)	3
		Refused to answer	98
505.	In the past 30 days, did you or any household member go a whole day and night without eating anything at all because there was not enough food?	No	0
		Yes	1
		Refused to answer	98

506.	How frequently?	Rarely (1-2 times)	1
		Sometimes (3-10 times)	2
		Often (more than 10 times)	3
		Refused to answer	98

This section is taken from the Household Hunger Scale, a nine-question indicator validated to measure hunger across cultural contexts (Ballard, Coates, Swindale, & Deitchler, 2011). To calculate the score for this scale, “rarely” and “sometimes” responses for each sub-question are coded as 1 point, and “often” is coded as 2 points. “No” responses are coded as 0 points, for a maximum of 6 points. The summed points indicate a category of food security as follows:

- 0–1 Little to no hunger in the household
- 2–3 Moderate hunger in the household
- 4–6 Severe hunger in the household

See Ballard et al. 2011 for more details. In order to preserve the validated scoring method for this scale, these questions should not be altered or skipped.

Section 6. Household and Enumerator Assessment

No.	Question	Response options	Codes
601.	Which best describes your household’s economic status: <i>Read options.</i>	Destitute: we are barely surviving	0
		Struggling to make ends meet: we are surviving, but our economic status is not stable	1
		Prepared to grow: our status is mostly stable and we are investing in new opportunities, though we sometimes struggle	2
		Not vulnerable: we are stable and secure	3
		Refused to answer	98

This question is to be answered subjectively by the RESPONDENT.

602.	<i>Do NOT read this question out loud.</i> <i>Answer based on your observations.</i> Would you consider this household:	Destitute	0
		Struggling to make ends meet	1
		Prepared to grow	2
		Not vulnerable	3

This question should be answered subjectively by the INTERVIEWER. The question should NOT be read out loud.

Section 7. Assets available to respond to shocks

No.	Question	Response options	Codes
701.	Productive assets are the resources used to generate income, like livestock, land for agriculture, tools, or equipment for a business. How would you describe your household's productive assets? <i>Read options.</i>	We have no productive assets	0
		We have few productive assets	1
		We have some productive assets	2
		We have a lot of productive assets	3
		Refused to answer	98

Productive assets are any assets used to generate income. They provide a return on investment (such as interest accrued from stocks) or labor (such as tools, which require labor to generate income) (Davis, 2011). The quantity of such assets should be subjectively assessed by the respondent.

702.	When was the last time the household experienced a shock or emergency that had a major effect on your household finances, such as taking in new dependents, losing a wage earner, natural disaster, or losing a business?	No shocks have ever occurred	0
		More than 10 years ago	1
		5-10 years ago	2
		1-5 years ago	3
		In the last year	4
		Refused to answer	98

Shocks are defined as adverse events that have a negative economic effect on a household. They are distinct from stresses, which are long-term in nature.

703.	<p>What was the shock?</p> <p><i>Read options.</i></p>	<p>Family conflict</p> <p>Loss of a wage earner/grant recipient</p> <p>Major job loss</p> <p>Taking in new dependents</p> <p>Drought or natural disaster</p> <p>War</p> <p>Business failure</p> <p>Other _____</p> <p>Refused to answer</p>	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>98</p>
704.	<p>Of the following options, which best describes what happened?</p> <p><i>Read options.</i></p>	<p>Household never recovered</p> <p>Household is still recovering</p> <p>Household recovered over time</p> <p>Household recovered immediately</p> <p>Refused to answer</p>	<p>0</p> <p>1</p> <p>2</p> <p>3</p> <p>98</p>
705.	<p>What would happen if the same shock happened today?</p> <p><i>Read options.</i></p>	<p>Household would never recover</p> <p>Household would slowly recover</p> <p>Household would quickly recover</p> <p>Household would not be affected or would recover immediately</p> <p>Refused to answer</p>	<p>0</p> <p>1</p> <p>2</p> <p>3</p> <p>98</p>

These questions provide insight on a household's previous ability to handle shocks, and their expected present ability to handle shocks.

706.	If you had an unexpected shock/major emergency, like a death in the family, happen tomorrow, how would you handle the expenses? <i>Mark all that apply.</i>	Pay with cash on hand/savings	1
		Use formal insurance	2
		Use informal insurance (e.g., burial society)	3
		Request help from a charitable organization, CBO, NGO	4
		Borrow from a friend or relative	5
		Borrow from savings group or stokvel	6
		Look for another source of income near my home	7
		Reduce household spending a little	8
		Reduce household spending a lot	9
		Sell small livestock, household goods or items used in the household	10
		Migrate for work	11
		Borrow from moneylender at high interest	12
		Sell bicycle, land, tools or other items that help produce income	13
		Break up the household—send children to others to care for	14
		Go without food	15
		Engage in transactional sex or illegal activities	16
		Other _____	17
Refused to answer	98		

The response options here reflect different coping strategies a household might use given an economic shock. If a household reports that it would use coping strategies which may have long-term negative consequences (e.g., breaking up the household or selling productive assets), then the household is likely to be economically vulnerable. See Woller, 2011 for more on coping strategies.

References

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