

METHODS

VULNERABILITY CONTEXT

It is important to recognise that vulnerability or livelihood insecurity is a constant reality for many poor people, and that insecurity is a core dimension of most poverty. We are not talking about isolated events or occurrences but about a dynamic situation in which the poor are always on the brink of extreme insecurity, sometimes falling just below, sometimes rising just above. The SL approach seeks to militate against such insecurity through building up resilience.

The *Vulnerability Context* refers to the seasonality, trends, and shocks that affect people’s livelihoods (see 2.2). The key attribute of these factors is that they are not susceptible to control by local people themselves, at least in the short and medium term. It is therefore important to identify indirect means by which the negative effects of the *Vulnerability Context* can be minimised – including building greater resilience and improving overall livelihood security. This is of particular importance for the poor, since a common response to adverse seasonality and shocks is to dispose of assets. Yet the poor often have no saleable assets. Their lack of assets also means that they are often less able than their richer counterparts to respond to positive trends.

How are vulnerability factors best identified?

There are two core considerations when thinking about the *Vulnerability Context*. These are:

- the extent to which different groups are exposed to particular trends/shocks/seasonality; and
- the sensitivity of their livelihoods to these factors (this relates directly to resilience).

These issues are best approached in a phased way, beginning with an overview of those risk factors to which different groups in the community are most prone (e.g. food insecurity, drought, eviction, illness and death, etc.). This can be followed by more detailed analysis of key problems, the nature and magnitude of expected changes, coping strategies and potential solutions. The table below shows some examples of the types of methods that can be used.

For finding out about ...	Method
Events and trends that cause stress (either regularly or intermittently)	Key informants
The existence of trends and sudden changes in such trends	(including external experts)
Historical occurrence of floods, droughts, epidemics, local environmental trends and cycles	Timelines
Level of food stores across the year, rainfall, crop planting and harvesting schedules, food prices, changes in health status	Seasonal diagrams, sample surveys
Relative importance of vulnerability factors to different groups	Preference ranking
Trends	Secondary data
- rainfall, temperatures (link to participatory data)	- meteorological
- producer and consumer prices across the year	- price, economic
- population density	- demographic
- degradation/renewal situation	- resource stocks
- morbidity, mortality	- health

Vulnerability is the result of many factors, some of which relate to policies and institutions and a lack of assets, rather than to particular trends, shocks or aspects of seasonality *per se*. For example, many poor urban residents suffer vulnerability due to their informal legal status, poor living environments (both physical and social), and lack of subsistence production. It is important to gain a full overview of the causes of and underlying reasons for vulnerability. **Participatory methods** and **key informants** can be particularly useful in this regard. **Outside experts** may also have valuable perspectives.

Vulnerability to physical violence may be related to factors such as religious orientation, caste, ethnic origin or language. It can also be a result of gender and age; girl children may be particularly at risk.

Politics and conflict as a source of vulnerability

Uncovering various forms of political and physical vulnerability and the ways that these affect, constrain or diminish livelihood options, is a key aspect of SL analysis. Unfortunately it is often neglected. Consultations with the poor indicate that insecurity and vulnerability to physical violence, often at the hands of police or security forces or other structures of state authority, are key livelihood constraints. In many cases these concerns form part of the definition of what it means to be poor. Political factors, including those that relate to informal structures at the local level, can also have a

profound effect on vulnerability. For example, in an urban context the continued existence of an illegal settlement is frequently dependent upon coercive patronage relationships. In the rural context, conflict over natural resources (land, water, woodland, fisheries, minerals, wild plants and animals) may make the livelihoods of certain groups very insecure.

Trends

Livelihoods can be made more or less vulnerable by long-term trends. When investigating trends, it is important to distinguish factors that may be susceptible to change (in direction or intensity), from those that appear likely to continue on their current trajectory, making livelihood adaptation inevitable. For example, many economic trends – such as the long-term decline in the real prices of many tropical agricultural commodities – are relatively fixed and predictable. Other long-standing trends can, though, be subject to sudden change. For example, the construction of a new harbour can have a rapid impact upon coastal erosion and deposition rates.

It is also important to recognise the difference between 'local' trends and national or more global trends. The latter are usually more difficult to alter. Nevertheless, ensuring that the lessons learnt in smaller-scale projects feed up to higher levels and help bring about higher-level change is a key objective of the SL approach. For example, if a project is able, over time, to help reverse local degradation trends, this experience should be fed into the regional and national dialogue and action planning processes for environmental protection. Projects should build in this type of information sharing and policy influencing from an early stage.

Shocks

When considering the risk of shocks, the community's (or groups within the community) own sense of past events and how often they occur can be a good guide to frequency and severity. For those types of shocks that cannot be predicted at all, even with the most sophisticated methods, **community discussion** may help think through ways of reducing negative impacts, especially on the most vulnerable groups.

The role of risk in livelihoods analysis

Vulnerability is fundamentally about risk, uncertainty and lack of security. One important consideration when thinking about the *Vulnerability Context* is the probability of a given event – shock, trend or seasonal variation – occurring. While it is unlikely to be necessary to conduct a full-scale risk analysis in the context of routine livelihoods analysis, there may be occasions when project or policy design depends on a detailed assessment of risk. This might be the case in disaster preparedness and mitigation programmes or when projects are specifically concerned with risk reduction (e.g. when crop insurance schemes are under consideration).

Some indicators of risk can be relatively easily derived from the **secondary data** used to examine seasonality and trends. For example, meteorological data can reveal the frequency with which the rainy season is delayed or fails altogether. Time series price data can reveal the existence of a long-run price trend as well as the probability of continuation. Sensitivity analysis (i.e. demonstrating through modelling the likely consequence of a particular change) can be used to think through the livelihood impact of change. It is also used for examining the effect that changes in core, underlying variables are likely to have on predicted outcomes. For example, price figures within +/- 20% of the expected trend might be examined to assess the impact on livelihoods.

The question of risk is also key to project planning. It is standard DFID practice to conduct a risk assessment of projects during project preparation. If projects are framed by the livelihoods approach, and project objectives relate to supporting people's livelihood objectives, there will be a strong link between project risk factors and overall livelihood risk factors.

See 4.4 for a discussion of Strategic Conflict Assessment.

Some changes that appear as trends at a national or regional level can impact on the household as severe shocks. This is particularly true for illnesses such as AIDS.

Altering global environmental trends (e.g. climate change) is extremely difficult. However, it remains important to consider the local-level impact of such trends, and how this affects livelihoods.

In the urban context, discussions of past eviction efforts can reveal both when these took place (people remember when the bulldozers came in) and the strategies adopted to cope with such shocks.

The Caqueta Pilot Project in Lima, Peru, aimed to identify sustainable risk reduction measures in an area vulnerable to landslide, earthquake and fire. Risk was evaluated through participatory planning workshops, the findings of which fed into project design.

METHODS

LIVELIHOOD ASSETS I

See 2.3 for more detailed discussion of assets and the roles they play in livelihoods.

Access to assets does not necessarily mean control over those assets or the services they generate. Ownership, access, and cost of access and/or maintenance may need to be considered separately.

Human capital depends upon both the quality and quantity of time available. It is useful to think about how different social groups allocate their time (e.g. for domestic purposes, leisure, socio-political activity, productive work activity) and the opportunity cost of this time. Time-use surveys can provide very detailed information on these issues, though they tend to be costly to administer.

Projects concerned with food security and nutrition regularly use sample survey methods to examine age–weight–height relationships for children in order to determine patterns of undernutrition.

This sheet and sheet 4.10 are concerned with the asset status of different groups of people and the communities in which they live. The SL approach endeavours to build on these assets (strengths) instead of emphasising weakness and need. In order to do that, it is important to understand:

- levels of assets and their distribution among individuals, households, groups, neighbourhoods and communities (gender and age disaggregation are essential throughout the investigation);
- changes in asset status over time (cycles within a year as well as longer-term changes);
- the roles assets play in livelihoods (some assets – e.g. livestock – fulfil multiple functions); and
- asset interactions.

Many of the answers to questions about assets will be found not through investigation of the assets themselves, but through investigation of the relationships between assets and other components of the SL framework. This underlines the importance of retaining a holistic view during investigation.

Methods for investigating human capital

Depending on the scope and purposes of the investigation, various methods can be used to assess human capital (see 2.3.1. for a definition and discussion of human capital).

Secondary sources often provide a good overview of human capital issues. Much data on human capital is routinely collected by governments, or emerges as a side product of government responsibility for the delivery of services such as education and healthcare. In a livelihoods analysis context, this type of data is most useful when collected at disaggregated levels within countries (e.g. provincial human development reports). Composite indicators (e.g. the UNDP's Human Development Index) and cross-country comparisons made by international organisations can also be useful. Drawbacks of secondary data include inaccuracy, outdatedness and over-aggregation at both a geographic level and between different groups. For example, data is not normally presented by age and gender groupings, meaning that supplementary investigation is often required.

Participatory methods are well-suited to finding out about the provision of services and facilities that enhance human capital (such as schools/education, healthcare and sanitation facilities). Such methods can also uncover barriers to access resulting from cost, location, or social factors (e.g. gender, social status). An important advantage is that such methods can help engage members of the community in problem-solving exercises, and through their use, service providers can be brought together with community groups to seek joint solutions to problems.

Sample surveys are useful for collecting less controversial data, including a variety of indicators of human capital (e.g. household demographics, education levels and access for various family members, health status of family members). They can also provide some indication of a household's (or individual's) ability to command labour beyond their own direct labour contribution. However, in order to understand why some people command labour, why others do not and who is systematically excluded, it will probably be necessary to complement surveys with more qualitative methods (key informant interviews, focus groups, participatory techniques). Gender considerations and intra-household analysis are of great importance when investigating command over labour.

Box 1 shows some indicators of human capital. Many of these are available from secondary sources.

Box 1. Some simple indicators of human capital

Service delivery

- public expenditure per capita
- physicians per thousand population
- primary school student:teacher ratio

Outcomes (these should be disaggregated by gender)

- life expectancy at birth
- adult mortality rate (probability at age 15 of dying before age 60)
- under 5 mortality rate
- primary school net enrollment rate and completion rate
- literacy rate
- newspaper readership

Methods for investigating social capital

Sheet 2.3.2 makes clear the difficulty of defining social capital. This asset operates at different scales and because it refers to the moral and organisational context within which livelihood decisions are made, it is closely associated with issues of trust and reciprocity. These qualities are intangible and their assessment is therefore indirect, interpretative and open to disagreement and debate. However, capturing the ways in which peoples' social relationships, networks, associational and institutional linkages represent strategic livelihood resources is of enormous importance. The following are the types of question that must be asked.

- What social linkages or networks exist for a particular social unit? At what scale do they operate?
- To what extent do these links provide tangible resources and services that support livelihoods?
- Does affiliation to particular social networks or institutions constrain people from achieving given livelihood outcomes?

A common entry point for analysis is a **community-wide survey** of associative-type organisations, their membership and activities. However, it is not just the existence of such organisations that is important; what is significant is the functionality of these social links vis-à-vis livelihoods. This issue can be investigated through the creative use of existing PRA and survey techniques.

Social maps can help identify and locate – spatially and in terms of scale – the institutions and social relations to which people have access. For example, kin-based networks will often (but not always) be located primarily within peoples' residential locale. Other associations may be located in neighbouring urban centres or at district and national level. Lack of links between formal and informal institutions and between institutions at different scales can be a key constraint to livelihoods.

Timelines can be used to track broad changes in social capital and to examine why some associational links and institutions are more resilient than others to shocks and stresses.

Matrix/preference ranking can show the relative priority people attribute to given social networks as well as helping to understand the significance of these for particular aspects of livelihoods. For example, kin links may assist with the provision of food or cash as a 'safety net' during crisis but civil society institutions provide wider support for human capital development (health and education).

Venn diagrams provide an additional means for establishing the roles, responsibilities, and expectations that people have concerning various formal and informal institutions. The use of Venn diagrams also assists with problem identification (in terms of cause–effect relationships).

Box 2 shows some indicators of desirable social capital that have been used in empirical studies. It should, though, be borne in mind that social capital is a slippery concept and one that is subject to much disagreement. For example, occupation and kin homogeneity appear in the box as positive indicators, but they could also make a group particularly vulnerable to shocks because risk is not widely spread. Other concerns about social capital include the fact that:

- the concept may be unfamiliar, and therefore alienating, to partners;
- reliance on extended networks can indicate vulnerability rather than being a source of strength;
- groups exclude as well as include, constrain as well as facilitate;
- the costs of maintaining social capital can be high, and may fall disproportionately on women or less powerful members of the household.

For a more detailed discussion of social capital, see the DFID *Key Sheet* on this subject. This is available on the web at www.oneworld.org/odi/keysheets

Sample surveys can be used to quantify links between organisations. They are best employed after PRA techniques have established the focus of investigation.

Cities are often less safe and more socially fragmented than rural areas. Social capital may be lacking amongst migrants; they may be forced to rely on powerful individuals who exploit their powerlessness. However, in established settlements, or where communities have a common bond (e.g. migration from the same area or caste), the potential for building social capital can be good.

Box 2. Indicators of desirable social capital

Group level

- extent of membership
- degree of participatory decision-making
- kin, income and occupational homogeneity within the group
- extent of trust in the group

Individual level

- extent of reliance on networks of support
- % of household income from remittances
- % of household expenditure for gifts and transfers
- old-age dependency ratio

Source: Grootaert, C. (1998) 'Social capital: The missing link?'. *Social Capital Initiative Working Paper No.3*. Washington, D.C.: The World Bank.

Women and men often have differential access to natural assets and vary in their dependence on particular assets. Investigative methods should incorporate elements of gender analysis and be sensitive to age and other social distinctions.

Assessing biodiversity's contribution to ecosystem services is complicated. It requires more specialised approaches. Many new methods are currently being developed. The real challenge will lie in relating these techniques to the changing needs of poor people.

The Cochin Urban Poverty Project in India has been supporting the Government of Kerala's initiative to grant land tenure to residents of unauthorised urban developments. Formal tenure can then be used as an asset to apply for a housing loan.

Waste and rubbish are a form of physical asset particular to the city, and crucial to many. Access to and use of rubbish may be strictly controlled by scavenger groups, so waste cannot be assumed to be an open access resource.

Methods for investigating natural assets

The distribution of privately owned natural assets – e.g. private land, customary tenure land that is treated as private, private housing plots, livestock and privately owned trees – can often be ascertained from a **sample survey**. The availability of these resources for the community as a whole can be discussed in community meetings. However, accurate assessment at this level might require expensive methods such as aerial photography, satellite imagery, maps, soil survey data, etc.

Quality and management issues are more likely to be understood through **participatory methods** such as transect walks, mapping (to show current and past land use, water sources, etc.), ranking of species (by abundance or importance), timelines (showing historical changes in rainfall, pollution levels, river flows, soil fertility, forest composition, etc.) and seasonal calendars. Participatory methods can also shed light on issues of access. Property rights regimes and the rules of access to customary and communal lands can be researched using stakeholder analysis, key informants, focus groups and visual tools such as Venn diagrams.

Biodiversity

Biodiversity is a key aspect of natural capital because it is – and in itself supports – the variety and variability of all life at all levels (genetic, species and ecosystem). Variety is important because it provides people with choice; if one crop fails there are alternatives. Variability is important because it enables organisms to adapt, or be adapted to, changing conditions (e.g. by gene manipulation).

Indicators of biodiversity range from the genetic level (e.g. landraces) to species level. Indicators should be selected in a participatory way using poor people's own criteria. But assessing biodiversity is only part of the story; assessing the consequences of changes in biodiversity, and for whom, is equally important.

DFID forest projects in Ghana, Malaysia, Cameroon and Mexico have piloted methodologies for bioquality assessment. These attempt to score species against a range of biological indicators (e.g. global rarity, ecological importance, taxonomic relatedness and local abundance). Challenges include:

- How to weight these indicators (e.g. is a rare species with no ecological dependants more valuable than a less rare species with close relatives on which other species flourish?).
- How to incorporate social and economic indicators (e.g. sacredness, role in pollination, etc.) and ensure that an appropriate balance is maintained between these and biological indicators.

Urban areas

It is important not to neglect natural capital issues in urban areas, where the very scarcity of natural capital can make this a particularly valuable asset.

- Security of tenure for household plots is key in reducing the vulnerability of the urban poor.
- Rivers may provide water for washing, drinking, small enterprises or waste disposal.
- Small patches of land may be used for small-scale urban agriculture or livestock rearing.

Pollution of natural assets is a major concern in urban areas; assessment should therefore take asset quality (and its effect on local and more distant people) into account.

Methods for investigating physical assets

Sample surveys provide an effective method of assessing personal and household assets, as do group methods using structured checklists. Counting the assets owned by individuals within the household is relatively easy as items are often visible and issues of ownership do not tend to be sensitive. Key categories of personal/household physical assets include:

- items that enhance income (e.g. bicycles, rickshaws, sewing machines, agricultural implements);
- house quality and facilities (e.g. wall, floor, roof construction materials, cooking utensils, furniture);
- piped water, electricity, waste disposal and other services (do people have access or not?); and
- personal consumption items (e.g. radios, refrigerators, televisions) which are often good indicators of relative wealth or poverty.

Some physical assets – e.g. ploughs, pumps, pickup trucks – may be under the shared ownership of a distinct group (though this is less common in urban than in rural areas). Shared ownership can be investigated by **sample survey**, though **PRA methods** may be needed to understand management arrangements and situations whereby poorer people can access such assets for a fee.

Infrastructure poses quite different methodological issues. Here the distinction between the existence/quality of an asset and access to it becomes critical. Some infrastructure (e.g. most roads, drainage) tends to be free for all to use, while use of other types of infrastructure (e.g. electricity systems, toll roads) requires payment of user fees. User fees can be either legitimate or informal – i.e. bribes. Both should be investigated.

- **Existence/quality:** Simple inventories can be made of drainage facilities, water systems, roads, etc. Physical surveys may be necessary to reveal quality. Seasonal variation should be considered.
- **Access:** Sample surveys, key informant interviews and participatory techniques (ranking and scoring techniques, mapping, causal diagrams, Venn diagrams, seasonal calendars) can help reveal perceptions of infrastructure provision, accessibility and cost by different groups. Secondary data on user fees may also be available.

Methods for investigating financial assets

Sheet 2.3.5 stresses the importance of taking a broad view of the financial services required and used by the poor (including credit, savings, insurance and other social protection measures). This is in addition to finding out about any regular flows of money to individuals and households (e.g. remittance income, pensions, etc.). Various approaches can be used to investigate these issues.

- **Preference ranking** and **matrix scoring** methods can be used with different groups to compare the importance of different credit sources or savings, sources of cash and insurance options.
- **Seasonal calendars** can help reveal within-year variations in saving and borrowing patterns while **life-cycle profiles** can yield similar information for a longer period, capturing significant shifts in financial flows (e.g. when a pension becomes available or dependency ratios change).
- For group, club and rotating credit and savings schemes, **focus group discussions** with members are a good source of qualitative information.
- **Key informants** and **semi-structured interviews** (e.g. with sub-branch managers of state rural banks, village moneylenders) can help develop an understanding of the wider financial environment, as can more quantitative **sample surveys**.
- More formal **economic techniques** and **financial analysis** may be required to develop an adequate understanding of the sustainability of existing credit and savings organisations and institutions. In some cases the organisations themselves will be able to provide good records. In others, external experts, familiar with local accounting conventions and relevant economic techniques (e.g. cash-flow analysis), may be needed.
- If lack of access to credit is deemed to be a major constraint, and hence a potential focus for project activity, detailed investigation of individual and household credit sources and conditions and costs of borrowing may be called for. A **sample survey** can be useful here. It will also be important to build up a picture of household budgets and people's ability to repay credit. This calls for the use of **household budgeting techniques**. It may be necessary to ask people to keep detailed household expenditure accounts for a period to be sure of accuracy in the data used.

The assessment of financial assets can be a very delicate matter. People tend not to speak readily about their levels of personal savings or wealth, regardless of the form in which these are held. Likewise, both debtors and creditors may be unwilling to reveal how informal credit systems operate and who controls them. Making an accurate assessment of these issues therefore requires a great deal of skill, use of a variety of methods and extensive triangulation. It can be helpful to approach issues in a roundabout way, asking hypothetical questions (e.g. what the respondent would do if he/she suddenly needed cash) or focusing on very specific issues (e.g. wedding gifts, inheritance, etc.). Often consumption surveys will provide more accurate information about stocks and flows than will direct surveys of financial assets.

The Core Welfare Indicator Survey, piloted in Ghana with DFID and World Bank support, offers one approach to assessing access to services (both government and non-government). The pre-coded survey measures access to services such as healthcare, water provision and solid waste management, against predefined levels of service provision.

When investigating credit opportunities, it is essential to be sensitive to gender differentials; poor women typically find it more difficult to access and control credit than poor men.

Official income and expenditure surveys can provide an initial impression of income and asset levels and can be used as one resource for triangulation (though their accuracy can vary significantly between regions and countries).

METHODS

POLICY, INSTITUTIONS AND PROCESSES

4.11

Another way to manage the complexity of *Policy, Institutions and Processes* is to think of the various levels at which these operate (global, national, regional, district, local) and to consider how these are linked.

These categories overlap. For example, governance and service delivery are inter-related, as are social relations and social organisation. The policy process influences, and is influenced by, all the other categories.

DFID's *Technical Note No. 14* 'Institutional development' sets out approaches for institutional appraisal and suggests specific techniques to assist with the analysis. For example, the STEP analysis (socio-cultural, technological, economic, and political/legal) provides a broad but concise assessment of the environment in which the project will have to operate.

Current institutional appraisal methodologies and checklists tend to focus on national or sector levels and are not particularly well-suited to being used with a specific group of stakeholders, or in a defined geographic area. Further work is required to develop methods for such purposes.

This sheet examines the social, political, institutional and organisational context of livelihoods. In previous sections of the *Guidance Sheets* this area of the framework was referred to as *Transforming Structures and Processes*. The name has been changed to highlight key issues and increase the accessibility of the framework to partners.

What should be investigated?

Research is facilitated by breaking down the overall context into categories that make sense from a policy and social change perspective. One possible breakdown is as follows:

- *Social relations*: the way in which aspects such as gender, ethnicity, culture, history, religion and kinship affect the livelihoods of different groups within a community or neighbourhood.
- *Social and political organisation*: decision-making processes, civic bodies, social rules and norms, democracy, leadership, power and authority, rent-seeking behaviour (if any).
- *Governance*: the form and quality of government systems (structure, power, effectiveness, efficiency, rights and representation).
- *Service delivery*: the behaviour, effectiveness and responsiveness of state and private service delivery agencies.
- *Resource access institutions*: how the institutions that determine access to resources function.
- *Policy and the policy process*: the effect on livelihoods of key policies (and legislation) and the way in which policy is determined (by whom, for whom and influenced by which groups?).

This is a broad agenda that requires a wide range of analytical skills and techniques: social, political, organisational, managerial, economic, operational and technical. A particular focus should be placed on issues of sustainability (see 1.4): are policies, institutions and processes sustainable over the longer term? Do they promote social sustainability and create an overall enabling environment for *sustainable* livelihoods. It is also important for the analysis to be dynamic and for the initial investigation to link to monitoring and evaluation systems in any subsequent projects.

Understanding the context

It is unlikely that all the categories above would need to be researched in equal depth. What is most important is to gain an overview that enables follow-up investigation of factors that seem to pose particular problems or offer special opportunities for the poor. Available tools to inform both phases include: review of secondary data; stakeholder analysis; social appraisal techniques; economic and financial analysis; good government assessment frameworks (including political analysis); and institutional appraisal methodologies and checklists.

The use of **participatory methods** and **key informant interviews** helps to capture the views of the affected community members, and to avoid an overly 'top down' analysis of the institutional context. Key informants can provide an assessment of the organisations and institutions that are important to livelihoods. Venn diagrams provide an excellent visual approach to discovering individual and community views on relevant organisations, their importance and the interactions between them. It is particularly important to understand the links – or lack of links – between local and district or national organisations and how these affect livelihoods.

Compiling institutional information can be particularly challenging because many key institutions are informal and lack a visible organisational form. However, simple linkage diagrams have been found to be helpful for tracing which processes, operating at which different scales, are important in different people's livelihood strategies.

Assessing the performance of organisations

It is important to gain a dual perspective on organisations, seeking to understand both the views of groups within the community/neighbourhood while also undertaking a more 'external' investigation

of structures. Key questions – to be examined from both sides – include:

- What are the mechanisms through which people's views are captured and included in the development planning process? Are these distinct for men and women?
- How do government/quasi-government organisations link to civil society groups? How do they hold themselves accountable to their clients? Is local ownership and management promoted?
- Are there any obvious 'gaps' in civil society organisations?
- Do key agencies have local offices or service points? How accessible are these?
- Are policies and development plans adequately resourced (in both human and financial terms)?
- What is the role of the local political representative or body?

There are several techniques available to assist with analysis of organisational performance. The 'four Rs' (roles, responsibilities, rights and relations) described in Sheet 2.4 can help thinking about inter-relationships. The 'seven Ss' methodology (strategy, structure, systems, skills, staff, style of management and shared values) is useful for thinking about the performance of private organisations, while SWOT analysis (strengths, weaknesses, opportunities, threats) can be employed for both public and private organisations. If necessary, these tools can be supplemented by more detailed analyses into financial viability, competencies, and operational capacity.

Assessing social relations and processes

Many of the more sensitive issues of social relations – including how power and authority operate – are best investigated using **key informant interviews**. PRA methods do not always work well for such issues because people rarely challenge authority in public gatherings; the community 'view' projected in such forums is unlikely to reflect the differing social positioning of individuals within the group. Key questions that semi-structured interviews should address are:

- How do different social groups relate to one another?
- Which groups are excluded from mainstream society and why?
- What patterns of activity distinguish the lives of women/men? What distinct status and roles are assigned to men and to women, boys and girls, and how do they affect activities?
- How does authority work in the community? What is the role of the ward chairman, the village head or the council of elders?
- How do ordinary villagers make their problems known to those in authority? What is the likelihood that such problems will be acted upon? To whom in the community is authority most and least responsive?
- How does the community or neighbourhood deal with conflicts and grievances?

Analysing policy and policy processes

The following are key questions, with regard to policy processes.

- How are policies framed, based on what sources of knowledge? Are local interests represented?
- How are different interests represented in the policy process? Who is included and excluded?
- Which actors have the greatest influence on policy change?
- Are policies supported by appropriate budget allocations? Are budgets being used effectively?
- Is policy coherent and independent of special interests?

Where policy objectives and associated indicators are established at the time when policies have been made, analysis is facilitated. Sometimes data on policy outcomes will already be being collected, though it is usually necessary to supplement such data with more qualitative and local-level investigation of policy outcomes and the effect on particular social groups. Where the hoped-for impact is not evident it is important to understand the causes for failure (e.g. incorrect policy objectives, poor legislation, inefficient delivery mechanisms including insufficient publicity, distortions arising from the behaviour of local politicians, corruption, etc.). A key concern for development efforts is how to ensure that such local-level findings lead to meaningful change in policies and budgets, given that responsibility for these matters usually lies at national level.

Structured interviews with key informants, using checklists for consistency and completeness, are a key information gathering technique. Confirmation of the findings with reports and validation with communities helps to avoid bias.

Social relations and processes relate closely to social capital (see 4.9). Many of the methods discussed in that context are equally valid here.

Problems often arise when community leaders who work with the project are not held in high regard. Projects in Brazil have attempted to avoid such problems by systematic information gathering on the nature of leadership, the institutions to which leaders are connected, and the extent to which the demands of leaders are the same as those of the community.

A variety of methods can help to answer these questions including case studies, actor network analysis, snowball sampling procedures, and narratives of policy change. The analysis itself is best conducted in conjunction with representatives of those responsible for setting and managing policy.

Sometimes what seems at first to be obvious turns out to be plainly wrong. For example, a 'fishing village' may turn out to obtain less than 10% of its income from fish, and it may be only the better-off families who engage in fishing.

Once a picture of livelihood strategies has been built up, it is easier to predict the effects on different groups of particular policy decisions. For example, it will be easier to see who will benefit from improvements in infrastructure, who will be most affected by the introduction of user fees for services such as extension and water provision, who will be affected by particular price changes, etc.

Most government programmes tend to focus on formal employment options. Yet investigation of livelihood strategies shows us that most of the non-agricultural poor find their livelihoods in the informal sector.

The purpose of investigating strategies is to seek patterns that can be acted upon in order to improve the livelihood prospects of the poor. This is about discovering alternatives and increasing options. It links to issues of targeting. In some instances, such patterns are obvious at the outset and no formal analysis is required. However, caution should be exercised; sometimes the most visible livelihood strategy is not the most important (see Box 1). Furthermore, there may be wide, but not immediately apparent, differences between the livelihood strategies of various social groups within a community. Other general concerns when conducting analysis of strategies are:

- Investigations of *Livelihood Strategies* tend to focus on income sources. However, this aspect of the SL framework goes well beyond income, and it is important not to neglect other considerations. One way of ensuring a broad view is to think about people's underlying livelihood strategies, what they are trying to achieve (this relates directly to *Livelihood Outcomes* – see 4.13) rather than what they may be doing at any point in time. This encourages us to consider issues such as: the way in which people use their assets (to maximise income or minimise vulnerability?); which assets they choose to invest in and which they chose to run down; where they are obtaining the skills necessary to pursue different strategies; and the money-saving (as opposed to money-earning) or non-monetary (e.g. domestic) activities they undertake.
- Because different household members have varying access to assets, can be located in different physical areas (in the case of split urban/rural households or seasonal migration) and are bound by different social norms and institutions, they may adopt very distinct livelihood strategies. The household may therefore not be the most appropriate unit of analysis. 'Unpacking' what goes on within the household is a key step.
- *Livelihood Strategies* are in a continuous process of flux: people adapt to evolving threats and opportunities, changing livelihood objectives and also as their own capabilities alter during their lifetimes.

What can participatory methods tell us about strategies?

Participatory methods are very useful for understanding livelihood strategies.

- Group discussions can describe evolving patterns of activity in a community and provide interpretations of the reasons for changes that have taken place.
- Key informant interviews may help reveal patterns of activity or strategies adopted by those who have managed to 'escape' from poverty.
- Diagrammatic methods can help to distinguish groups or household members that specialise in a particular income-generating activity, as well as identifying those that follow mixed strategies.
- Seasonal calendars can capture the peaks and troughs in time allocation to different activities.
- Preference ranking can help reveal people's criteria for decision-making about their strategies, including how they choose to invest any surplus they generate.
- Wealth ranking can produce an initial division of households; ensuing discussion may shed light on the different strategies followed by given wealth groups.

Sometimes PRA methods are all that is needed, though data generated through PRA may tend to be more descriptive than explanatory. In addition, deeply held views about the way things are may, in fact, not be very accurate (due to rapid change and new opportunities or because these views reflect only the majority opinion). It can be useful to follow PRA up with more detailed **economic analysis**. This can provide greater explanatory detail, help link assets to particular activities, investigate economic returns to given strategies and identify the constraints that people face in altering their strategies.

What can sample survey methods tell us about strategies?

Sample surveys are good at capturing detailed income data. Understanding income composition and sources can be particularly important in urban areas, due to the density and variety of livelihood opportunities. Income-generating activities range from service provision (e.g. childcare, cleaning),

to renting out rooms, hawking, trading, small-scale enterprise and begging, as well as more formal employment and wage earning opportunities.

More precise information can enable the income component of *Livelihood Strategies* to be compared across and within different social groups and between men and women. Sample surveys may also reveal whether there are wide or narrow income disparities between different groups. This can help inform decision-making about targeting within projects and programmes.

However, income data is sensitive, and survey questions may be most effective when rather indirect (see 4.10). Often income data 'emerges' from group discussions about activities (e.g. family members out working for a wage, the jobs they are doing, the permanence or seasonality of the job), though there is a danger that less obvious sources of income (e.g. remittances, migration, pensions, rental income) will be ignored in such discussions. Having more than one person present when questions are asked enables people to correct each other and assist recall. However, individual follow-up may be necessary; people are often unwilling to talk about remuneration in a group setting.

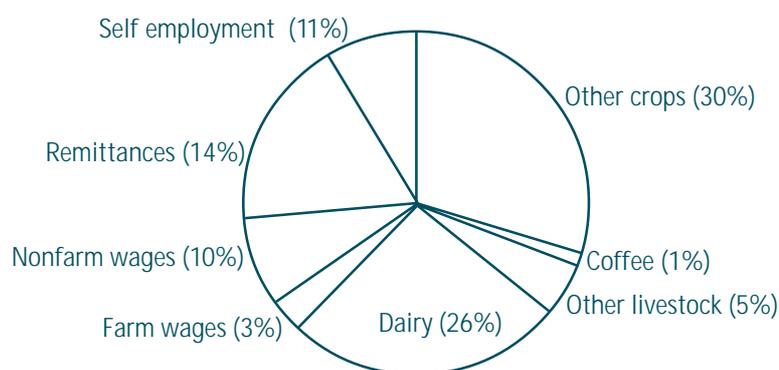
Income portfolios

Income data allows an income portfolio to be constructed (see Box 1). Portfolios can be compared and contrasted between households and across different social groups using pie charts or stacked bar charts. Depending on within-group variability of income shares, particular portfolios may be statistically significant and therefore generalisable to the community as a whole. If high variation within and between groups makes such inferences impossible, at least it will have been discovered that all sections of the community pursue very different strategies. This is important data for project design purposes. Sometimes the overall portfolio across the sample is sufficiently revealing by itself to have made the effort worthwhile, irrespective of the more detailed analysis.

It is important in sample surveys to ensure that information is obtained from both men and women in order to produce a gender-sensitive analysis of income sources. Care should also be taken to investigate issues of seasonality.

It can be useful to divide sample households according to the dominant strategies they pursue and to cross-reference this with wealth-ranking data to show whether there are significant differences between poor and better-off households.

Box 1. Mean household income portfolio, 1997



The chart shows the mean income portfolio for 90 coffee growing households in three villages on the slopes of Mount Kilimanjaro, Tanzania. This was a bad year for coffee due to climatic factors and disease, nevertheless an income contribution of just 1% was unexpected and confirmed rather forcefully the findings of group discussions that dairying had become much more important than coffee in this community over the previous decade.

Sustainability of livelihood strategies

When investigating *Livelihood Strategies*, it is important to address issues of sustainability (see 1.4).

- What is the impact on the natural resource base of current livelihood strategies?
- Are short-term survival considerations forcing people to adopt unsustainable strategies?
- What are the effects of such strategies on the wider environment (consider environmental health issues, waste generation and disposal, energy and water use)?
- Which groups are structurally excluded from particular livelihood strategies and why? (This relates to issues of social sustainability.)
- Are the institutions that support current strategies (e.g. migration networks) sustainable?

The answers to these questions will be vital in any subsequent project or policy planning.

Some of these questions can be addressed in group meetings and through the use of PRA tools. Others – e.g. questions of environmental change – may require input from external experts.

METHODS

LIVELIHOOD OUTCOMES

4.13

Although this is the final sheet in this section, understanding *Livelihood Outcomes* may be the first and most important step in any livelihoods analysis.

Developing an understanding of sustainability issues is the one aspect of investigation of *Livelihood Outcomes* that may not be fully participatory.

This section draws heavily on Narayan, D. *et al.* (1999) *Can anyone hear us? Voices from 47 countries*. Washington, D.C.: World Bank.
Available at www.worldbank.org/poverty/wdrpoverty/conspeer/canany.htm

Other relevant findings of PPAs include the fact that people talk much more about assets (that will enable them to withstand shocks) than they do about income.

Livelihood Outcomes are what people are seeking to achieve through their *Livelihood Strategies* (see 2.6). They are likely to vary according to place, time, context and individual. This makes them extremely complex. However, unless we conquer this complexity and gain an understanding of what it is that people are aiming for (as well as what it is they are actually achieving), we will never be able to develop a meaningful understanding of livelihoods as a whole. Nor will we be able to determine how we can best support people in achieving their goals.

Livelihood outcomes and sustainability

Sheet 2.6 emphasises that DFID seeks to promote *sustainable* livelihoods. This has a normative aspect to it which goes beyond people's own objectives or definition of poverty. Our understanding of outcomes should therefore incorporate the four dimensions of sustainability that are noted in Sheet 1.4. This implies a need to investigate the effect of people's livelihood strategies and the outcomes that guide them on social, institutional, environmental and economic factors (and subsequently to promote positive directions of change). Both material and non-material outcomes for certain groups may be challenged by others and therefore be non-sustainable. Or else the achievement of a given outcome may be at the expense of severe environmental degradation.

Useful tools for analysis of sustainability include environmental checklists, as well as social, economic and institutional appraisal and, where relevant, analysis of conflicts (see 4.3–4).

Livelihood outcomes and poverty

In most cases, *Livelihood Outcomes* can be thought of as the inverse of poverty. That is, if an individual describes poverty as food insecurity, powerlessness and a lack of access to key services, then the livelihood outcomes they seek might be expected to be food security, a sense of power and dignity and improved access to services. Therefore, the primary method of understanding *Livelihood Outcomes* is to develop a thorough understanding of local definitions of poverty. This is an area in which there has been considerable progress over the past decade.

Participatory poverty assessments

Recent Participatory Poverty Assessments (PPAs) have found poverty to be a multi-dimensional social phenomenon based on many interlocking factors (this is clearly congruent with the SL approach as a whole). Despite the complexity of poverty, they have also found that there is commonality across locations and groups. The following are core components of the way in which many people understand poverty:

- a state of dependence and a lack of psychological well-being;
- a sense of isolation from services, markets, government institutions and information;
- powerlessness and a lack of voice;
- food insecurity;
- lack of employment and insecure sources of income;
- illiteracy;
- lack of assets to protect against shocks (i.e. vulnerability);
- insecurity, including physical insecurity and helplessness in the face of exploitation;
- physical weakness, ill health and lack of access to respectful, effective, inexpensive and non-time-consuming healthcare;
- social isolation, loss of culture, disintegration and lack of dignity/respect in social life; and
- time poverty for women.

Any investigation of *Livelihood Outcomes* must therefore be sufficiently broad to uncover this wide range of issues (where they are locally relevant).

Thought must also be given to how these aspects of poverty 'translate' into desired *Livelihood Outcomes*. For example, if people are seeking to combat social disintegration, how do they go about maintaining their cultural identity and social solidarity? Such questions may be best answered by revisiting the issue of outcomes after more detailed analysis of *Livelihood Strategies* (this is one example of the iterative nature of livelihoods analysis). Observation of livelihood strategies can also reveal much about the relative priority of different outcomes for different groups.

Methods for understanding outcomes

Since we are aiming to understand people's own views of poverty and how they might overcome this, it makes sense that most relevant methods for understanding *Livelihood Outcomes* will be participatory. PPAs generally use a variety of PRA-derived tools to develop an understanding of poverty. The key is that they are flexibly applied and that specific questions are not determined in advance.

- **Group methods** can be used to identify a list of relevant outcomes for different social groups. If appropriate, these can be ranked (e.g. using matrix ranking methods) and linkages between different outcomes can be established.
- **Wealth ranking** can help establish local criteria for what it means to be poor/rich. It is important when conducting any such ranking exercise to push beyond income and consumption issues and think in terms of developing an understanding of overall livelihood categories that make sense in the local context.
- **Community-based planning processes** often use a process of 'visioning' to gain better insights into livelihood outcomes. Initial 'desires' are worked up into a longer-term (e.g. three year) vision which can then be discussed in more concrete terms. Visioning differs from local planning in that it encourages people to engage in creative thinking about where they would like to be in the future (as opposed to just 'ticking off' lists of needs). If using such a method in the SL context, it is important to base the vision on perceived strengths in the community and not to raise expectations unduly (especially when the future existence or shape of a project is still unclear).

Whatever method – or combination of methods – is used, it is important to ensure that adequate time is allocated to ensure that underlying livelihood outcomes are established. For example, a group of people may state their desired outcome to be the establishment of a clinic in the community. Further discussion will reveal that their 'real' concern is poor health status and lack of access to health services.

It is also important to consider *actual* outcomes (both positive and negative) and how these compare with desired outcomes for particular groups. This can lead to a valuable process of dialogue about the disparity (if there is one) between objectives and actual achievements and what causes this disparity.

The dynamism of outcomes

Although it may be tempting to think of *Livelihood Outcomes* as an 'end state', it is important not to overlook the dynamism of livelihoods and the 'feed back' from outcomes to other aspects of the framework. Positive outcomes tend to expand the asset base while negative outcomes tend to erode it. Thus, *Livelihood Outcomes* are in effect processes that unfold over time. As well as understanding these processes themselves, it is important to think about how they shape the entire 'pattern' of livelihoods.

In addition, even if positive outcomes are achieved, there will be questions as to how sustainable this situation is. What must people do to ensure the continuing achievement of their goals? Are these outcomes achieved at the expense of other people or even other outcomes? Competition for resources needed for the achievement of livelihood outcomes is inevitable (see 2.6 for a discussion of trade-offs) and competition is always a dynamic process.

The outcomes which people seek to achieve do not *always* directly contribute to poverty elimination (as understood by donors). For example, it has been documented in urban areas of Brazil that young people are willing to forgo meals in order to purchase status goods, such as Nike sneakers. Although it is important to understand the impact that this type of behaviour has on livelihoods and possible project outcomes, the focus of this sheet remains on outcomes that are more directly supportable by DFID.

The feedback from outcomes to assets is highlighted in the SL framework, but other types of feedback – e.g. between outcomes and the *Vulnerability Context*, or *Livelihood Strategies* – may also be important.