



FAO Policy Learning Programme

Module 3: Investment and Resource Mobilization

Session 7: Socio-Economic and Livelihood Analysis

Socio-Economic & Livelihood Analysis in Investment Planning





Socio-Economic & Livelihood Analysis in Investment Planning

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About EASYPol

The EASYPol home page is available at: www.fao.org/easypol

This presentation belongs to a set of modules which are part of the EASYPol Training Path [Policy Learning Programme – Module 3: Investment and Resource Mobilization, Session 7: Socio-economic and livelihood analysis](#)

EASYPol has been developed and is maintained by the [Agricultural Policy Support Service, Policy Assistance and Resource Mobilization Division, FAO](#).





Objectives of Session 7

- **Exposure to approaches and methods of livelihood analysis**
 - ◆ Address rural poverty and vulnerability, in the context of agricultural and rural investments;
- **Understanding of how constraints affect poor rural people's livelihoods**
 - ◆ Assess vulnerability and livelihoods strategies;
- **Understanding of roles and dynamics of rural institutions**
 - ◆ In providing an enabling environment for improving sustainable rural livelihoods and economic growth.





Why socio-economic & livelihood analysis?

- **Crucial** in providing insights into rural realities;
- Contributes to the design of more realistic people-centred rural development investments;
- Increases impact of interventions on rural people's livelihoods (achieving WFS and MDG goals).

Benefits to the poor are not contingent on amount but on appropriateness of investment





What are sustainable livelihoods?

**Livelihoods consist of the capabilities, the assets
- both material and social resources - and the
activities required for a means of living**

Livelihoods are sustainable when they can:

- cope with and recover from *stresses and shocks*;
- maintain or enhance capabilities and *assets* (current standard of living);

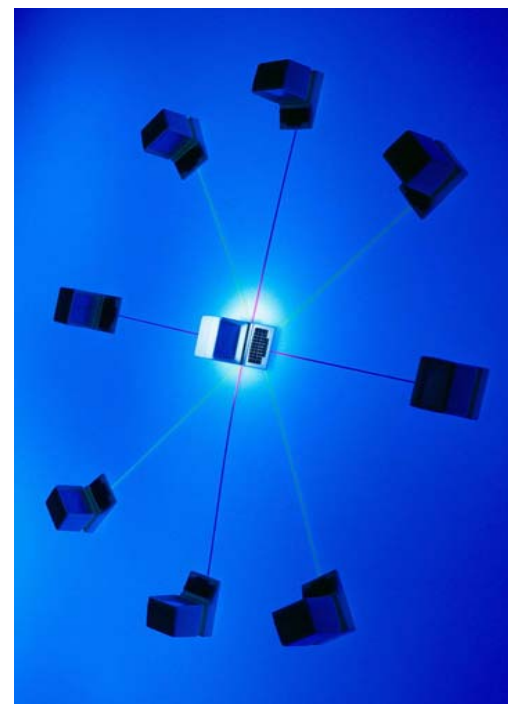
... *without* undermining the natural resource base





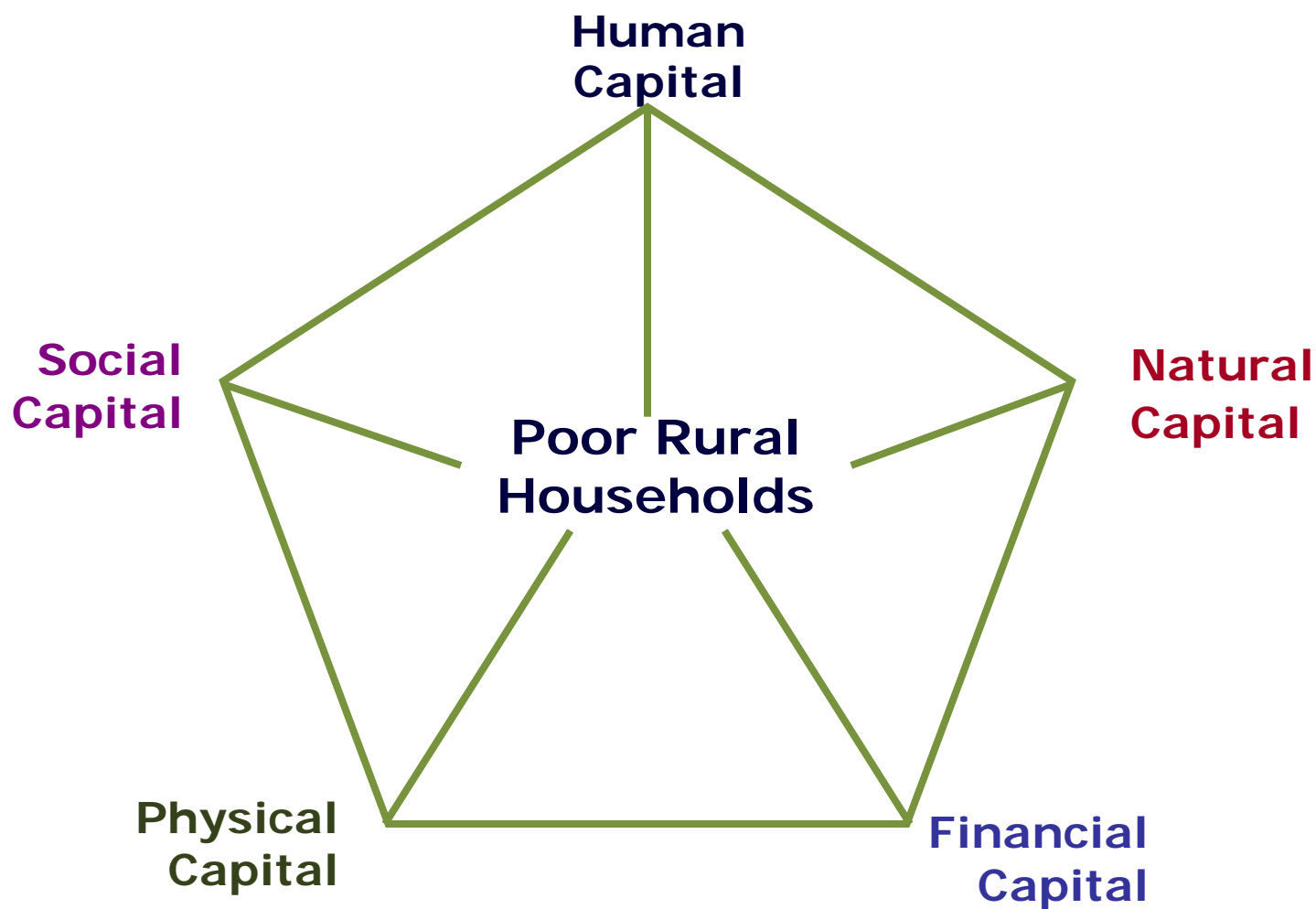
What are the core principles of livelihood analysis?

- People-centred
- Holistic (implemented in partnership)
- Dynamic
- Building on the *strengths* of the poor
- Linking the “micro” with the “macro”
- Sustainability-focused





Livelihood Assets





Why focus on livelihood assets?

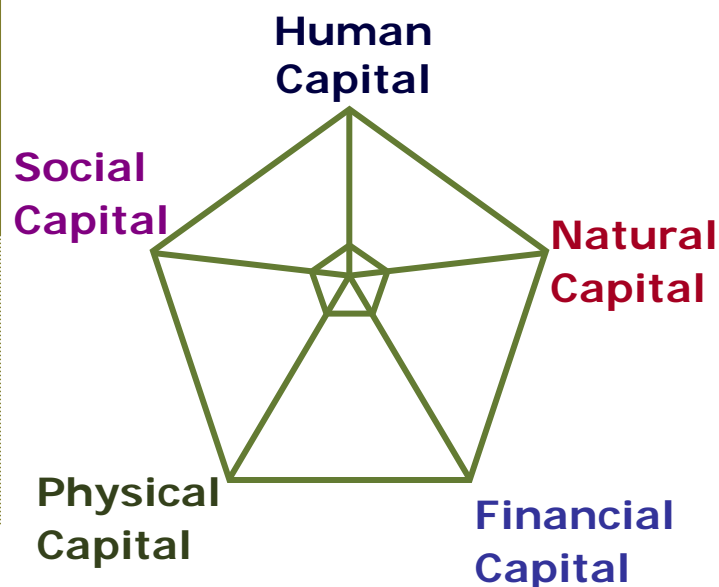
- People's ability to escape poverty depends on access to assets
- Livelihoods are affected by the **diversity** and **amount** of assets and the **balance** between assets
- Assets help to determine livelihood options
- Assets are transformed into livelihood outcomes





So.....

A landless female
agricultural labourer . . .



Human capital

- labour capacity
- no education
- limited skills

Natural capital

- landless
- access to common property resources

Financial capital

- low wages
- no access to credit

Physical capital

- poor water supply
- poor housing
- poor communications

Social capital

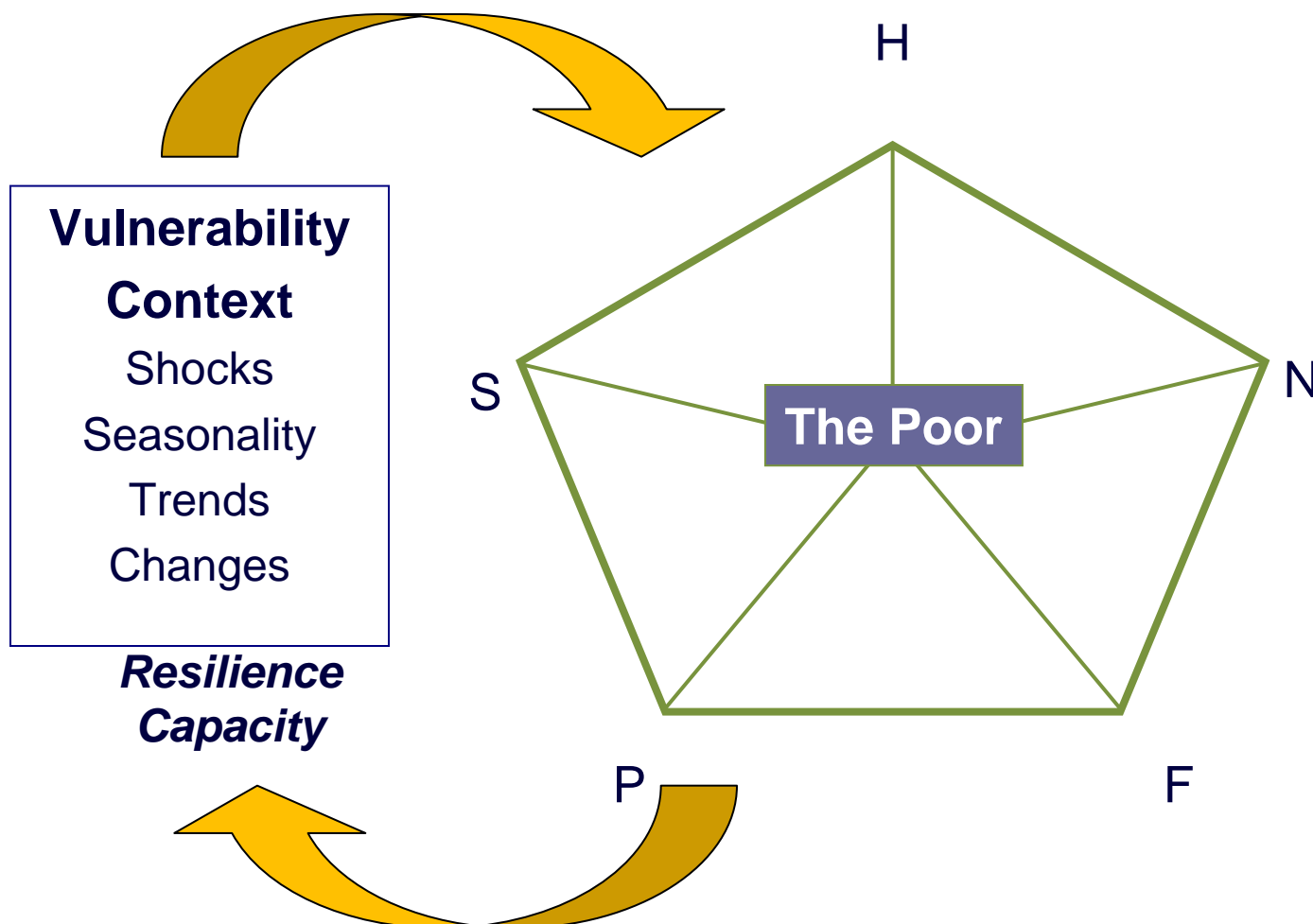
- low social status
- descrimination against women
- strong links with family & friends
- traditions of reciprocal exchange



= an extremely reduced "livelihood pentagon"

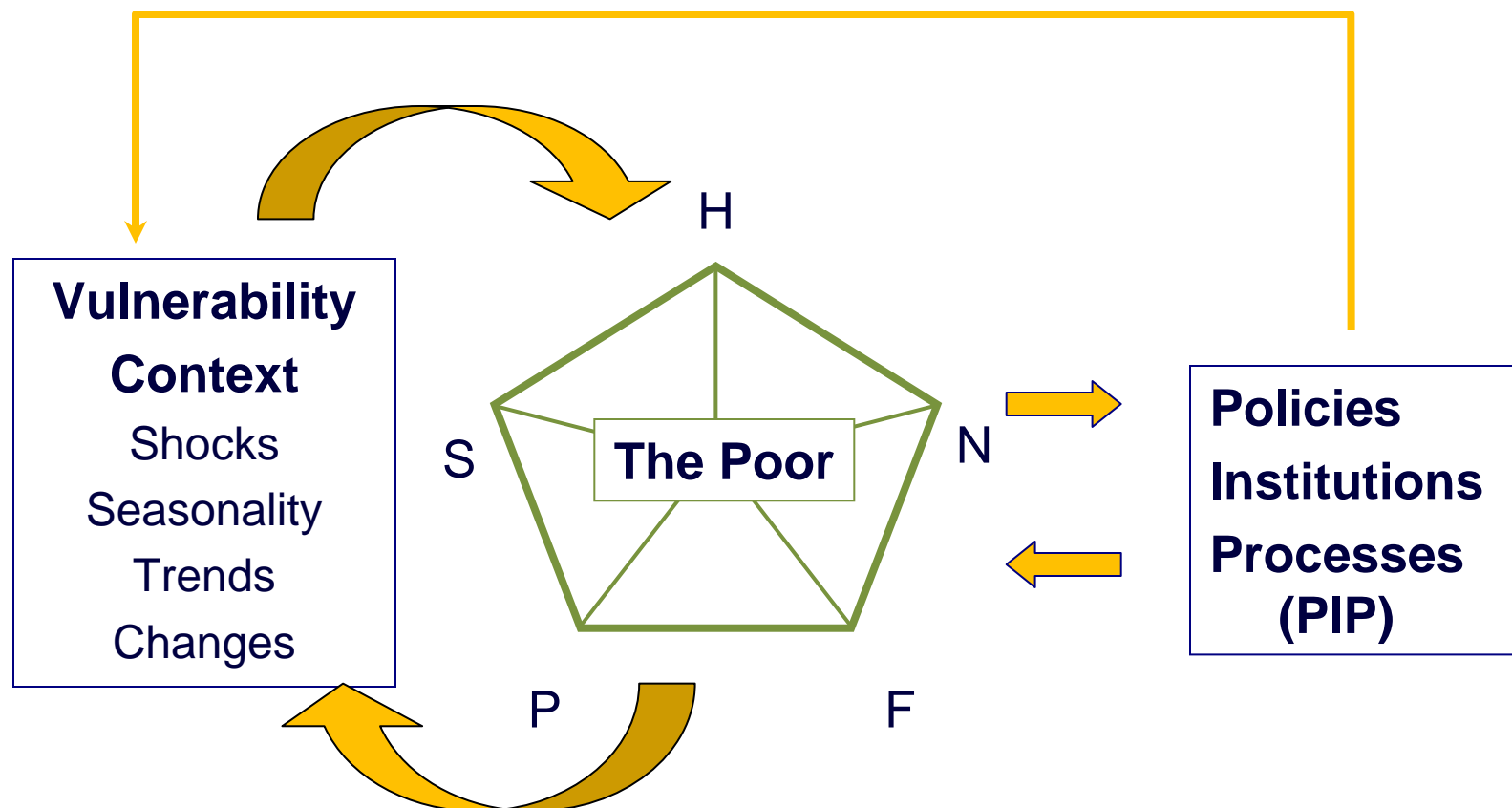


The context of vulnerability





Promoting an enabling environment





What are Policies, Institutions & Processes (PIP)?

POLICIES

- of government
- of different LEVELS of government
- of NGOs
- of interational bodies

INSTITUTIONS

- political, legislative & representative bodies
- executive agencies and judicial bodies
- traditional institutions
- NGOs civil society, membership organizations
- community governance systems
- law, money
- political parties
- commercial enterprises & corporations

PROCESSES

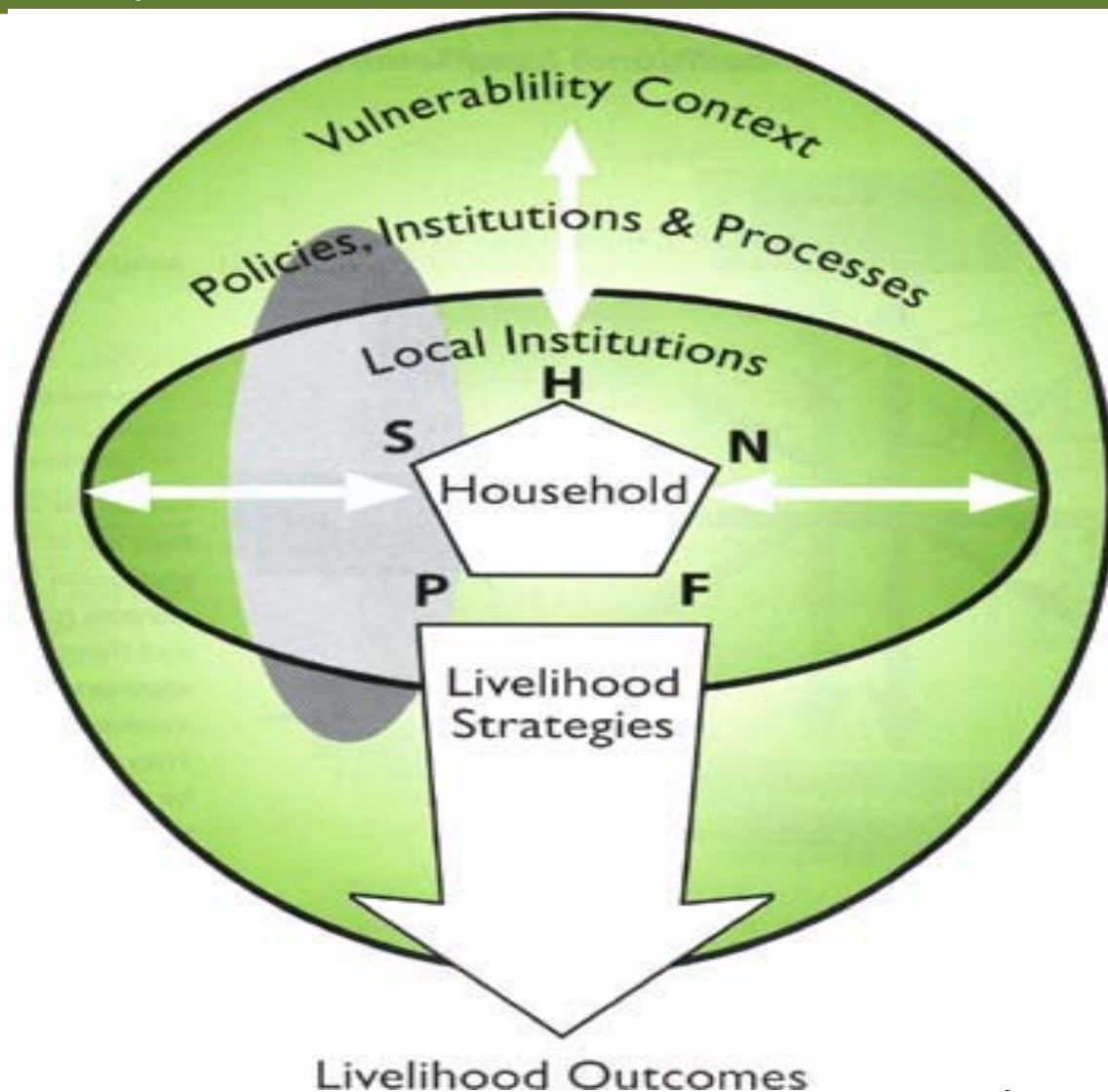
- the “rules of the game”
- decision-making processes
- social norms & customs
- gender, caste, class
- language





Why are rural institutions important?

- They define the way in which rural people interrelate and act.
- They influence how, where, when and by whom assets are accessed, used, controlled and decided upon.
- They influence livelihood strategies.





Empowering local institutions

Decentralization: a partial *transfer of power, resources and functions*, from central government to institutions at *regional level* or *local level*.

It provides the building blocks to *good governance*:

- **Political** – citizen representation
- **Administrative** – planning, financing, resources and management of certain functions
- **Fiscal** – expenditure and investment decisions, authority over raising revenues
- **Market** – privatization, contracting, deregulating





Why support decentralization?

- **Promotes subsidiarity**
- **Improves** efficiency, responsiveness, effectiveness
- **Broadens participation,** empowerment, local ownership
- **Valorizes local initiatives** and leads to sustainable development





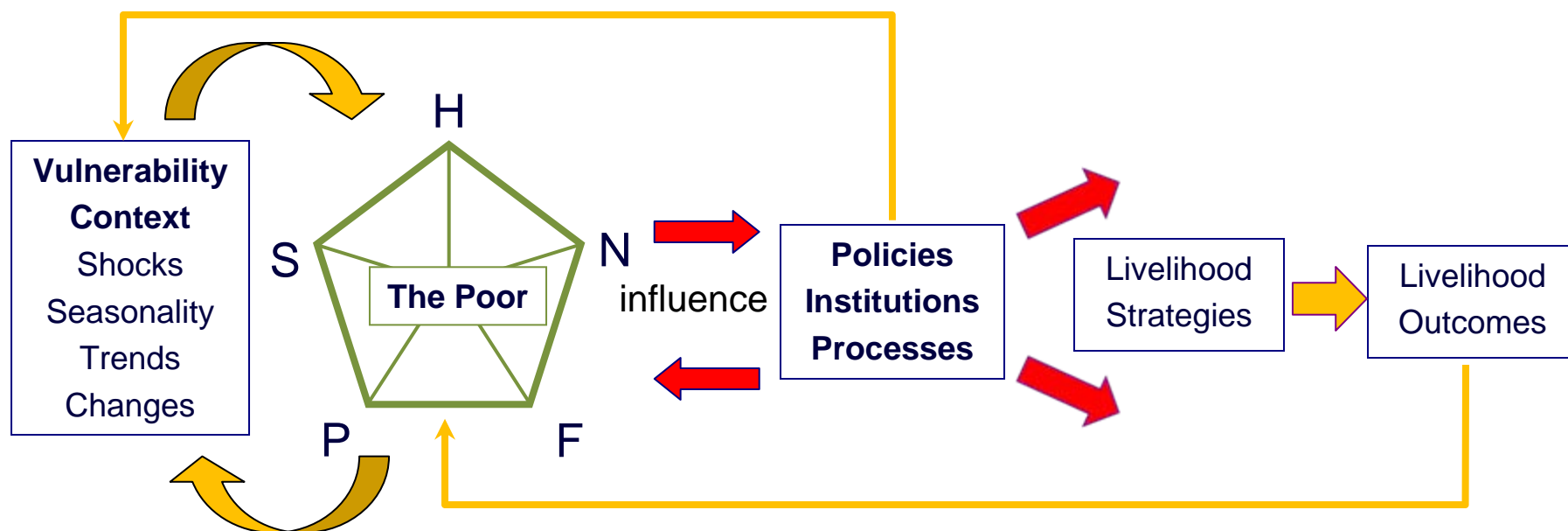
Community-Driven Development (CDD)

A way to facilitate sustainable socioeconomic development of rural communities through ...

promoting local governments and rural communities' ability to integrally **share responsibility and authority** to plan, produce, and finance the goods and services they require.



Livelihood strategies & outcomes



The Sustainable Livelihoods Framework





Focus areas for investment in sustainable livelihoods

- **Increasing** access to an appropriate combination of assets
- **Targeting** vulnerable communities/households/persons
- **Building resilience** and strengthening recovery capacities
- **Promoting** an enabling PIP environment
- **Supporting local institutions**, communities, civil society and producer organizations





Implications for project design

1. Ensuring adequate social analysis during:

- ✿ *design*
- ✿ *implementation*
- ✿ *evaluation*

2. Making good use of socio-economic & livelihoods analysis:

- ✿ *Diagnosis*
- ✿ *Feasibility*
- ✿ *Planning & implementation*

3. Ensuring proper monitoring & evaluation (M&E) of progress:

- ✿ *Participatory M&E*
- ✿ *Impact assessments*





Further readings

- Marsh, R., 2003. *Working with Local Institutions to Support Sustainable Livelihoods*, Rural Development Division, FAO, Rome, Italy.
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- Carloni, A.S., Crowley, E, 2005. Rapid Guide for Missions: Analysing Local Institutions and Livelihoods, Institutions for Rural Development 1, FAO, Rome, Italy.
- FAO, 2006. Institutions for Rural Development: Capacity Building Material: CD Rom Series 2/Understand, Analyze and Manage Decentralization Process; and 3/Participatory Project Formulation, FAO, Rome, Italy.
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- FAO, 2000. *Participation: Sharing our Resources: CD on Participatory Approaches, Methods and Tools*, FAO, Rome, Italy.
- FAO Participation website: www.fao.org/participation and FAO Sustainable Dimensions website: www.fao.org/sd
- FAO Livelihood Support Programme website: www.fao.org/sd/dim_pe4/pe4_040501_en.htm





Links to Module 3 : Sessions 1-8

FAO Policy learning programme

Module 3: Investment and Resource Management

- Session 1:** Investment in agriculture & rural development
- Session 2:** Environment for private investment in agriculture & rural development
- Session 3:** Sources and uses of financial resources
- Session 4:** Strategies for increasing farm financing resources
- Session 5:** Risk mitigation in agricultural investment
- Session 6:** Sector-wide approaches (SWApS)
- Session 7:** Socio-economic & livelihood analysis



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Thank you!

