

DJIBOUTI URBAN MONITORING SYSTEM

A senior consultant from FEG Consulting helped FEWS NET set up an urban livelihoods monitoring system in Djibouti City in 2003 following an HEA assessment. It was designed to monitor changes in this 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.

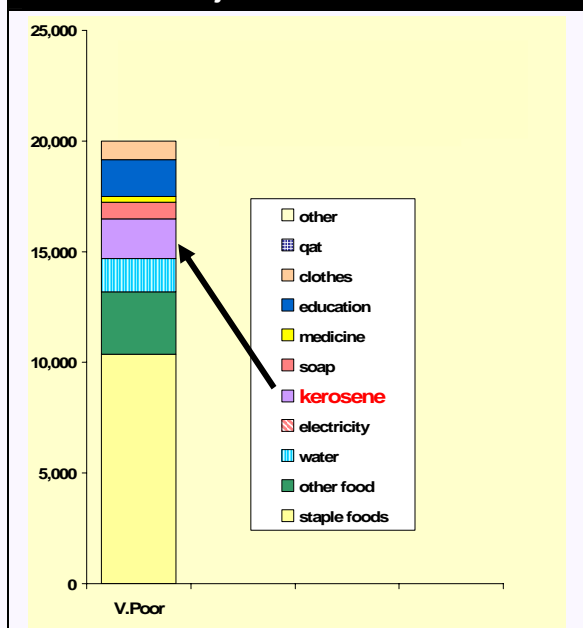
One of the key results of the work was that it helped convince the government to eliminate the tax on kerosene, which was limiting the amount of cash income households had to spend on education and health. See box below.

Case study: How a micro-analysis helped change a macro-policy – Djibouti City

In 2001, FEWS NET carried out an urban baseline assessment in Djibouti. One of the outputs of this work is presented in the figure to the right, which shows the relative allocation of very poor households' income on goods and services. It shows that – surprisingly, perhaps – these households were forced to spend **as much on kerosene as they did on education**. Or, put another way, their spending on kerosene was limiting the amount they could invest in their children's education, or the amount they could devote to health costs if someone in the household fell sick.

The finding was important enough to compel the government to eliminate the tax on kerosene, effectively reducing its cost significantly, and freeing up a bit of extra income for these cash-strapped households.

Expenditure patterns of very poor urban households - Djibouti 2001



Source: FEWS NET Livelihoods Profiles – Djibouti, October 2004, FEWS NET/USAID