

Designing livelihoods projects

About this guidance

This guidance seeks to ensure that UK Aid Match applicants and grant holders understand how to design livelihoods projects well, and more specifically that they:

- Understand some of the design challenges that often arise and find ways of avoiding these
- Can find additional guidance that offers a more comprehensive understanding of the concept should they need it.

These areas are addressed in the following sections. At the end of the document, there is a list of websites for further information and reference.

Definitions

Sustainable livelihoods framework

The framework shows how, in different contexts, sustainable livelihoods are achieved through access to a range of resources (natural, economic, human and social capitals or assets) which are combined in the pursuit of different livelihood strategies. These may include for example agricultural intensification, livelihood diversification or migration. Central to the framework is an analysis of the range of organizational, institutional and policy factors that influence sustainable livelihood outcomes. This is seen in the overall context of the vulnerability of people's livelihoods to shocks and stresses.

Sustainable livelihoods and resilience

Resilience strategies draw together several strands of work, including social protection, disaster risk reduction and climate change adaptation. These aim to build the resilience of poor and vulnerable communities in developing countries. The focus is on supporting individuals, households and communities to increase their capacity to cope with the shocks (sudden events with short-term impact on livelihoods) and stresses (longer-term trends that undermine livelihoods).

Use the livelihoods approach if you want to improve the overall living standards of the target population; use the resilience framework if you want to build people's ability to adapt to short- or longer-term disasters.

Some design tips

Designing livelihoods projects

Previous applications to UK Aid Match have included some or all of the main elements of the sustainable livelihoods approach as a platform from which to develop further streams of work. Through the livelihoods approach various assets are built and other interventions can then be effectively introduced. Examples of this are:

- livelihoods plus disaster risk management
- livelihoods plus illegal wildlife trade (IWT)
- livelihoods plus integrated water resource management (IWRM).

However, given the relatively short project implementation period of 3 years, running a project with multiple streams of work sequentially will be challenging. It may also be difficult to demonstrate a significant outcome at the end of the period. To save time, the two streams of work should wherever possible run concurrently. It will be important to get as many activities as possible underway as early as possible.

Use the theory of change as a thinking tool

When designing projects, it is important to ensure that cause and effect of planned project outcomes have been thought through well, and that this process has involved as many of the project's design team as possible. The best time to undertake this is when working on the theory of change.

There are several theory of change models in use. Decide on which of these is most appropriate for your purposes and use it as a tool for talking through the logic that underpins the project with the main project stakeholders including local implementing partners, and with beneficiaries themselves.

Focus on a simple project outcome

People's lives are complex and multifaceted, and there is potentially a long list of activities that might contribute to building assets and making a livelihood sustainable. Many project designs attempt to cover too many of these and end up with activities that are outside the project's scope. When designing a livelihoods project keep focused on a simple project outcome which is achievable within the project lifetime and ensure that all project activities contribute fully to achieving that outcome. The project outcome describes the purpose of the project. It should identify what will change, and who will benefit. It should be possible to read the outcome statement and understand what the project is all about.

The following is an indicative list of the most common kinds of outcomes, and it is unlikely that a livelihoods project will fall outside of these. It may be necessary for a project to address more than one outcome (e.g. improved natural resource management may also contribute to better disaster risk reduction; livelihoods protection may be achieved by improved access to employment), but there should be a primary focus on a single one.

- Basic livelihoods protection
- Development of or increased access to productive
- Increasing productivity
- Diversification or increases in household incomes (including employment)
- Access to and use of livelihoods-related knowledge
- Access to livelihoods support services, finance, and markets
- Natural resource management
- Disaster risk reduction
- Rights-based empowerment, access to opportunities.

Select outcome indicators carefully

Review common indicators that are used by the sector to determine which may be the most appropriate ones for your project. Some examples of indicators are shown below. Household income increase and diversification are shown:

- Number/percentage of households improve their net income by (specify the amount), due to (specified livelihood activities and/or the cause of improvement)
- Number/percentage of households, diversify (quantify) their income generation activities (specify sources) which increase their net income by (specify the amount)
- Number/percentage of target population employed or self-employed in sustainable livelihood activities (specify)
- Number/percentage of sustainable micro, small and medium enterprises (MSME) initiatives (specify) created/strengthened and achieve (specify the goal) due to the intervention.

The exact wording will need to be adjusted according to the specific circumstances of each project. Note also that indicators for these outcomes will state only what will be measured, not including elements of the baseline or target. Each indicator must be verifiable by some means. Further examples of livelihood-centred indicators can be found in the resources list.

Establish realistic baselines, targets, milestones

Baseline data or estimates may be available from the outset and this can be inserted into the logframe template during the application stage. However, this might not be the case. Data

may not be available until the project is into implementation and a baseline survey can be conducted. The baseline survey should measure precisely the metric that is to be measured.

Thus, in the example of the first and second indicators above, it will be necessary to have precise data for:

- net household income for the target group under specified activities
- average number of income generating activities per household and net household income for each of these for the target group.

When setting targets and milestones, be realistic about what can be achieved, and think about the scale and pace of proposed change. Try to avoid introducing figures that will later have to be adjusted. It is advisable to plot these for every indicator as a graph, as this will provide a visual check. You will be asked to provide these graphics for every outcome indicator at full application stage, so it is advisable to develop these early and use them as a planning tool to aid design.

Timing

Livelihoods projects often involve longer-term interventions, with development outcomes that are hard to achieve within a 3-year project. Timing under these circumstances is important. The use of an overall Gantt chart is recommended during planning and implementation.

Community development is normally seen as an essential process prior to livelihoods activities taking place, often presented as a step-by-step process, with community mobilisation normally one of the earliest steps. This will require adequate time to bring a community through to a stage when it can undertake productive project activities. This needs to be allowed for in the project workplan. Discussions with implementation partners will be invaluable on this, as projects may be implemented with already mobilised and sensitised communities, which will save time.

Timing is also an issue with projects that plan to build natural resource assets, such as through agriculture, forestry or rangelands. Normally activities will not start immediately, and it may be well into the first project year before they get underway. Agricultural activities are normally based around an annual cycle, but markets must be developed and established and it may be well towards the middle of a project before benefits will be realised. Achieving significant benefits from rangeland or forestry interventions may be unrealistic over a three-year project.

Be specific about income generation

Generating income for a household may take several forms. These are often referred to as income generating activities (IGAs). This may take the form of petty trading, such as where women sell minor household items or horticultural products from a small roadside stall. A range of activities around agricultural (animals and crops), horticultural, and non-timber forest products may be involved. Or it may be decided to support households to start up a small business either in the natural resource sector, or another such as bicycle repair, hairdressing, or poultry keeping.

You may plan for your project to generate income through a social enterprise. This is a business venture created to operate as a private sector business but using profits to create positive social change by reinvesting back into the community. Under UK Aid Match conditions these are most likely to be stand-alone businesses but may also be registered as a private company or civil society organisation (CSO). Please ensure this is supported with a clear business plan that explains the way this works.

Whichever kind of income generation you are planning for the target group it is important that you are specific and that you provide realistic and evidence-based details about what income will be generated, by whom, and how this will take place.

Assess markets and value chains early

Wherever livelihoods/income generation activities are being planned in a livelihoods project, there is a strong argument for starting work and engaging with markets as early as possible. To help develop your ideas for IGAs, conduct some broad-based rapid market research as soon as you can to find where gaps exist in local markets and whether there is a demand for it. If there are many other businesses providing the same service as the one you are proposing, make clear what your niche is.

A market value chain refers to the full range of activities that are required to bring a product or service from production, through the different phases of treatment or processing, to delivery to consumers. Value chain analysis (VCA) is the study of markets to identify opportunities within the value chain and will include opportunities for potential income generating activities. Conducting the VCA as early as soon as you have decided which markets you are targeting provides a short cut and should allow you to start the marketing side of the work parallel to other activities.

Once the IGA is up and running, continued support by the project will need to take place as new income generation activities take off, to ensure their sustainability. This should be phased into the workplan, and a continuity strategy should be provided as the project comes to an end.

Involve the target group at all stages possible

The livelihoods approach is fundamentally people-focused, and every effort needs to be made throughout the project design and implementation processes to ensure that they are fully involved and have their say. This means more than just establishing beneficiary feedback mechanisms, although this is very important. Ideally it should involve beneficiaries' full engagement and ownership throughout.

References and further reading

Sustainable livelihoods

Sustainable livelihoods framework: a checklist (Scoones, I. 1998. "Sustainable rural livelihoods: a framework for analysis". In IDS working paper, Vol. 72, Brighton: IDS.

Chambers and Conway, G., 1992, 'Sustainable rural livelihoods: practical concepts for the 21st century', IDS Discussion Paper 296, Brighton: IDS

Resilience

[Defining disaster resilience \(opens in new window\)](#)

Indicators

[Key livelihoods programme indicators \(opens in new window\)](#)