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# Livelihood Restoration Approaches and Evaluation

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# SPS Policy Objective related to Livelihood Restoration and Standards of Living

- To enhance, or at least restore, the livelihood of all displaced persons in real terms relative to pre-project levels
- improve the standards of living of the displaced poor and other vulnerable groups



# Requirement in Case of Economic Displacement

- Promptly compensate for the loss of income or livelihood sources at full replacement cost
- Provide assistance such as credit facilities, training and employment opportunities so that they can improve, or at least restore, their income-earning capacity, production levels and standards of living to pre-displacement levels
- Provide opportunities to DPs to derive appropriate development benefits from the project
- Compensate for lost assets such as crops, irrigation infrastructure, and other improvements made to the land at full replacement cost



# Requirement in Case of Economic Displacement

- In cases where land acquisition affects commercial structures, affected business owners are entitled to cost of reestablishing commercial activities elsewhere, the net income lost during the transition period and costs of transferring and reinstalling plant, machinery, or other equipment.
- Business owners with legal rights or recognized or recognizable claims to land where they carry out commercial activities are entitled to replacement of property of equal or greater value or cash compensation at full replacement cost



# Requirement in Case of Economic Displacement

- In case vulnerable individuals or groups are identified, propose and implement targeted measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in relation to sharing the benefits and opportunities resulting from development
- Standards of living of the displaced poor and other vulnerable groups are improved, not merely restored, by providing adequate housing, security of land tenure and steady income and livelihood sources.



# Social Impact Assessment

- Identify all DPs and assess the project's socioeconomic impacts on them (including past, present and future potential social impacts)
- inventory of DPs and assets
- Assess income and livelihoods
- Gender-disaggregated information pertaining to the economic and sociocultural conditions of DPs
- Identify individuals and groups who may be differently or disproportionately affected by the project because of their disadvantaged or vulnerable status

Note: A good livelihood restoration program requires a good and reliable socio-economic baseline that can be used to evaluate if the project has achieved the objective or restoring/improving livelihood of DPs.



# Steps in Designing Income Restoration and Improvement Strategies

## **Step 1:** Analyzing existing income sources and productive activities

These include

- primary, supplementary or subsistence income from own, rented, shared or encroached land,
- income from rent,
- income from marketing/sales/provision of services,
- income from regular/irregular wage employment,
- subsistence or income from barter activities,
- formal/informal community or government support
- remittances



# Steps in Designing Income Restoration and Improvement Strategies

## **Step 2:** Analyzing current economic conditions

- Prepare an inventory of the economic activities prevalent in the area
- Examine the adequacy of support services, particularly financial institutions and development collaborators
- Determine the number of economically productive DPs, their skills and education levels as compared to that of general population and matching them with labor demands in the area





# Steps in Designing Income Restoration and Improvement Strategies

**Step 3**: Identifying income restoration and improvement opportunities and program

- identify available and potential income restoration measures and assessment of their feasibility in the context of the identified needs and aspirations of the DPs.
- assess market specifications, consumer preferences, transport, jobbers and wholesalers and other marketing issues



# Typical Programs for Income Restoration and Improvement

- **Land-based income restoration** – replacing lost land with new land of equal or better productive potential at some other place including support for inputs and training (this is the preferred option in rural areas)
- **Employment-based income restoration** – employment at construction sites, project offices and elsewhere (both temporary and long-term) supported with carefully designed skills training program
- **Enterprise-based income restoration** – affected small businesses and entrepreneurs may be supported through training, advice on technical matters, access to credit and assistance to marketing




# Cash Assistance for Income Restoration and Other Options

- In case of cash assistance, there is a need to ensure that cash will be used only for the purpose intended.
- Other non-land income-generating options, including:
  - directed credit for small businesses and self-employment
  - skill development through training
  - assistance in finding openings in government and private enterprises
  - project-related employment for DPs
  - investment financing for resettlement
  - contingency funds earmarked for remedial social action
- Other innovative approaches: (i) establishing a social development fund from project revenue that may be managed by the DPs, (ii) use of new resources generated by the same project that caused the displacement



# Duration of Income and Livelihood Restoration Programs

- Income and livelihood restoration programs may require support and services for 3 to 5 or even 10 years before they become viable.
- Short-term income restoration programs for immediate assistance during relocation may include house construction grants and relocation subsistence allowance for the full period of disruption and reestablishment, free transport or costs of removal and reestablishment for relocation, subsidized inputs for agricultural, fisheries and livestock production for the first 2-3 years or until income levels are restored, exemption from taxes and fees, temporary or short-term employment in civil construction activities at the resettlement or project construction sites, and special assistance as appropriate to vulnerable groups such as women, indigenous peoples, the aged and the disabled



# Duration of Income and Livelihood Restoration Programs

- long-term income restoration strategies
  - involve both land-based and non-land economic activities that will provide sustained source of income over a longer period of time and enable restoration or improvements in the standards of living of the DPs.
  - may consist of both project-sponsored programs and establishing linkages to local or national economic development and employment programs in the project area
  - rural credit and micro-enterprise programs managed by local governments, or NGOs

Challenge is how to know if and when the livelihood restoration program has reached the objective of restoring (if not improving) the income and livelihood of DPs.



# Monitoring and Evaluation of Income Restoration

- Monitoring focuses on income levels and socioeconomic indicators, including responsiveness of DPs to new economic opportunities, the number of DPs undertaking each activity, the success of each type of endeavor, and the problems encountered.
- Monitoring is done by interviewing a sample of DPs about the following critical indicators: (i) remunerative activities for each member of the household, including information on income and seasonality and any costs or savings associated with each activity, (ii) types of problems encountered, (iii) perceived need for additional assistance (and type), (iv) individual satisfaction with current economic activities, (v) household furnishings, and (vi) agricultural equipment and animals
- For most ADB-assisted sovereign projects in Pakistan, monitoring is usually focused on disbursement of compensation and assistance. Limited attention is made on income and livelihood restoration activities as per the livelihood restoration plan and the DPs' employment/income sources and conditions.



# Monitoring and Evaluation of Income Restoration

- Evaluation is needed to assess whether or not the objective of enhancing, or at least restoring the livelihood of all displaced persons in real terms relative to pre-project levels and improving the standards of living of the displaced poor and other vulnerable groups has been achieved.
- Evaluation requires a comparison of the DPs' baseline and post-project socio-economic and livelihood conditions
- Evaluation methodology uses a combination of secondary data collection/analysis and primary qualitative and quantitative data from major stakeholders' groups and affected households.
- In case the evaluation noted gaps in the restoration of livelihood of certain DPs or deterioration in the living conditions of poor and vulnerable households, a corrective action plan agreed with ADB will need to be implemented and monitored until the objective has been met.