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Analysing the impact of macro-economic policies using PRA in Mwingi District, Kenya

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• Introduction and objectives

This paper describes how we used participatory research to explore the impact of macro-economic policy, in particular Structural Adjustment Programmes (SAPs), on rural people's livelihoods. The research was undertaken for ACTIONAID-Kenya (May - July 1994). PRA methodologies were used to enable rural people to analyse economic changes and identify development options for augmenting livelihood strategies, with or without the assistance of ACTIONAID.

Kyuso, Mwingi District, is a semi-arid area that supports subsistence agriculture. Much of the household economy is cash based and crops are sold to pay for school fees, uniforms, health care, consumer goods and food stuffs. Cash income is also received from non-agricultural sources, such as remittances from household members living in town, from casual labour on neighbouring farms or in local areas and from the sale of handicrafts. In drought years, non-agricultural sources of income, together with local coping strategies, comprise the main livelihood base.

One of the central aims of this study was to explore relative price changes. The effects of devaluation on imported or exported goods is one major area of change. Through a study of price changes at a macro-level it was possible to develop a picture of relative price changes. A study of the local economy and price changes in the stores and markets (facilitated by the existence of an ACTIONAID Community Based Food Security Monitoring System) allowed me to work with local people to

analyse local price changes in relation to national changes.

Over a period of two years and at both a national and local level, there had been high inflation in purchased goods, but low rises in producer prices. However, these changes were not uniform, and the understanding of the relative price changes was key to understanding the impact of these changes on household livelihood.

The research sought to gain an understanding of the range of livelihood structures in the area (e.g. goods bought and sold, reciprocal labour, casual labour for cash or kind, bride-price payments), and to explore relative changes in the value of these commodities over recent years. The aim was to relate these to both macro- and local level market changes as indicators of the effects of the economic policies on local subsistence practices.

• Application to development process

Macroeconomic changes, such as SAPs, create permanent or long term structural changes in people's livelihoods. Previous sources of income may no longer be as rewarding, and patterns of consumption and use of services may have to change. However, there may be other areas which can be developed to capitalise on improved prices.

For the participants, the research provided an opportunity to analyse recent livelihood changes and to identify those aspects which had decreased or increased in relative value. This is important in assisting people to change their

livelihood structures. It helps them to cope with the effects of permanent or long term economic changes which render previous strategies less effective.

Participatory methods provided clear and visible representations of changes in livelihoods. They led to the identification, by both the participants and researchers, of possible ways to adapt livelihood strategies to cope with changing economic conditions. The research was useful to ACTIONAID for designing development interventions that are sensitive to structural economic changes and which provide communities with support that is appropriate to changing circumstances. The findings were left with the participants and the ACTIONAID staff to take forward.

• Methodology

Matrix scoring exercises formed the basis of this approach and was used with a variety of informants, both individuals and groups. ACTIONAID had been working in all the villages for some time, concentrating on those people who made up of the poorest 20 per cent of the village (previously identified through wealth ranking).

I worked with ACTIONAID field workers who had developed relationships with the communities and so was easily accepted. I found people were willing to be involved in the research.

A number of items were identified in interviews as important in household livelihood. Since the focus was on livelihood rather than income, these included non-cash items such as labour entitlements and bridewealth. Items for income and expenditure were indicated on one side of the matrix with 'dates' shown along the top. The dates chosen were the previous drought in 1992 and 'current' (1994, also in a drought and therefore providing a comparable situation). This two-year period also coincided with the introduction of the SAPs under study and the droughts, as memorable local events, provided a good basis for comparison.

Informants used stones to indicate the relative costs of the commodities and show their relative incomes. In all cases, the results demonstrated large declines in income relative to expenditure (see Figure 1). Relative price changes were also apparent.

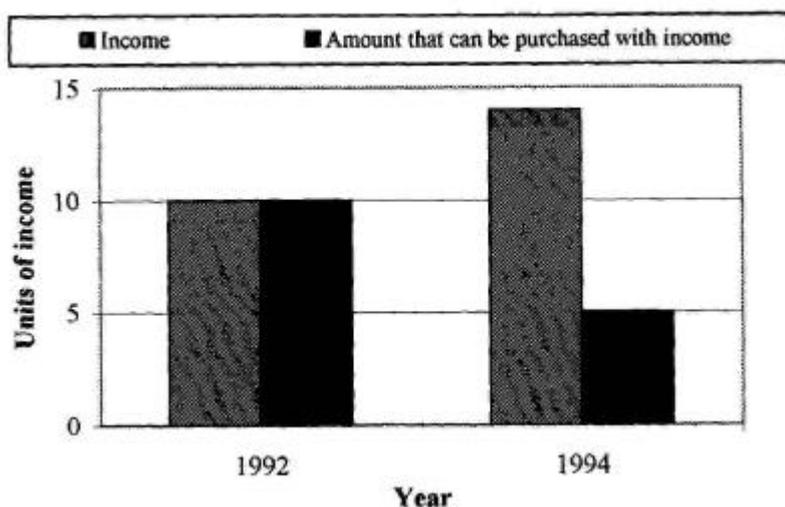


Figure 1. Relative changes in purchasing power.

N.B. The figures imply a decrease in purchasing power of 50% despite an increase in income of 40%.

In the next stage, participants were asked to analyse their own situation. They identified areas where their costs had increased disproportionately to their income, and also where their income had increased to approach its previous value. Participants also indicated their income and showed, with stones, what that money could buy in the previous drought year and in the current marketplace. The very dramatic visual image of declining piles of beans, representing incomes, allowed this to be achieved relatively easily.

During the analysis, the 'best' sources of income, in terms of their relative value, were identified and possible changes in income-generation were discussed. The analysis showed ACTIONAID how the value of the dominant forms of livelihood had changed, and suggested areas in which income-generation could be productively facilitated.

- **Research Issues**

Despite the potential complexity of exploring macro-economic policy, the villagers quickly understood and participated in the tasks. In some instances, the use of stones to show relative values was a difficult concept and was replaced, on the initiative of the participants, with actual values. In many cases, we worked from the concept of income and expenditure over the last week and tried to broaden this to a more general level to apply to different seasons. The ability to remember prices is an obvious problem in trying to make general comparisons of economic value over time. However, because of the dramatic nature of the changes, a very clear pattern of relative values emerged. The exercises achieved visually dramatic results which stimulated analysis and discussion amongst both the village participants and ACTIONAID field staff.

While all the participants, both staff and villagers, were aware of SAPs, the research served to focus attention on the practical effects of economic policies. This was a great learning experience for the ACTIONAID staff. Furthermore, it raised questions concerning the type of development interventions which were being implemented.

I hope this kind of analysis can be broadened to other villages and in other countries. The participatory approach should enable the real difficulties, opportunities and constraints that are imposed on local people by macro-economic policies to be debated. Furthermore, it should promote development processes that are flexible to changing economic circumstances.

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