



# ALTERNATIVE LIVELIHOODS WORKING GLOSSARY

*employment livelihood* *off-farm agricultural market system*  
*alternative livelihoods entrepreneurship*  
*youth self-employment livelihood diversification*  
*job creation employability job creation on-farm*  
*non-farm resilience*

The USAID Office of Food for Peace (FFP) 2016 – 2025 Food Assistance and Food Security Strategy reaffirms a “commitment to enhancing the productivity of resources held by smallholder producers but recognizes that diversification of livelihoods is the path to resilience for many poor households and that increased income is foundational for transformative change.”<sup>1</sup> Ensuring that vulnerable populations have reliable economic pathways amidst unreliable environments is a key pillar of FFP programming around the world. Via the understanding that agricultural-based income streams often need to be supplemented and diversified in the fragile contexts where FFP operates, the new strategy includes a focus on “on and off-farm livelihood opportunities and incomes expanded” (IR 1.4).

The Strengthening Capacity in Agriculture, Livelihoods and Environment (SCALE) Award is a capacity strengthening, applied research and knowledge sharing initiative working to ensure that communities and families fully benefit from the U.S. Government’s investments in food security programs. Funded by the USAID Office of Food for Peace (FFP), SCALE works to strengthen the impact, sustainability and scalability of FFP-funded agriculture, natural resource management, and off-farm livelihood activities in both emergency and development contexts. Implemented by Mercy Corps in collaboration with Save the Children, SCALE partners with food security implementers and the broader research community to capture, generate, apply and share knowledge to foster more resilient agricultural systems and enhance income opportunities for the world’s most vulnerable.

As reflected in the new strategy, FFP initiatives and related food security and nutrition programs have increasingly focused efforts on resilient, alternative livelihoods; however, there is no consensus regarding the scope and categorization of income activities under this larger umbrella term. Many implementers use their own agency definitions of terms such as on-farm, off-farm, and non-farm and there is little clarity across the development community as to which activities belong in each category.<sup>2</sup> This glossary seeks to refine frequently used terms based on discussions with the implementing community, and a robust review of documents from USAID/Food for Peace, USAID/Feed the Future, development agencies, and research institutions.

It’s important to remember that while eliminating ambiguity around alternative livelihoods terms is useful, the absolute categorization of these activities is not wholly critical, as long as the interventions, strategies, principles, and outcomes are sound.

<sup>1</sup> USAID Office of Food for Peace. (2016). [Food Assistance and Food Security Strategy 2016-2025](#).

<sup>2</sup> For example, IFPRI defines off-farm income as wage and enterprise income. DFID categorizes secondary (including manufacturing, processing, construction) and tertiary (including transport, trade, finance, rent, services) sectors as non-farm. Crop and animal husbandry are considered “farm” activities (including silviculture, horticulture, aquaculture, and apiculture) and wage labor in any of these) while forestry, fisheries or hunting and gathering on common-property resources are sometimes called “off-farm.” [DFID. \(2002\). Non-Farm Income in Rural Areas. Key Sheet No. 14.](#)

## Frequently used alternative livelihoods terms

**Agricultural market system:** An agricultural market system is the dynamic interaction between people, relationships, functions, and rules that determine how agricultural goods are produced, accessed, exchanged, and consumed. Within any given agricultural market system, both on-farm and off-farm income opportunities exist.

**Alternative livelihoods:** Alternative livelihoods often encapsulate various broad categories and approaches including 1) pursuing multiple, diversified income streams; 2) moving from cultivating illicit or harmful crops to legal sources of income; and 3) replacing agriculture-based income with other sources. For the purposes of FFP initiatives, alternative livelihoods typically include both off-farm and non-farm streams of income. Rather than full dependence on one source of income, alternative livelihoods enable households and communities to have economic options, ultimately ensuring they are more resilient when shocks and stresses occur.

**On-farm** income is generated from farming and agricultural production, including casual and seasonal labor. From the value chain lens, on-farm work occurs at the “beginning” of the value chain, increasing household productivity, reducing post-harvest losses (at the farm level), strengthening or creating producers associations, etc., and is typically where FFP focuses.<sup>3</sup>



Photo: Cassandra Nelson/Mercy Corps



Photo: Sean Sheridan/Mercy Corps

**Off-farm** income encompasses all agriculture-related income opportunities beyond the farm. From the value chain lens, off-farm income includes the “middle” and “end” of the value chain as agricultural goods leave the farm to ultimately reach the consumer. Examples of off-farm income and enterprise include extension services, processing, packaging, storage, and transportation.

**Non-farm** income and related private sector actors exist outside of agricultural market systems, unlike on-farm and off-farm income. Non-farm sectors include construction, health care, hospitality, education, mining, tourism, etc. Some refer to non-farm as non-climate-dependent income.

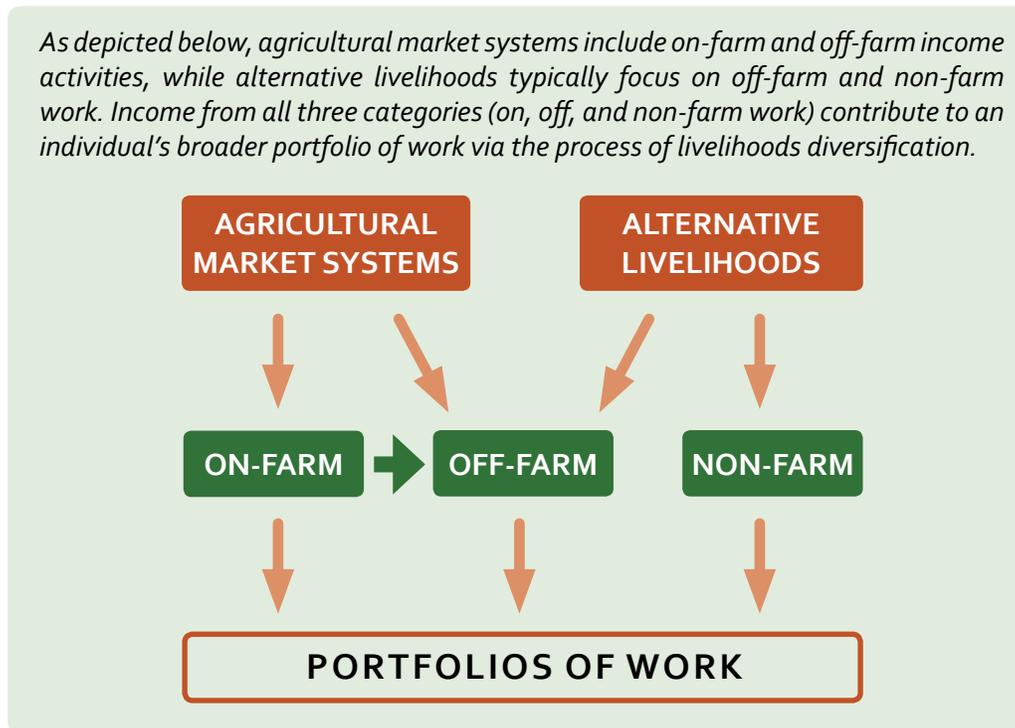


Photo: Corinna Robbins/Mercy Corps

<sup>3</sup> USAID Office of Food for Peace. (2016). [Food Assistance and Food Security Strategy 2016-2025](#).

However, as market systems are highly fluid and interconnected, the distinctions between on-farm, off-farm, and non-farm opportunities are not absolute and should not be rigid. For example, a transport enterprise may participate in an agricultural market system by carrying maize from the farm to a storage facility or a local shop (off-farm income); however, the same transport enterprise may also bring construction materials from one location to another (non-farm income). Therefore, the larger suite of livelihood strengthening interventions may be similar across the groups. For example, access to financial services, mentoring, entrepreneurship training, business skills, and transferable skills building are all interventions that can enhance all livelihoods opportunities.

*As depicted below, agricultural market systems include on-farm and off-farm income activities, while alternative livelihoods typically focus on off-farm and non-farm work. Income from all three categories (on, off, and non-farm work) contribute to an individual's broader portfolio of work via the process of livelihoods diversification.*



**Livelihood:** A livelihood comprises the assets (natural, physical, human, financial, and social capital), the activities, and the access to these (mediated by policies, institutions, and social relations) that together determine the earnings gained by the individual or household.<sup>4</sup>

**Livelihoods diversification:** Diversification refers to those individual, household, and community level strategies and objectives that are pursued alongside, or in lieu of, traditional agricultural activities to diversify income streams and reduce risk.<sup>5</sup> Livelihoods diversification is the approach of having more than one income stream across on-farm, off-farm, non-farm work, etc.

**Mixed livelihoods:** Mixed livelihoods, also referred to as portfolios of work or poly-employment, occur when individuals earn income from multiple, diversified sources, from agriculture to casual labor to petty trade and formal work, in part because it mitigates the risk and seasonality inherent in any one source, and because it is often not possible to sustain sufficient income from a single occupation.<sup>6</sup> Alternative livelihoods often also imply mixed livelihoods with earnings from agricultural work being the primary but not sole source of income. Particularly for young people in agriculture-based economies, mixed livelihoods are comprised of four categories of income: agriculture, entrepreneurship and self-employment, wage employment, and social activities.<sup>7</sup>

<sup>4</sup> USAID Feed the Future. (2017). [GFSS Technical Guidance: Diversifying Livelihoods, Resilience, and Pathways Out of Poverty](#).

<sup>5</sup> USAID. (2017). [Livelihoods Diversification Analysis \(LDA\): Literature Review](#). USAID/Senegal.

<sup>6</sup> Blattman, C. and Ralston, L. (2015). [Generating Employment in Poor and Fragile States: Evidence from Labor Market and Entrepreneurship Programs](#). The World Bank.

<sup>7</sup> Williams, T. and Pompa, C. (2017). [Invisible Lives: Understanding Youth Livelihoods in Ghana and Uganda](#). Toronto. The MasterCard Foundation.

## Additional livelihoods-related terms

**Employability:** A set of skills (technical and transferable), knowledge and competencies that enhance a worker's ability to secure and retain a job, progress at work, and cope with changes in the working environment.<sup>8</sup>

**Employment:** According to the International Labour Organization (ILO), paid employment jobs are those jobs where the employee holds explicit (written or oral) employment contracts which give them a basic remuneration. Persons in these jobs are typically remunerated by wages and salaries, but may be paid by commission from sales, by piece-rates, bonuses or in-kind payments.<sup>9</sup> Employment can be formal and informal, including engagement in agriculture.

- **Full-time employment:** Ongoing employment in which a person works a minimum number of hours as defined by the Ministry of Labor/local government or his/her employer. Full-time employment and number of hours worked varies by context.
- **Part-time employment:** Ongoing employment where hours worked are less than full-time counterparts or less than normal for the context.
- **Seasonal employment:** When the timing and duration of the labor contract is significantly influenced by seasonal factors such as the climatic cycle, public holidays and/or agricultural harvests. Seasonal employment can be part-time or full-time.

**Job creation:** Job creation is the process of generating new wage employment positions in an economy. Job creation occurs by working with high-potential existing businesses to diversify, expand, and grow.

**Resilience:** USAID defines resilience as the ability of people, households, communities, countries and systems to mitigate, adapt to and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth.<sup>10</sup>

**Self-employment and entrepreneurship:** The ILO classifies self-employment as jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods or services produced (where own consumption is considered to be part of the profits). The incumbents make the operational decisions affecting the enterprises, or delegate such decision while retaining responsibility.<sup>11</sup> Self-employment includes work in agriculture. Entrepreneurs are often referred to as a sub-set of self-employed persons who seek to generate value, through the creation or expansion of economic activity, by identifying and utilizing new products, technologies, processes or markets.

**Youth:** FFP adopts USAID's Youth in Development Policy definition of youth as those 10-29 years old, unless otherwise defined by the government of the country in which a program is implemented.

<sup>8</sup> International Labour Organization. Status in Employment Current guidelines. [online] [www.ilo.org/global/statistics-and-databases/statistics-overview-and-topics/status-in-employment/current-guidelines/lang--en/index.htm](http://www.ilo.org/global/statistics-and-databases/statistics-overview-and-topics/status-in-employment/current-guidelines/lang--en/index.htm). Accessed 18 January 2019. The Fifteenth International Conference of Labour Statisticians. (1993). [Resolution concerning the International Classification of Status in Employment \(ICSE\), adopted by the Fifteenth International Conference of Labour Statisticians](#)

<sup>9</sup> Ibid (ILO).

<sup>10</sup> Henly-Shepard, S. and Sagara, B. (2018). [Resilience Measurement Practical Guidance Note Series: An Overview](#). Produced by Mercy Corps as part of the Resilience Evaluation, Analysis and Learning (REAL) Associate Award.

<sup>11</sup> Ibid (ILO).

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