

The Livelihoods Framework

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The logo of the Asian Development Bank (ADB), consisting of the letters "ADB" in a white serif font on a dark blue square background.

ADB

Section Overview

- The Livelihoods Approach
- Capital Assets
- The Vulnerability Context
- Policies and Institutions
- Livelihood Strategies
- Livelihood Outcomes
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- The Livelihoods Framework



The Livelihoods Approach

- A livelihood comprises the capabilities, assets, and activities required for a means of living; a livelihood is deemed sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities, assets, and activities both now and in the future, while not undermining the natural resource base
- The livelihoods approach is based on evolving thinking about poverty reduction, the way the poor and vulnerable live their lives, and the importance of structural and institutional issues; they suggest development activities that are people-centered, responsive and participatory, multilevel, conducted in partnership with both the public and private sectors, dynamic, and sustainable
- The livelihoods approach helps to organize the factors that constrain or enhance livelihood opportunities and shows how they relate to one another; it aims to build on strengths; it is more than an analytical framework

Capital Assets

- Human capital includes skills, aptitudes, knowledge, experience, ability to labor, and good health
- Natural capital includes land, water, wildlife, and biodiversity as well as the services derived from these
- Financial capital includes savings, credit, remittances, and pensions
- Physical capital includes transport, shelter, water, energy, and communications
- Social capital includes networks, groups, trust, mutual understanding, shared values, and access to institutions

The Vulnerability Context

- The vulnerability context is the external environment in which people exist
- The vulnerability context encompasses
 - Shocks such as illnesses, disasters, conflict, floods, droughts, storms, and crop and livestock pests and diseases
 - Stresses such as long-term trends that undermine livelihood potential: population, declining natural resource base, climate change, economic downturns, inflation, currency devaluation, structural unemployment, and poor governance
 - Seasonalities such as changing prices and shifting employment opportunities

The Vulnerability Context

- Vulnerability is characterized as insecurity in the well-being of individuals, households, and communities in the face of changes in the external environment
- People move in and out of poverty: the concept of vulnerability captures the processes of change better than poverty line measurements
- Vulnerability has two facets
 - An external side of risks, shocks, and stresses
 - An internal side of defenselessness caused by lack of ability and means to cope with damaging losses

Policies and Institutions

- Livelihood strategies and outcomes are not just dependent on capital assets or constrained by the vulnerability context; they are also determined by the environment of structures and processes
- Structures are the public and private sector organizations that set and implement policy and legislation, deliver services, and purchase, trade, and perform all manner of other functions that affect livelihoods
- Processes embrace the laws, regulations, policies, operational arrangements, agreements, societal norms, and practices that, in turn, determine the way in which structures operate

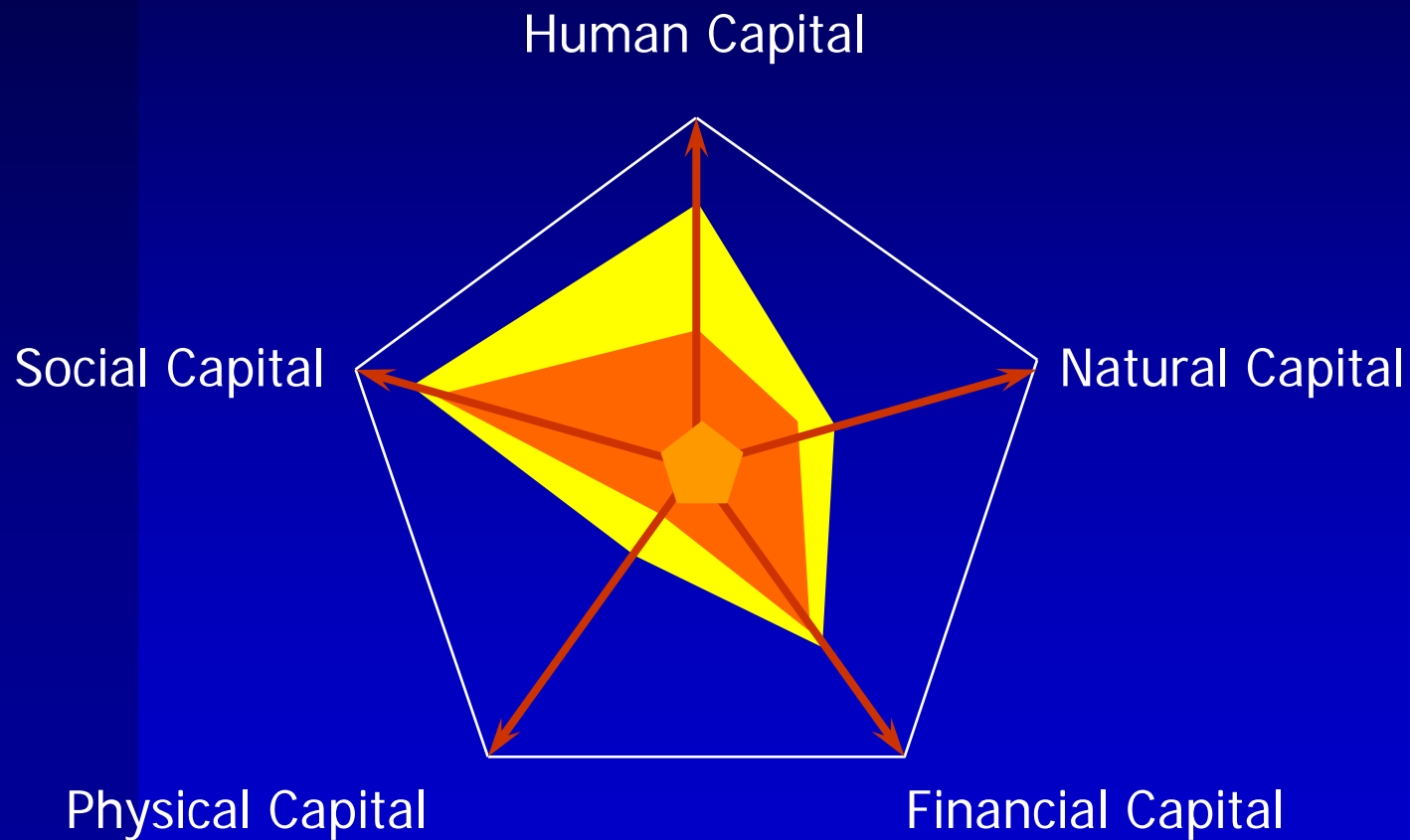
Livelihood Strategies

- Livelihood strategies aim to achieve livelihood outcomes
- Decisions on livelihood strategies may invoke
 - Natural-resource based activities
 - Non-natural resource based and off-farm activities
 - Migration and remittances
 - Pensions and grants
 - Intensification versus diversification
 - Short-term versus long-term outcomes

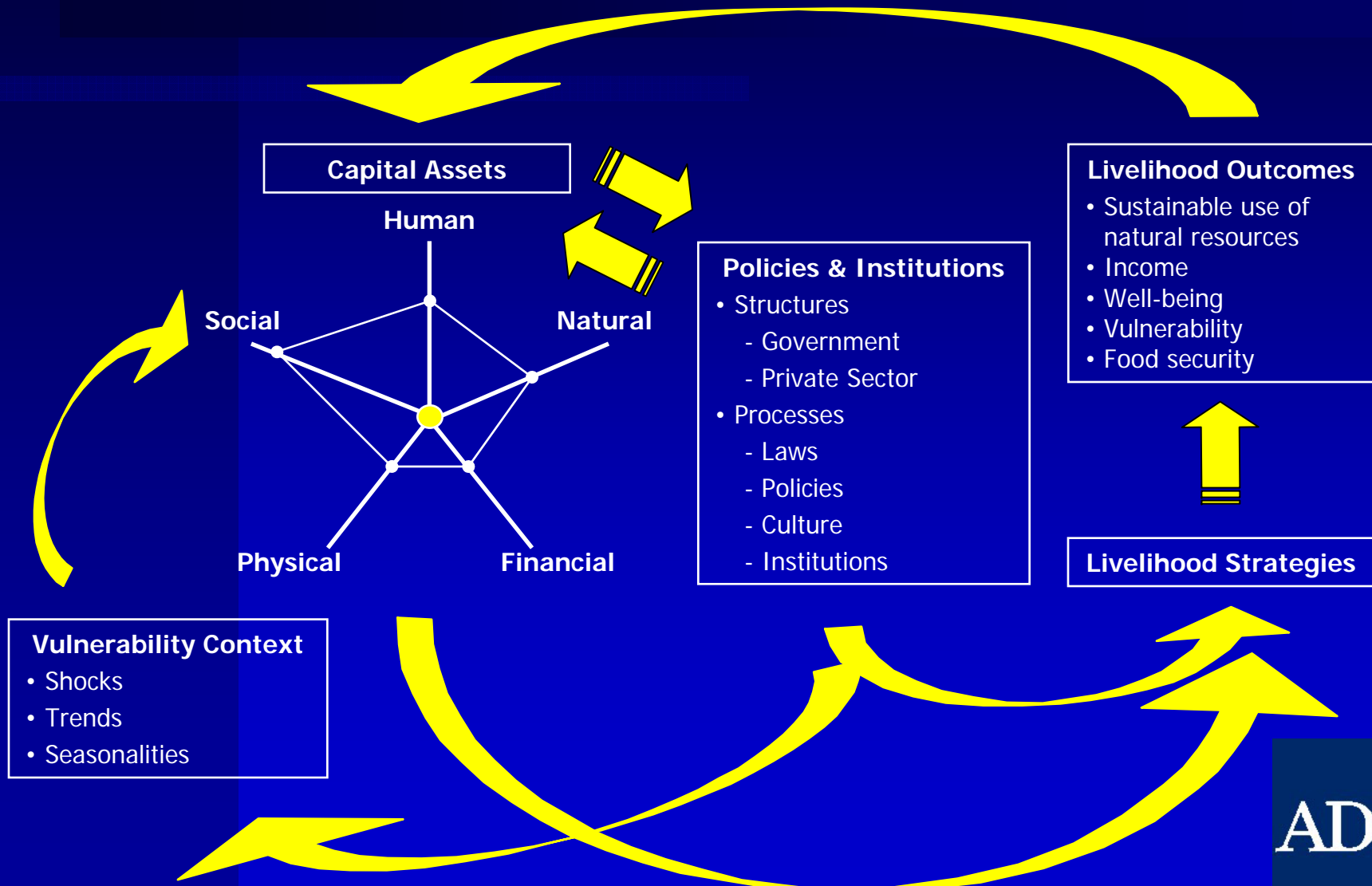
Livelihood Outcomes

- Potential livelihood outcomes can include
 - Improved food security
 - Higher income
 - Reduced vulnerability
 - Increased well-being
 - Protected rights of access
 - Recovered human dignity

Expanding Capital Assets



The Livelihoods Framework



Section Overview



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Livelihoods Framework Implications

- The livelihoods approach encourages thinking out of the box; it frees development practitioners from conventional approaches that are often restricted to identifying problems and finding solutions
- The livelihoods approach invites development practitioners to look at contexts and relationships so that development initiatives can become more process-oriented
- The livelihoods approach represents an important shift away from the focus on project inputs and outputs and the assumed mechanical links between them

Livelihoods Framework Implications

- The livelihoods approach compels development practitioners to look for multiple entry points and to move beyond a homogenous 'community' view and a narrow sectoral perspective
- The livelihoods approach stresses the importance of understanding institutions by mapping the institutional framework and linking the micro to the macro and the formal to the informal
- The livelihoods approach calls for a new style of policy appraisal that moves from universal prescriptions to context-specific approaches that allow alternative, local perspectives to reveal themselves in the policy framework

Livelihoods Framework Assessment

Strength	Weakness
The livelihoods approach seeks to understand changing combinations of modes of livelihood in a dynamic and historical context	The livelihoods approach underplays elements of the vulnerability context such as macroeconomic trends and conflict
The livelihoods approach explicitly advocates a creative tension between different levels of analysis and emphasizes the importance of macro and micro linkages	The livelihoods approach assumes that capital assets can be expanded in generalised and incremental fashion

Livelihoods Framework Assessment

Strength	Weakness
The livelihoods approach acknowledges the need to move beyond narrow sectoral perspectives and places emphasis on seeing the linkages between sectors	The livelihoods approach does not pay enough attention to inequalities of power
The livelihoods approach calls for investigation of the relationships between different activities that constitute livelihoods and draws attention to social relations	The livelihoods approach underplays the fact that enhancing the livelihoods of one group can undermine those of another

Contacts



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