

# Rapid guide for missions

Analysing local institutions and livelihoods



# Rapid guide for missions

Analysing local institutions and livelihoods

by

**Alice Stewart Carloni**

Senior Rural Sociologist

FAO Investment Centre Division

under the technical guidance of

**Eve Crowley**

Senior Officer

(Rural Livelihood Strategies and Poverty Alleviation)

FAO Rural Institutions and Participation Service

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

ISBN 92-5-105429-0

All rights reserved. Reproduction and dissemination of material in this information product for educational or other non-commercial purposes are authorized without any prior written permission from the copyright holders provided the source is fully acknowledged. Reproduction of material in this information product for resale or other commercial purposes is prohibited without written permission of the copyright holders. Applications for such permission should be addressed to:

Chief

Publishing Management Service

Information Division

FAO

Viale delle Terme di Caracalla, 00100 Rome, Italy

or by e-mail to:

copyright@fao.org

© FAO 2005

# Foreword

The Millennium Development Goals have once again focused world attention on the still illusive and daunting challenge of drastically reducing poverty and food insecurity. This means ensuring that some 600 million people – just half of those living in absolute poverty – can secure decent, stable livelihoods by 2015. We know that strong political will, adequate investment and a fair trading environment are crucial. At the same time many, concrete efforts are being undertaken at the grass roots level by governments, civil society and international organizations to assist the poor to make a difference to their lives.

Why have these well-intentioned efforts so often failed to have the expected impact? A key reason is their technology focus that ignores rural realities: the heterogeneity of rural households, their diverse livelihood strategies which change over time in response to new opportunities as well as the demands and constraints of different phases of their life cycles, their need to minimize risk to natural hazards and disasters, illness or death, fluctuating output prices and unreliable input supplies, and their attachment to cultural and social values that put human dignity and rights, empowerment and ownership of the development process as high on the agenda as material advancement.

This technology focus also ignores the crucial importance of local institutions such as farmers' organizations, cooperatives, chambers of agriculture and political parties, through which rural people bring their needs to the attention of decision-makers, through dialogue or lobbying. Local institutions are also the means by which the rural poor come together to develop and run economic enterprises, market their produce, and build and maintain infrastructure such as roads, bridges, and irrigation systems. Informal institutions of marriage, kinship and religion often provide the crucial means of organising reciprocal labour on each other's fields at critical periods, assisting families caring for the sick or disabled or unable to work during bereavements, providing desperately needed food and other assistance in periods of floods, droughts, animal disease or earthquakes.

Many project design missions include rural sociologists or institutions specialists but so often their reports, usually based on participatory processes shared with the rural poor, are attached as annexes and their findings are not integrated into the project design. This indicates a lack of commitment to true inter-disciplinary work that brings all the different sectoral inputs into a coherent whole to provide a people-centred approach that effectively addresses the needs of the rural poor. This guide thus aims to stimulate such a people-centred approach among mission members who are not sociology or institutions specialists by providing some simple tools to help them better identify and appreciate different types of formal and informal local institutions that otherwise remain invisible to the non-specialist, and to incorporate into their project design a livelihoods perspective that is grounded in strengthened local institutions. The guide does not claim to be comprehensive but rather a starting-point to assist mission members to gain a new perspective on development work with the very poor and to better ground their project design in reality.

# Acknowledgements

We are grateful to the many people who have contributed directly and indirectly to the preparation of this Rapid Guide.

Much of the original work upon which this document is based is contained in a longer publication by Norman Messer and Philip Townsley, entitled “Local institutions and livelihoods: Guidelines for analysis,” published by FAO’s Rural Development Division in 2003. That publication built upon and distilled a set of findings from original research undertaken by Kirsten Appendini, Robin Marsh, Norman Messer, and Guillaume Lanly during their employment with the FAO’s Rural Institutions and Participation Service.

This Rapid Guide is oriented specifically toward field missions and draws heavily upon Alice Carloni’s 18 years of experience in agricultural investment project design, implementation support and evaluation missions for the Investment Centre. It is a product of the excellent collaboration and inter-disciplinary work between the FAO’s Investment Centre and its Rural Institutions and Participation Service (Sustainable Development Department). Ms. Carloni can be reached at [alice.carloni@fao.org](mailto:alice.carloni@fao.org)

In addition to Eve Crowley who conceived and technically supervised this piece and worked closely with the author in all stages of its preparation, we are grateful to Marcelino Avila, Stephan Baas, Ian Cherrett, Jennie Dey DePryck, Olivier Dubois, Jan Johnson, Pamela Pozarny and Bernd Seiffert of FAO, as well as Zarina Douglas and Genevieve Dionne, for providing constructive comments and inputs on earlier drafts of the document. Additional copies may be obtained from [eve.crowley@fao.org](mailto:eve.crowley@fao.org)

# Contents

Foreword	iii
Acknowledgements	iv
Introduction	1
Module 1 – Livelihoods, poverty and institutions	2
Module 2 – Rapid livelihood and institutional diagnosis for missions	7
Module 3 – Regional and district institutional profiles	10
Module 4 – Community profile	15
Module 5 – Understanding household livelihoods	19
Module 6 – Understanding community institutions	22
Module 7 – Analysis of linkages	28
Module 8 – Using the information	29

# Introduction

This Rapid Guide aims at improving the effectiveness of projects in reducing rural poverty by grounding project design and implementation in an understanding of rural livelihoods and the institutions that affect them. It is intended to contribute to the achievement of the FAO Strategic Objectives by improving the contribution of field projects and programmes to reducing rural poverty and household food insecurity in support of the Millennium Development Goals.

Many efforts to reduce poverty have failed or proved to be unsustainable because they have not fully understood local institutions and the way that they influence the livelihoods of the poor. New institutions set up to support the poor have often proved inappropriate or have been undermined by existing institutions that were either not recognised by relevant stakeholders or poorly understood.

The Rapid Guide is based on a publication by Norman Messer and Philip Townsley, entitled “Local institutions and livelihoods: Guidelines for analysis,” FAO: Rural Development Division, Rome 2003. It also incorporates feedback from field tests undertaken in Cambodia and Uganda in 2002-3, with the support of the FAO Netherlands’ Partnership Programme.

The authors of the field tests recommended – as a complement to the existing published guidelines - two additional products for two different audiences: (a) a **condensed version** of the Guidelines tailored for use by project design, supervision and evaluation missions (**Rapid Guide for Missions**) and (b) a more detailed **Field Guide for Practitioners** undertaking participatory diagnostic studies. The current assignment was to prepare a **Rapid Guide for Missions**.

The **main users** of the **Rapid Guide for Missions** are expected to be development agency staff, project staff, consultants and other professionals involved in the design, implementation or monitoring and evaluation of projects, programmes and specific field activities. The main users of any future **Field Guide for Practitioners**, on the other hand, would be in-country participatory facilitators, local community development staff, extension workers and front line project staff.

The Rapid Guide complements the longer FAO publication: “Local institutions and livelihoods: Guidelines for analysis” (above). Related publications of partner agencies include “A Source Book - Institutional and Organizational Analysis for Pro-Poor Change: Meeting IFAD’s Millennium Challenge,” IFAD: 2004, and “A Practitioner’s Guide for Institutional Analysis of Rural Development Programmes,” IFAD 2005 (forthcoming). The Rapid Guide differs from other publications in that it is designed for use by people who are not necessarily specialists in institutional and livelihood analysis. It is intended for use by ordinary members of multi-disciplinary teams involved in the design, implementation and evaluation of agricultural and rural development projects. It suggests that analysis of local institutions and livelihoods should be combined with regular mission work and become part of the core responsibilities of teams concerned with project design, implementation support and evaluation. This differs from the approach of agencies such as World Bank and Asian Development Bank, who treat social and institutional assessment as separate exercises, undertaken by independent teams of experts, whose connection with project design, supervision and evaluation teams is often weak.

---

<sup>1</sup> Van Duuren, Bert, “Draft Report of Consultancy on Institutional Analysis in Cambodia”. FAO Netherlands Partnership Programme (FNPP) - Food Security Sub-Theme 9: Enhancing the Livelihoods of the Poorest, September – December 2003; and “Remarks and Recommendations FAO Guidelines Institutional Analysis”, Nov. 2003

<sup>2</sup> Douglas, Zarina and Rose Kato, “Draft Institutional Analysis and Livelihood profiling in Fishing Communities in Masaka District, Uganda”. FNPP Sub-theme 09, Building the Sustainable Livelihoods for the Food Insecure and Nutritionally Vulnerable in the African Great Lakes Region, April, 2004. and “Evaluation report on the use of SDAR’s Institutional Guidelines for the analysis of fishing livelihoods and local institutions in Ugandan Fishing communities under the Uganda component of the FAO Netherlands’ Partnership Programme sub-theme 09”, April 2004

## MODULE 1

# Livelihoods, poverty and institutions

The purpose of the Rapid Guide is to assist field missions to better understand how local institutions affect the livelihoods of rural households, especially the poor, and their implications for design, implementation and evaluation of specific projects.

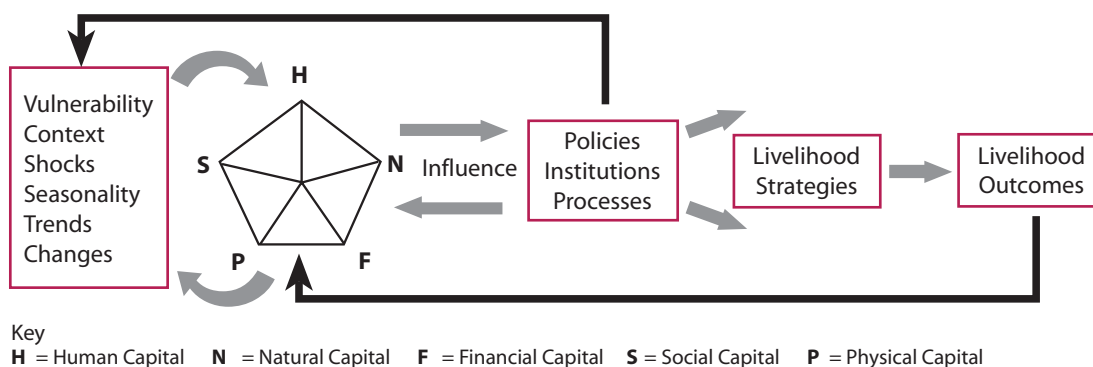
### Box 1 – Definitions

“A **household** is a group of people who eat from a common pot, and share a common stake in perpetuating and improving their socio-economic status from one generation to the next.”

“A **livelihood** comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain its capabilities and assets both now and in the future, while not undermining the natural resource base.”

The **Sustainable Livelihoods Framework** (below) is a tool for understanding how household livelihood systems interact with the outside environment – both the natural environment and the policy and institutional context.

### Understanding the Sustainable Livelihoods Framework



### Box 2 - Overview of the Sustainable Livelihoods Framework

The left hand section of the figure shows how the **vulnerability context** impacts on the **livelihood assets** of rural people – denoted by a pentagon. Livelihood **assets** are also influenced by outside **policies, institutions** and **processes**. **Livelihood strategies** of different categories of households are shaped by their **asset base** and by the **policy and institutional context** in which they live. **Livelihood outcomes** of different types of households are influenced by the **vulnerability context** – people’s exposure to unexpected shocks – and their ability to withstand the shocks, which depends on their **asset base**.



Five concepts are crucial for understanding the linkages within the framework:

- the vulnerability context
- livelihood assets
- institutions
- livelihood strategies
- livelihood outcomes

The **vulnerability context** refers to unpredictable events that can undermine livelihoods and cause households to fall into poverty. Some of these factors are fast acting (such as earthquakes) and others are slower acting (such as soil erosion), but both can undermine livelihoods. It is important to distinguish between shocks originating from outside the community, which affect all people in the same locality, and idiosyncratic shocks that principally affect only individual households.

**Box 3 - Vulnerability context** (illustrative examples)

**Weather-related shocks and natural calamities:** drought, earthquakes, hurricanes, tidal waves, floods, heavy snow, early frost, extreme heat or cold waves

**Pest and disease epidemics:** insect attacks, predators and diseases affecting crops, animals and people

**Economic shocks:** drastic changes in the national or local economy and its insertion in the world economy, affecting prices, markets, employment and purchasing power

**Civil strife:** war, armed conflict, failed states, displacement, destruction of lives and property

**Seasonal stresses:** hungry season food insecurity

**Environmental stresses:** land degradation, soil erosion, bush fires, pollution and

**Idiosyncratic shocks:** illness or death in family, job loss or theft of personal property.

**Structural vulnerability:** lack of voice or power to make claims

**Livelihood assets** refer to the resource base of the community and of different categories of households. In the centre left of the diagram above we have a pentagon that stands for different types of **assets** available to local people – **human, natural, financial, physical and social**. These assets are interlinked. Each type of asset is denoted in the figure with a capital letter (H, N, F, P, S).

**Box 4 - Types of livelihood assets** (illustrative examples)

**Human capital:** household members, active labour, education, knowledge and skills

**Physical capital:** livestock, equipment, vehicles, houses, irrigation pumps,

**Natural capital:** access to land, forests, water, grazing, fishing, wild products and biodiversity

**Financial capital:** savings/debt, gold/jewellery, income, credit, insurance

**Social capital:** kin networks, group membership, socio-political voice and influence

The size and shape of the **asset pentagon** – that is, the amount and relative importance of each type of capital – varies between communities and between wealthy and poor households within the same community. For instance, for historical reasons, rich communities may control more and better land and natural resources than poor communities, and within any given community, rich households control more land, livestock and physical and financial capital than poor households.

Community and household assets are influenced by two sets of outside factors: first, the **policy and institutional context** and secondly the **vulnerability context**.

**Policies and institutions** are an important set of man-made external factors that influence the range of livelihood options open to different categories of people. They also influence access to assets and vulnerability to shocks.

#### Box 5 – Institutions (illustrative examples)

**Institutions** include both membership **organizations** and invisible “rules of the game”

- **Formal membership organizations** such as cooperatives and registered groups
- **Informal organizations** such as exchange labour groups or rotating savings groups
- **Political institutions** such as parliament, law and order or political parties
- **Economic institutions** such as markets, private companies, banks, land rights or the tax system
- **Social-cultural institutions** such as kinship, marriage, inheritance, religion or draught oxen sharing

An **enabling** policy and institutional environment makes it easier for people – poor and less poor – to gain access to assets they need for their livelihoods. A **disabling** policy and institutional environment may discriminate against the poor, thus making it difficult for them to get access to land, livestock, capital and information.

Asset ownership influences the range of **livelihood options** open to different categories of people. Households with plenty of assets such as land, water, livestock, equipment and money, as well as higher education and skills and better socio-political networks, generally have a wider range of livelihood options than households with fewer assets.

There is **double causality** between the **vulnerability context** and **asset ownership**. On the one hand, shocks cause people to lose their assets. On the other hand, assets help protect people’s livelihoods against shocks. Human capital is less vulnerable to shocks because it cannot be stolen, lost or taken away easily (unless you die).

#### Box 6 - Vulnerability and resilience

Households with many livelihood assets are generally more able to preserve their lives and property in the face of shocks than households with fewer assets. They have enough savings that they can afford to buy food when crops fail. They have enough animals that they can afford to lose or sell a few and still have enough breeding animals to build up their herds again after the emergency passes. **Resilience** is the ability to withstand shocks.

Households with few assets (i.e., little land, few animals, limited physical and financial capital, weak family labour, poor education and lacking in marketable skills) are much more vulnerable to outside shocks than households with more assets. In the face of prolonged drought, when crops fail, poor households are forced first to sell off their animals at low prices to buy grain to feed their families. The longer the emergency, the more they deplete their asset base, to the point that they no longer have anything left to sell but their labour, and even their labour is weak due to hunger and failing health. When they lose their assets, they lose their means of livelihood.

**Livelihood strategies** are “the range and combination of activities and choices that people make in order to achieve their livelihood goals.” On the basis of their personal goals, their resource base and their understanding of the options available, different categories of households – poor and less poor – develop and pursue different livelihood strategies. These strategies include short term considerations such as ways of earning a living, coping with shocks and managing risk, as well as longer-term aspirations for children’s future and old age.

A **livelihood system** is the total combination of activities undertaken by a typical household to ensure a living. Most rural households have several income earners, who pursue a combination of crop and livestock, farm, off-farm and non-farm activities in different seasons to earn a living. Income brought by different household members may be pooled in a common “pot” or “purse” or

income earners may hold part of it back for personal spending money. In addition to productive tasks, there are reproductive tasks that need to be performed on a daily or seasonal basis such as fetching water, fuel, cooking, cleaning and looking after children. Finally, participation in community-level socio-cultural and political activities is part of the livelihood system. The livelihood system also includes the total pattern of labour allocation of household members between crops, livestock, off-farm work, non-farm business and reproductive and community tasks.

**Local institutions** influence **household livelihood strategies** directly, by determining which activities are legal/illegal and appropriate/inappropriate for women and men, by creating incentives to pursue certain activities and choices over others, and by influencing perceptions of the effectiveness of particular strategies for achieving desired outcomes. **Local institutions** also affect household livelihood strategies *indirectly* through their influence on **access and control of household assets**.

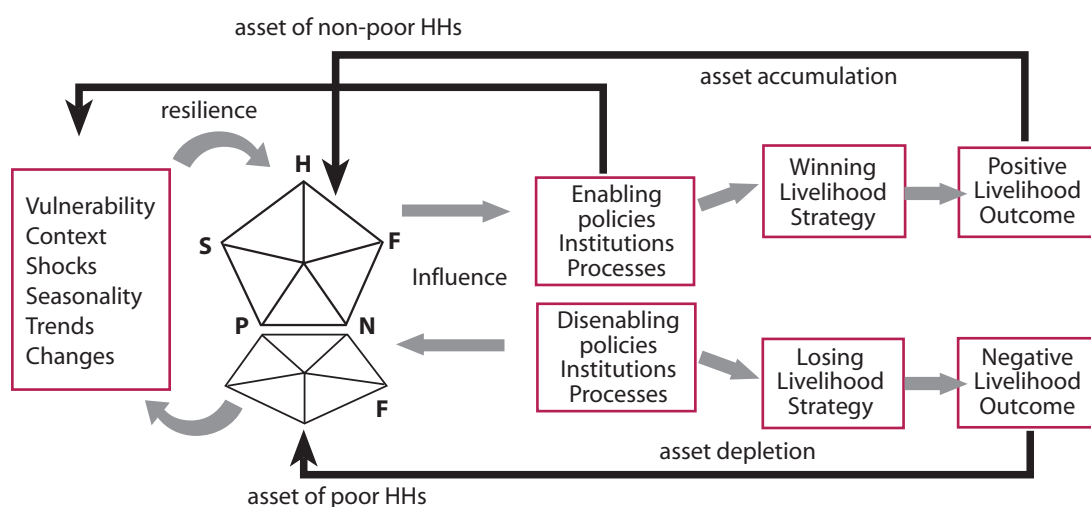
**Livelihood outcomes** are what household members achieve through their livelihood strategies, such as levels of food security, income security, health, well-being, asset accumulation and high status in the community. Unsuccessful outcomes include food and income insecurity, high vulnerability to shocks, loss of assets and impoverishment.

**Box 7 – Key linkages in the Sustainable Livelihoods Framework**

- The vulnerability context influences household livelihood assets
- Policies and institutions also influence household livelihood assets
- Policies and institutions can increase or decrease individual vulnerability
- Household asset ownership widens livelihood options
- Asset ownership decreases vulnerability and increases ability to withstand shocks
- The range of livelihood options influences livelihood strategies
- Different livelihood strategies lead to different livelihood outcomes (positive and negative)
- Livelihood outcomes influence the ability to preserve and accumulate household assets

The **process of falling into or getting out of poverty** is illustrated in the modified Sustainable Livelihoods Framework figure below.

**Livelihoods and poverty**



Key  
**H** = Human Capital    **N** = Natural Capital    **F** = Financial Capital    **S** = Social Capital    **P** = Physical Capital

The asset base of poor households is much more limited than that of non-poor households because of disabling policies, institutions and processes. Restricted access to land, water, natural resources and other assets limits poor households' livelihood options. Lack of assets to fall back on in an emergency makes them vulnerable to shocks. Shocks contribute to negative livelihood outcomes and further depletion of household assets, leading to a downward spiral of deepening poverty.

Because of enabling policies, institutions and processes, non-poor households enjoy a broader livelihood asset base, which widens their livelihood options and reduces their vulnerability to shocks. This enables the non-poor to pursue winning livelihood strategies and to achieve positive livelihood options.

To enable poor households to overcome their poverty, development projects can take three broad lines of action: (a) they can help poor households to build up their assets – especially their human and social capital; (b) they can transform the policy and institutional context from one that disables the poor to one that is more pro-poor, or (c) they can reduce vulnerability, by strengthening resilience at community and household level, in parallel with support for disaster prevention and risk management at higher institutional levels.

### **Local institutions, poverty reduction and the Millennium Development Goals**

Local institutions that are elite-dominated, unegalitarian, undemocratic, un-transparent and unaccountable to local community members are disabling to the poor and reduce their chances of getting themselves out of the poverty trap. Such a disabling institutional context can undermine the effectiveness of poverty reduction efforts and slow progress on achieving the Millennium Development Goals. Conversely, poverty reduction efforts tend to stand a greater chance of success when they are implemented in an enabling institutional context (i.e., where local institutions are egalitarian, autonomous, self-reliant, democratic and accountable to local citizens).

## MODULE 2

## Rapid livelihood and institutional diagnosis for missions

Much of project design, supervision and evaluation work undertaken on behalf of FAO, trust funds and international financing institutions is done through short visits (“missions”) to developing countries by staff and international consultants in connection with teams of local counterparts. The typical duration of project design missions is around 3 weeks. Supervision and evaluation missions are usually even shorter – two weeks on average. Under such time pressure, does it still make sense to attempt a rapid diagnosis of local institutions and livelihoods in the context of project design, implementation support and evaluation missions? The answer is “yes”: even a rapid diagnostic has the potential to make an enormous difference for development projects and their poverty outcomes.

The profile of a typical mission is the following:

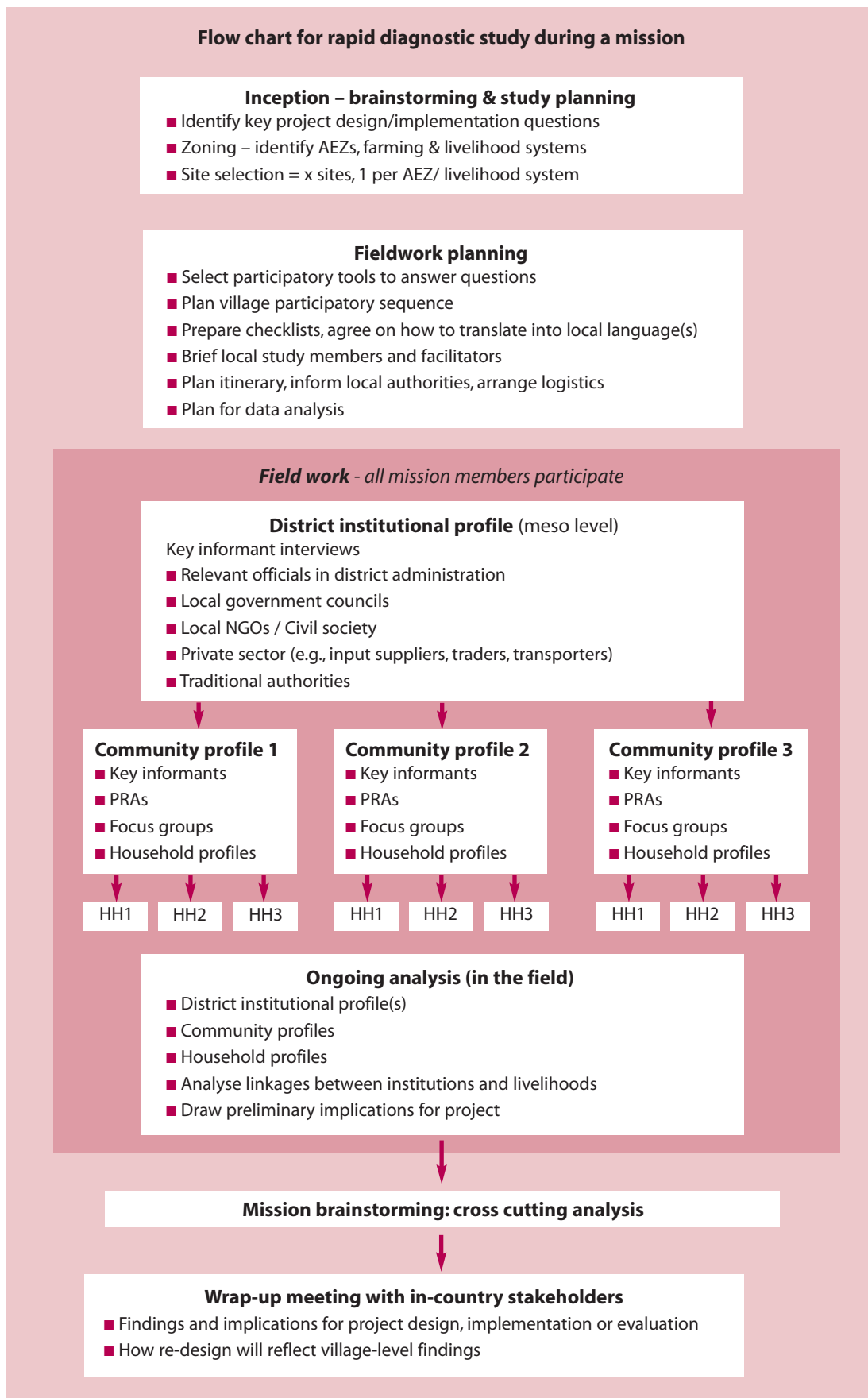
- Advance preparation (duration varies with lead time and familiarity with the country<sup>1</sup>)
- Initial meetings with government and international donors in the capital city (2-5 days)
- Travel to project area and meeting with key officials (1-2 days)
- Field visits in the company of implementing agencies (7-10 days)
- Informal wrap-up meeting with officials in the project area (2 hours)
- Return to capital city (variable 1/2 day – 2 days)
- Additional meetings in capital city to reach agreement on the mission’s recommendations
- Drafting of an aide-memoire (1-2 days)
- Wrap-up meeting(s) with key government officials and donors (2 hours)
- Report finalisation.

The challenge addressed by Module 2 in the Rapid Guide for Missions is to adapt the process required for analysis of livelihoods and local institutions to the time and resources available on a typical mission. The model we are proposing builds on what most missions are already doing. It involves the following elements and steps:

- **Inception meeting** with stakeholders (2-4 hours, either in the project area or the capital city)
  - Introduce mission members to stakeholders and vice-versa
  - Discuss the mission’s TORs
  - Brainstorm on key questions to be addressed by the mission
  - Agree on what geographic areas and activities the mission should visit
- **Key informant interviews** at region, district and below district levels (1/2 day each district)
  - Relevant public administration officials and project implementation unit (if any)
  - Elected local government councils
  - NGOs, civil society organizations and private sector
- **Community-level field work**<sup>2</sup> (5-10 days depending on time availability)
  - Select villages typical of different agro-ecological zones (AEZs), ethnic groups, production or livelihood systems (3 –7 villages)
  - Village-level investigations – 1-2 days per village
  - Continuous qualitative data analysis with team members followed by 1-2 days for cross-cutting analysis and brainstorming
- **Wrap-up meeting** to share findings and discuss implications with in-country stakeholders

<sup>1</sup> E.g., 1 week for desk review of relevant documents including project concept, donor corporate, regional and country strategy documents plus the country’s own policies and strategies as stated in Poverty Reduction Strategy Papers (PRSPs) and agricultural sector strategy documents, plus socio-economic and cultural background on likely project beneficiaries.

<sup>2</sup> A small team (3 persons) might cover 3 villages, 1-2 days per village; a larger team might work together in the first village, then split and cover 2 villages in parallel (teams A & B in different villages on the same day).



The Rapid Guide that follows consists of 8 modules and corresponding sets of checklists that can be used to enable missions to understand local institutions and livelihoods in the context of project design, implementation support and evaluation work.

Name of module	Page	Related checklists	Page	Name of module
<b>1. Livelihoods, poverty and institutions</b>	1	(None: definitions and conceptual framework)	2	
<b>2. Rapid livelihood and institutional analysis for missions</b>		Flow chart for a rapid diagnostic study during missions	3	Intended as an overview of steps in the mission process
<b>3. District institutional profiles</b>		Checklist 3A - Questions for district officials Checklist 3B - Questions for NGOs and civil society organizations Checklist 3C - Questions for local political leaders Checklist 3D - Questions for the private sector	10	Checklists 3A, 3B, 3C and 3D are intended as a guide for semi-structured interviews with government, NGOs, political leaders and private sector at district level <b>Output: district institutional profile</b>
<b>4. Community profile</b>	18	Checklist 4A – Questions for a community profile Checklist 4B – Guide for analysis of community profiles	18 19	Checklist 4A is intended to guide semi-structured interviews with community leaders <b>Output: 2-3 community profiles</b> Analysis compares & contrasts different communities
<b>5. Understanding household livelihoods</b>	22	Checklist 5A – Questions on household livelihood strategies Checklist 5B – Guide for analysis of household livelihood systems	22 23	Checklist 5A is for interviews with individual households selected to illustrate livelihood systems of each socio-economic stratum at community level. Analysis focuses on differences by wealth, gender, age, ethnicity and production system <b>Output: typology of livelihood systems</b>
<b>6. Understanding community institutions</b>	24	Checklist 6 – Institutional attributes Checklist 6B – Membership and participation Checklist 6C – “Invisible” attributes of institutions Checklist 6D – Guide for analysis of institutional profiles	26 27 28 29	Checklists 6A, 6B and 6C are intended for interviews with community leaders (modern and customary) as well as leaders of membership organizations. Analysis focuses on how to select the institutional entry points that support rather than undermine poor households’ livelihood strategies
<b>7. Analysis of linkages</b>	28	Checklist 7 – Guide for brainstorming on linkages	30	Analysis focuses on how the socio-cultural and historical context influences the assets of different types of households and how this affects their ability to withstand shocks. <b>Output: a diagnosis of the causes of poverty and options for building secure &amp; sustainable livelihoods</b>
<b>8. Using the information</b>	29	Checklist 8 - Key policy or project design and implementation questions		How to use the analysis of local institutions and livelihoods to design programmes and projects that better contribute to poverty reduction

## MODULE 3

# Regional and district institutional profiles

### Why do institutional analysis?

- Failure to adequately understand the institutional context is the main reason why development projects fail
- Institutions can be enabling or disabling for rural poverty reduction
- Projects implemented in a disabling institutional context tend to fail, despite good intentions
- Success of rural development projects in reaching the poor and ensuring their participation depends on choosing the “right” institutional entry point and implementing partners
- Projects that select the wrong partners and delivery channels can unwittingly bypass the poor
- Poverty reduction efforts can be undermined by elite capture of benefits
- Local ownership of the project on all levels can be important for implementation success
- Local implementing agencies’ understanding of a project concept may differ from that of project planners
- Sustainability of benefits beyond the project depends on local capacity for operation and maintenance at district and community level
- Mobilization of local resources in support of project implementation depends on local leadership
- Replicability depends on whether or not local government and communities have learned to repeat the process of community-based planning and implementation with minimal external support. Local institutions and organisations cannot be taken at “face value”. We must try to understand what goes on beneath their “surface”.

### Institutional entry point issues at national level

Most missions spend a few days in the capital city at the beginning and end of the country visit to enable them to confer with officials in their host ministry, as well as other relevant ministries, international agencies and donors. Unless mission members have already visited the project area on other occasions, these preliminary meetings often take place before mission members have the opportunity to visit the project area and to confer with local stakeholders. During these meetings, Governments may take important decisions about project scope, contents and implementing agencies.

The choice of the “right” national ministry to host the mission is particularly important for agriculture and rural development projects. Usually government assumes that any future project will be implemented by the same ministry that hosted the mission. FAO’s entry point for development projects is usually a sectoral ministry<sup>1</sup> such as the Ministry of Agriculture (MoA) for issues relating to crops, livestock, land use planning and fisheries, Ministry of Natural Resources and Environment for forestry, land and environment, Ministry of Water Resources for irrigation, Ministry of Rural Development for small rural infrastructure, etc. Because each ministry has a specific sectoral domain, the choice of entry point has important implications for project contents. The question is not only “what sector?” but also “what administrative level?”

<sup>1</sup> FAO intranet provides, for each member country, lists of relevant ministers and ministries for each of the Organization’s mandated subject-matter areas. FAO divisions also work with the Ministry of Trade on issues related to agricultural commodities, Ministry of Industry for agro-processing, Ministry of Health for nutrition, Ministry of Women’s Affairs for gender issues, Ministry of Fisheries for marine and aquatic resources, Ministry of Science and Technology for agricultural research, Ministry of Information for information, etc.



The dilemma often faced by project design missions that adopt a livelihood-based approach is that the livelihood systems of the poor can involve a combination of crops, livestock, forestry, fisheries, hunting and gathering, non-farm enterprises and migration. Likewise, community-identified problems and priorities tend to cut across narrow sectoral boundaries. In such cases, the mission runs the risk of affiliating itself prematurely with a ministry whose mandate only covers crops and livestock or only forests while the target group is asking for schools, drinking water and a comprehensive package of assistance.

Whenever a rural development project is intended to be community-driven, the design team should consider the option of placing the project management unit in a multi-sectoral ministry such as Local Government and Rural Development or Ministry of Finance and Planning.

Key questions to guide the mission in selecting an institutional entry point include:

- Does the mission or project already have a pre-determined sectoral focus?
- If so, what sector(s) does it cover?
- If the focus is still to be determined, which sector(s) are within the sphere of influence of the organization sponsoring the mission?
- What livelihood assets and activities are relevant for these sectors?
- What institutions affect access and control over resources in the chosen or probable sectors?
- What national ministries have the mandate for these sector(s)?
- How does each possible implementing ministry rate in terms of its capacity, outreach, poverty focus, client-centeredness and bottom-up orientation?
- Which service providers or delivery channels does the government expect to use to reach villagers?
- What is local community members' opinion of these possible service providers?
- Are there alternative service providers whom community members might prefer?

### District or municipal institutional profiles

Interviews with key informants in the project area at various administrative levels usually form the core of most conventional project design, supervision or evaluation missions. There has been a tendency for missions to rely far too heavily on the opinions or priorities of project staff or public officials which often differ from those of villagers. **It is essential for visiting missions not to limit their interviews to public officials. They also need to interact directly with a wide range of community stakeholders to make the mission aware of such differences.**

The purpose of preparing a district institutional profile is to assess to what extent the local institutional set-up is conducive to reaching the poor and to responding to the demands of local citizens and what could realistically be done to improve the situation. It is therefore important for the mission to know the point of view of all players on this issue, including local officials, politicians, elected assembly persons, traditional leaders, private sector, NGOs and civil society organizations.

#### Who should be interviewed?

- Local public administration – including relevant department heads of line agencies
- Project management unit and staff (if there is already a project)
- Elected local government councils
- Front-line service providers (community development, agriculture, health, etc.)
- NGOs and civil society organizations
- Private sector: shopkeepers, produce traders, input suppliers, transporters, as relevant

**Topics:**

- Local livelihood systems as seen by key informants
- Vulnerability context
- Impact of shocks on different socio-economic categories of people
- Trends in living standards (reasons for improvement/decline)
- Local institutional context - SWOT analysis (strengths/weaknesses/opportunities/threats)
- Livelihood-related problems of villagers as seen by each key informant
- Opportunities/priorities for project intervention as seen by each key informant
- Agency policies on community-driven development
- Agency view of its own clients (to assess the extent of poverty focus)
- Agency views on the rural poor and how best to serve them
- Perceived constraints for bottom-up development and for reaching the poor
- Key informant views on who (government, NGOs, private sector) should deliver what assistance to whom and how
- Local power structures and their implications for reaching the poor

**Module 3 – Checklist 3A - Questions for district officials**

- What is your understanding of client-centred or demand-driven approaches?
- Whom do you see as your clients?
- Who are the rural poor and how can they best be reached?
- What proportion of the clients actually reached and served by your agency are poor?
- What proportion of clients is female?
- What challenges or constraints does your agency face in reaching poor women and men?
- What is your agency's policy on community participation? On demand-driven development?
- To what extent are participatory policies reflected in actual service delivery?
- Who and what administrative level currently sets priorities for community development?
- What do you mean by the community?
- How is community-level prioritization done (if any) and by whom?
- How are community priorities transmitted to government?
- What are the respective roles of traditional and modern community authorities in the prioritization process?
- How does your agency work with local government councils? With sub-district authorities?
- What should be the role of the community citizens in:
  - identifying local priorities?
  - planning community sub-projects?
  - mobilising local resources and contributions for community sub-projects?
  - selecting service providers to assist in implementing community sub-projects?
  - monitoring and evaluating community sub-project implementation?
  - operation and maintenance of community-level facilities built by sub-projects?
- What services should be provided by government and what by the private sector?
- How should the project work with the private sector? With NGOs? With civil society organizations?
- At what administrative level(s) is capacity building most important and why?
- What capacity has already been built?
- What types of institutional strengthening do you see as most important?

---

### Module 3 – Checklist 3B - Questions for NGOs and civil society

---

- What is your understanding of community-driven development?
  - Whom do you see as your clients?
  - What is the government's policy on community-driven development?
  - To what extent is government policy on community development reflected in actual practice?
  - Who in a community-driven project should set community priorities?
  - What do you mean by the community?
  - How is community-level prioritization done (if any) and by whom?
  - How are community priorities transmitted to government?
  - To what extent are community priorities reflected in government assistance?
  - What are the respective roles of traditional and modern community authorities in the community development process?
  - What should be the role of the community-based organizations in:
    - identifying and planning community-level initiatives?
    - mobilising local resources (if any)?
    - choosing among potential service providers?
    - monitoring and evaluating sub-project implementation?
    - operation and maintenance of project-built facilities?
  - Who are the key players in the local power structure? How should the project deal with them?
  - How should the project work with NGOs? With civil society?
  - How should it work with the local government councils?
  - What services should be provided by government and what by NGOs and private sector?
  - How should the project work with civil society organizations?
  - Who are the rural poor and how can they best be reached?
  - How big an issue is elite capture and what can be done to prevent it?
  - At what administrative level(s) is capacity building most important and why?
  - What capacity has already been built?
  - What types of institutional strengthening do you see as most important?
-

---

### Module 3 – Checklist 3C - Questions for local political leaders

---

- What is your understanding of client-centred or demand-driven approaches?
  - As elected representatives, to whom are you accountable?
  - What is the government's policy on community-driven development?
  - Who in a community-driven project should set priorities?
  - What do you mean by the community?
  - How is community-level prioritization done?
  - How are community priorities transmitted to locally elected leaders?
  - To what extent do district or municipal plans reflect community priorities?
  - What are the respective roles of traditional and elected leaders in the prioritization process?
  - What are the roles of sub-district level authorities?
  - What should be the role of community-based organizations in project implementation?
  - How should the project work with local government councils?
  - What services should be provided by government and what by the private sector?
  - How should the project work with the private sector? With NGOs? With civil society organizations?
  - Who are the rural poor and how can they best be reached?
  - At what administrative level(s) is capacity building most important and why?
  - What local capacity has already been built?
  - What types of institutional strengthening do you see as most important?
- 

---

### Module 3 – Checklist 3D - Questions for the private sector

---

- What do you think ought to be the respective roles of government and the private sector in responding to community-level priorities?
  - What community services should be provided by government and what by the private sector?
  - How should the project work with the private sector? With NGOs? With civil society organizations?
  - What should be the role of the community in:
    - project implementation?
    - planning sub-projects of local interest?
    - mobilising the local contribution (if any)?
    - choosing among potential service providers?
    - monitoring and evaluation?
    - operation and maintenance?
  - Whom do you see as your main clients?
  - Who are the rural poor and how can they best be reached?
  - At what administrative level(s) is capacity building most important and why?
  - What capacity has already been built?
  - What types of institutional strengthening do you see as most important?
-

## MODULE 4

# Community profile

## Why do community profiles?

The purpose of a community profile is to enable mission members to develop a sufficient understanding of the community as a whole to be able to:

- decide which household livelihood strategies to investigate in more detail;
- decide which local institutions might be important for household livelihood strategies and need to be investigated in more depth;
- understand the context in which households and local institutions operate so that they can identify linkages
- ultimately, design and implement more effective and sustainable projects.

The profile does not need to be “definitive” – the mission does not need to know everything about the community in which it is working. Nor does it imply that once the community profile has been “completed”, investigators have no more to learn about the community as a whole. Everything they uncover during the rest of their field visits will deepen their understanding of the community and improve the richness and complexity of their “community profile”. But what they learn during this initial community profile will provide them with an entry point so that they know where to look, who to talk to and what approach to use during the rest of their work.

## What do we mean by community?

From a practical point of view, it is important for missions to work with a pragmatic concept of the rural community as a social reality of operational significance which can be easily identified in practice.

### Box – Definition of “community”

A “community” refers to the locus where all members of a group of people having some form of collective claim over a territory and recognizing some form of collective governance can be given the opportunity to influence decisions in matters of public choice that affect their livelihood (i.e.: the locus where direct participatory democracy is a concrete possibility).

The above definition implies: (a) a territory, (b) that all residents in the territory know each other, or are in a position to do so easily, and (c) that community members share institutions of local public governance.

The Rapid Guide will use the term “community” as roughly interchangeable with the term “village”.<sup>1</sup>

<sup>1</sup> In cases where governments have grouped several hamlets into a single administrative village, the “community” may coincide with the hamlet. In areas where scattered settlement patterns prevail, “communities” can exist even in the absence of “villages.” In some highly populated areas where towns of over 10,000 people are still referred to as “villages,” the “community” may coincide with a neighbourhood within the larger village. Although the French term “commune” and its Spanish equivalent “municipio,” are sometimes translated as the “community,” we prefer in the Rapid Guide to treat them as equivalent to the English “district” and to reserve the term “community” for villages having not more than around 500 households.

### Topics for key informant meetings with community leaders

- Characteristics of the community: population, households, main livelihood activities
- Community resource base: land, water, natural resources, infrastructure and services
- Vulnerability context – shocks, stresses affecting livelihoods of villagers

### Participatory rural appraisal (PRA) exercises with leaders:

- **Community history** (time line) – frequency of shocks and coping mechanisms
- **Vulnerability context:** proportion of households who are food and income insecure in an average year, bad year, good year (reasons)
- **Social map:** location of all households
- **Wealth ranking:** typical characteristics of wealth and well-being groups in the community
  - Household composition (human capital: labour force, migration, education, dependency status) by socio-economic group
  - Household assets by wealth group (access to land, water and natural resources; livestock ownership; physical and financial capital)
  - Typical social capital by wealth group
  - Typical livelihood strategies and sources for each wealth group
  - Typical livelihood outcomes by wealth group
  - Rough estimate of proportion of households in each wealth category
  - Estimate of women-headed households in each wealth category
  - Upward or downward mobility by socio-economic category: which categories of households are increasing their wealth; staying the same; falling into poverty (reasons)
  - Precise identification of households in each wealth category (on social map)
- **Initial community institutional profile** (see Checklist 4A for a fuller set of questions)
  - Venn diagram of local institutions and their relative importance for the village
  - Rank groups in order of importance for livelihoods and poverty reduction

### Focus group meetings

(“ordinary” people – non-leaders – separate groups of women and men)

- Local resource map: main land types, livelihood activities on each land type, physical infrastructure (roads, public transportation, irrigated areas, water points, schools, health posts, nearest market, electricity, banks, agricultural extension, etc.)
- Seasonal activity calendar (crops, livestock, forest, off-farm, domestic work, gender roles)
- Vulnerability context: shocks, stresses; proportion of households who are food insecure in an average year, bad year, good year (reasons); proportion of households who are income insecure in an average year, bad year, good year (reasons)
- Problem analysis module: Perceived livelihood problems, causes of problems, coping mechanisms and livelihood opportunities of women and men (separately)
- Feedback on project activities and preferred service providers

---

## Module 4 – Checklist 4A – Questions for a community profile

---

### Community history and trends

- How long has the community been in existence and how was it founded?
- When did different social, economic, ethnic and cultural groups settle in the community?
- How has the community changed over time and what has caused those changes?

### Resources

- What are the main natural resources available to the community?
- Who uses them and how are they used? Who does not use them?
- Where are they located?

### Vulnerability context

- What are the main sources of vulnerability?
- How often do shocks hit the community?
- How do people cope with shocks?

### Livelihoods

- What are the different activities that households in the community use to support their livelihoods?
- Who is involved in those livelihood activities (men/women, young/old, different social and economic groups) and how many people and households depend on them?
- When do those activities take place (time of day/month/season) and where?

### Community structure

- How many people and households live in the community?
- What is the gender composition and age structure of the community?
- What different social, economic, ethnic and cultural groups are there in the community?
- What are the relationships among these groups?
- How are those groups defined?
- Where do those different social, economic, ethnic and cultural groups live?

### Local institutions

- What formal organisations and associations are there in the community?
- What rules, regulations and customs are in place?
- Who is affected by them and how?

### Community infrastructure

- What services are available in the community (transport, power and water supply, markets, agricultural extension, health, education, etc.)?
- Who has access to these services? Who uses the services?
- How expensive are the user fees for these services?
- Community feedback on the relevance, quality, timeliness and affordability of services

### Perceived problems, opportunities and priorities

- Key livelihood problems, opportunities, and priorities as seen by leaders, women and men
-

---

## Module 4 – Checklist 4B – Guide for analysis of community profiles

---

### What is the pattern in the community regarding

- Access to land and water (typical farm size, range of variation, landlessness)
- Access and control over forests, grazing land, water bodies, wild products
- Livestock ownership and management systems
- Ownership of productive capital such as farm equipment and enterprises
- Ownership of personal assets (houses, vehicles, consumer goods)
- In and out migration and remittances
- Social and political organization
- How do marriage customs work?
- How does inheritance work?

### How does the historical, political and institutional context influence access to assets?

- Access of different wealth groups to land and water
- Access and control by wealth groups over common property resources
- Livestock ownership by wealth group
- Ownership of productive capital by wealth group
- Human capital (household size, composition, migration, education and skills)
- Social capital (kin networks, membership in/ influence over organizations)

### How do the assets of different wealth categories affect their livelihood strategies?

### What are the main causes of poverty (as seen by the locals)?

### Is life in the community getting better or worse, and for whom, and why?

### How are local institutions evolving?

- Changes in the power structure
- New organizations
- Old institutions or organizations that may be losing their former influence (give reasons)
- Others that remain strong in the face of change (give reasons)
- Changes in how community members make decisions

### What are the biggest livelihood problems faced by the community?

- As seen by community leaders
- As seen by male citizens
- As seen by female citizens
- As seen by the poor
- As seen by the non-poor

### What are the top livelihood opportunities as seen by different people in the community?

- Priorities/opportunities as seen by leaders, men and women, poor /non-poor (each category separately)
  - To what extent do leaders and ordinary people agree on the ranking of livelihood problems and opportunities?
  - To what extent do women and men, or poor and non-poor agree?
-



## MODULE 5

# Understanding household livelihoods

## Why do household interviews?

- Household interviews are useful for understanding linkages between livelihood assets, livelihood strategies and livelihood outcomes
- Life histories are a good way to learn about why people fall into poverty and how they get out of poverty and how shocks affect the process
- Interviews with selected upper, middle and lower stratum households allow us to cross-check and validate the information provided by leaders and other key informants
- Household interviews enable us to learn how policies and institutions affect the asset base of non-poor, average and poor households
- Household interviews allow mission members to learn about categories of households who do not participate in PRA and focus group sessions. For instance, women and men in the poorest households are difficult to reach through PRAs and focus group sessions because they are too poor to participate (too busy working for meals) and they dare not speak up in public.
- Doing household interviews at the homestead enables us to observe living conditions, domestic animals, housing and fields, often leading to unexpected discoveries

## Plan for household profiles (separate day<sup>1</sup>)

- In each site (village), using wealth ranking and card sorting, select at random 3 households in each wealth category for household interviews at their homesteads, of which at least 3 should be female-headed households
- The household interview for each household should cover:
  - Household composition (human capital)
  - Household resource base (access to land, water, natural resources; ownership of livestock, physical capital, financial capital)
  - Membership in kinship networks, exchange-labour groups, informal groups, formal groups, patron/client relationships, etc.
  - Household livelihood systems and strategies
  - Risk and vulnerability (frequency of shocks; effects of shocks on livelihood systems, assets and well-being; coping mechanisms; strategies for dealing with risk)
  - Livelihood outcomes (level of wealth and well-being)
  - Perceived livelihood problems /opportunities /priorities
  - Feedback on the project – interest in/familiarity with the project and what it offers?
  - Perceived relevance, utility and affordability of what the project offers
  - Reasons for participating / not participating
  - Feedback on partners and preferred delivery systems: whom do villagers trust? Why?

<sup>1</sup> Split team in two or more sub-groups, paired with an interpreter if necessary

---

## Module 5 - Checklist 5A – Questions on household livelihood strategies

---

### Household composition and resource base

- Household members (including migrant members), sex, age, religion, ethnic group, health status (disabilities, etc.), dependency status, residency status, roles in different livelihood activities
- How does household composition vary by socio-economic status?

### Human capital

- What is the educational status of resident and non-resident household members?
- What skills, capacity, knowledge and experience do different household members have?
- How do education, skills and physical labour capacity vary by socio-economic status?

### Natural capital

- What land, water, livestock, and plant or forest resources do household members use inside and outside the village? What do they use them for?
- What are the terms of access and exchange (ownership, rental, share arrangements, open-access, passage, leasing, milk for grazing)?

### Physical capital

- What infrastructure do household members have access to and use (transport, marketing facilities, health services, water supply)? What infrastructure do they not have access to and why?
- What are the terms of access to and maintenance of different types of infrastructure (payment, open access, individual or “pooled”, etc.)?
- What tools or equipment do household members use during different livelihood activities and what are the terms of access to them (ownership, hire, sharing, etc.)? How and by whom are they maintained?

### Financial capital

- What are the earnings of the household from different sources (crop & livestock sales, processing, off-farm activities, business, forest products, fishing, remittances, gifts)?
- What other sources of finance are available and how important are they (bank credit, moneylenders)?

### Social capital

- What links does the household have with other households or individuals in the community (kinship, social group, membership in social, economic and religious organisations, political contacts, patronage)?
- In what situations do those links become important and how (mutual assistance, pooling labour)?

### Vulnerability context

- What are the seasonal patterns of different activities that household members are engaged in?
- What seasonal patterns are there in food supply, income, expenditure, residence, etc.?
- What crises has the household faced in the past (health crises, natural disasters, crop failures, civil unrest, legal problems, indebtedness, etc.) and how did it deal with them?
- What longer-term changes have taken place in the household’s natural, economic and social environment and how has it dealt with these changes?

### Policies, institutions and processes

- What organisations, institutions and associations (societies, cooperatives, political parties, etc.) do household members participate in and what role do they play in them?
  - How are decisions reached within these organisations, institutions and associations?
  - Who makes decisions about the use of natural and physical resources in the community and how are those decisions reached (what are the centres of decision-making)?
  - What laws, rules and regulations affect the household?
  - Which organizations are most important for the household and what benefit do they bring?
-

---

## Module 5 - Checklist 5B - Guide for analysis of household livelihood systems

---

### Characteristics of typical non-poor, middle and poor households

- Land (typical farm size, irrigated – non-irrigated)
- Livestock (typical holding by species)
- Physical assets (equipment, housing, shops)
- Financial capital (savings/indebtedness, trading capital, remittances, pensions, credit)
- Human capital (household size, labour force, health status, education and skills, migration)
- Social memberships, connections and influence
- How do assets vary between non-poor and poor?

### How does the historical, political and institutional context influence household assets?

- Influence of history, politics and institutions on access to land, water and natural resources
- Influence of socio-historical factors on physical, financial, human and social capital
- Influence of the socio-historical context on household composition and demographic trends (settlement, migration, seasonal and long term population movements, etc.)

### How do assets affect livelihood options of different categories of households?

- Do wealthy households have wider livelihood options? Do poor households have narrower options?
- How does gender affect livelihood options?
- How do age and ethnicity affect livelihood options?

### What are the main livelihood sources and strategies of different categories of households?

- Total pattern of activities of a typical non-poor household, poor household, very poor
- Typical livelihood activities of women and men in each socio-economic category
- How do different categories of households reduce their vulnerability to shocks?
- Are both non-poor and poor exposed to the same outside shocks?
- If so, what enables the non-poor to keep from falling into poverty in the face of shocks?

### What are the trends in living standards of poor and non-poor households?

- What are the main shocks affecting livelihoods? Do they affect poor and non-poor differently?
- What assets enable the non-poor to withstand shocks better than the poor?
- What role do local institutions play in households' ability to withstand shocks?
- Which categories of people are improving their living standards and which are eroding?
- Upward and downward social mobility (of households over the life cycle and of whole categories of people relative to their neighbours): who is falling into poverty? Who is getting out of poverty?
- Who are the winners and losers?
- Who is building up their capital assets and who is depleting them and why?
- Who were the poor and non poor two generations ago and who are likely to be the poor two generations from now? Why?

### What are the causes of differences in wealth and poverty?

- Rich or poor parents?
  - How much is explained by vulnerability to outside shocks?
  - How much is explained by institutions that favour rich / powerful and discriminate against the weak?
  - To what extent are "successful" livelihood strategies explained by personal virtues such as hard work and cleverness as opposed to having the right social background and assets?
  - To what extent are "unsuccessful" livelihood strategies explained by bad luck or lack of resources as opposed to personal shortcomings of household members?
-

## MODULE 6

# Understanding community institutions

### Why deepen the community institutional profile?

Just as institutions and organisations at regional and district level cannot be taken at “face value”. We must try to understand what goes on beneath their “surface”. This is important because the local institutional context can either support or undermine poverty reduction efforts.

### What do we mean by community institutions?

By “community” institutions we mean the rules that govern intangible institutions like kinship, marriage, inheritance and sharing of oxen at community level and organizations that operate at community level and are controlled by their members. Development workers tend to pay most attention to relatively formal, visible institutions, such as development agencies or various forms of associations and organisations that they find within communities. This is because they are relatively easy to identify, and usually have fairly clear stated objectives. But institutions often overlap – informal, unstructured social or socio-cultural institutions, such as caste, gender or informal “rules of the game”, may exist throughout society and inside formal, structured institutions. Such “nested” institutions may undermine the formal objectives and effectiveness at meeting those objectives.

**Community-based organization (CBO)** is a generic term applied to all organizations controlled by a community. CBOs generally fall into two broad categories: (a) institutions such as the Village Development Committee (VDC) that have “public” functions at community level and are meant to represent the interests of the entire resident population, and (b) Common Interest Groups (CIGs) that have “private” functions, and represent the personal interests of their members. Examples of the latter might be a women’s enterprise group or a water users’ association or a farmers’ association or a village savings cooperative.

#### Box – Types of community-based organizations (CBOs)

**Village development committees (VDCs)** are organizations of collective governance of a village with responsibility for development. Collective governance of a community implies a set of accepted endogenous rules, i.e. the institutions of the community, and an organization responsible for the application of the rules and for organizing collective action of interest to all the members of the community.

**Common interest groups (CIGs)** are organizations of some members of the community that come together to achieve a common purpose.

**Users associations (UAs)** are CIGs established to operate and maintain a facility constructed with public and/or private funds, with resources mobilized from the members of the association.

**Micro-finance institutions (MFIs)** are community-level CIGs specialized in savings and lending.

**Networks of CBOs.** These may join together VDCs or CIGs. The latter are more common. Federations of CIGs of various types are often classified as “Professional Associations”.

## Community institutional profiles

### Who should be interviewed?

- Village leaders (traditional, modern, elected or non-elected, political, religious)
- Leaders of different hamlets or sectors within larger villages
- Key informants on relevant sectors (schoolteacher, barefoot doctor, traditional birth attendant, contact farmer, etc.)
- Local shopkeepers, traders, input sellers, produce buyers, transporters, etc.
- Local NGOs active in the community
- Leaders of community based organizations (elected leaders, village development committee, farmers' groups, women's groups, youth groups, producer and marketing associations)
- Individuals concerned with customary village-level dispute resolution and arbitration
- Leaders of groups from outside the community that regularly pass through the village, using local resources in certain seasons of the year (such as transhumant pastoralists or fisherfolk)

Whenever a key informant is to be interviewed for both the community profile and the institutional profile, we recommend combining checklists for Module 4 and Module 5.

### Topics to cover in the overview of local institutions

- List of local institutions of relevance for the village
- Institutional profiles of community-based organizations and membership groups, both formal and informal (see Appendix 1): group name, initiator, when/how group started, activities and achievements, membership by gender and socio-economic status, outside support (if any), contribution of each group to the livelihoods of members and to the community as a whole
- Rank institutions/organizations in order of importance for livelihoods of the community
- Select the most important and project-relevant organizations for further discussion
- Arrange focus-group meetings with leaders and members of key organizations

### Topics to cover in focus group meetings with key organizations

- Select only the most important institutions or organizations
- Select the most relevant questions from checklists 5, 6 and 7 on the next pages

---

## Module 6 - Checklist 6A - Institutional attributes

*The form and structure of institutions, their ownership and the key actors or stakeholders*

---

### Legality

- What is the legal status of the institution or organisation?
- For the project purpose does the institution or organization require legal status?
- If so, how long will it require to obtain it?

### Formality

- What procedures or formally established rules of behaviour does the institution or organisation have?
- What formal roles and tasks are established within it?
- How are meetings called? How often?
- Are they recorded?
- Who decides procedures?

### Level

- At what level does the institution or organisation operate and is it the 'right' one for the project?
- If not the right level, who, or what, determines the level at which the institution operates?

### Objectives and capabilities

- What are the stated objectives of the institution or organisation?
- What is the capacity of the institution or organisation to reach those objectives?
- Are the objectives realistic in the light of its capacity?
- Who is involved in establishing, changing or influencing the objectives of the institution and its capacity to achieve those objectives?

### Mandated objectives and activities

- What objectives and activities does the institution or organisation have a mandate to achieve or carry out?
- What, or whom, does the institution or organisation claim to represent?
- How was this mandate established?
- Who gave them that mandate?

### Actual activities

- How does the institution or organisation achieve, or try to achieve, its objectives?
- What activities does the organisation undertake now?
- Who participates in activities and who determines where, how and when activities are carried out?
- What skills and knowledge are required to undertake these activities effectively?
- Do members have the capacities, information, awareness, equipment, and resources to operate effectively?

### Legitimacy

- What sort of local support does the institution or organisation command and why?
- Who regards the institution or organisation as legitimate?
- Is weak legitimacy likely to be a problem for the project?
- If so, what can be done to enhance legitimacy?

### Informality

- What role do informal rules or processes play in the institution?
- How do these informal rules affect what the institution or organisation does?
- Who establishes or influences informal rules or processes?

### Geographic coverage

- What area does the institution or organisation cover?
- How is the coverage of the institution determined?
- Is insufficient coverage likely to be a problem for the project?
- If so, how could its coverage be broadened?

### Commitment

- Do leaders and community members sometimes disagree on the management of the institution or organisation?
- What commitment is there on the part of the institution or organisation and its members to achieve its objectives and to follow its rules?
- Does the institution or organisation have a 'vision'? If yes, is it stated or expressed anywhere?
- Who influences the institution's commitment to achieving its objectives?

### Ad-hoc objectives and activities

- What objectives or activities, besides the stated ones, have emerged over time?
- How have they been addressed?
- Does the institution or organisation defend the interests of a particular group of people (does it play an advocacy role)? For whom?
- Who establishes or influences these ad-hoc objectives and activities?

### Future activities

- How does it plan to achieve its objectives in the future?
  - What activities are planned for the future?
  - Who will participate in future activities?
  - Who determines what future activities will be?
  - What skills, knowledge, equipment and resources might be required to undertake these activities?
  - How will these be obtained or developed?
-

## Module 6 - Checklist 6B - Membership and participation

*Who is included and excluded from institutions or organisations; the rules that govern membership*

### Conditions of participation

- What are the conditions for membership?
- Does membership in this institution or organisation exclude membership elsewhere?
- Who participates in the institution or organisation?
- Who is excluded for the institution or organisation and why?

### Contributions

- What fees or other forms of contribution are expected from members?
- Is membership transferable or inheritable?
- How are these contributions determined?
- Who determines these contributions?
- Who collects them?
- Who decides how they are used?
- What contributions are received from outside sources?
- Who manages these?

### Rules of the game

- How, when and by whom were the rules established to determine who benefits (most/least)?
- How, if at all, do women participate in the institution or organisation?
- What forms of patronage and protection, if any, does the institution or organisation provide?
- Who are the institution's or organisation's main beneficiaries?
- Who decides on how benefits from the institution are distributed?

### "Non-Working" rules and sanctions

- Are some rules applied differently to different people?
- Are there any rules that are no longer applied?
- What sanctions are in place for not following the rules?
- How are they enforced? By whom?
- Are they applied to everyone in the same way?
- How often have they been applied in the past?
- Who decides on and enforces these rules and sanctions?
- Who has been subject to them now and in the past?

### Decision making

- How, where, when, and by whom are decisions made?
- How are they transmitted to others?
- What possibilities are there to debate decisions?
- What form of consensus is involved in decisions?
- How and among whom is consensus normally achieved?
- Are decisions ever revoked?
- Why and when has this happened?
- Who influences the decision-making process?

### Leadership

- What leadership exists in the institution or organisation? Is there an organigramme?
- How are leaders chosen/elected? For how long?
- How closely does the level at which the leadership operates correspond to the level at which the whole institution or organisation operates?
- Who participates in the leadership of the institution, both formally and informally?
- Who has participated in the leadership in the past?

---

## Module 6 - Checklist 6C – “Invisible” attributes of institutions

---

### Values

- To what extent does the institution represent values or norms that are common to its members or to the community at large?
- What are those values?

### Identity

- Do any particular social groups identify closely with the institution?
- Does the institution play a role in forming or preserving the identity of that social group?
- How does this identification affect the way in which the institution or its members act?
- How does it affect the sustainability and effectiveness of the institution’s actions?
- How does it affect the relations between this institution and other institutions, both locally and at higher levels?

### Incentives and motivations

- Do the members have any incentives (economic, social, cultural, etc.) or motivations (political, familial, cultural, etc.) for participating in a particular institution?
- How do these incentives or motivations affect the way in which they participate?
- How are these incentives or motivations realised?
- How do these incentives or motivations relate to existing or past social obligations?
- How have they changed over time and why?

### Change

- What is the potential and capacity for change in a particular institution? What changes have taken place in the past? How did they take place? Who or what promoted them?
- What role has the institution played in determining change in the neighbourhood/village/community in the past?
- What role could it play in the future?
- In the existing situation, how is the institution likely to change in the future?
- How do different members and participants think it will change?
- How would they like it to change?
- How can they influence that change?

### Individuality

- What room is there for individual initiative in the institution?
- How is individual initiative accommodated or encouraged by the institution?
- Is such initiative limited to certain members or participants of the institution?
- Has this changed in the past and how could it change in the future?

### Leadership

- How is leadership established within the institution?
- What role do the personal characteristics (e.g. charisma) and leadership skills (e.g. clear speech) play?
- How has this changed compared with the past?
- How do the leadership skills and style affect the success or failure of the institution?
- How important are the following for establishing leadership in the institution:
  - political power?
  - patronage networks?
  - family and kin relations?

### Relations with other institutions

- Is the institution part of, or linked to, another bigger institution?
  - Are there other smaller institutions that are part of, or linked to, this institution, either formally or informally (for example, are there sub-committees or kin linkages that are typical of the members of the institution)?
  - How do these linkages affect the institution?
-



## Analysing the institutional profiles

The questions below are intended for use by mission members during their brainstorming sessions. They are “memory checks” or questions to keep in the back of one’s mind throughout the process. They should be answered through triangulation of information from various sources and by exercise of professional judgement. The questions are not meant to be asked in interviews.

---

### Module 6 - Checklist 6D – Guide for analysis of institutional profiles

---

- What institutions affect access and control over resources in the chosen or probable sectors?
  - Which service providers or delivery channels does the project intend to use to reach villagers?
  - Do any of these institutions explicitly or unintentionally exclude, bypass or discriminate against poor households, ethnic minorities or women?
  - Are the institutions dominated by local elites?
  - If so, what is the likelihood that elites could capture a disproportionate share of benefits?
  - If elite capture of benefits is likely, what could the project do to support the poor in such an institutional context?
  - What are the prospects for transforming elite-dominated institutions to make them more egalitarian and democratic?
  - How satisfied are local people with existing service providers?
  - Are there alternative service providers whom the villagers prefer?
  - Which local institutions – relevant to the project – do poor households trust?
  - Which institutions do poor households rank as most important for their own lives?
  - Which local institutions would be the best entry point for reaching the poor?
  - What kind of support (capacity building, equipment, awareness raising) would key local institutions require in order to operate in a manner that would facilitate the achievement of the project goals?
  - Which institution(s) would be most important in developing a long term relationship between the community and the project?
  - Which existing institutions currently oversee, implement, or monitor village decisions about local development and could do so for decisions related to a project?
  - Do these institutions have the skills, power, and legitimacy required to perform these functions effectively?
  - If not, are new institutions needed or could existing institutions perform these functions effectively with additional capacities, knowledge, and/or resources or assets? (Assess the pros and cons of this choice, knowing that existing institutions are usually more sustainable than new ones.)
-

## MODULE 7

# Analysis of linkages

### Why analyse linkages?

Analysis of linkages between local institutions and livelihoods is the most important step in the mission process. This is where mission members get the opportunity to cross-check the validity of their assumptions and to draw implications for project design or implementation or evaluation.

### Module 7 - Checklist 7 – Guide for brainstorming on linkages between local institutions and livelihoods

#### Key linkages

Between **local institutions** and **asset distribution**

#### What to look for – key questions

How do local institutions affect access of different categories of households and of women and men, young and old, to land, water and natural resources?  
To other types of assets (e.g., livestock equipment, financial capital, education)?

Between **local institutions** and the **vulnerability context**

How do local institutions increase or decrease vulnerability of different categories of people to outside shocks?  
Role of local institutions in risk mitigation or risk sharing (if any)

Between the **vulnerability context** and **asset ownership**

How do shocks and stresses affect the distribution of assets between different categories of households (and members within each type of household)?

Between **assets** and **capacity to withstand shocks**

When a **shock** strikes the whole community, why are some households able to keep from falling into poverty, or even gain, while others are impoverished?  
What is the role of different types of **assets** in **protecting** different categories of households from falling into poverty in the face of shocks?

Between **assets** and **livelihood options**

How **assets** affect the **range of livelihood options** open to different categories of people?

Between **local institutions** and **livelihood options**

How do **local institutions** affect the **livelihood options** of different categories of households (especially the poor)?

- Does group membership widen options?
- Role of extended kin networks in widening livelihood choices
- Connections with influential people outside the community

Between **local institutions** and **livelihood protection/recovery**

How do **local institutions** influence households' ability to **protect their livelihoods against shocks? To recover from shocks?**

- Role of formal group membership
- Role of traditional institutions
- Role of extended kin networks
- Role of connections with influential people outside the community

Between **local institutions** and **livelihood outcomes**

How do **local institutions** influence **livelihood outcomes** of different people?

- Are poor households sheltered by kin networks or informal social safety nets?
- Use of social and political membership/ connections for personal gains

Analysis of linkages should first be done as an informal, all-day brainstorming session among the members the project design, supervision or evaluation mission and their local counterparts. Relationships can be mapped by writing key factors on cards, sticking the cards on to a wall in a pattern, and drawing lines between cards to show lines of influence. If time permits, it is recommended that mission members repeat the process – in abbreviated form – with wider stakeholders, as part of the mission's wrap-up meeting. The team should use the analysis of linkages to identify key issues to be addressed and action to be taken by the project.

MODULE 8

# Using the Information

Having undertaken extensive consultations with villagers, the challenge is now for mission members to draw implications and apply them to project design, implementation or evaluation. This section outlines some of the possible applications of the information obtained from local institutional analysis.

## Module 8 - Checklist 8 – Key policy or project design and implementation questions

Sector/ sub-sector / topic	Overarching questions about local institutions, livelihoods and poverty
Poverty reduction	<p>What are the causes of poverty and what role do local institutional arrangements play in deepening or reducing it?                      What is the potential for pro-poor institutional change?</p>
Community-driven development (CDD)	<p>Is the goal of CDD pro-poor institutional development or poverty reduction through increased access to infrastructure?                      What is the likelihood that devolution of decision-making on public resources to communities will lead to greater equity?                      What is the likelihood that government will devolve decision making on public resources?</p>
Community-based natural resource management (CBNRM)	<p>What is the likelihood that community-based management of natural resources will contribute to poverty reduction?</p> <ul style="list-style-type: none"> <li>■ Who has a stake in the resources that the project wants to develop/protect?</li> <li>■ To what extent do the livelihoods of the poor depend on their access to the resource?</li> <li>■ What are the <b>rights</b> of each stakeholder over the resource?</li> <li>■ What are the <b>responsibilities</b> of each stakeholder with respect to the resource?</li> <li>■ How are the <b>rewards</b> from resource use divided among different stakeholder?</li> <li>■ What are the <b>relationships</b> between different stakeholders?</li> <li>■ Are there any conflicts between resource users?</li> <li>■ To what extent would the project benefit or harm poor resource-dependent people?</li> <li>■ How could poverty outcomes be enhanced?</li> </ul>
Client-centred agricultural technology generation and dissemination	<p>How can we make agricultural research and extension systems more client-centred?                      How can small farmers be empowered to influence research and extension priorities?                      How can we ensure that a client-driven system involving a mix of public and private service providers will give adequate importance to the needs of poor smallholders and women relative to those of commercial farmers?</p>
Rural livelihood diversification and enterprise development	<p>What role does diversification play in livelihood systems of the poor and non-poor?                      What is the potential for encouraging diversification and enterprise development?                      What are poor households' existing and preferred marketing arrangements?                      What role can enterprise groups play in strengthening access to markets by small producers, including the poor, on more equitable terms?                      What are the trade-offs in the micro finance sector between institutional sustainability and outreach to the poor? How can we increase outreach to the poor on a sustainable basis? How can micro-finance providers become more client-centred while retaining a poverty focus? How can MFIs develop financial products that support the livelihood diversification and enterprise development efforts of clients?</p>
Enhancing rural service provision	<p>What should be the respective roles and responsibilities of government, NGOs and private sector in service provision? How can we make rural services more community-centred and responsive to client demands while ensuring adequate voice for the poorest? How can we reconcile cost recovery aimed at ensuring sustainability with affordability for the poor? How can we ensure adequate coverage of women and men in poor households on a sustainable basis?</p>
Policy impact assessment	<p>How have policy changes, such as the phase-out of farm input subsidies and price supports or the withdrawal of government from seed production or agricultural lending, impacted on the poor and poorest?</p>

### **Application to poverty reduction strategies and programmes (PRSPs)**

Poverty reduction strategies and programmes need to identify and tackle the root causes of poverty – not just the symptoms. Different categories of stakeholders are likely to have contrasting views on the root causes of poverty and how to address them. Each line ministry has its own slant on poverty. The view of community members is likely to differ from that of the line ministries. Often the view of poor households differs from that of community leaders, and women from men. Poverty cannot be addressed only through improvements in health, education and infrastructure, without reference to the ways that the poor make a living and the factors that make them vulnerable to shocks. Poverty reduction efforts need to be grounded in an understanding of the livelihood systems of the poor and their sources of vulnerability. When all households in a community are exposed to the same shock, why do some households fall into poverty and others do not? What are the factors that enable non-poor households to withstand the shocks without falling into poverty? Which types of livelihood strategies are useful for reducing exposure to risk? Which types of assets are most important for overcoming shocks? How did the non-poor acquire these assets? What is preventing the poor from acquiring the same assets? What are the opportunities for widening the poor's access to the assets – whether natural or physical or financial or human or socio-political - that help people to reduce their vulnerability to shocks? What role can local institutions play in reducing vulnerability? Local institutions at community level can be enabling or disabling of poverty-reduction efforts, depending on the local power configuration and the degree of elite dominance.

### **Application to community-driven development (CDD)**

Development is community-driven when ordinary citizens are capable of identifying and prioritizing their own needs and planning and implementing local initiatives, largely on their own – with minimal external support. Community members mobilize locally available resources to match outside funds from government or donors to finance small, locally-initiated projects selected from a menu of eligible activities. Development is said to be “fully” community-driven when community members select what activities to implement, receive the matching funds directly, select who is to implement the project, monitor implementation, and evaluate the contractors' performance.

CDD is expected to contribute to poverty reduction in several ways: (a) by increasing the supply and improving the condition of basic community-level infrastructure such as primary schools, rural health facilities, drinking water; (b) by building capacity at community level to identify and implement small projects; (c) by increasing the supply of service-providers – public, NGO and private - able to respond to community demand for infrastructure and (d) indirectly, by simulating multiplier effects in the local economy, while diversifying the sources of support for community-based organizations.

CDD programmes differ in the relative importance given to building local capacity at community level. The World Bank tends to be concerned with meeting targets for fund disbursement, while ensuring good quality of works, proper financial management, and full respect of Bank financial management and procurement guidelines, as well as social and environmental safeguards. For IFAD, on the other hand, the main thrust is to build capacity for communities to do it themselves with minimal dependency on government or donor projects. Delivery of infrastructure is important, but grassroots institutional development is the cornerstone of its CDD strategy.

Donors also differ in the relative importance given to political, administrative and fiscal decentralization in the context of CDD. Some programmes aim at building capacity for delivery of basic public infrastructure primarily at the lowest level of the public administration, which may correspond to the district or municipality (or the French equivalent, the *commune*). Some projects channel the funds through elected citizens' representative councils at district level, others through the public administration and others through apex organizations of CBOs or NGOs.

A challenge for CDD is to distinguish between different levels of public infrastructure corresponding to different domains. The domain of the “district” or “municipality” may be primary schools and health posts and markets and feeder roads serving the entire district territory, whereas the domain of the community may be drinking water and kindergartens and farm-to-market tracks. Many donor projects are working on building capacity for CDD at the level of a district or municipality or “commune”, which is a territorial unit encompassing many separate villages and hamlets, each of which constitutes a “community” in its own right. There also is a need to consider smaller community-level projects and to avoid confusing the two domains.

CDD approaches are expected to contribute more to poverty reduction at community level than infrastructure provided in a top-down manner. However, there is always a risk that if decentralized controls are too lax, local elites could capture resources intended for the poor. Analysis of local institutions can help project planners to assess the likelihood that devolution of decisions on the use of public funds from the central ministries to the district or municipality or community level will lead to greater equity. It can also help to determine what should be the respective roles of village development committees, common interest groups and elected district citizens’ representative councils in identifying priorities, approving sub-project proposals, mobilizing the local contribution, selecting contractors, monitoring construction, certifying completion and evaluating performance.

#### **Application to community-based natural resource management (CBNRM)**

One set of issues regards who – rich/poor, male/female - has a stake in the resources that the government or donor wishes to develop. To what extent do the livelihoods of different categories or stakeholders depend on the resource? Who is likely to be affected by the project – positively and negatively? Who are likely to be winners and losers? Four key questions (the 4-Rs) are: What **rights** does each stakeholder have over the resource? What **responsibilities** do they have – to each other, to the general public and to future generations? What are the **relationships** between different categories of stakeholders? How are the **rewards** of resource use divided among stakeholders? Are there any conflicts among stakeholders – latent or manifest? What can be done to improve benefits to the poor?

Another set of issues regards the appropriate social unit for managing a resource: what resource management decisions should rest with the community at hamlet or village level? Which will require an apex-organization that includes all villages in a particular watershed, or that includes representatives of sedentary farmers and pastoralists who pass seasonally through the same territory? What institutions already exist that are concerned with natural resource management at each level (hamlet, village, watershed, etc.)? How do the customary institutions interface with the public administration at district or municipal or ward level? What should be the role of customary institutions governing natural resource management at village level relative to those of elected authorities at district level?

#### **Application to client-centred agricultural technology generation and dissemination**

Most countries are trying to re-orient existing agricultural research and extension systems to make them more client-responsive. Instead of telling farmers what to do, researchers and extension workers are now expected to listen to farmers and to respond to their clients’ felt needs. This reorientation is no simple overnight process. Checklists in Modules 3 and 4 can be used to assess how which levels of the bureaucracy have already adopted a client-centred approach and which have yet to change their way of doing business. For instance, in Indonesia, institutional analysis in connection with a tree crops rehabilitation project revealed that the philosophy of client orientation is well-accepted at district level but it is not yet consistently applied in concrete circumstances. District officials can enunciate the concept of “farmer empowerment” but they are

not yet willing to let farmers decide which crops to rehabilitate and how big an area to cut and replant. The officials do not want to let go of their control over crop choice, replanting decisions and planting material. They will only support farmers who have tree crops planted in pure stands in contiguous blocks of at least 25 ha. Once a block is selected for project support, all farmers with tree crops in the same block will be expected to cut and clear all their old trees and to plant new trees that will only come into production 7 years later. Officials are not responsive to farmers' felt need to stagger the replanting over several years, so that they will not lose all of their income. Many farmers prefer to replant on their food crop land and to defer cutting their old trees until the new ones come into production, but the extension services will not allow it.

The reorientation of agricultural research and extension services to make them more client-responsive and farmer-driven is a welcome change. Nonetheless, client-orientation introduces an inherent risk that public research and extension could become too centred on the richest and most powerful farmers, to the detriment of subsistence producers, unless corrective action is taken to ensure a better balance. The commercial farmers have a considerable advantage because they are better able to express themselves, better-organized to lobby for their own self-interests and better-placed to access and influence decisions about which crop-related problems need research and which technologies are of interest. There is a risk that the priorities of the vast majority of subsistence-oriented farmers are neglected and that women farmers are unable to influence the priority-setting process.

A recent innovation (Uganda, Indonesia) has been for extension projects to channel funds directly to "communities" to enable them to hire in public, private or NGO service providers to advise them on crops and enterprises of their choice. Who are the winners and losers when Farmer Fora at sub-county level in Uganda are given control of funds for contracting extension services from different categories of service providers? What has been the experience with farmer participation in setting the agendas of research institutes and in undertaking farmer-managed on-farm trials and demonstrations? How can client-centred technology generation and extension systems become more gender sensitive? How can we ensure that the priorities of subsistence producers are not overshadowed by those of commercially-oriented farmers?

### **Application to livelihood diversification and enterprise development**

Efforts to reduce poverty and vulnerability through livelihood diversification need to start from an understanding of existing livelihood strategies. Most rural households derive their livelihoods from a combination of income sources, such as food crops, cash crops, livestock, off-farm work and migrant remittances. In addition, many households depend on common property resources such as forests, grasslands and fishing grounds for a part of their subsistence. The relative contribution of each income source to livelihoods differs between agro-ecological zones, production systems and ethnic groups. It also differs between rich and poor within communities. Rich households are likely to sell their crops and animals at the time of year when prices are highest and the poor when prices are lowest. The rich are able to add value by processing their products and transporting them to distant markets in search of higher prices, whereas the poor have fewer options for adding value through processing and for selling outside the village.

Enterprise groups can be a way of strengthening poor producers' bargaining power and their access to input and output markets. However, the creation of smallholder enterprise groups needs to be grounded in a good understanding of existing institutions at the local level. What is the relationship between the poor producers and local shopkeepers, transporters and outside traders? Which marketing channels do poor households prefer? Which intermediaries do they trust? What are local attitudes toward group formation for enterprise development and marketing? Are there any existing organizations – formal or informal – that are already involved in processing and marketing? What are farmers' constraints for adding value through processing or for storing their products until the time of year when prices are highest?

Likewise, in designing strategies to link smallholders to markets, gender roles need careful consideration. What are the roles of women and men in production, processing and marketing of the product? Who – husband or wife – controls the income from the sale and how do they spend it? Can women retain control over income from products sold far from home? What difference could it make for family livelihoods if women were to lose their power to decide how to spend the money? What could be done to prevent erosion of women's decision making power?

The role of off-farm activities in livelihood systems also varies between rich, middle and poor. The typical off-farm activities of the rural rich tend to be capital-based activities with high returns such as shopkeeping, wholesale trading, money lending and bush taxi services. The typical off-farm activities of the rural poor, on the other hand, tend to be activities with very low returns such as casual farm labour, unskilled construction work, cutting firewood and collecting wild products from the bush. The rich diversify into non-farm activities in search of higher profits, whereas the poor are not driven by the profit motive; they turn to off-farm activities like casual labour and firewood collection as a coping strategy when other income sources fail. The potential for different categories of households to embrace enterprise development depends on their access and control over assets such as land, livestock, equipment, financial capital and labour. Human assets such as income-generating skills, business skills and social assets such as market contacts are equally important. Livelihoods analysis can help to determine which enterprises are within the means of the poor and which are appropriate mainly for the non-poor.

### **Application to rural service provision**

During the 1990s, the international financing institutions put considerable pressures on governments to withdraw from provision of “private goods” such as seeds, fertilizers, production credit, and farm mechanization services to farmers on the assumption that the provision of private goods should be left to the private sector. While this worked adequately for some goods and services that could easily be commercialized, it often happened that the private sector showed no interest in producing goods and services that were not profitable. For instance, the private seed companies only showed an interest in producing and marketing hybrid seeds which farmers need to buy every year. They had little interest to produce and market seeds that farmers could save and replant for 3 consecutive seasons and exchange with neighbours. The private sector was keen to serve the areas with high population, high purchasing power and good market access but was slow to offer services in remote and marginal areas with lower population density and poor purchasing power. The resulting uneven geographic distribution of services led to recognition that the state should continue in the public interest to have a role in addressing market failures, by ensuring availability of seeds of species and varieties that are not commercially interesting to the private seed companies, but well adapted to local tastes and agroecological conditions". The solution has been for the government to outsource production to groups of small farmer contract seed multipliers.

Institutional analysis can be used to develop plans for reforming rural services to make them more client-centred and responsive to local demand. It can be used to analyze the likely impact of reforms on different categories of households. For instance, it can help to identify who are likely to be the winners and losers in cases of privatization of veterinary services or seed production or withdrawal of government from seed supply or from machinery services, and to mitigate possible negative effects. What is the potential for cooperatives and informal producer groups to provide services to their members in competition with the private sector? What is the potential for contracting local NGOs and CSOs as service providers? How can development projects stimulate the market for private service providers? What would happen if funds were channelled directly to communities to enable them to engage service providers?

Key questions include: what should be the respective roles and responsibilities of government, NGOs and private sector in service provision? How can we make rural services more community-

centred and responsive to client demands while ensuring adequate voice for the poorest? How can we reconcile cost recovery for services with affordability for the poor? How can we ensure an adequate supply of services to subsistence producers and remote areas on a sustainable basis?

### **Application to Policy impact assessment**

How has trade globalization affected the market for smallholder crops like coffee? What are the implications for mono-cropping of plantation crops versus livelihood diversification for smallholder growers of tree crops? How have policy changes in agriculture and the rural sector during the past decades affected different categories of households? For instance, who were the winners and losers when the commodity parastatals such as cotton boards, coffee boards and rice development corporations were dismantled? Who – if anyone – moved in to provide the services – such as input supply, production credit, pest control, processing and marketing – that were formerly provided by the parastatals? What has been the role of local institutions – traditional and modern – in taking over the input supply, crop financing and crop purchase functions? Dismantling of public support to the sugar industry in Latin America and the Caribbean is currently under discussion. This is expected to affect the livelihoods of tens of thousands of smallholders and farm labourers. Who is likely to win or lose from the changes in policy? What is the likely gender impact?

Who were the winners and losers when governments withdrew from seed production, fertilizer subsidies, crop purchasing and agro-processing in the 1990s? To what extent have private sector service providers moved in to fill the gaps? Why have they not moved in? Is this a case of “market failure”? If so, what role could farmer organizations and community institutions play in overcoming market failures? To what extent is it realistic to expect local farmer groups to take over the functions that government has relinquished and the private sector is wary of taking up?



## Rapid guide for missions

Analysing local institutions and livelihoods

Efforts to reduce poverty frequently fail or are unsustainable because local institutions and the ways that these influence livelihoods of the poor are not fully understood.

Local institutions are important because they influence access to livelihood assets and the range of livelihood options open to different categories of people. They can discriminate against or promote the interests of the poor and have a profound impact on whether farmers succeed in escaping or remain caught within the poverty trap. They mediate the impacts of policies on rural people and the efforts of the rural poor to influence policies. Through local institutions, rural people develop and run economic enterprises, market their produce, build and maintain infrastructure, allocate and manage land, water and natural resources, organize labour, prepare for and cope with disasters, marry and worship. For these reasons, the knowledge of a project team about local institutions and their selection of institutional entry points can ensure or diminish the sustainability of benefits beyond a project's lifetime, enable or impede the mobilization of local resources in project implementation, and facilitate or hinder the capacity to replicate project results and good practices in other locations.

This *Rapid guide for missions* is designed to be used by non-specialists, consultants and other members of multidisciplinary teams from development agencies and projects to assist field missions to understand better how local institutions affect the livelihoods of rural households, especially the poor, and how to incorporate this understanding in the design, implementation and evaluation of specific projects, programmes and field activities. The guide does not claim to be comprehensive but rather a starting-point to assist mission members to gain a new perspective on development work with the very poor and to base their project design on reality.

