



LIVELIHOOD AND FOOD SECURITY  
TECHNICAL ASSISTANCE

# LIVELIHOOD & FOOD SECURITY CONCEPTUAL FRAMEWORK

## ACKNOWLEDGEMENT

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## LIFT – Livelihood and Food Security Technical Assistance

The Livelihood and Food Security Technical Assistance (LIFT) Project is an Associate Award under the FIELD-Support Leader with Associates (LWA) mechanism, managed by FHI360\*.

LIFT works in close collaboration with US Government agencies and implementing partners to support the improvement of food security through sustainably improving vulnerable households' economic circumstances.

Livelihood and Food Security Technical Assistance (LIFT) Project  
FHI360  
1825 Connecticut Avenue NW  
Washington, DC 20009

[lift@fhi360.org](mailto:lift@fhi360.org)

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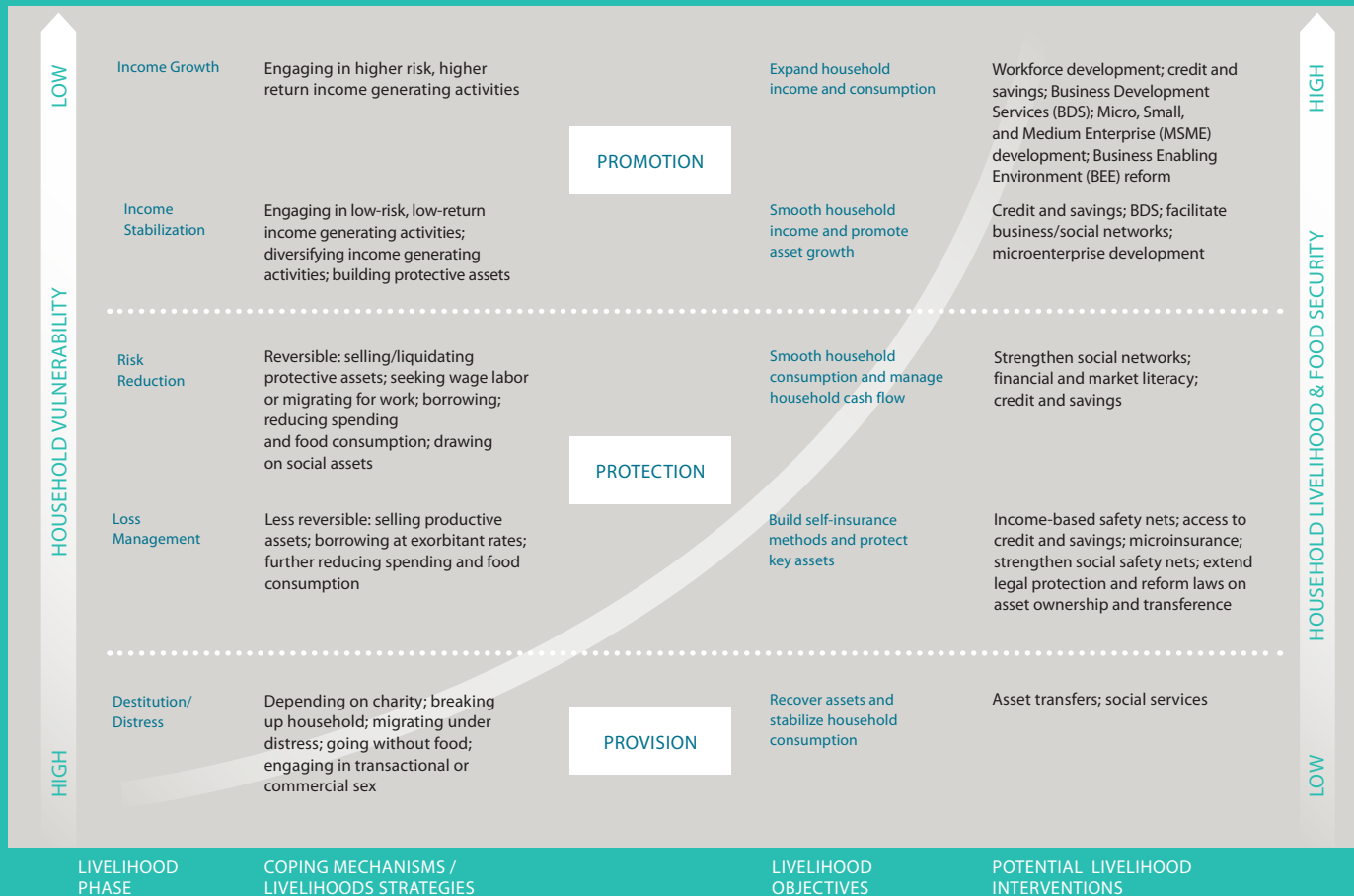
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## TABLE OF CONTENTS

1. INTRODUCTION	3
2. IMPORTANT CONCEPTS IN FOOD SECURITY	4
2.1 Defining Food Security	4
2.2 Food Availability	4
2.3 Food Access	4
2.4 Food Utilization	4
2.5 Food Stability	5
2.6 Intra-Household Issues with Food Security	6
3. IMPORTANT CONCEPTS IN LIVELIHOODS	8
3.1 The Household Livelihood Approach	8
3.2 Livelihood Assets	10
3.3 Livelihood Activities	11
3.4 The Vulnerability Context	11
3.5 Food First vs Sustainable Livelihood Approach	17
3.6 Intra-Household Issues with Livelihoods	17
4. IMPORTANT CONCEPTS IN HIV/AIDS	19
4.1 The Impact of HIV/AIDS on Livelihood and Food Security	19
4.2 The Impact of Livelihood and Food Security on HIV/AIDS	20
5. LIVELIHOOD INTERVENTIONS	22
5.1 General Livelihood Interventions	22
5.2 The Livelihood Pathway	22
5.3 Specific Livelihood Interventions for Households Located at Different Outcomes on the Livelihood Pathway	25
5.4 Targeting Livelihood Interventions to More Vulnerable Groups	28
6. INTEGRATING CONCEPTS & COMPONENTS	30
BIBLIOGRAPHY	32

The principles and relationships described in this conceptual framework are by necessity general as the purpose here is to create a framework that is broadly applicable across contexts. Thus while the conceptual framework may not explain all the cross-contextual variations, it is the aim that it will provide a unified basis for discussion and inquiry and promote a common understanding of complex issues across diverse disciplines. Ultimately, however, the usefulness of this conceptual framework will depend on the extent to which it helps facilitate better livelihood programming targeted to the vulnerability status and livelihood needs of poor and vulnerable households and leads to their improved livelihood and food security.



# 1<sup>n</sup> INTRODUCTION

The relationship between livelihoods and food security is complex and is influenced by a wide variety of factors that vary in importance across contexts and over time. Clarifying these factors, and the pathways through which they influence household livelihood and food security, would serve a number of purposes. Among them, it would help donors and development practitioners formulate research questions, identify livelihood and food security indicators, make sense of research findings and practical experience, and improve intervention designs.

This document presents a conceptual framework for integrating sustainable, market-driven livelihood strengthening into food security interventions. The purpose of the conceptual framework is to provide a common frame of reference for clarifying and communicating important concepts related to livelihoods and food security, and their relationship with each other, among donors and practitioners. The conceptual framework draws from the existing literature and lessons learned to present an integrated and systematically organized set of ideas and principles taken from the fields of livelihoods, food security, and HIV/AIDS presented within the context of household vulnerability. To tie these concepts together, the framework introduces the concept of the livelihood pathway, and it identifies the various types of livelihood interventions appropriate to address food security issues among vulnerable households at different outcomes on this pathway.

The conceptual framework covers a number of complex and detailed topics, each of which by itself is worthy of full-length conceptual development. By its nature, the conceptual framework can only cover these topics relatively briefly and at relatively high levels of generality and as such it necessarily omits a large amount of detail familiar to those well-versed in the relevant topics. Many of these details will be filled in over time as the conceptual framework is revised and expanded and its practical validity improved by applying it to 'real-world' contexts.

To present the livelihood and food security conceptual framework, this document describes each of its component parts in Sections 2-5. Section 2 begins with a discussion of important concepts in food security, followed in Sections 3 and 4 with a discussion of important concepts in livelihoods and HIV/AIDS, respectively, and how each affects household food security. Section 3

defines livelihoods in terms of sustainable livelihoods with a particular emphasis on household livelihood activities and assets framed within the household's vulnerability context. Section 5 describes the livelihood pathway and identifies both general and specific livelihood interventions appropriate for households found at different outcomes on the pathway consistent with their vulnerability context and risk perceptions. Finally, Section 6 brings the component parts together into a unified conceptual framework.

## 2<sup>n</sup> IMPORTANT CONCEPTS IN FOOD SECURITY

### 2.1 Defining Food Security

Food security refers broadly to the ability of individuals to obtain sufficient food on a day-to-day basis. Food insecurity is both a primary result and one of the principal manifestations of poverty. Over the years, food insecurity has been defined in a variety of ways. Maxwell and Smith (1992), for example, have documented more than 30 definitions of food security in published writings. To create clarity around the meaning of food security, this conceptual framework adopts the definition proposed by USAID (1992): “When all people, at all times, have physical and economic access to sufficient, safe, and nutritious food to meet their dietary needs and food preferences for an active and healthy life.” People who do not satisfy the conditions in this definition are considered food insecure.

Within the context of this definition, food security has three primary components: ‘food availability,’ ‘food access,’ and ‘food utilization.’ Food access is determined in part by availability, while utilization is determined in part by access. ‘Food stability’ is a fourth component of food security that cuts across the other three components.

### 2.2 Food Availability

Availability refers to the physical existence of food, whether from the household’s own farm or garden production or from domestic or international markets. It is defined by USAID (1992) as when: “Sufficient quantities

of appropriate, necessary types of food from domestic production, commercial imports, commercial aid programs, or food stocks are consistently available to individuals or within their reach.”

Food availability is a function of domestic food stocks, commercial food imports, and food aid, in addition to the underlying determinants of these factors, including macro-economic trends and events, government policies, the functioning of international and domestic markets, and the state of the physical economic infrastructure.

### 2.3 Food Access

Access refers to the resources individuals have at hand to obtain appropriate foods for a nutritious diet. It is defined by USAID (1992) as when: “Individuals have adequate assets or incomes to produce, purchase, or barter to obtain levels of appropriate foods needed to maintain consumption of an adequate diet/nutrition level.”

Individuals obtain food through (1) own food production and consumption (including wild food gathering), (2) purchases in the market place, or (3) in-kind transfers or loans from relatives, members of the community, the government, or foreign donors private citizens. An individual’s ability to access food from these sources is in turn determined by their asset endowment and by the social, economic, policy, physical, and natural environments, which define the set of productive activities they can pursue in

meeting their income and food security objectives. Food access is also influenced by the aggregate availability of food through the latter’s impact on supply and, therefore, prices in the market.

### 2.4 Food Utilization

Utilization refers broadly to the actual food that is consumed by individuals; how it is stored, prepared, and consumed; and what nutritional benefits the individual derives from consumption. It is defined by USAID (1992) as when: “Food is properly used; proper food processing and storage techniques are used; adequate knowledge of nutrition and child care techniques exist and are applied; and adequate health and sanitation services exist.”

Food utilization has both a socio-economic and biological dimension. The socio-economic dimension refers to decisions related to what food is consumed and how the food is allocated within the household. Both decisions in turn are influenced by intra-household dynamics and social customs/taboo. Depending on these factors, individuals within households may have access to food but still suffer from food insecurity. Women and children are particularly more likely to suffer from food insecurity because of their relatively limited control over assets and relatively weak intra-household bargaining power. (This is addressed in further depth below.)

The biological dimension of food utilization refers to the ability of the human body to take food and

transform it into energy for daily activities or to store it for future energy needs. Food utilization interacts in complex ways with diet, nutritional status, the functioning of the immune system, and health and hygiene practices. In this context, food utilization requires a healthy diet, a healthy body, and a healthy physical environment, including safe drinking water and hygienic sanitary conditions. It also requires a practical understanding of proper health care, food storage, food preparation, and feeding practices, along with the associated behaviors.

While important for its own sake as a determinant of human well-being, food utilization also has feedback effects through its impact on the health and nutrition on individuals and thus on their labor productivity and income-earning potential.

## 2.5 Food Stability

Food stability is the fourth component of food security that cuts across the other three. Stability refers to the temporal dimension, or time-frame, of food security as implied by the wording “at all times” in the USAID definition of food security. Stability is defined as, “The ability to access and utilize appropriate levels of nutritious food over time.”

An important distinction is made between chronic food insecurity and transitory food insecurity (World Bank, 1986). Chronic food insecurity is the long-term or persistent inability to meet food needs, whereas transitory food insecurity is a short-term food deficit. Transitory food security is sometimes divided into two sub-categories: cyclical food security and temporary food insecurity (see, for example, CIDA, 1989). Cyclical (or seasonal) food insecurity occurs on a routine or predictable basis, for example, the ‘lean season’ that occurs in the period just before the harvest. Temporary food insecurity occurs for



a limited time due to unforeseen and unpredictable circumstances.

In practice, transitory food insecurity and chronic food insecurity are closely linked. Successive bouts of transitory food insecurity may increase individuals' vulnerability to chronic food insecurity if it leads them to liquidate their productive assets so as to stabilize food consumption.

Figure 1 summarizes the important concepts in food security discussed so far in this section.

## 2.6 Intra-Household Issues with Food Security

The definition of food security adopted here applies to the individual. This is true as well of most other definitions of food security. Only rarely do definitions of food security refer to the household, whether as an aggregation of individuals whose food needs must be met or as a unit. In contrast, livelihoods, and their vulnerability contexts, are typically defined at the household level. To facilitate integration of the concepts, this framework adopts a household-level perspective. While this approach is taken to facilitate greater conceptual simplicity and clarity, it does present some conceptual challenges.

In particular, moving from the individual level to the household level requires making a set of simplifying assumptions about the intra-household structure and dynamics (e.g., preferences, incentives, or power) to identify the types of activities, relationships, and processes that contribute to the household's improved food security. Under these assumptions, households are portrayed as homogenous and

independent units that act cooperatively to maximize a shared utility function.

In practice, however, households are heterogeneous units nested solidly within dense social networks and whose members often possess different preferences, incentives, and power. Or, as Maxwell and Smith (1992, p. 20) describe them; households are, "internally diverse organizations, embedded within and shaped by wider structures." This has a couple important implications for our conceptual framework.

First, different household members have different access to and control over assets whether due to specific intra-household power dynamics, more general social norms, or other factors. This in turn affects their ability to allocate labor and non-labor resources to generate income or produce food and thereby secure their access to food. Given that diversifying income is one of the main strategies to reduce the risk of food insecurity, operationalizing a household conception of food security requires an understanding of intra-household dynamics related to assets ownership/control and income-generation and how they affect different household members.

Second, there often exist intra-household disparities related to the allocation and control of income and food. The effect of income on the food security of household members depends on who controls the income. Maternal income effects on food security and family health (particularly for the women and children in the household) can be significantly larger than paternal income effects. Similarly, the effects of stresses or shocks on the intra-household allocation of food can be different for different

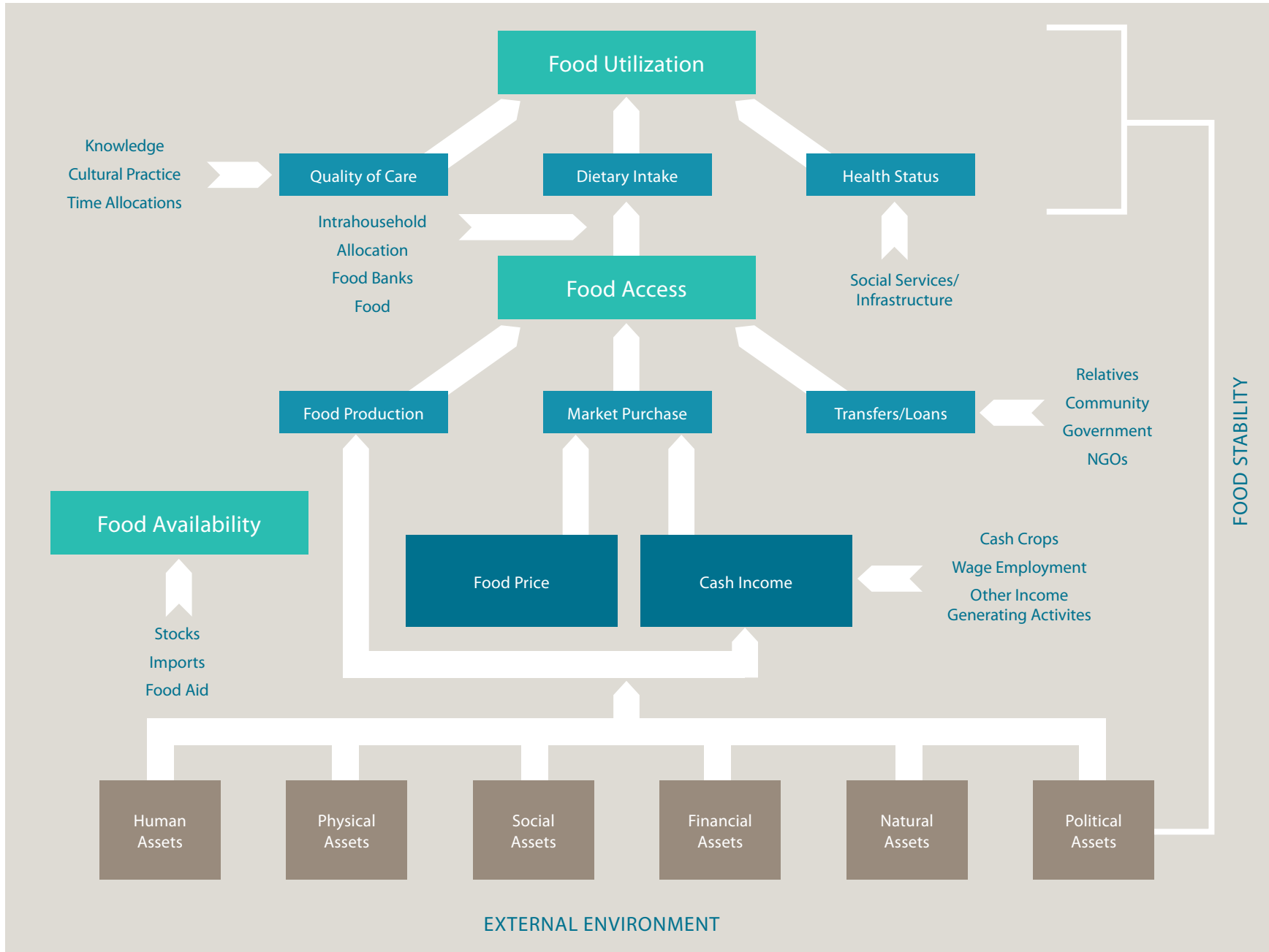
household members. In particular, the nutritional burden of increased food insecurity often falls disproportionately on women and girls, although they also appear to benefit disproportionately from improvements in food security (Behrman and Deolalikar, 1990).

Third, intra-household dynamics cannot be divorced from the social context in which the household exists. Social norms create a set of behavioral expectations that powerfully affect intra-household dynamics related to things such as income-generation, food access, and food utilization. Some of these effects are described above, although they are not limited to these. The nature and strength of social norms vary from context to context, although important regional regularities do exist (Kabeer, 1991). Models of individual or household behavior that fail to give due weight to the effect of social norms are undoubtedly misspecified.

As we move forward with the development of this conceptual framework, it will be important to understand the intra-household issues related to food security and to incorporate this understanding into the generalized concepts and principles applied to the household level.



FIGURE 1 • Food Security Framework



Adapted from Riely et al. (1999)

## 3 <sup>n</sup> IMPORTANT CONCEPTS IN LIVELIHOODS

### 3.1 The Household Livelihood Approach

This section describes an approach for understanding the context in which a household pursues its livelihood. The term livelihood is often used interchangeably with economic strengthening and refers generally to economic production, employment, and household income. A more holistic understanding of livelihood, however, incorporates this general definition within a broader context of economic development, reduced vulnerability, and environmental sustainability. The conceptual framework adopts this expanded definition, often referred to as the sustainable livelihood approach, which is defined as follows:

“A Livelihood comprises the capabilities, assets (stores, resources, claims, and access) and activities required for a means of living: a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels in the short and long term” (Chambers and Conway, 1991, p.6).

See Figure 2 for a depiction of the sustainable livelihood approach.

The primary focus of the sustainable livelihood approach is on the household, specifically the ways in which the household uses its assets to undertake a range of livelihood activities and to ensure its livelihood security, defined as, “adequate and sustainable access to income and other

resources to enable households to meet basic needs,” (Frankenberger, 1996). Household basic needs cover a spectrum of food, education, health, and personal needs, including those shown in the last column of Figure 2. It is important to note that in this framework, food security is but one of many household needs and is thus but one of a range of factors households consider in determining how they balance competing interests so as to subsist in both the short and longer terms. This is a point to which we return in Section 3.4.

Notwithstanding, food still constitutes a critical basic need and looms large in any conceptualization of household livelihood. In fact, the close relationship between food security and livelihood is a consistent theme (explicit or implied) in definitions of food security, as noted by Maxwell (1991, p. 22), “food security will be achieved when equitable growth ensures that the poor and vulnerable have sustainable livelihoods.”

In practice, livelihood security and food security are linked in a bi-direction relationship. Food production constitutes one of the most basic livelihood activities, and can be a critical source of food access, particularly for rural households. The household’s ability to purchase food in the marketplace is another critical determinant of food access, which in turn depends on the household’s ability to generate income. Research indicates, moreover, that many of the food insecure in developing countries, even among so-called subsistence farming groups, are net purchasers of food, reinforcing the critical role of income generation in determining food access.

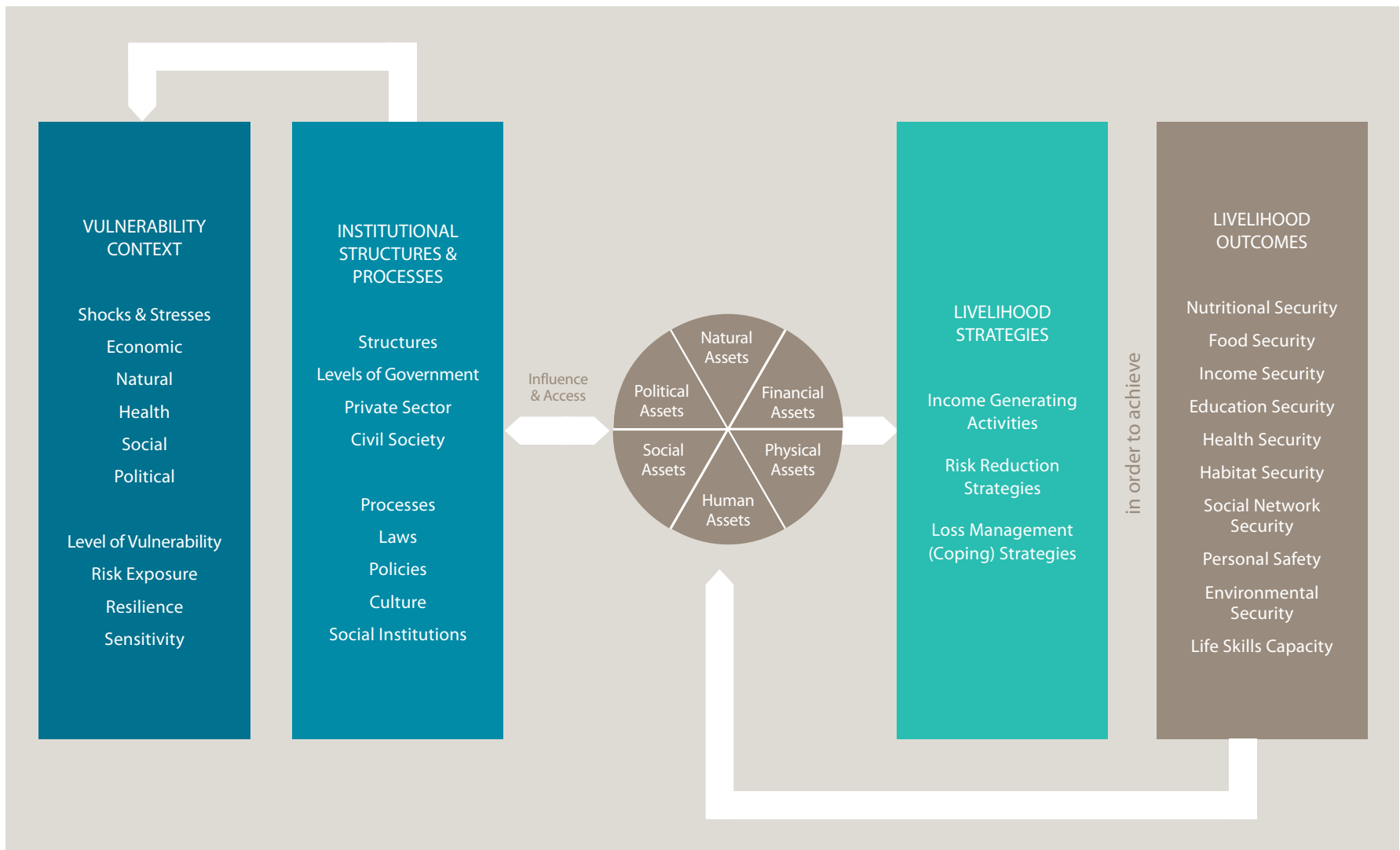
It is thus not surprising that research further indicates that the quantity and quality of food consumed is positively associated with household income and food production. As USAID (1995) has noted, “the primary cause of food insecurity is the continued lack of economic opportunity to produce adequate amounts of food or to obtain sufficient income to purchase adequate amounts of food.” As incomes rise, poor households spend more on food (although proportionately less than the increase in income), purchase a more diverse variety of foods, and shift to higher quality foods with greater nutritional value (Behrman, 1995; Diskin, 1995; Kennedy, 1989). A household’s livelihood activities, moreover, enable it to manage risks, cope with stresses and shocks, and build or replenish assets, all important determinants of household food security.

The household’s livelihood security in turn is affected by its food security. Households with poor food access and/or poor food utilization tend to suffer more from illness or other physical debilitations thereby impairing their labor productivity and/or their ability to engage in livelihood activities.

With the above in mind, the household livelihood approach has two primary components:

1. A livelihood comprises the assets and activities required for a means of living.
2. A livelihood is sustainable when it can cope with and recover from shocks and stresses, and maintain or enhance its assets now and in the future.

FIGURE 2 • Household Livelihood Framework



Adapted from DFID (1999) and CARE (2002)

### 3.2 Livelihood Assets

Assets represent the stock of resources on which households can draw to generate income, meet their basic needs, manage risk, and cope with stresses and shocks. A larger asset base generally translates into greater livelihood opportunities and greater livelihood security. Six types of assets are generally recognized: human, physical, social, financial, natural, and political.

1. Human assets refer to the livelihood knowledge and capabilities possessed by individuals, in addition to the intangible character traits (ambition, drive, persistence, etc.) and health status that determine how effectively individuals apply their knowledge and capabilities to livelihood activities. Critical determinants of human assets include individuals' access to education and training, health services, sanitation, clean water, and adequate amounts of nutritious food.
2. Physical assets include the physical economic infrastructure along with the household's productive and other assets that enable the household to pursue its livelihood. The physical economic infrastructure includes, among other things, roads, rail networks, communication facilities, ports, etc. The household's productive assets include land, machinery, tools, and draft animals. Other household physical assets include moveable assets that can be converted into cash or exchanged for goods or services, such as jewelry, furniture, electronics, appliances, or animals.
3. Social assets are commonly referred to as social capital. Social capital is generated by the household's connections in a social network, and the trust, reciprocity, and resource-

sharing qualities of those connections. It can be activated by households to gain social support or social leverage, or by communities to facilitate organization and collective action. Social capital is a resource in which households can invest with the expectation of a future flow of benefits. Social capital is commonly viewed as a positive resource, but can become negative when used to exclude outsiders, impose social sanctions, or advance special interests that are detrimental to the greater good.

4. Financial assets are financial resources that are available to the household and include savings, credit, insurance, remittances, pensions, cash transfers from social welfare programs, and assets held as a store of value, such as livestock or jewelry.<sup>1</sup> To act as a store of value, assets must be able to be saved and retrieved at a later time and have a predictable value when liquidated or exchanged.
5. Natural assets include the physical environment and the natural resource stocks that can be controlled by the household and used to expand

or enhance livelihoods. Natural assets include land, water, wildlife, biodiversity, and forests.

6. Political assets are defined as the ability to use power to further political or economic positions, which in turn affects livelihood options and outcomes (Baumann and Sinha, 2001). They refer to the legitimate distribution of rights and power, and how illicit operations of power can frustrate efforts of households to access and defend entitlements. Illicit use of political power by state officials and community elites can divert significant resources away from vulnerable households.

Another useful way to think about livelihood assets is to differentiate between 'productive assets' and 'protective assets.' Productive assets are physical assets that increase the household's labor productivity and production thereby enabling it to increase its income and food security over time. Protective assets include physical, financial, and social assets that can readily be converted into cash or goods in time of need. Figure 3 shows common types of protective and productive assets.

FIGURE 3 ■ Protective and Productive Assets

PROTECTIVE ASSETS	<ul style="list-style-type: none"> <li>• Cash on hand</li> <li>• Cash saved in formal financial institutions (banks, credit unions), semi-formal institutions (MFIs), or via informal mechanisms (RoSCAs, ASCAs, VSLs)</li> <li>• Assets held as a store of value (e.g. livestock, jewelry, seed or grain, land)</li> <li>• Moveable household assets (e.g., TVs, radios, furniture, clothing)</li> <li>• Social capital</li> </ul>
PRODUCTIVE ASSETS	<ul style="list-style-type: none"> <li>• Agricultural land</li> <li>• Tools and equipment</li> <li>• Dairy and draft animals</li> <li>• Rental properties</li> </ul>

1. Livestock may be a physical and/or financial asset, depending on their purpose and use.

FIGURE 4 Household Assets and Food Security

	FOOD SECURE HOUSEHOLD	FOOD INSECURE HOUSEHOLD
Uses small proportion of available assets	Best off	Not too difficult to improve
Uses a large proportion of available assets	Food secure, but at great risk	Worst off

Taken from Jonsson and Toole (1991)

The household's asset endowment affects the household's food security indirectly through its effect on livelihood activities and outcomes and directly by the proportion of household assets used to secure access to food. This latter relationship is illustrated in Figure 4. As seen there, the best off households are those that have achieved high levels of food security while using only a relatively small share of their available assets. In contrast, the most food insecure households fail to achieve adequate access to food despite devoting a large share of their available assets to food.

### 3.3 Livelihood Activities

Household livelihood activities fall generally under one of three categories: income generating activities, risk reduction strategies, and loss management strategies. Income generating activities include wage labor and self employment. Wage labor includes local or migratory labor, formal employment or casual (day) labor, and payment in cash or in kind. Income generating activities are also distinguished by whether they are formal or informal and legal or illegal. Self-employment activities in turn can be grouped into five

categories: (1) agricultural production, including crops, aquaculture, and livestock; (2) agro or other processing; (3) small-scale manufacturing; (4) service provision; and (5) trading. (Risk reduction and loss management strategies are discussed below in Section 3.4.)

A household's choice of livelihood activities reflect factors such as the diversity of its asset base; geographic location; the economic, political, and natural environment; and social/cultural traditions. For household members, livelihood activities also depend on their gender, age, and health status.

It should be emphasized that household income generating activities are dynamic. Vulnerable households often engage in a continuously changing portfolio of income generating activities to spread risk or take advantage of earning opportunities. Income generating activities in a single rural household might, for example, include food crop production, cash crop cultivation, day labor provided periodically by a household member, retail marketing of fruits and vegetables at the local market and remittances from an adult member of the household working in the city.

### 3.4 The Vulnerability Context

How well a household can draw on its assets to pursue its diverse livelihood activities depends on its vulnerability context. Vulnerability refers to a household's susceptibility to a future acute loss and its capacity to maintain its livelihood and food security over time. Vulnerability is defined as: "the household's susceptibility to shocks and stresses that affect the household's ability to generate sufficient income to earn a livelihood and achieve a threshold level of nutritional requirements for a healthy life both now and in the future." Vulnerability is a day-to-day reality for many households.<sup>2</sup>

The household's vulnerability context is influenced by factors both outside of and within its control. Those outside its control include stresses and shocks as well as external structures and processes. Structures and processes include factors like the public and private sectors, civil society, laws, policies, culture, and social institutions that affect how households accumulate and utilize assets.

Stresses are long-term trends or recurring events that put ongoing pressure on the household's livelihood and food security. In contrast, shocks are unanticipated (and often dramatic) adverse events that undermine the household's livelihood and food security. Stresses and shocks emanate from a variety of sources in the economic, natural, health, political, and social environments. Figure 5 describes some common stresses and shocks stemming from each of these five sources, while Figure 6 shows the relationship between the vulnerability context, livelihood activities, and food security. HIV/AIDS is a distressingly common and particularly severe source of stress and/or shocks. Because of its unique nature, and also because of its importance to both livelihood and food security, it is discussed separately in Section 4.

2. Vulnerability is not the same things as poverty. Poverty describes a state of material well-being with respect to an absolute or relative poverty line. Vulnerability refers to susceptibility to a sudden or gradual decline in a household's ability to secure its livelihood and food security. Both poor and non-poor people may be vulnerable and vice versa.

Three household characteristics determine its vulnerability to shocks and stresses: 'risk exposure,' 'resilience,' and 'sensitivity.' Risk exposure refers to the likelihood of a stress or shock and the magnitude of its consequences. Shocks and stresses often cannot be prevented, and if they occur, can generate adverse impacts on households in both predictable and unpredictable ways. Given the persistence and potential seriousness of such risks, much of a household's economic activities are aimed at managing them.

Resilience refers to the household's capacity to recover from stresses and shocks. Resilient households tend to absorb stresses and shocks without serious modifications reverting relatively quickly to their previous state after the effects have passed. Sensitivity refers to the magnitude of change set in motion by the stress or shock. The more sensitive the household is, the greater the adverse impact of a stress or shock on its livelihood and food security.

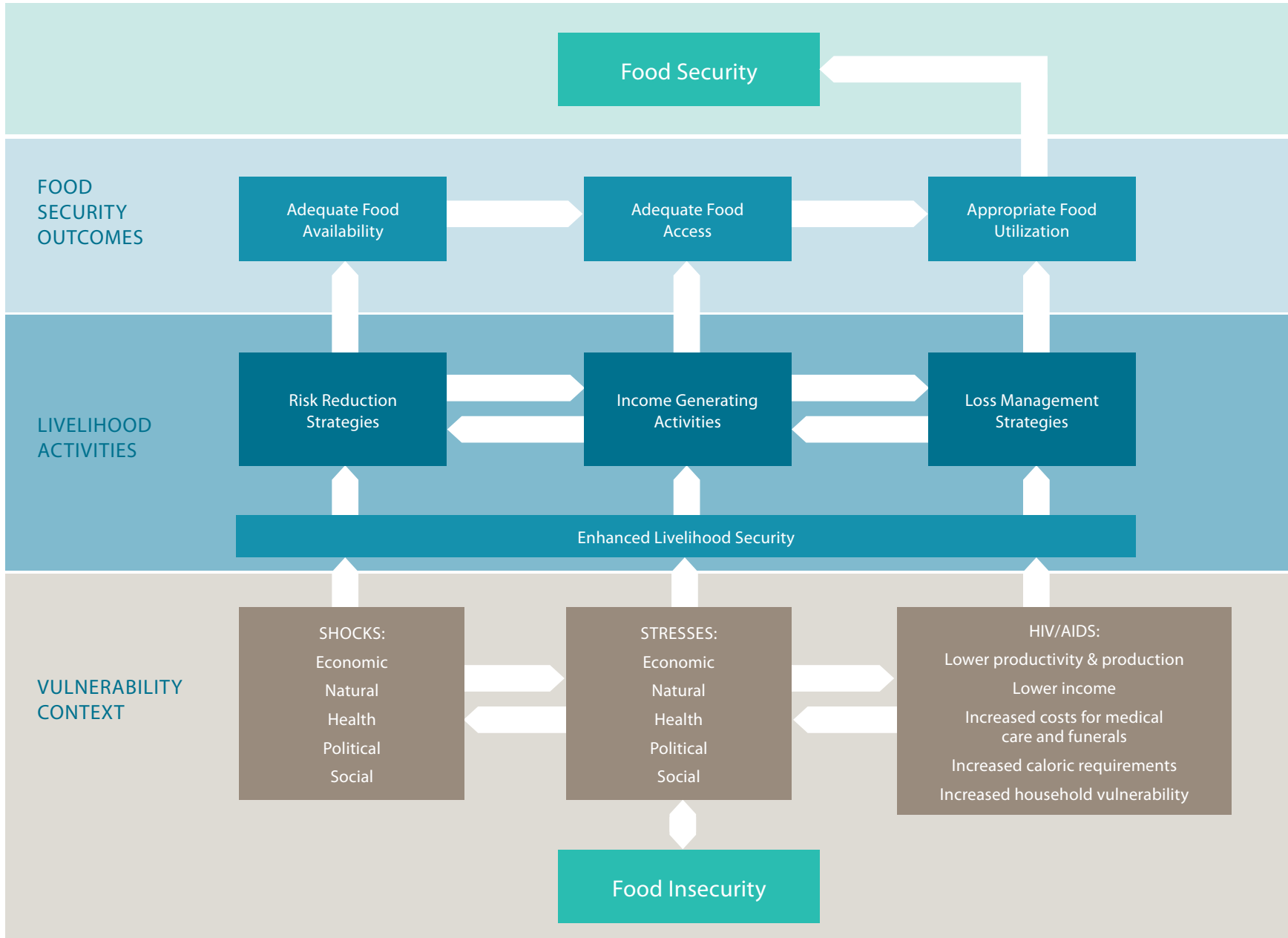
In their paper examining the dynamics of household economic portfolios, Chen and Dunn (1996) explain household resiliency in terms of household strategies to reduce risk ex ante and to manage loss ex post. Risk reduction strategies include choosing low-risk income generating activities that earn modest but steady returns, diversifying household income generating activities, and building protective assets.

1. Choosing low-risk, low-return income generating activities that have a lower probability of failure frees up resources for household consumption. Households with greater risk exposure tend to select low-risk income generating activities. Low-risk income generating activities are typically

**FIGURE 5** Types of Stresses and Shocks

SOURCE	DESCRIPTION	SHOCKS	STRESSES
Economic	Adverse events and trends in the national or regional economy	<ul style="list-style-type: none"> <li>• Recession</li> <li>• Sudden price inflation for food or other basic staples</li> <li>• Hyperinflation</li> <li>• Crop failure or other supply shock to basic staples</li> </ul>	<ul style="list-style-type: none"> <li>• Distortionary economic policies</li> <li>• Price inflation</li> <li>• Poor economic infrastructure (roads, communications, etc.)</li> </ul>
Natural	Natural disasters or adverse weather patterns	<ul style="list-style-type: none"> <li>• Flood</li> <li>• Earthquake</li> <li>• Tsunami</li> <li>• Mudslide</li> <li>• Drought</li> <li>• Excessive rainfall</li> </ul>	<ul style="list-style-type: none"> <li>• Decline in natural resource stocks</li> <li>• Climate change</li> </ul>
Health	Adverse health outcomes suffered by household members	<ul style="list-style-type: none"> <li>• Illness</li> <li>• Injury</li> <li>• Death</li> <li>• AIDS related opportunistic infections and death</li> </ul>	<ul style="list-style-type: none"> <li>• Frequent or lingering illness</li> <li>• Inadequate health systems</li> <li>• Care giving to orphans</li> <li>• HIV</li> </ul>
Political	Adverse political events and trends	<ul style="list-style-type: none"> <li>• Strikes</li> <li>• Disputed elections</li> <li>• Violence</li> <li>• Destruction</li> <li>• Armed conflict</li> </ul>	<ul style="list-style-type: none"> <li>• Political instability</li> <li>• Inadequate public services</li> <li>• Inferior education</li> <li>• Absent or weak property rights laws</li> <li>• Lack of access to or weak enforcement of legal system</li> </ul>
Social	Breakdown of social networks, penalties imposed by social networks, or demands made by social networks	<ul style="list-style-type: none"> <li>• Dissolution of social networks due to disasters, deaths, illnesses, conflict, etc.</li> <li>• Social ostracism or sanction</li> </ul>	<ul style="list-style-type: none"> <li>• Domestic violence</li> <li>• Alcoholism</li> <li>• Social celebrations</li> <li>• Discrimination or stigma</li> <li>• Life cycle events (e.g., births, weddings, deaths)</li> <li>• Demands on household assets by family, friends, or other members of social network</li> </ul>

FIGURE 6 • Livelihood Activities, Food Security, and the Vulnerability Context



Adapted from Webb and Rogers (2003)

**FIGURE 7** Loss Management Strategies

STAGES	STRATEGIES
<b>STAGE 1:</b> Reversible mechanisms and disposal of self-insurance assets	<ul style="list-style-type: none"> <li>• Taking wage labor or migrating to find paid work</li> <li>• Switching to producing low maintenance subsistence crops</li> <li>• Liquidating savings accounts</li> <li>• Selling or exchanging jewelry, livestock, or other assets</li> <li>• Drawing down social capital by calling on extended family or community obligations</li> <li>• Borrowing from formal or informal sources of credit</li> <li>• Reducing spending on education and health</li> <li>• Consuming wild foods</li> <li>• Reducing the quantity and/or quality of food consumption</li> </ul>
<b>STAGE 2:</b> Disposal of productive assets	<ul style="list-style-type: none"> <li>• Selling or exchanging land, equipment, tools, or animals used for farming</li> <li>• Borrowing at exorbitant interest rates</li> <li>• Reducing spending more</li> <li>• Reducing food consumption more</li> <li>• Reducing the amount of land farmed and types of crops produced</li> </ul>
<b>STAGE 3:</b> Destitution	<ul style="list-style-type: none"> <li>• Depending on charity</li> <li>• Breaking up household</li> <li>• Migrating under distress</li> <li>• Going without food</li> <li>• Engaging in transactional or commercial sex</li> </ul>

Adapted from Donahue (2000)

less profitable than higher-risk activities and contribute less to building the household's asset endowment.

2. Diversifying income generating activities tends to smooth household income, particularly when some activities are seasonal, thereby reducing the household's risk exposure.
3. Building protective assets serves as self-insurance mechanisms by which households set aside a calculated amount of money or store of value to compensate for potential future loss.

Loss management strategies seek to improve the household's ability to cope with and recover from loss in the event of shocks or stresses. 'Coping' means to make temporary adjustments in behaviors related to income generation, eating, and asset utilization in response to shocks or stresses. In the face of persistent shocks or stresses, coping may become 'adaptation,' which is a longer-term shift in behaviors.

Loss management strategies fall into one of three progressive stages (see Figure 7). Stage 1 strategies, also known as 'non-erosive' strategies, are reversible because they involve the liquidation of protective assets and do not necessarily affect the household's long-term productive capacity. Vulnerable households seek to protect their ability to recover from shocks and stresses and thus tend to dispose first of protective assets.

As the adverse effects of the shock or stress persist or grow worse, however, the household engages in increasingly severe and, at some point, desperate coping strategies in Stages 2 and 3. Stage 2 strategies, also known as 'erosive' strategies, are difficult to reverse because they

**FIGURE 8** Resilience and Sensitivity as Vulnerability Dimensions<sup>3</sup>

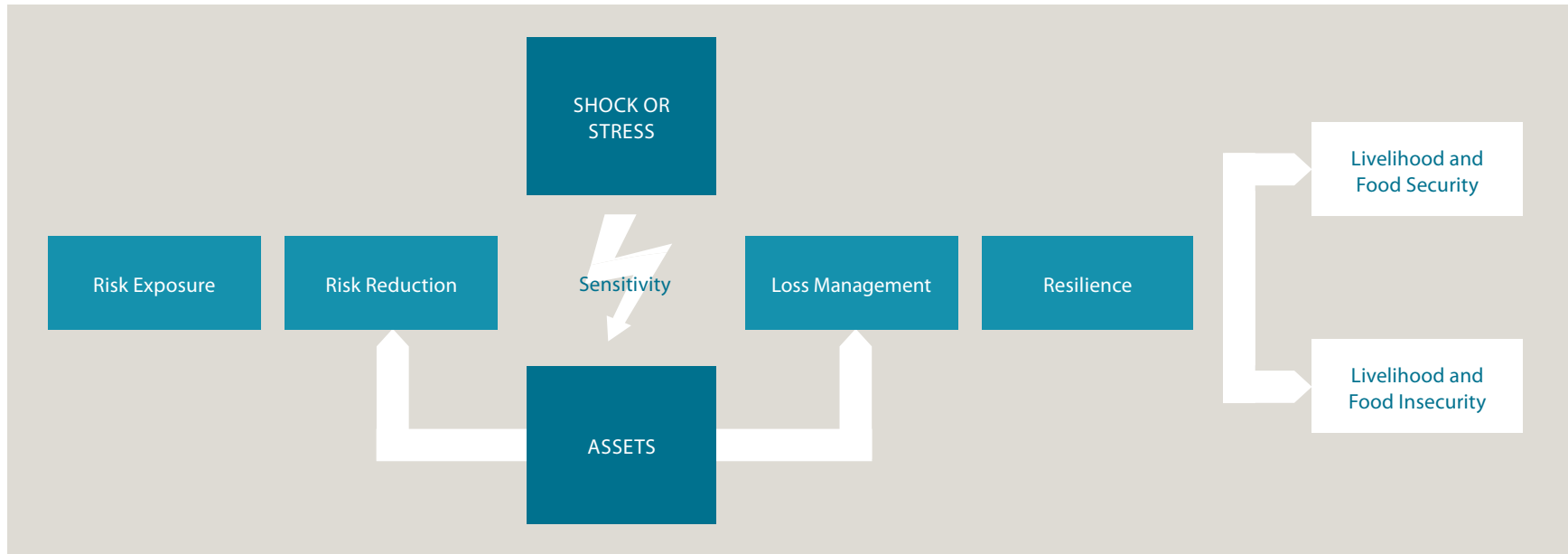
		RESILIENCE	
		HIGH	LOW
SENSITIVITY	HIGH	Vulnerable	Highly Vulnerable
	LOW	Robust	Vulnerable

Adapted from Davies (1996)

3. An alternative typology of household vulnerability is provided by Oshaug (1985). He identifies three kinds of households: (1) 'enduring households,' which maintain food security on a continuous basis; (2) 'resilient households,' which suffer from shocks but recover quickly; and (3) 'fragile households,' which become increasingly insecure in response to shocks. Enduring households more or less correspond with the robust households in Figure 8, resilient households with vulnerable households, and fragile households with highly vulnerable households.



FIGURE 9 ■ The Vulnerability Context



Adapted from Alwang, et al. (2001)

involve the sale or exchange of productive assets thereby undermining the household's long-term productive capacity. Stage 3 strategies indicate the destitution of the household in which the household has depleted its asset base and few, if any, coping mechanisms remain available.

Avoiding Stages 2 and 3 depends on the resiliency of Stage 1 strategies, which in turn depends on the successful outcome of risk reduction activities and on the household's sensitivity. All else equal, more sensitive households are more likely to be driven to engage in Stage 2 and 3 coping strategies. As long as the household remains at Stage 1, any deterioration in its livelihood and food security is likely to be transitory. As the household

is driven to engage in Stage 2 and Stage 3 coping strategies, however, its ability to recover diminishes, and its danger of slipping into chronic livelihood and food insecurity increases.

Household resilience and sensitivity exists on a continuous scale ranging from highly robust to highly vulnerable. The most robust households have high resilience and low sensitivity, while the most vulnerable households have low resilience and high sensitivity (see Figure 8). Low resilience can result from the failure to recover fully from a previous shock or from stresses that erode household livelihood opportunities and assets over time.

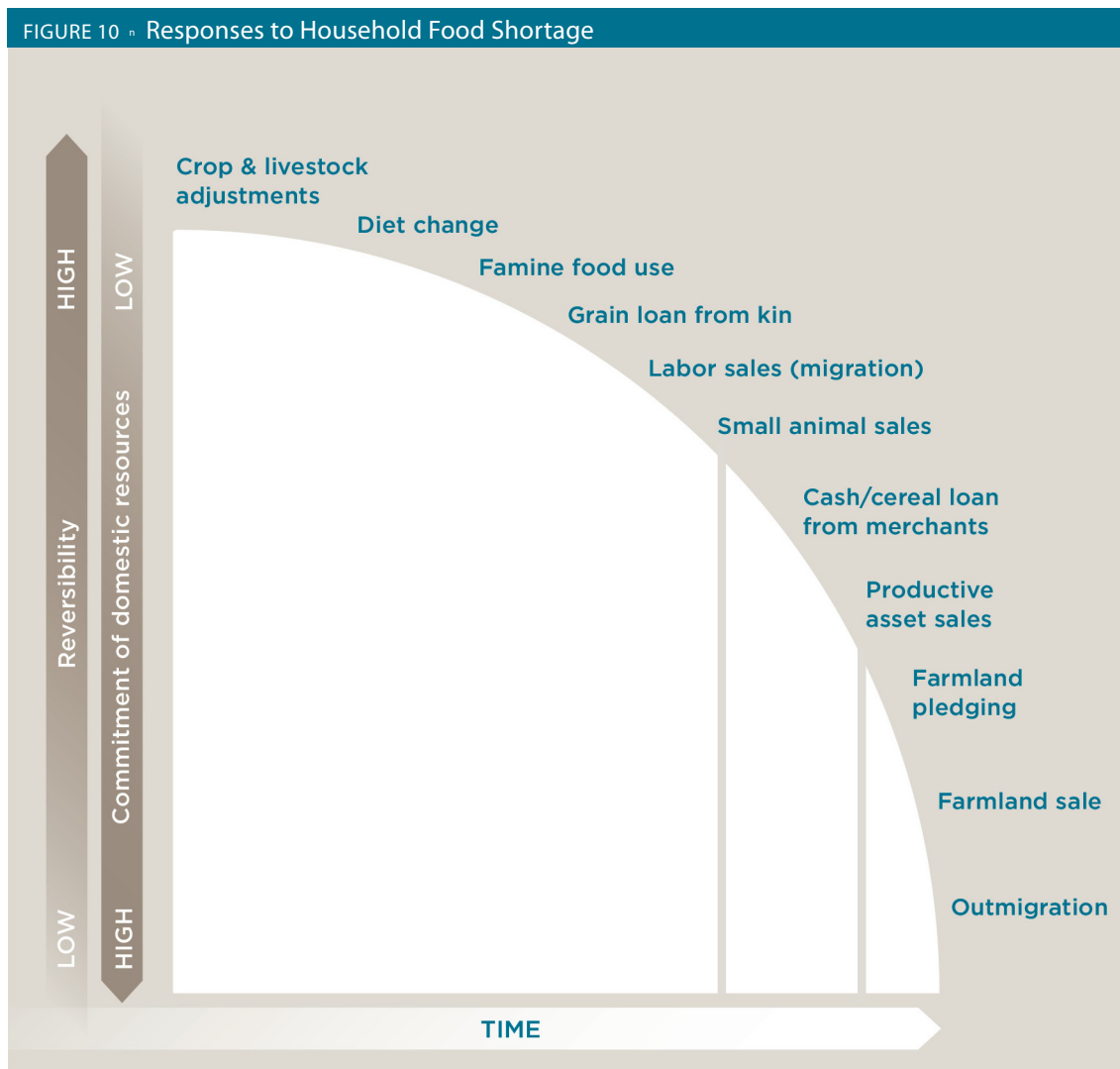
Figure 9 presents a simplified depiction of the vulnerability context. Critical to the degree of

vulnerability represented by risk reduction and loss management strategies is the household's asset endowment and how this changes over time. This is where the vulnerability context overlaps with the sustainable livelihoods approach and its emphasis on assets and livelihood activities.

Given the critical nature of food to personal survival, let alone household well-being, it may be tempting to assume that household risk reduction and loss management strategies are aimed primarily at maintaining food consumption levels. No doubt maintaining food consumption levels is a high priority, but as pointed out in Section 3.1, food security is one of many competing priorities that vulnerable households seek to balance.

In balancing these priorities, the household must make tradeoffs depending on its perceptions of the costs or risks involved. These tradeoffs include both current and future food security, referred to by Frankenberger and Goldstein (1990) as the “tradeoff between immediate subsistence and long-term sustainability.” As seen in Figure 10, households only dispose of their productive assets as a last resort (represented here as selling productive assets and pledging of farmland) when other coping behaviors have failed to stem the household food shortage.

Households may elect to preserve future food security by reducing current food consumption, or through other coping behaviors,<sup>4</sup> long before it is prepared to dispose of its productive assets. Even households with larger asset endowments may be reluctant to sacrifice future food consumption by liquidating productive assets to maintain current food consumption. Thus the objective to preserve future food security may have a transitory but significantly adverse impact on household food consumption, even in some cases to the point of a greatly increased risk of mortality (de Waal, 1989). At some point, however, it is no longer rational to underconsume in the present to protect future food consumption if the household will not survive the present as a result.



Adapted from Watts (1983)

4. According to Jodha (1975), for example, children may be withdrawn from school during a food crisis so as to preserve energy.

### 3.5 Food First vs Sustainable Livelihood Approach

One of the central implications of the discussion in this section is that food security cannot be viewed as a unique and objectively defined need at any point in time independent of the household's other priorities as informed by its risk perceptions and inter-temporal decision framework. Rather, vulnerable households allocate their assets over time so as to balance their current food needs with their ability to secure their ongoing livelihood viability and future food needs through a variety of livelihood strategies. This means in turn that successful food security interventions need to address not only issues related to food security but also wider issues related to households' livelihoods and their vulnerability context. Conversely, successful livelihood interventions need to

address how food security concerns influence household livelihood strategies.

To demonstrate the practical importance of this point, Davies (1993) contrasts what she calls the 'food first' approach to food security to the sustainable livelihood approach described in this document. As can be seen in Figure 11, taking one or the other approach has significant implications for how we think about food security and food security interventions.

### 3.6 Intra-Household Issues with Livelihoods

It is important to note that, in practice, stresses and shocks may affect different household members differently. Livelihood decisions within the household reflect a process of conflict and

bargaining between household members—often across generations and gender—with different perspectives, interests, and power. The incentives for household members to engage in income generating activities that maximize household income are weakened when the benefits of higher income are not shared.

The advent of stresses and shocks may also serve to create inequities within the household or to worsen existing ones in terms of intra-household resource allocation. Socially marginalized groups—including women, children, disabled, and the elderly—tend to be most sensitive to stresses and shocks owing to their relatively limited control over assets. For this reason, they also tend to be in the greatest danger of falling into chronic food insecurity.

FIGURE 11 • Food First vs Sustainable Livelihood Approach

LIVELIHOOD	FOOD FIRST APPROACH	SUSTAINABLE LIVELIHOOD APPROACH
Objective	Access to food	Secure and sustainable livelihood
Point of departure	Failure to subsist	Success in feeding, living
Priorities	Food at the top of the hierarchy of needs	Food is one part of a jigsaw of livelihood needs
Time preferences	Food needs met before and in preference to all others	Food needs met to the extent possible given immediate and future livelihood needs
Vulnerability	Lack or want of food	Defenselessness, insecurity, exposure to risk, stresses and shocks
Security	Opposite of vulnerability is enough food, regardless of the terms and conditions on which it is acquired	Opposite of vulnerability is security
Vulnerable groups	Based on social, medical criteria	Based on economic, cultural criteria
Coping strategies	Designed to maximize immediate consumption	Designed to preserve livelihoods
Relationship to environment	Degrade environment to meet immediate food needs	Preserve environment to secure future

Adapted from Davies (1993)



The disease and the opportunistic infections that accompany it tend to make HIV/AIDS-affected households less resistant to other shocks and stresses.

# 4 <sup>n</sup> IMPORTANT CONCEPTS IN HIV/AIDS

## 4.1 The Impact of HIV/AIDS on Livelihood and Food Security

HIV/AIDS has created a sub-population made up of extremely vulnerable households suffering from high rates of morbidity and mortality among their most economically active and productive members. Specific crises within affected households arise with the onset of the disease, the incidence of opportunistic infections, the debilitating effects of chronic illness, and the death of family members, particularly income earners, all of which contribute to imperil the household's livelihood and food security.

The impact of HIV/AIDS on the household's livelihood and food security depends on a variety of factors, including the household's demographic structure, the timing of illness or death, the number of people infected, and the household's asset endowment. Regardless of its specific impact, however, HIV/AIDS makes the vulnerability context in HIV-affected households fundamentally different than in non-affected households.

HIV/AIDS can be either a stress or a shock, or both, depending on the way in which the disease progresses within the household or in its social network. Unlike most other stresses and shocks, HIV/AIDS is not transitory but is generally long-

term in nature with a continual and cumulative impact on the household's livelihood and food security that require ongoing coping or adaptation by affected households to meet their basic needs. HIV/AIDS disproportionately affects adults in the prime of life, at times disabling or killing the most productive household members, thereby reducing the household's labor productivity, income, food production, and caring capacity and impairing the inter-generational transfer of knowledge and skills. At the same time, healthy family members (more often women) are forced to care for sick relatives, further reducing income available for food and other basic needs.

The disease and the opportunistic infections that accompany HIV/AIDS also tend to make affected households less resistant to other stresses and shocks. In the 'typical' situation, a stress or shock temporarily impairs livelihood activities and food consumption, requiring households to cope as best they can until the situation returns to normal. In HIV/AIDS-affected households, however, a quick return to normalcy is often not possible, and what might have otherwise been a transitory bout with livelihood and food insecurity risks becoming a chronic one.

Food utilization among members in HIV/AIDS-affected households is adversely affected by insecure access to a nutritious diet; difficulty accessing health care services; inadequate knowledge about appropriate child feeding

and care practices; inability to breast feed; the lack of resources for appropriate replacement feeding; discrimination in controlling assets; and increased susceptibility to food and water borne infections. At the same time, HIV/AIDS increases the nutritional requirements of people living with HIV/AIDS in the household, while diminishing the ability of caregivers to prepare nutritionally adequate food, including replacement feeding. The quality of child feeding suffers as mothers sicken and die and children are cared for by fathers, grandparents, other relatives, or foster parents who may not possess the knowledge or resources to provide or prepare nutritious foods.

HIV/AIDS and its opportunistic infections further impose a number of demands on the affected household's scarce (and often diminishing) financial assets due to the costs of medical care—including fees, medicine, and transport—caregiving of infected persons, and funerals. Affected households may also have difficulty tapping into their social assets or may be reluctant to seek assistance due to social stigma.

In sum, HIV/AIDS adversely impacts all aspects of a household's livelihood, directly affecting its income generating activities, labor productivity, production, and income through chronic illness, death, and social stigma, and indirectly affecting them by its impact on food utilization and the widening gap between food needs and food access. HIV/AIDS, moreover, adversely affects the household's stock of human, financial,

natural, social, and political assets impairing its ability to cope with stresses and shocks imperiling its long-term livelihood and food security. (Figure 12 summarizes the impacts of HIV/AIDS-related illness and death on household livelihood assets.)

As the progress of the disease unfolds and affected households seek to cope with, or adapt to it, they become increasingly susceptible to transitory bouts of livelihood and food insecurity. In more serious cases, HIV/AIDS may pull affected households into vicious cycles (or downward spirals) of progressively worsening and increasingly chronic livelihood and food insecurity (see Figure 13) and/or increase the susceptibility of non-infected household members to HIV exposure and infection.

### 4.2 The Impact of Livelihood and Food Security on HIV/AIDS

The relationship between HIV/AIDS and livelihood/food insecurity is bi-directional: HIV/AIDS can increase the vulnerability of households and communities to livelihood and food insecurity, while livelihood and food insecurity can also increase the risk of a person becoming infected with the HIV virus. The modes of HIV infection—including sexual transmission, mother-to-child transmission, transfusions, and intravenous drug use—are diverse (see, for example, Barnett and Whiteside, 2002) and reflect an equally diverse set of circumstances and conditions that determine the risk of infection. These range from immediate micro-biological factors, such as the prevalent HIV virus sub-type in an area and the nutritional status of the population, to much broader factors, such as the prevailing culture and policy environment. Of particular interest in

FIGURE 12 Summary of Impacts of HIV/AIDS on Household Livelihood Assets

ASSET	IMPACT
Human	<ul style="list-style-type: none"> <li>• Reduced labor productivity of ill member</li> <li>• Loss of labor of ill or deceased member</li> <li>• Members have difficulty finding work due to HIV-related stigma</li> <li>• Reallocation of time from production to caregiving</li> <li>• Less time for food production, income generating activities, and searching for wild foods</li> <li>• Children withdrawn from school to work, save costs, or assume caregiving role</li> <li>• Less knowledge transmitted to younger generation as informal teachers die early</li> </ul>
Physical	<ul style="list-style-type: none"> <li>• Sale of productive assets to meet food or other basic needs or to cover costs associated with medical care and funerals</li> <li>• Sale or slaughter of livestock, including draft animals</li> <li>• Widows and orphans lose productive assets to relatives</li> </ul>
Financial	<ul style="list-style-type: none"> <li>• Loss of income of ill or deceased member</li> <li>• Increased spending on medical care and funerals</li> <li>• Members have difficulty borrowing from financial institutions due to HIV-related stigma</li> <li>• Members borrow from informal sources at exorbitant interest rates</li> </ul>
Natural	<ul style="list-style-type: none"> <li>• Access to water and energy sources diminished as adult members are too ill or are busy caring for the sick</li> <li>• Reduced maintenance of natural resources, reducing productivity</li> <li>• Sale/rental of land for income</li> <li>• Change in land use patterns</li> <li>• Widows and orphans lose tenure of land</li> <li>• Weakened community ability to sustainably manage common property such as rangelands, cropland, and river basins</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Members draw down and possibly exhaust stock of social assets</li> <li>• Institutions and social support networks overburdened and may break down</li> <li>• Increased sickness, deaths and loan defaults jeopardize informal self-help or credit groups</li> <li>• Exclusion from institutions or social networks due to stigma</li> </ul>
Political	<ul style="list-style-type: none"> <li>• Members face discrimination accessing political and legal system due to stigma</li> <li>• Survivors often belong to politically marginalized social groups, particularly women and children</li> <li>• HIV epidemic strains the financial and human resources of public support and safety net programs</li> </ul>

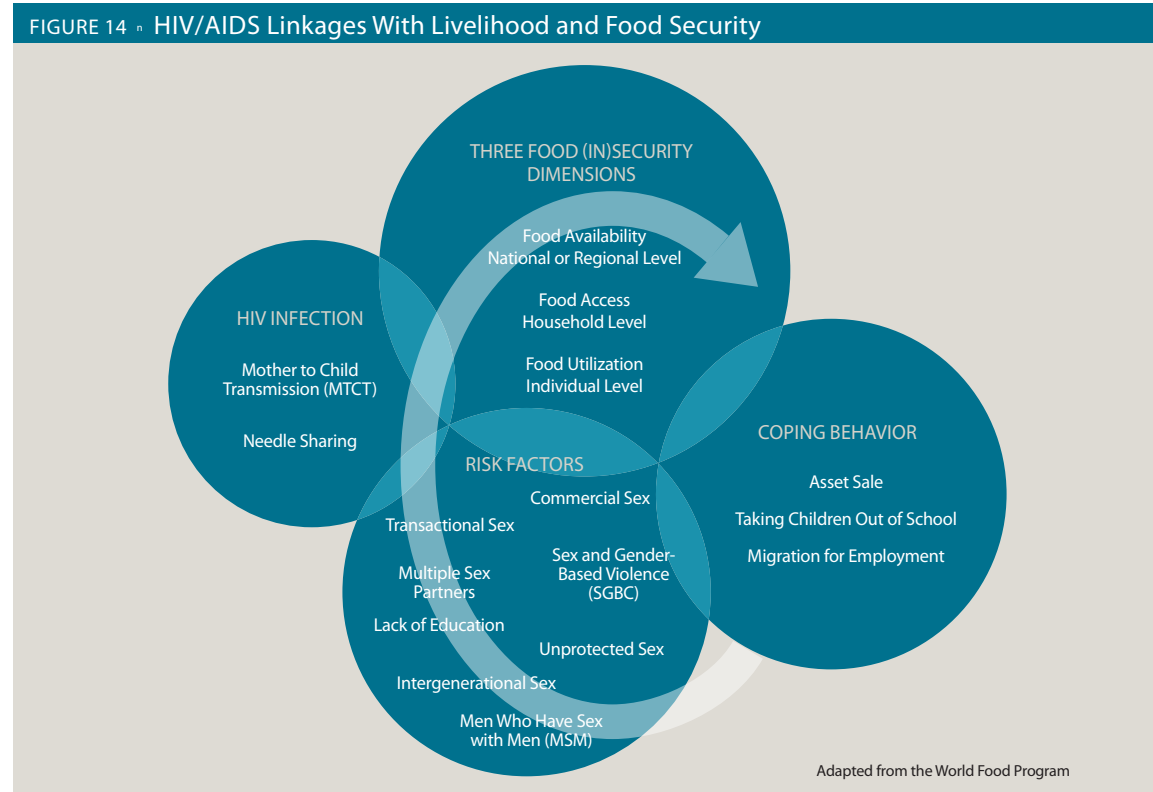
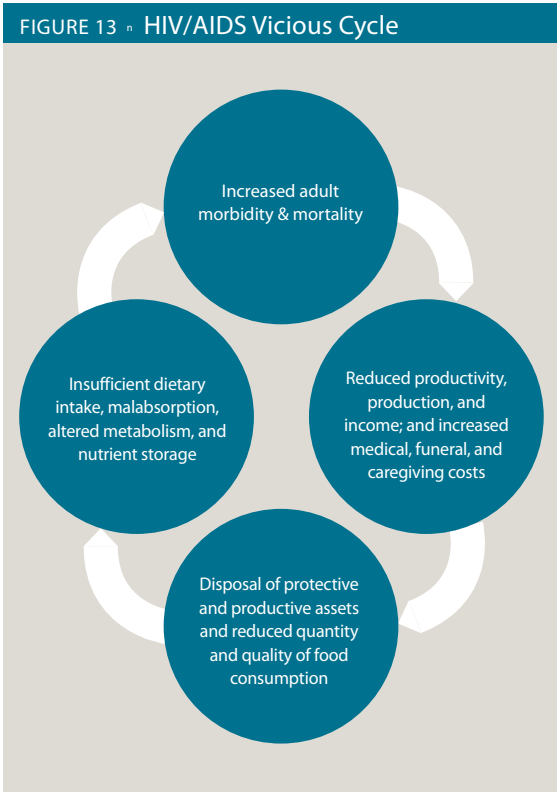
this context are coping behaviors, such as the following, that put household members at greater risk of contracting HIV (see also Figure 14).

- Household members migrate to take wage labor where they become isolated from their families, friends, and familiar socio-cultural norms and become more likely to engage in sex with multiple partners.
- Female migrant workers are subjected to exploitation and/or physical and sexual violence.
- Household members engage in transactional sex in exchange for basic necessities for themselves and their children.

- Household members engage in commercial sex as an income-generating activity.<sup>5</sup>
- Children are sent to live with relatives, friends, or acquaintances where they are sexually exploited by caregivers or other power figures.
- Younger household members who have lost parents may be more likely to begin sexual activity at an early age and engage in risky sexual behaviors.
- Food insecurity leads to micronutrient deficiencies that increase the likelihood of mother-to-child transmission.

While livelihood and food insecurity can be an important indirect determinant of HIV transmission and vice-versa, there is no consistent

correlation between livelihood and/or food insecurity and the prevalence of HIV/AIDS. The reasons for this can be explained by the multiple modes of HIV transmission that are more a manifestation of widespread human behavioral traits than a manifestation of one's livelihood or food security status. Thus despite the close link between livelihoods, food security and HIV/AIDS, livelihood and food insecurity do not follow necessarily from HIV infection. There is, however, growing evidence that the household's livelihood and food vulnerability are closely linked with the household's ability to cope with HIV/AIDS. Poorer and more vulnerable households are less capable of coping with HIV/AIDS than their richer and less vulnerable counterparts.



5. The distinction between transactional sex and commercial sex is an important one. Commercial sex occurs when individuals (primarily women) engage in sex as a major income-generating activity. Transactional sex occurs when individuals (again, primarily women) provide sex for money or in exchange so as to acquire critical goods or services or to otherwise cope with debilitating shocks.

# 5 <sup>n</sup> LIVELIHOOD INTERVENTIONS

## 5.1 General Livelihood Interventions

Livelihood interventions generally fall under one or more of three categories: 'livelihood provisioning,' 'livelihood protection,' and 'livelihood promotion.'

1. Livelihood provisioning interventions involve the direct provision of food, cash, assets, and other essential needs to poor households. Direct grant assistance can come in response to shocks or other emergencies or as a means to alleviate chronic or extreme poverty. These interventions seek to meet basic needs, stabilize consumption, and recover critical assets of destitute or near-destitute households. Households qualifying for livelihood provisioning have exhausted their self-insurance mechanisms, depleted their assets, and possibly adopted more desperate coping behaviors.
2. Livelihood protection interventions aim to maintain and/or build the household's capacity to reduce risk and cope with shocks and stresses. Protection interventions cover a range of activities designed to smooth household consumption or income, manage household cash flows, and build protective assets.
3. Livelihood promotion interventions seek to increase household income and assets by increasing labor productivity and the returns to labor. At the structural level, promotion

interventions seek to address the factors that constrain the households' participation in the market and the benefits it derives from participation. Other promotion interventions may seek to integrate women or other socially marginal groups into the market and/or to expand their earning opportunities and income. Although conceptually distinct, the three livelihood categories are not always distinct in practice and may at times overlap.

## 5.2 The Livelihood Pathway

Because vulnerability is such a prominent characteristic of households in developing countries, it is important that livelihood interventions incorporate the vulnerability context into their designs. In doing so, however, they should note that more vulnerable households are more economically or financially risk adverse than non-vulnerable households and as such tend to deploy their assets so as to manage risk and maintain consumption levels rather than to maximize income.

A lack of markets for savings, credit, and insurance induce households to invest in unproductive liquid assets, storage, or other consumption maintenance activities, which are costly. It also means that households must bear the full brunt of any variability in production. These factors lead vulnerable households to attach a higher priority to reducing income

variability than to maximizing income. Or put differently, vulnerable households accept lower average incomes in exchange for income stability.

Thus traditional promotion interventions that assume income-maximizing behavior often underestimate or ignore the role that risk plays in driving household economic decisions. More vulnerable households tend to prefer multiple, diversified, reliable, and frequent income streams that entail lower risk and lower returns. On the other hand, less vulnerable households—who can more easily absorb the cost of failure—are more likely to participate in, and benefit from, interventions facilitating investment in higher-risk and higher-return income generating activities. This characteristic of vulnerable households presents a significant challenge in linking vulnerable households to the appropriate livelihood interventions.

In sum, it is important that livelihood interventions do not ignore or downplay the role that vulnerability and risk perceptions play in influencing household livelihood decisions. Expecting income maximizing behavior from vulnerable households may not be appropriate. At the same time, however, protection interventions that mitigate risk and expand the household's coping options do not necessarily lead to income growth and stable food security. Reconciling risk-sensitive and growth-oriented strategies is one of the central challenges in livelihood interventions.



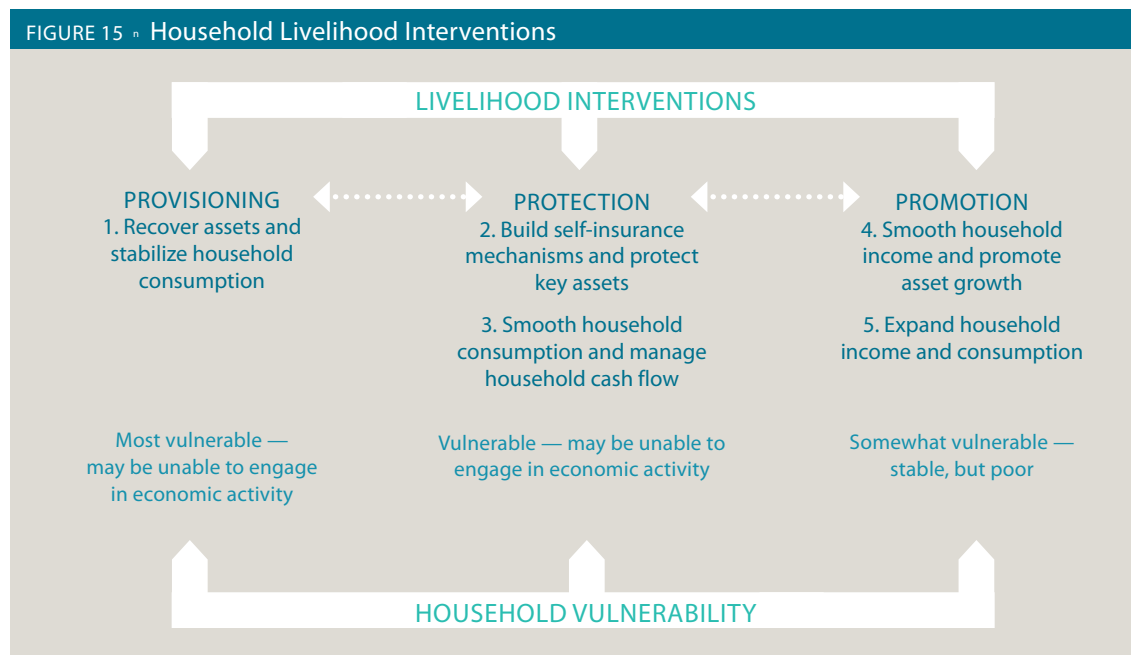
One way to reconcile risk-reduction and growth-oriented strategies is to envision livelihood strengthening on a livelihood pathway towards increased income and reduced vulnerability. The appropriate intervention entry point depends on where the household is located on this pathway, while the household's rate of progression along the pathway depends on its asset endowment. Five key outcomes exist on the livelihood pathway indicating decreasing levels of vulnerability and increasing levels of livelihood and food security:

1. Recover assets and stabilize household consumption
2. Build self-insurance mechanisms and protect key assets
3. Smooth household consumption and manage household cash flow
4. Smooth household income and promote asset growth
5. Expand household income and consumption.

While the outcomes on the livelihood pathway are sequential, the household's progression along the pathway is not necessarily sequential. A household can start at any outcome and move back and forth between outcomes before stabilizing and moving to a solid economic foundation, as illustrated by the dotted lines in Figure 15.



FIGURE 15 ▫ Household Livelihood Interventions



Adapted from Jill Thompson



Developing a general understanding (if only approximate) of where households are located on the livelihood pathway will help donors and practitioners understand how households perceive and manage risks and what their livelihood needs are. If a household has already advanced to a certain outcome on the pathway, the next sequential outcome might be the most logical intervention entry point.

Interventions appropriate for households located at different outcomes on the livelihood pathway are described below. It should be emphasized, however, that these are only general guidelines. Households located at the same outcomes on the pathway may in fact be in very different situations and have very different needs. For example, households just emerging from a period of crisis need different support than households that are stable, even though both may be located at the third outcome on the pathway. The interventions that are appropriate for a given situation can only be determined on a case by case basis depending on the specific vulnerability context of the target households.

It is also the case that certain household members may be more vulnerable than others and thus have different livelihood needs and opportunities, as determined by factors such as intra-household power asymmetries, social norms, physical limitations, or stigma. These more vulnerable household members—which often include women, youths, the disabled, and the HIV-infected—tend to have less control

over assets and often face barriers limiting their livelihood options. In households where such disparities exist, the benefits of livelihood interventions—including those aimed at improved food security—may not be distributed equitably among all household members. At the same time, livelihood interventions that treat the household as an undifferentiated unit may not be appropriate for the household's more vulnerable members. Livelihood interventions seeking to reach these more vulnerable members, whether as beneficiaries or participants, will thus need to consider their unique vulnerability context and constraints as well.

### 5.3 Specific Livelihood Interventions for Households Located at Different Outcomes on the Livelihood Pathway

Recover Assets and Stabilize Household Consumption. Households located here on the livelihood pathway have exhausted all of their self-insurance mechanisms and have disposed of most or all of their protective and productive assets. They have few assets remaining to provide for their basic needs let alone invest in their future well-being.

Livelihood interventions appropriate for these households include provisioning activities that

seek to stabilize consumption so as to satisfy basic food and other needs. A typical provisioning intervention is direct asset transfers to re-establish livelihoods, whether in the form of food, cash, or assets (e.g. seeds and tools). Asset transfers may come with conditions attached requiring recipients to engage in certain behaviors, such as those related to child welfare improvements or building community based assets.

Providing cash to buy food or providing locally purchased food to destitute or near destitute households can also have an impact on local markets and raise the incomes of local farmers. An important challenge here is to avoid creating dependence on donor-funded transfers, while simultaneously facilitating households' upward movement along the pathway.

Build Self-Insurance Mechanisms and Protect Key Assets. Households located here on the livelihood pathway need interventions to strengthen their primary risk reduction mechanisms and build the stock of assets they have to draw on in the event of shocks or debilitating stresses. Stronger risk reduction mechanisms enable households to make less risk-adverse decisions about allocating resources for consumption or for production.

Livelihood interventions appropriate for these households include protection activities linking them to new or existing mechanisms for credit and savings. Group-based savings mechanisms,

such as self-help groups (SHGs) or village savings and loans associations (VSLAs) have demonstrated particular potential in this regard, although linking poor households to formal deposit services has also proven feasible in a variety of contexts. Mechanisms for in-kind savings can also be important. Examples include livestock purchases as a store of value and community-based seed or grain banks.

Livelihood strategies depend critically on the way household actions are coordinated within their wider social environments. This is especially true of risk reduction and loss management strategies in which units of social organization above the household often play a crucial role. Thus interventions to strengthen social assets are also appropriate for households at this outcome on the pathway. A common method to build social assets—as well as to provide other savings, credit, and insurance services—is to link household members (often women) together in social and economic networking groups, such as solidarity groups, village banks, SHGs, or VSLAs.

Income-based social safety nets and microinsurance are other possible interventions to protect households against risk. These, however, tend to be more sophisticated and require greater up-front investment. Social safety nets are similar to asset transfer mechanisms but involve a public investment to protect households against the loss of key assets in the event of a shock. Food and inputs for production are often subsidized

for the poor and near poor as a social safety net. Microinsurance involves linking households to formal insurance providers offering market-based insurance products covering critical assets, such as life, health, livestock, crop, and property.

Interventions to strengthen access to and the performance of the legal system, along with laws related to asset ownership and transference, such as land tenure and inheritance laws, would also be appropriate protection interventions for households located at this point on the pathway.

Smooth Household Consumption and Manage Household Cash Flow. Households located here on the livelihood pathway have accumulated a minimal level of assets to protect themselves from future shock or stresses. Notwithstanding, they may still be managing risks so as to maintain consumption rather than increase income.

For these households, accessing mechanisms to manage household cashflow and smooth consumption is a prerequisite for undertaking more growth-oriented activities.

Livelihood interventions appropriate for these households include protection activities such as credit and savings (formal and informal) and strengthening and leveraging reciprocal and shared resources through social networks. Credit is most useful to these households when it is structured with terms and conditions consistent with their needs and when they are free to decide how to use it. To ensure the optimal use and

sound management of their expanded financial resources, financial literacy programs can also add significant value for the households located here on the pathway.

Smooth Household Income and Promote Asset Growth. Households located at this point on the livelihood pathway need interventions that target moderate growth in income and that take into account their risk mitigating strategies and asset endowments. Livelihood interventions appropriate for these households include activities promoting diversification into alternative income-generating activities that require a low investment and that offer a relatively low risk/return tradeoff. Support for microenterprise formation and development in areas such as petty trading, low-overhead service enterprises, and small-scale manufacturing/processing is a common intervention of this type.

Linking households to credit and savings for productive investments or to market-based business development services (BDS) and business/social networks can also play an important role in promoting microenterprise formation and growth.<sup>7</sup> Business networks include production or marketing cooperatives and business management organizations (BMOs).

Expand Household Income and Consumption. Households that have reached this point on the livelihood pathway have adequate sources of self-insurance against future stresses and

shocks, a stable asset base, and relatively secure sources of income. These households are ready to undertake larger investments in relatively risky income generating activities that yield higher potential returns. Livelihood interventions appropriate for these households include promoting activities that seek to move households beyond risk-reduction strategies, link them to more growth-oriented opportunities, and sustainably increase their incomes.

The most common interventions in this category either seek to promote self-employment through micro and small enterprise (MSE) growth, promote wage employment through workforce development, or address structural impediments to economic growth through value chain development and enabling environment reform.<sup>8</sup>

MSEs differ from microenterprises in that they tend to be larger; require larger investments of money, time, skill, and capacity; and have a higher risk/return tradeoff.<sup>9</sup> MSE promotion interventions seek to boost the productivity and income of MSEs through the adoption of new technologies and practices; increased access to inputs, market information, financial services, and business development services; or improved natural resource management. Value chain development interventions are a variant of MSE interventions that likewise seeks to boost MSE productivity and income. They differ, however, in that they use a systems approach to strengthen market systems and integrate MSEs horizontally

7. Business development services are services offered to businesses in areas such as production, sourcing, accounting, marketing, human resources, technology, etc.

8. A value chain is a network of enterprises that buy from and sell to one another in order to supply a particular set of products or services to a particular group of final consumers. Value chain participants include producers, input suppliers, buyers, distributors, service providers, business management organizations, and policymakers.

9. The dividing line between a microenterprise and an MSE is not always clear and varies by context. Both microenterprises and MSEs include small-scale farming or agro-processing operations.

and vertically into wider markets for goods and services.

Interventions to reform the business enabling environment (BEE) seek to reform laws, regulations, or prevailing practices that increase the costs and/or decrease the efficiency of doing business or to enact new laws or regulations that promote greater entrepreneurial activity, risk taking, and investment. BEE interventions may directly target MSEs by focusing on the laws, regulations, or practices that directly affect them, or they may indirectly target MSEs by taking a more systemic approach and focusing on laws, regulations, and practices that affect broader markets for goods and services.

Workforce development builds the knowledge, skills and systems necessary for target beneficiaries to seek, acquire, and retain paid employment. Effective workforce development interventions build the knowledge and skills individuals need to find and retain employment over time rather than to find and retain a specific job. In this sense, they may also be called 'employability' interventions. Vocational education is a common type of workforce development intervention.

Figure 16 identifies some of the interventions appropriate for households located at each outcome on the livelihood pathway. (This is not intended to be an exhaustive list.) Note that certain interventions may be appropriate at different outcomes on the pathway.

FIGURE 16 ▫ Livelihood Interventions for Households at Different Outcomes on the Livelihood Pathway

OUTCOME ON THE PATHWAY	GENERAL LIVELIHOOD INTERVENTIONS	SPECIFIC LIVELIHOOD INTERVENTIONS
Recover assets and stabilize household consumption	Livelihood provisioning	<ul style="list-style-type: none"> <li>• Asset transfers (cash, food, tools and inputs) with or without conditions</li> <li>• Social services</li> </ul>
Build self-insurance mechanisms and protect key assets	Livelihood protection	<ul style="list-style-type: none"> <li>• Income-based safety nets, with or without conditions</li> <li>• Savings for personal use</li> <li>• Access to credit</li> <li>• Microinsurance</li> <li>• Strengthening social networks</li> <li>• Extending legal protection and reforming laws related to asset ownership and transference</li> </ul>
Smooth household consumption and manage household cash flow	Livelihood protection	<ul style="list-style-type: none"> <li>• Strengthening social networks</li> <li>• Financial and market literacy</li> <li>• Savings for personal use</li> <li>• Credit for personal use</li> </ul>
Smooth household income and promote asset growth	Livelihood protection	<ul style="list-style-type: none"> <li>• Savings for productive investment</li> <li>• Credit for productive investment</li> <li>• Facilitating business development services</li> <li>• Facilitating business/social networks</li> <li>• Microenterprise development (low risk/low return)</li> </ul>
Expand household income and consumption	Livelihood promotion	<ul style="list-style-type: none"> <li>• Employment through workforce development</li> <li>• Credit for productive investment</li> <li>• Savings for productive investment</li> <li>• Business development services promotion</li> <li>• MSE development (high risk/high return)</li> <li>• Value chain development</li> <li>• BEE reform</li> </ul>

## 5.4 Targeting Livelihood Interventions to More Vulnerable Groups

Different social groups differ in terms of the robustness or vulnerability of their livelihoods. Particular groups may be more vulnerable for different reasons and thus the type of livelihood support that is appropriate for each may also differ. Gaining an understanding of these differences is critical in designing appropriate livelihood interventions for vulnerable households.

Figure 17 identifies several 'more vulnerable' groups along with their sources of vulnerability.

As noted there, the factors contributing to vulnerability vary across these groups. Some factors are related to household demographics and intra-household bargaining power, some have to do with social and institutional access rights to assets, others have to do with the depletion of household labor, while others have to do with the lack of livelihood options. Gender and health status also play a significant role that cuts across these different vulnerabilities.

The identification of more vulnerable groups sheds additional light on households' livelihood needs but does not entirely clarify the basis under which targeted livelihood interventions may be designed. To begin with, not all members within a more vulnerable group are

in fact vulnerable. For example, not all people living with HIV/AIDS (PLWHA) or orphans and vulnerable children (OVC) are necessarily vulnerable. Next, vulnerabilities stemming from cultural norms related to asset access rights by certain groups (e.g., elderly, widows, divorcees) raise particular difficulties for effective targeting. Finally, focusing solely on commonly acknowledged vulnerable groups may lead to the neglect of new vulnerable groups created by emerging events.

In general, the determining factor in the type of assistance that will benefit more vulnerable groups the most is their members' specific livelihood needs and not their membership in one vulnerable group or another. Granted that

FIGURE 17 ■ More Vulnerable Groups and Sources of Vulnerability

VULNERABLE GROUP	SOURCE OF VULNERABILITY
PLWHA	Vulnerable due to lack of labor and labor productivity, poor food utilization, and disposal of assets to cover medical, funeral, and caregiving costs
OVC	Vulnerable to limited caregiving, livelihood options, undernutrition, security concerns, and exploitation
Children under 5	Vulnerable to undernutrition, malnutrition, and infectious diseases
Lactating mothers	Vulnerable to undernutrition in context of nursing babies
Elderly	Vulnerable due to loss of assets, or inability to use their assets productively, or additional burdens of care for the ill and orphans due to HIV/AIDS
Widows and divorced women	Vulnerable to loss of access rights to land, lack of time to cultivate land, and loss of previous partner's contribution to household livelihood
Female headed households	Vulnerable to loss of access rights to land, lack of time to cultivate land, and loss of previous partner's contribution to household livelihood
People with disabilities	Lack of access to production or earning opportunities, social exclusion
Remote rural populations	Vulnerable due to over-reliance on a single livelihood source, lack of diversification options, high transport costs, and poor information

individuals belonging to particular groups will often tend to share certain characteristics, but it is a mistake to assume that all group members share the same characteristics or that a particular livelihood intervention will benefit all members equally. Rather the better approach is to target individuals or households based on their known vulnerability and economic characteristics, which both provide a better understanding of their livelihood needs and facilitate greater integration of group members into the wider community. Once their vulnerability and economic status are understood, interventions can be designed to facilitate group members' involvement and meet their specific livelihood needs, although any individuals meeting the economic targeting criteria may elect to participate.

In the specific context of HIV/AIDS, targeting livelihood interventions to PLWHA or OVC has proven to be an unsound practice that often contributes more to social stigma and isolation than to improved livelihood and food security. Directly targeting services based on HIV/AIDS criteria has also been shown in cases to create resentment among members of poor communities and to erode social capital networks within those communities.

Notwithstanding, households may have their own ideas about what they want or need, regardless of their actual economic situation. It is thus important for livelihood interventions to solicit and consider feedback from target beneficiaries and integrate it

into the intervention design as appropriate. Interventions might, for example, target activities to households at lower outcome levels, while including higher household aspirations as a longer-term objective. Alternatively, interventions might choose an entry point at a higher outcome on the livelihood pathway, while simultaneously supporting certain lower-level outcomes. In all cases, livelihood interventions should weigh 'market demand' against economic realities and strike a reasonable balance.



## 6<sup>n</sup> INTEGRATING CONCEPTS & COMPONENTS

This section brings together the key concepts raised in sections 2-5 into a single conceptual framework shown in Figure 18. This conceptual framework highlights the following principles and relationships.

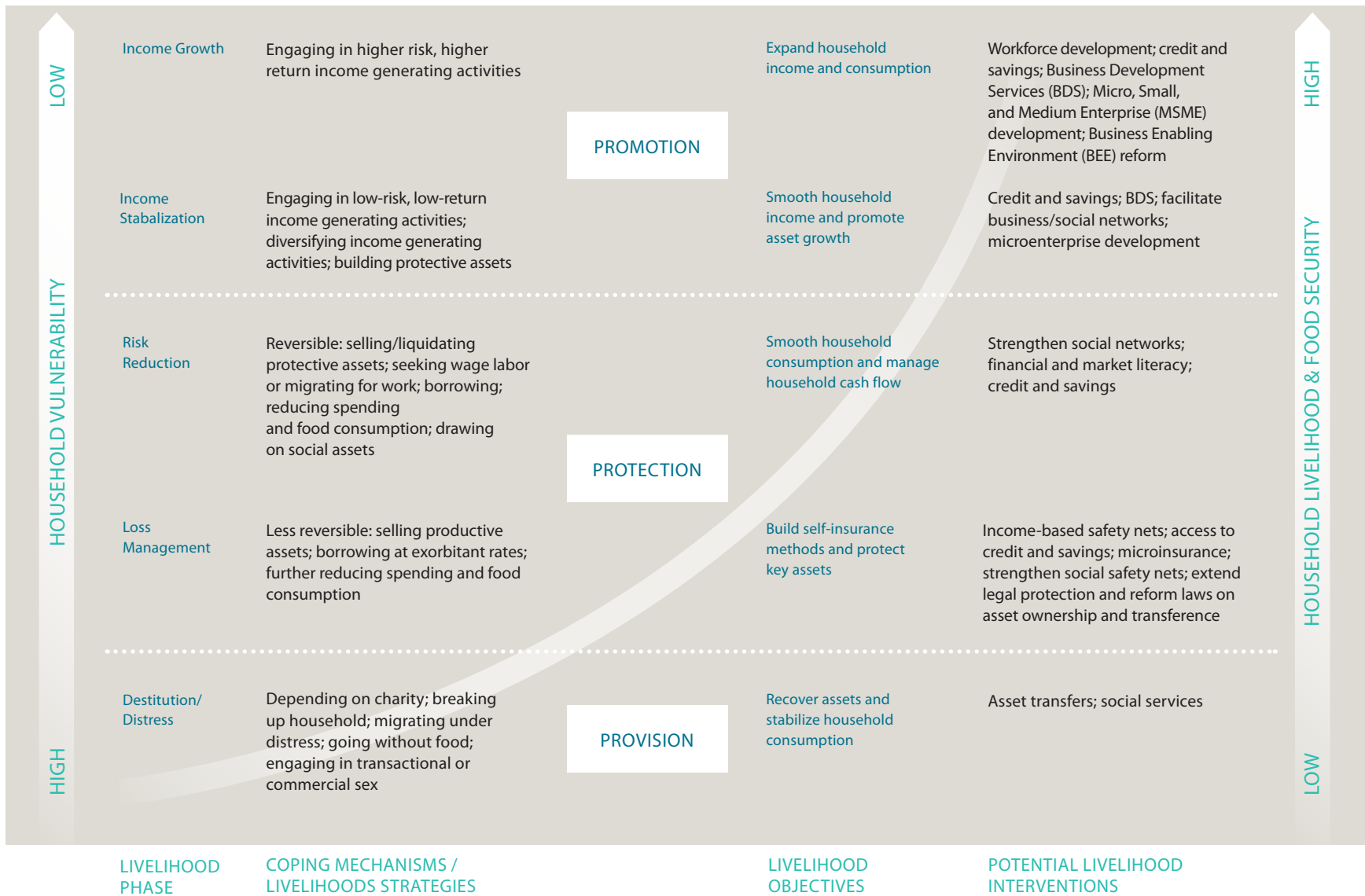
1. Households in developing countries experience varying levels of vulnerability, which ranges from high to low. Household livelihood and food security can only be fully understood within this vulnerability context.
2. Household livelihood and food security are inversely related to a household's level of vulnerability.
3. Households engage in a variety of livelihood activities corresponding to their level of vulnerability. The most vulnerable households tend to engage in livelihood activities characterized by destitution or distress. Households in destitution/distress are also the most livelihood and food insecure. Highly to moderately vulnerable households tend to engage in livelihood activities characterized by ex ante risk reduction and ex post loss management in anticipation of or in response to stresses and shocks. These households initially manage loss using reversible coping strategies but may be driven to engage in less reversible coping strategies making them more vulnerable to future stresses and shocks, while simultaneously making them more livelihood and food insecure. Less vulnerable households tend to focus on livelihood activities aimed at increasing household income by engaging in higher economic risk and higher return income generating activities.<sup>10</sup>
4. If one or more household member suffers from HIV/AIDS, this can potentially make the household both more vulnerable and more livelihood/food insecure than would otherwise be the case.
5. Livelihood interventions roughly correspond to the household's vulnerability status. Livelihood provisioning interventions correspond to the most vulnerable households in destitution or distress. Livelihood protection interventions correspond to vulnerable households engaged in risk reduction and loss management activities. Finally, livelihood promotion interventions correspond to somewhat vulnerable households engaged in income growth activities.
6. Outcomes on the livelihood pathway correspond to general livelihood interventions and in turn to the household's livelihood activities and vulnerability level. A household's movement up the livelihood pathway from one outcome to the next corresponds to a reduction in its vulnerability level and an improvement in its livelihood/food security, and vice versa.
7. A set of specific livelihood interventions (falling under each of the general livelihood interventions) correspond to the household's location on the livelihood pathway and in turn to the household's livelihood activities and vulnerability level.

It bears repeating that the principles and relationships described in this conceptual framework are by necessity general as the purpose here is to create a framework that is broadly applicable across contexts. Thus while the conceptual framework may not explain all the cross-contextual variations, it is the aim that it will provide a unified basis for discussion and inquiry and promote a common (albeit basic) understanding of complex issues across diverse disciplines. Ultimately, however, the usefulness of this conceptual framework will depend on the extent to which it helps facilitate better livelihood programming targeted to the vulnerability status and livelihood needs of poor and vulnerable households and leads to their improved livelihood and food security.

10. The term "higher economic risk" reinforces the fact that the framework is referring to the risk of economic return, not the riskiness of the activity per se. This distinction is important for HIV programs that use the terms 'lower risk' and 'higher risk' to refer to the risk of HIV transmission.



FIGURE 18 ▸ Livelihood and Food Security Conceptual Framework



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