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GUIDANCE NOTE

Application of the Sustainable Livelihoods Framework in
Development Projects

United Nations Development Programme



TABLE OF CONTENTS

- INTRODUCTION..... 1
- 1. SUSTAINABLE LIVELIHOODS..... 2
 - 1.1. THE DEFINITION OF SUSTAINABLE LIVELIHOODS 2
 - 1.2. CORE FEATURES OF THE SUSTAINABLE LIVELIHOODS FRAMEWORK 3
- 2. CONSIDERING DIFFERENT FORMS OF CAPITAL IN SUSTAINABLE LIVELIHOOD PROJECTS4
 - 2.1. HUMAN CAPITAL 4
 - 2.2. SOCIAL CAPITAL 5
 - 2.3. NATURAL CAPITAL 7
 - 2.4. PHYSICAL CAPITAL 8
 - 2.5. FINANCIAL CAPITAL 9
 - 2.6. THE SUSTAINABLE LIVELIHOODS FRAMEWORK PENTAGON 10
 - 2.7. FACILITATION 11
 - 2.8. CASE STUDY THAT ILLUSTRATES DIFFERENCES IN PARTICIPANTS PERSPECTIVE 12
- 3. THE TOOL..... 14
- REFERENCE LIST 21

INTRODUCTION

In 2015 UNDP undertook an analysis on the impact on livelihoods of the environmental portfolio (mainly GEF funded projects) in Latin America and the Caribbean. This analysis produced two main documents: a full study¹ as well as the present *Guidance Note for the Application of the Sustainable Livelihoods Framework in Development Projects*.

The outcome of the portfolio analysis also inspired in 2017 the elaboration of a discussion paper for broader circulation, *Strengthening Livelihoods in Environmental Action: Sustainable Livelihoods Approach. A Contribution to Agenda 2030* (UNDP, 2017) with two objectives in mind: 1) to illustrate the pertinence of revisiting the Sustainable Livelihoods Framework (SLF) to demonstrate how UNDP interventions on environment contribute to human development; 2) to examine the usefulness of the SLF methodology to improve the monitoring of environmental programs and projects using livelihood indicators that can complement ongoing evaluation processes.

The present Guidance Note serves as a tool for UNDP programming, and particularly the development and monitoring of environmental projects. This is a piece that fits in with other work being undertaken in the Natural Capital Group of UNDP's Bureau for Policy and Programme Support and the UNDP Global Environmental Finance unit.

All these aspects are of particular relevance considering that the new set of aspirations contained in the 2030 Agenda adopted in September 2015 by the United Nations demand a better targeting on poor and vulnerable populations and integrated approaches to development that simultaneously address the different dimensions of sustainable development.

This Guide collects materials from different sources, but is primarily based on guidance materials from the UK department for International Development (DFID, 1999). It is a work in progress, to be improved over time with practice. The purpose is to support project practitioners with a practical tool to analyse strategies for strengthening various capitals within projects for developing and sustaining the livelihoods of different social groups.

The guide is divided into three main sections, covering the following areas:

1. Section 1 introduces Sustainable Livelihoods (SL) and describes common methods and approaches used by different development agencies in order to assess livelihoods and their sustainability within different social groups.
2. Section 2 discusses the Sustainable Livelihoods capitals, the different resource categories needed to operationalize the SLF described in Section 1.
3. Section 3 explains the tool and offers suggestions on how to carry out an analysis of the capitals in existing projects which could also be leveraged in the development of new initiatives.

¹ Elizondo (2015).

1. SUSTAINABLE LIVELIHOODS

The sustainable livelihoods thinking begun to influence development agencies practice since the 1990's. UNDP was one of the early participants and contributors of this conceptual framework. In 1995 it established a unit in the Poverty Division and the Sustainable Livelihoods Programme remained operational until the late 2000. It is important to note that the livelihood focus still remains in the ongoing Strategic Plan 2014-2017, with emphasis on assets and vulnerability.

The Sustainable Livelihoods approach used in this reference guide was developed by Chambers & Conway in 1991 and the United Kingdom's The Department for International Development (DFID) in 1999 and complemented by the work of Norton & Foster in 2001 and Thennakoon in 2012. The suggested indicators and income generating activities have been drawn from the analysis of 10 projects from within the environmental portfolio of UNDP. Adaptations will be needed according to individual project strategies and needs.

1.1. THE DEFINITION OF SUSTAINABLE LIVELIHOODS

The Livelihoods framework encompasses the skills, assets (both material and social) and the approaches which will be used by individuals and communities in order to survive. The sustainability element implies that these individuals or communities can confront and overcome moments of stress and/or crisis, and that they are able to maintain or even improve current and future skills and assets without exploiting their supply of natural resources. In order to better understand the ways in which people develop and maintain their livelihoods, the Swift River Local Advisory Committee, with the help of the Institute of Development Studies, built a tool known as the Sustainable Livelihoods Framework (SLF). It is an analytical framework used to understand the various factors which can affect choices around subsistence, and to examine how these factors interact amongst themselves.

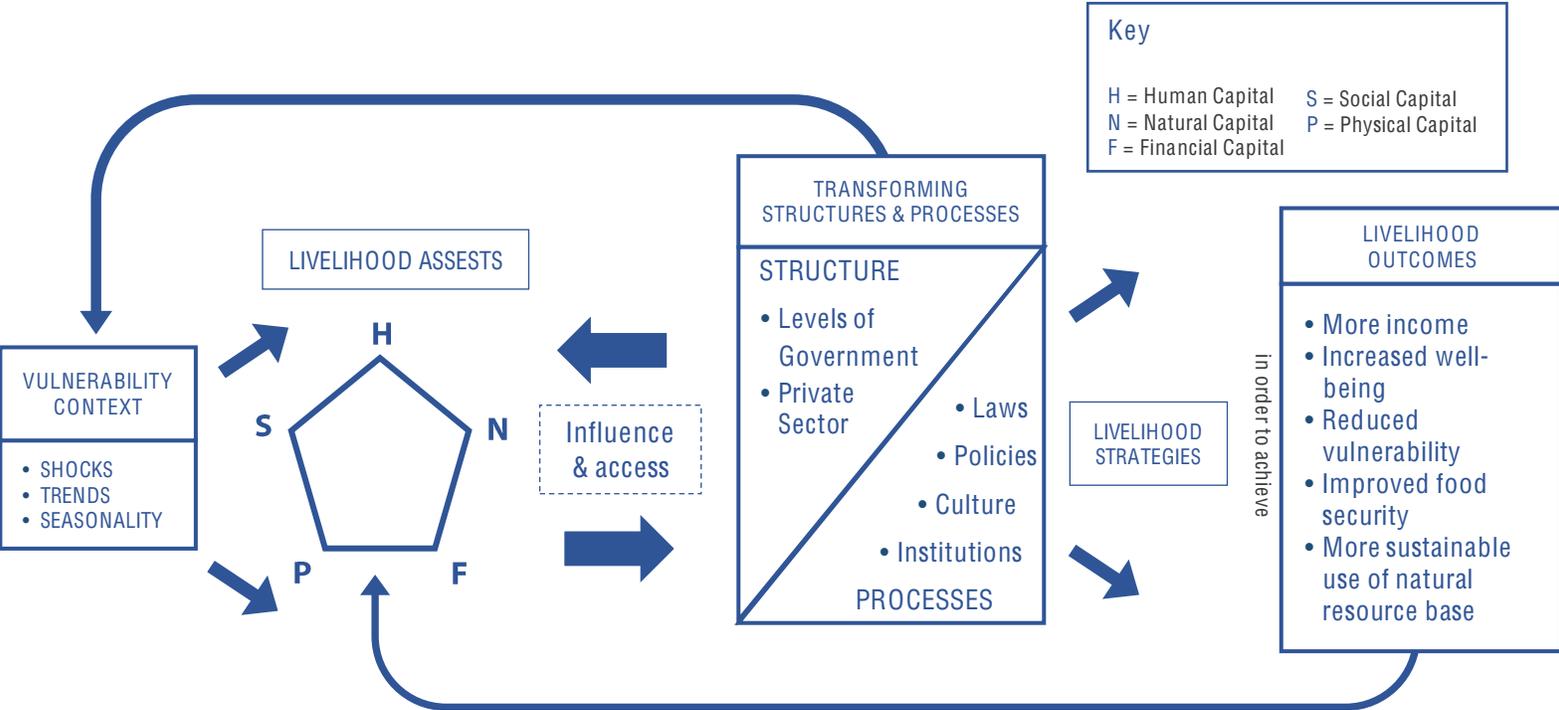


Figure 1. Sustainable Livelihoods Framework. Graph from DFID (1999).

The SLF adopts a systems approach to its understanding of livelihoods, and provides a way of conceptualising this through:

- ➔ The goods or capital which people need;
- ➔ The means by which people earn a living;
- ➔ The context for which a particular kind support is designed;
- ➔ Any factors which could strengthen subsistence resilience to moments of stress and crisis.

Figure 1 shows a visual diagram of this framework, including interrelations affected by context, behaviours, capitals, institutional influences, and dynamic subsistence strategies, which will respond to these. It is highly likely that there is a strong interdependence between: (a) structures and processes for transformation and the level of vulnerability in a given context; and (b) achievements in livelihoods and assets which influence livelihoods. The following sections focuses on the assets or capitals to bring about an initial assessment and future prognosis of communities before and after UNDP program interventions.

The arrows represent a series of highly dynamic relationships. No arrow represents a direct causal link, but all of them indicate a certain level of influence. The diagram summarizes the main components of the livelihoods ecosystem, along with key influential factors. It does not offer a detailed checklist of all the factors which should be taken into consideration, and should be adapted to suit individual project needs.

1.2. CORE FEATURES OF THE SUSTAINABLE LIVELIHOODS FRAMEWORK

The application of the SLF involves the requires the consideration of the following aspects:

- ➔ An understanding of vulnerability in a given context.
- ➔ A strategy to protect livelihoods.
- ➔ An analysis of different types of capital:
 - Human Capital: It represents the abilities, experience, work skills and the physical state of good health which, when combined, allow populations to engage with different strategies and fulfil their own objectives for their livelihoods.
 - Social Capital: It refers to the social resources, which populations will rely on when seeking their objectives relating to livelihoods (in the present study this refers specifically to local social capital, this being networks, associations, local authorities, local officials and broader population receiving program assistance).
 - Natural Capital: It is the term used to refer to the stocks of naturally occurring resources (soil, water, air, genetic resources, etc.) which can be used as inputs to create additional benefits, such as food chains, protection against soil or coastal erosion, and other natural resources which can support livelihoods.
 - Physical Capital: This refers to the basic infrastructure and production inputs needed to support livelihoods.
 - Financial Capital: This refers to the financial resources which populations employ to achieve their objectives regarding livelihoods.

2. CONSIDERING DIFFERENT FORMS OF CAPITAL IN SUSTAINABLE LIVELIHOOD PROJECTS²

2.1. HUMAN CAPITAL

Human capital encompasses the abilities, experience, work skills and the good health that, when combined, allow populations to engage with different livelihood strategies and reach their own objectives. At the household level human capital is a factor, which determines the quantity and quality of the available workforce. This varies according to size of family unit, level of education, leadership ability, health status, and so on.

Human capital appears in the framework for sustainable livelihoods as an asset which affects livelihoods. Aside from its intrinsic value, human capital is needed in order to leverage all other forms of capital. Because of this, whilst not sufficient as a stand-alone resource, it is vital for the achievement of positive results in any dimension regarding livelihoods.

How is it developed?

Support for the accumulation of human capital can be direct or indirect. In either instance, full consent of the participating subjects is critical to the achievement of any objective. If any structures or processes hinder the development of human capital (such as political processes, a lack of teachers, or social norms) indirect support will be particularly important in order to eliminate those barriers. It is common for development agencies working in education to promote sector-specific programs which include both kinds of support (direct and indirect).

Direct support can focus on the accumulation of assets:

- ➔ Concerning the development of infrastructure for health, education or training
- ➔ Concerning capacity building in staff involved in the health, education or training sectors
- ➔ Concerning the development of relevant experience and skills among the most vulnerable population groups.

Indirect support (via structures and process for transformation) can include:

- ➔ Reforming policies linked to health, education or training.
- ➔ Reforming organizations working with health, education or training.
- ➔ Promoting positive changes in local institutions (such as culture or norms) which limit access to health, education or training to specific social groups, such as women.

Other types of indirect support can include increases in social value, gender equality, and creating opportunities with a better return for those who have already invested in training.

What kind of information and indicators are needed to analyse human capital?

Relatively well-developed indicators already exist for health education, which measure progress in human well-being: curriculum, years in school, level of education reached, child nutrition, diarrhoea, maternal health, and so on. Gauging the quality and the impact of education on livelihoods is much more complex. Furthermore, formal education is not the only means by which human capital can be improved via knowledge.

Since human capital is a multifaceted concept comprising a range of human attributes which are difficult to quantify, it could be concluded that its stock value cannot be determined by existing knowledge and experience

² The reference for this complete section is the DFID Sustainable Livelihood Guidance Sheets (1999). This training material constrains detail explanation of each capital, and the reader can refer to these Sheets for further explanation and examples. Material has been extracted from DFID Guidance Sheet for training purposes only.

alone. It should also include an assessment of an individual's ability to learn new knowledge and skills according to their future development needs.

It is equally important, and especially for UNDP environmental projects, to understand how local context will affect any choices made. Certain kinds of skills, for example, can be highly useful in boosting levels of productivity, such as modern or intensive farming techniques, but these can also have an extremely negative impact on the environment or environmental sustainability. Other skills, again relating to increasing agricultural or industrial production could be irrelevant to a community unless they are offered alongside other kinds of skills, such as product commercialization, product quality control, and so on.

For matters regarding human capital it is important to ask the following questions:

- ➔ Are there any complexities in the local context which might affect the development of human capital? (The greater the complexity, the more important its recognition early on).
- ➔ How do the local inhabitants access information which could influence their choice of livelihoods?
- ➔ Which groups, if any, are excluded from access to this information?
- ➔ Does this exclusion affect the kind of information available? For example, if women are excluded, skills linked to the production of typically feminine goods or expertise will also be limited)
- ➔ Are there knowledge 'agents' (teachers or figures external to the knowledge network) within a social environment who can influence the kind of knowledge held by a community?
- ➔ Is there an established tradition for innovation? Do commonly used technologies come from internal or external sources?
- ➔ Do inhabitants feel as if they lack a specific kind of information or skill?
- ➔ What is the level of knowledge of a given population (women and men) on their rights and policies or laws which may affect their choice of livelihoods? If they consider themselves well-informed in this regard, what is their level of understanding?

2.2. SOCIAL CAPITAL

In the context of sustainable livelihoods social capital refers to the social resources which individuals rely on in order to achieve certain objectives relating to their livelihoods. These may include:

- ➔ Networks and connections, be these vertical (hierarchical) or horizontal (between individuals with common interests). The guiding criteria for these is that they should increase the confidence and abilities of populations to work as a group and improve their access to institutions with greater scope for action, such as national or civil groups;
- ➔ Participation in more formal groups, which tends to imply adherence to certain rules, norms and sanctions of either mutual or common consent;
- ➔ Relationships of trust, reciprocity and exchanges that facilitate co-operation, reduce transaction costs and may provide the basis for informal safety nets amongst the poor.

Social capital is closely linked with structures and processes for transformation. As a result, it can be helpful to conceive of social capital as a product of these structures and processes, although this may simplify the relationship between the two. Structures and processes can themselves be a product of social capital. The relationship works in both directions and can be self-perpetuating.

Structures and processes for transformation encompass theories on livelihoods relating to institutions, organizations, policies and legislation which help to shape livelihoods. Their importance cannot be overemphasized. They act at all levels, from households to the international level and every public or private sphere in between. They effectively determine:

- ➔ Access (to different forms of capital, livelihood strategies, decision-makers and influencers);

- Terms of exchange between different kinds of capital; and
- Gains (economic or other) resulting from specific livelihoods strategies.

Environmental projects often interact at various levels and frequently develop actions that influence both institutional structures and social processes, where power relations and social interactions take place. The SLF allows for a comprehensive analysis emphasizing the strong interdependence between these levels where people's capacities and vulnerabilities in each context are exposed, and the livelihood strategies are decided. It is people-centred and can be combined with practical field techniques (e.g. community workshops, focus group discussions for women and men, rapid rural appraisals, vulnerability assessments, tailored household surveys, socio-economic data available, etc.) enabling the identification of social dynamics, and accounting for intra-household disparities such as in gender relations, and community power relations.

Development organizations and practitioners use the SLF to gain an accurate account of the current and future state of a community before and after a project is implemented. Structures and processes for transformation also have a direct impact on the inclusion and well-being of vulnerable populations. Since a large number of UNDP projects share the common objective of creating policies and institutional environments which support diverse strategies relating to livelihoods, and which work to promote equal access to resources and markets, the analysis of these processes should be considered, whether as an independent element or under the broader umbrella of social capital.

As with human capital, social capital is a good in itself but it also impacts directly on the accrual of other forms of capital, through improvements in the efficacy of economic relationships and in equal access to resources and public goods. Social networks facilitate innovation, knowledge gains and the exchange of these. Because of this there is a close relationship between human and social capital.

How can it be developed?

The majority of attempts to increase social capital are based around strengthening local institutions, whether directly (by increasing local capacities, training leaders or injecting resources) or indirectly through the creation of an open and democratic environment in which social capital can flourish. Direct support strengthens leadership and external relations with local groups.

What kind of information and indicators should be used to analyse social capital?

Going beyond any numeric quantification of organizations, it is more important to understand trends and behaviours of human capital: if for example the state of social organizations seems to be having a positive or negative impact on the state of livelihoods. In the future it will become critically important to develop an understanding of the nature of underlying relationships within a community, giving an insight into the kinds of social resources available to families and who might be excluded from these advantages.

The groups held responsible for different activities can be particularly problematic if their composition excludes certain social groups from having their point of view represented. In particular, a gender perspective needs to be applied and women's voices should be brought forward. An equally important point to consider is the creation of survival strategies adopted by communities in times of crisis, and to look at the extent to which these can rely on social resources to ensure their successful application. Stakeholder analysis is a useful tool for carrying out analyses of institutions and their internal and external relations, including interactions with policies, legislation, norms, culture and so on.

2.3. NATURAL CAPITAL

Natural capital is the term used to describe the stocks of natural resources from which further resources and services can be developed which may prove useful to livelihoods. A broad variety of resources fall within this category. Within the framework for sustainable livelihoods, the relationship between natural capital and the Context of Vulnerability is especially close. A large number of shocks which devastate the livelihood strategies of the most disadvantaged in a society are themselves naturally occurring processes which also destroy natural resources, such as forest fires, droughts, floods and earthquakes. Their timing is also often the result of seasonal changes in the value of different natural capitals.

Examples of natural capitals and the services they contribute to include:

- Land and soils
- Food Production
- Woods
- Marine and forest resources
- Water
- Air quality
- Protection from erosion
- Waste disposal
- Storm protection
- Water supply
- Carbon storage and sequestration

Why does it matter?

It is obvious that natural capital is extremely important for those who earn part or all of their livelihoods from activities which rely on natural resources, such as crop or animal farming, fishing, lumberjacks, mineral extraction, and so on. However, their importance goes significantly beyond this, since they affect the provision of ecosystem services which are necessary for general human welfare.

How can the most disadvantaged increase their access to natural capital?

Rural development efforts have primarily centred on increasing natural capital. The livelihoods framework is human-centred and involves a broader understanding of the process, including governance of natural resources and local practices, such as land access and distribution, forestry management norms, and similar. Understanding how natural capital is employed, both on its own and in conjunction with other resources, is fundamental in order to support the creation and sustainability of livelihoods.

These structures and processes determine access to natural resources and can provide incentives or deterrents required to improve resource management. For example, if markets are well-developed, the value of resources is greater, which in turn can engender better management of their value – although in some cases developed markets can generate negative returns for the most disadvantaged, increasing rather than reducing poverty.

Though indirect support to natural capital through Transforming Structures and Processes is very important, direct support – focused on resources themselves as opposed to people’s ability to use those resources – still has a place when it comes to conservation for future use (e.g. in situ biodiversity conservation). One of the foundations of the sustainable livelihoods approach is the belief in and pursuit of various types of sustainability. This includes, but is not limited to, environmental sustainability (i.e. sustainability of natural capital and the services that derive from it).

What kind of information is needed to analyse natural capital?

It is not just the existence of different kinds of natural resources which matters. Access to them is equally important, as is quality and their ability to combine with different natural assets over time, such as seasonal changes. Land which is overcultivated and has lost all nutrients has less value for supporting livelihoods than land with highly fertile soil, although the value of both is significantly reduced if their owners or users do not have access to water or physical capital and an infrastructure which allows them to use the water. Alongside natural resources, it is also important to investigate long-term trends in quality and use. Typical issues for analysis might include:

- ➔ Which groups have access to which kinds of natural resources (women, indigenous population, groups in isolation, traditional communities, etc.)? What are the land tenure structures?
- ➔ What is the nature of access rights? (e.g. private property, rental, common property, limited access) What is their level of security and can they be defended against encroachment?
- ➔ Is there evidence of any significant conflicts around resource access?
- ➔ What is the level of resource productivity (relating to fertility, crop rotation, species conservation etc.)? How have these varied over time (e.g. harvest levels)?
- ➔ Are there any contemporary forms of knowledge which could increase resource productivity?
- ➔ Is there geospatial variation in resource quality?
- ➔ To what extent are the resources affected by externalities?
- ➔ How versatile are the resources? Can they be used for multiple purposes?
- ➔ What is the value of the resources in terms of their contribution to ecosystem services or resilience?

2.4. PHYSICAL CAPITAL

Physical capital comprises the basic infrastructure and producer goods needed to support livelihoods. The infrastructure looks at changes in the environment which affect communication and access to basic services. Production goods are the tools and equipment which increase productivity. The following components of infrastructure are typically essential for sustainable livelihoods:

- ➔ Access to road and transport;
- ➔ Housing and safe buildings;
- ➔ Access to water and sanitation;
- ➔ Clean and affordable energy; and
- ➔ Access to information (communication).

Why does it matter?

Numerous participatory evaluations of poverty have concluded that a lack of certain kind of infrastructure represents a core variant of poverty. Without adequate access to services such as water or energy, human health deteriorates with the result that long periods will be spent carrying out unproductive activities such as collecting water or wood for fuel. The opportunity costs associated with sub-standard infrastructure can likewise impede education, access to medical assistance or income generation.

The increased cost (in terms of all types of capital) of production and transport means that producers operate at a comparative disadvantage in the market. Insufficient producer goods also constrain people's productive capacity and therefore the human capital at their disposal. More time and effort are spent on meeting basic needs, production and gaining access to markets. Infrastructure is a permanent asset and should facilitate the provision of services to the most disadvantaged in order to help them acquire their basic needs and production capacities.

What kind of information is needed to analyse physical capital?

Any assessment of physical capital should be participatory. Users may value some services more than others, and these differences in priorities should be taken into account:

- ➔ Does the infrastructure support services? A school, for instance, will offer few advantages if there are no professors or if pupils cannot reach the school during lesson time.
- ➔ Is the infrastructure appropriate? Can a supply of physical capital fulfil the needs of the local users in the long-term? Not only does this impact on service sustainability, but it also presumes an ability to predict and respond to changes in demand for the capital. Access is also a key concern.
- ➔ What are the needs of different groups as regards to physical capital?

2.5. FINANCIAL CAPITAL

Financial capital refers to the financial resources that people use to achieve their livelihood objectives. The definition used here includes flows as well as stocks and it can refer to consumption as well as production. This definition has been adopted to capture an important livelihood building block, namely the availability of cash or equivalent that enables people to adopt different livelihood strategies.

There are two main sources of financial capital:

1. Available stocks: Savings are the preferred type of financial capital because they do not have liabilities attached and usually do not entail reliance on others. They can be held in several forms: cash, bank deposits or liquid assets such as livestock and jewellery. Financial resources can also be obtained through credit-providing institutions.
2. Regular inflows of money: Excluding earned income, the most common types of inflows are pensions, or other transfers from the state, payments for environmental services and remittances. In order to make a positive contribution to financial capital these inflows must be reliable (while complete reliability can never be guaranteed there is a difference between a one-off payment and a regular transfer on the basis of which people can plan investments).

Financial capital is probably the most versatile of the five asset categories. It can be converted – with varying degrees of ease, depending upon Transforming Structures and Processes – into other types of capital. It can also be used for the direct acquisition of livelihoods outcomes, such as when food is purchased to reduce food insecurity. However, it is also the asset least available to the poor and most disadvantaged populations. Consequently, for the poorest in society other forms of capital tend to take precedence. Equally there are other forms of asset or objective which cannot be obtained directly using financial capital, such as certain kinds of well-being or knowledge.

What can be done to help increase access to financial capital for the most disadvantaged?

Access to financial capital is best understood as indirect support, which can take the following forms:

- ➔ Organizational: Increasing the productivity of existing savings and financial flows by helping to develop effective, tailored financial services organizations for the poor.
- ➔ Institutional: Increasing in access to financial services, including the removal of barriers, which prevent access to these services because certain groups (e.g. women, indigenous communities, etc.) cannot provide sufficient guarantees (whether this is by providing the required guarantee or by identifying mechanisms which will allow other forms of assets to act as guarantees).
- ➔ Legislative/regulatory: Here it is provided via reforms in the environment in which financial services operate, or via supporting government-led networks to protect the most disadvantaged (such as

pensions, for example). The question of institutional stability is particularly important in matters relating to microfinance.

Although financial capital is typically versatile, it cannot independently solve problems stemming from poverty. It is possible that communities are not able to make adequate use of their financial resources for one or more of the following reasons:

- ➔ They may lack the skills needed to do so (and cannot obtain these with small amounts of money); or
- ➔ They may be limited by inadequate structures and processes for transformation (for example, underdeveloped markets, a policy environment which is uncondusive to the formation of microenterprises, etc.).

What kind of information is required to analyse financial capital?

When considering the information to consider to analyse financial capital, it is important to have a clear understanding of the following factors:

- ➔ Which kinds of financial service organizations already exist, both formal and informal?
- ➔ What kind of services are offered and under what kind of conditions (interest rates, guarantees required, etc.)?
- ➔ Which population groups or sub-groups have access to these resources? In what way is access limited for other groups, such as women?
- ➔ What are the current levels of loans and savings? What is the preferred savings form used by local populations (cattle, jewels, precious metals, bank savings, etc.)?
- ➔ What are some of the risks related to these different options? What is their level of liquidity and how might this affect their value at the moment of liquidation?
- ➔ How many households (and what kind) include members who live outside the local community and send money home?
- ➔ How do these remittances reach these households?
- ➔ How reliable are these remittance flows? Are these subject to seasonal change? What levels of finance are involved?
- ➔ Who has control over these payments once they arrive? How are they used and are they reinvested?

2.6. THE SUSTAINABLE LIVELIHOODS FRAMEWORK PENTAGON

The Pentagon of assets capital was developed in order to facilitate the visual presentation of information on people's assets, (or the focus of different project interventions) highlighting the interlinks between the different assets.

The pentagon grid can be used as a schematic demonstration of variations which exist regarding capital access. The central point of the pentagon, where the different triangles meet, represents zero access to assets, whilst the outside edges represent the greatest access. For example, if the triangle tip of a shape within the pentagon moves towards or away from the external line labelled "physical capital", this indicates that a project places a stronger or weaker emphasis on this kind of capital. On the other hand, if the internal shape forms a regular pentagon, it indicates that a project gives equal weighting to all forms of capital.

Changes in asset status

The availability of different assets changes constantly, and with them the shape of the pentagons. A three-dimensional framework, with time as the third dimension, would allow these changes to be seen. A two-dimensional framework regrettably does not allow this. Nonetheless it remains important to include a temporal dimension into any analysis of asset use.

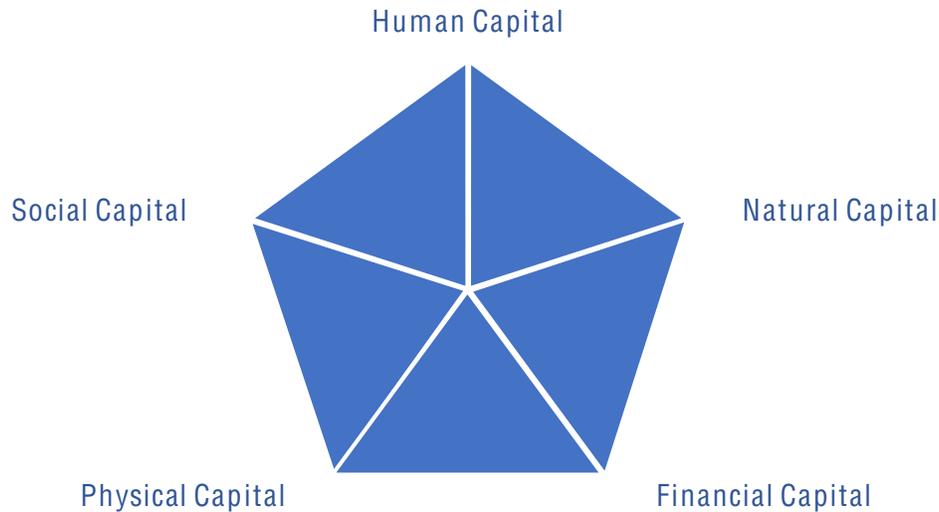


Figure 2. SLF Pentagon of assets.

2.7. FACILITATION

Different approaches can be used in the application of the SLF. However, an important characteristic is that the process is participatory, and requires a good facilitation. The methodology of capital analysis assigns point-based values to each capital. DFID guidance sheets (2000) are the main and most robust reference for the analysis of capital assets.

The first step is to propose a way to provide a qualitative valuation, which can also act as a numerical quantifier, of each capital relevant to the formation of sustainable livelihoods. Typical ranges are between 0-20. As an example, an analysis of the energy sector in Colombia³ suggested the following rankings:

- ➔ Unsustainable: $0 \leq \text{capital} < 4$
- ➔ Limited sustainability: $4.0 \leq \text{capital} < 8$
- ➔ Sustainable: $8.0 \leq \text{capital} < 12$
- ➔ Progressively sustainable: $12.0 \leq \text{capital} < 16$
- ➔ Abundant: $16 \leq \text{capital} \leq 20$

The greater the range, the more sensitive the scoring will be to changes over time and to the effects of relevant projects.

In 2015, UNDP carried out a desk analysis of environmental and climate change projects using the SLF, and used a scoring range between 1-3 to rank different capitals. Examples throughout the rest of this guide use this scoring. The process did not include participation of stakeholders, nor fieldwork, and therefore, is a case that illustrates that the method can also be applied for broad assessments, if limitations are recognized in the interpretation of results.

³ Franco, Dyner, & Hoyos (2008).

Additional aspects to considering when assigning scores:

- ➔ Support is required to assign the initial scoring points. The person responsible for this must be familiar with the concepts within the Framework for Sustainable Livelihoods and at least moderately familiar with a given project and its surrounding context.
- ➔ If communities, inhabitants or groups are left alone to assign the scoring points, they will inevitably have differences in their estimation of priorities in terms of capital formation and management. Facilitation helps to maintain criteria for comparison and standardization.
- ➔ It will therefore be necessary to decide which group's opinion should prevail, or ideally, how to reach a compromise among all of the participants.

2.8. CASE STUDY THAT ILLUSTRATES DIFFERENCES IN PARTICIPANTS PERSPECTIVE

Applying the lens of Sustainable Livelihood to different projects and interventions can pose a number of challenges. The first of these, and perhaps the most important, is the question of participant consensus in the judgment. Both individuals and social groups tend to disagree on the best way to create effective and sustainable social interventions. These differences represent the breadth of opinion on development approaches, which have marked the debate over time.

The following hypothetical case may help to put the previous statement in context. It is set within a rural community at the margins of state-run services. It can only be accessed by foot or on horseback. The entire population lives in a state of extreme poverty. 90% are subsistence farmers who grow basic crops, banana plants and small livestock; the remaining 10% perform various other tasks in the community. They lack basic infrastructure for health and education, electricity and clean water. Selling their produce or buying supplies involves a journey of two or three days on foot.

An international agency offers them a livelihoods development project. The agency assumes that financing for the project's management and the use of natural resources through biodiversity bonds is a good strategy for the community to follow. In order to find a way to engage the community, they hire a facilitator to define, adapt, and disseminate the project criteria within the community. This facilitator consults with three types of actors whose opinion should be included: local inhabitants (women and men), government authorities, and the international agency itself.

In order to understand the importance, which each stakeholder attributes to each capital, he asks him or her to assign a value to each from 1-3 (the greater the value, the greater the importance). The results are the following:

Capital	Inhabitants		Authorities		Project officials (agency)	
	women	men	women	men	women	men
HUMAN	2	1	1	2	2	3
PHYSICAL	1	2	1	3	3	1
FINANCIAL	2	3	0	2	2	3
NATURAL	2	2	0	2	1	1
SOCIAL	3	1	1	1	1	2

What do these results indicate?

They can offer several possible insights. In the first place, they tell us that each stakeholder has his own unique perspective on development. These differences can be the result of a number of factors, including cultural identity, social position, gender or individual experiences. For example, for subsistence farmers it is vital that they be able to count on financial resources in order to be able to make their own investment decisions. On the other hand, local authorities might prefer a local or national strategy, which prioritizes infrastructure for social services. Finally, the international agency thinks that the project they themselves can offer is the best option because it has already been tried and tested in several other contexts and its staff already has expertise in implementing it.

Secondly, every stakeholder thinks that his opinion should be prioritized over the others. Experience suggests that in this situation actors will only ultimately engage in a project if they consider the selected strategy is valid and relevant to their own needs.

Thirdly, if the local actors were further disaggregated into age groups, or by income, the responses presented in the table above would undoubtedly see some variation.

3. THE TOOL

This section presents an example of the tool used in Latin America and the Caribbean in application of the SLF, using the case of 10 UNDP projects of the Environment and Climate Change portfolio. For future use, the tool should be developed or adopted with proper criteria and indicators to represent each project or group of projects that will be screened using the SLF. In this case, the 10 projects of the UNDP environmental portfolio were classified under the following three categories: National and Sectorial Approach, Market Instruments/economic approach, and Territorial/land planning approach.

Grid for assigning project categories according to focus and relevance

The first step for the application of the tool was the classification of projects in one of these three categories according to the following criteria:

Scores	National and Sectorial Focus	Market Instruments	Territorial Focus
1	<p>Topic analysis: It presents national and sector-specific data on the selected topic</p> <p>Proposal: It does not propose actions relating to the topic at an institutional or civil society level</p> <p>Actions: It does not develop actions or present any improvements in results</p> <p>Relationship with SL: No other forms of capital</p>	<p>Topic analysis: It presents a matrix on production, value chains, financing, prices or other market-related themes</p> <p>Proposal: It does not propose actions relating to market instruments or which are relevant to the population in need of support.</p> <p>Actions: It does not develop actions or present any improvements in results</p> <p>Relationship with SL: No other forms of capital</p>	<p>Topic analysis: It provides a holistic overview of territorial policy. It offers analysis on the existence and status of local plans relating to territorial management</p> <p>Proposal: It does not propose actions relating to the topic of territorial management or CTM</p> <p>Actions: It does not develop actions or present any greater results</p> <p>Relationship with SL: No other forms of capital</p>
2	<p>Topic analysis: It presents national and sector-specific data on the selected topic</p> <p>Proposal: It proposes actions relating to the topic at an institutional or civil society level</p> <p>Actions: It does not develop actions or present any improvements in results.</p> <p>Relationship with SL: It acknowledges other forms of capital, but it does not establish links with these or support their formation</p>	<p>Topic analysis: It presents a matrix on production, value chains, financing, prices or other market-related themes</p> <p>Proposal: It proposes actions which are partially relevant to the topic or which will benefit only a percentage of the population most in need of support.</p> <p>Actions: It does not develop actions or present any improvements in results</p> <p>Relationship with SL: It acknowledges other forms of capital, but it does not establish links with these or support their formation</p>	<p>Topic analysis: It provides a holistic overview of territorial policy. It offers analysis on the existence and status of local plans relating to territorial management</p> <p>Proposal: It proposes actions relating to previous experiences of territorial management or CTM</p> <p>Actions: It develops actions but which are fragmented and not linked with local projects or CTM</p> <p>Relationship with SL: It acknowledges other forms of capital, but it does not establish links with these or support their formation</p>
3	<p>Topic analysis: It presents national and sector-specific data</p>	<p>Topic analysis: It presents a matrix on production, value</p>	<p>Topic analysis: It provides a holistic overview of territorial</p>

<p>on the selected topic Proposal: It proposes actions relating to the topic at an institutional or civil society level Actions: It develops actions or offers positive results relating to the outcomes of the proposed actions Relationship with SL: It acknowledges other forms of capital and either establishes links with these or supports their formation</p>	<p>chains, financing, prices or other market-related themes Proposal: It proposes actions which are partially relevant to the topic or which will benefit only a percentage of the population most in need of support Actions: It develops actions or offers results which indicate permanent positive changes in the problem Relationship with SL: It acknowledges other forms of capital and either establishes links with these or supports their formation</p>	<p>policy. It offers analysis on the existence and status of local plans relating to territorial management Proposal: It proposes actions relating to previous experiences of territorial management or CTM Actions: It develops a series of actions which interconnect both amongst themselves, with local projects and with a CTM Relationship with SL: It acknowledges other forms of capital and either establishes links with these or supports their formation</p>
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Identification of types of capital for Sustainable Livelihoods

The second step was the identification of indicators for each capital considering the projects main focus, activities and results. The results are as follows:

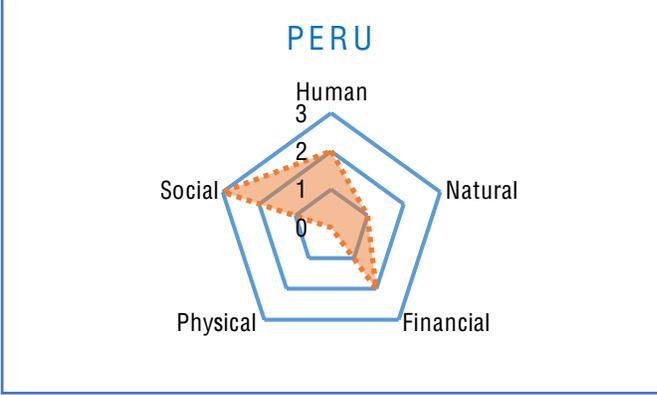
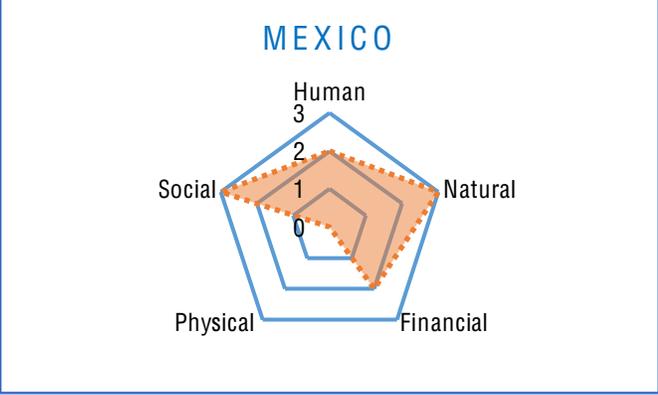
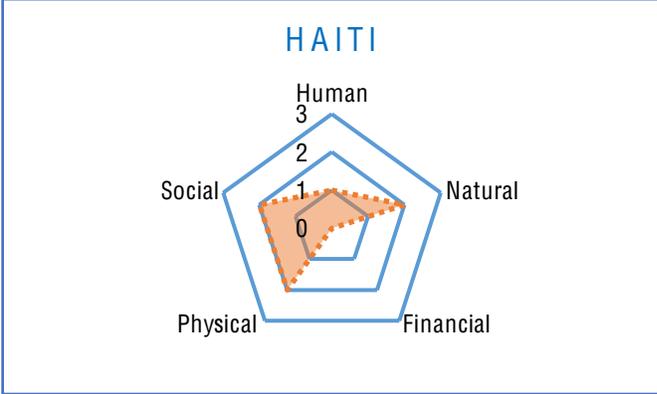
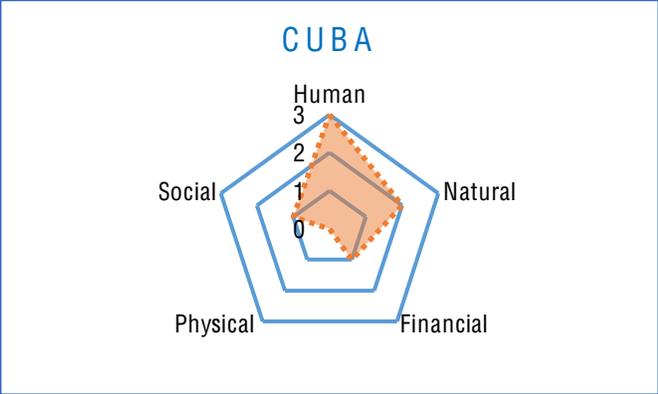
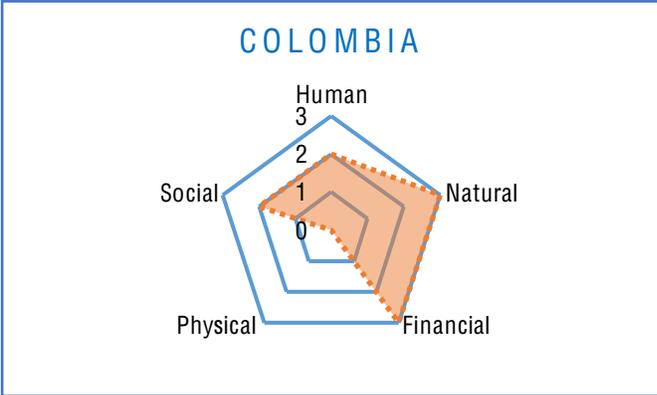
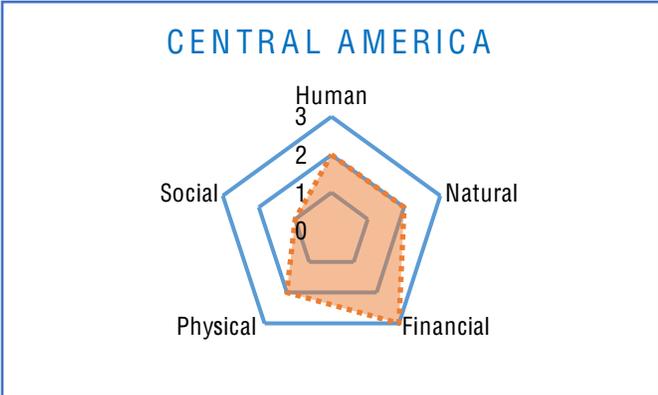
CAPITAL	PRODUCT/OUTPUTS
Financial	Credit for investments to capitalize land holdings, cover the cost of green certification, and to support new strategies for market entry.
	Financing for the sustainable management of public and private forest reserves
	Increases in products/services for developing the local tourism industry.
	Savings in the electricity bill due to alternative energy sources.
	Increases in the income of community forestry enterprises or business.
	Strengthening in production value chains to increase yields and agricultural productivity.
	Establishing an eco-friendly fund for development with different mechanisms, including: 1) payment for ecosystem services; 2) incentives for sustainable practices; 3) green microcredit; 4) full compensation for switching to eco-friendly production and energy resources.
	The creation of businesses for recycling solid wastes, which guarantee the national minimum wage as well as additional earnings from sales of the recycled products produced.
Physical	Financing to improve the productivity of local infrastructure. Households with electricity.
	The establishment of a centre for the development of a sustainable tourism industry.
	Investment in energy-efficient equipment and/or solar energy in hospitals.
	Observatories for food security, with forecasting equipment and early warning systems to support local agricultural production.
	Forestry enterprises investment in production infrastructure.
	Families integrating irrigation into their production systems.
	Improvements in irrigation systems on land holdings.

	Waste classification systems in shopping centres and homes.
Human	Training for project stakeholders on topics relating to biodiversity and the use of appropriate financing tools.
	Training program for policy-makers, regulatory agents, inspectors and technical personnel within various institutions.
	Strengthening of local associations for protecting producer rights.
	Training in environmental awareness, including specific training for the fishing and tourism industries.
	Training for public officials in: 1) policy norms and instruments for regulating the use of energy in public buildings; 2) development of indicators to assess energy use and efficiency; 3) a procurement manual with energy efficiency criteria.
	Training for personnel employed in the national observatory for environmental protection and the use of forecasting models for climate change, and the installation of the latter in agro-meteorological stations.
	Training of technicians in Forestry Commissions and staff in Community Forestry Commission.
	Training for civil servants involved in land planning and regional or local management of natural resources.
	Training for stakeholders from various backgrounds to help strengthen the implementation of sustainable livelihoods within a project.
Natural	Training for public and private sector employees, as well as for civil society. Strengthening of technical capacities for micro-small and medium-sized enterprises to develop biodiversity friendly practices with technical assistance program.
	Certification for land holdings which develop strategies for conserving plant species, managing infestations, positive changes in the use of soil, water and overall yield and viability of micro, small and medium-sized enterprises.
	Reduced emissions from introducing eco-friendly energy production.
	The establishment of conservation areas (such as corridors of conservation and the absorption of carbon.
	The establishment of projects for sustainable marine harvesting of oysters and sponges, as well as changes in tourism, fishing and agricultural industry practices which promote biodiversity in the sea and on land.
	Introduction of solar panels which help reduce carbon emission levels.
	The creation of buffer zones in coastal areas and low elevation coastal zones by protecting and restoring natural coastal defences such as swamps and sand banks.
	Certification of farms and landholders who conserve biodiversity through creating large conservation zones.
	The establishment of plots for organic farming and improvements in sustainable land use on their land holdings.
Social / Political	The establishment of model land holdings which invest in conservational practices, land plots which are managed sustainably, a reduction in the use of pesticides to control infestations, and the use of technologies which promote sustainable land use.
	Active promotion to improve project ownership in communities, governments and private companies.
	Implementation of a model for the sustainable management of coastal zones.

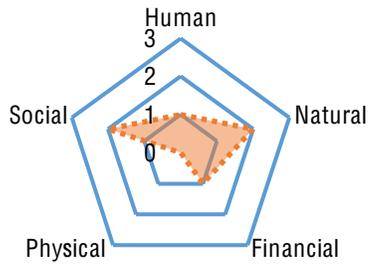
	The establishment of Institutional Committees on Energy Efficiency with special emphasis on female participation.
	The promotion of active coordination between government institutions (environmental and sectorial) to create a national strategy for coastal planning and climate change.
	Development of best practices and Mexican standards for certification.
	Formulation of a plan for a hydrological management plan for local provinces, micro land holdings and/or irrigation systems.
	Promotion of the participation of different actors via a network for land holders and a network for model woodlands.
	Support for the creation of inter-ministerial plans, which depending on different sectors will require collaboration between various institutions.

Construction of pentagons

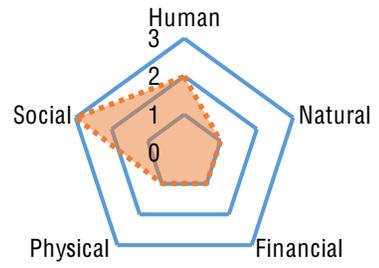
The last step was assigning points to each project outcome in the excel tool to produce the pentagons which help to visually represent results for different types of projects. Below there are the pentagons of the 10 UNDP projects included in this analysis. Each pentagon shows the scores assigned to each capital.



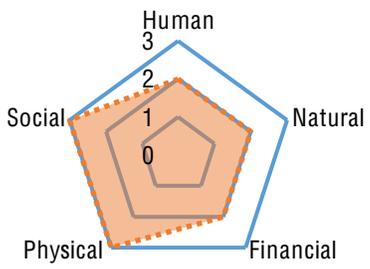
DOMINICAN REPUBLIC



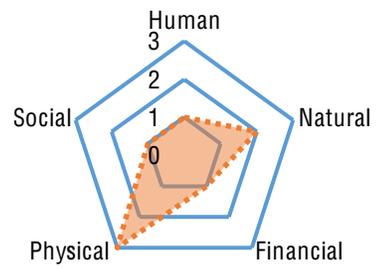
URUGUAY



EL SALVADOR



CHILE



Reference indicators

The following table lists relevant reference indicators that were used in the ten projects on environmental conservation and climate change implemented in Latin America and the Caribbean.

CAPITAL	REFERENCE INDICATORS
Natural	Access to Natural Resources
	State of Natural Resources Available to communities
	Indicators for Assessing Biodiversity
	Forest Cover
	Land Productivity
	Environmental Quality
Human	Level of Education of each Household member
	Training on activities strengthening income generation
	State of health
Financial	Income-generating activities
	Access to vouchers or cash state programs
	Access to credit
	Level and form of savings (cash, liquid assets, jewelry)
	Access to remittances
Physical	Distance of a home or business to a main road
	Access to public/private transport
	Access to basic services (water, communication, electricity, schools, health centers)
	Availability of production equipment and infrastructure
Social / Political	Membership in organizations (type of organization, services, activities, organization's sustainability)
	Membership in committees or collectives related to management
	Membership in local administration councils or town councils
	Existence of public organizations and their level of influence
	Rules, norms or laws which positively or negatively impact on community development

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